

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

**INQUIRY INTO THE ECONOMIC IMPLICATIONS
OF FLOATING LIQUEFIED NATURAL GAS OPERATIONS**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
FRIDAY, 15 NOVEMBER 2013**

SESSION TWO

Members

**Mr I.C. Blayney(Chair)
Mr F.M. Logan (Deputy Chair)
Mr P.C. Tinley
Mr J. Norberger
Mr R.S. Love**

Hearing commenced at 11.34 am

Mr GREG GUPPY,
Director, Applied Engineering and Australian Centre for Energy Process Training,
Challenger Institute of Technology, examined:

Ms MELANIE JANE SORENSEN,
General Manager, Training Services, Challenger Institute of Technology, examined:

The CHAIR: Good morning. On behalf of the Economics and Industry Standing Committee, I would like to thank you for your appearance before us today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into the economic implications of floating liquefied natural gas. You have been provided with a copy of the committee's specific terms of reference. At this stage I would like to introduce myself and other members of the committee. I am Ian Blayney, the Chair. Next to me is Fran Logan, the Deputy Chair; then Jan Norberger, the member for Joondalup; and Peter Tinley, the member for Willagee. The Economics and Industry Standing Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of the Parliament and therefore commands the same respect given to proceedings in the house itself. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament.

This is a public hearing and Hansard is making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you provide the full title for the record.

Before we proceed to the inquiry's specific questions we have for you today, I need to ask you a series of preliminary questions. Have you completed the "Details of Witness" form?

The Witnesses: Yes.

The CHAIR: Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

The Witnesses: Yes.

The CHAIR: Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

The Witnesses: Yes.

The CHAIR: Do you have any questions in relation to being a witness at today's hearing?

The Witnesses: No.

The CHAIR: We have a series of questions for you today, but before we get to them, would you like to make an opening statement?

Ms Sorensen: The only thing is that there may be some commercial-in-confidence information.

The CHAIR: When we come to that, we can probably make a decision at that time as to whether it is important enough to know details or whether you are talking in general terms. We do not need to go into closed session.

Mr P.C. TINLEY: Unless we think it is material we need to get a better understanding.

Ms Sorensen: We are happy to provide it.

The CHAIR: We have only two people we have to ask to leave the public gallery today, so it is a bit easier than normal. Did you have an opening statement?

Ms Sorensen: No.

Mr F.M. LOGAN: Given that ACEPT has been up and running now for quite a number of years, you are able to go back and look at the statistics of who has been trained and in what skills they have been trained. Can you describe to the committee the largest cohort that has gone through ACEPT—in what areas have they been trained? It may possibly be an overview of the types of skills that are delivered by ACEPT and then a breakdown of the figures to show what has been the most popular course demanded by your clients, for example.

Mr Guppy: Since ACEPT commenced in 2006, we started delivering to students mid-2007. Our approach has been agnostic with regard to the delivery strategies, meaning that we are there to service the oil and gas and mining industries. I suppose the primary focus of ACEPT in those days was to gear up for the expected surges in numbers required for process operators in the oil and gas industry. The uniqueness of ACEPT is that not only do we do the training for the oil and gas industry but we have the facilities there. The most critical point for that industry is the behavioural skills. That is our focus. When we started back in 2007, I think we started with about 200 to 300 students. At the close of business last year, we had 829 graduates and right now we have just below 1 000 who will successfully complete. We have ramped up from a base of about 300 back in 2007, 829 officially in all documents served to the board and others in 2012, and in 2013, we are just about to make 1 000.

[11.40 am]

The disciplines that we are operating in, from an enrolment point of view, we offer courses to the public that we affectionately call cleanskins, where they come in to get the skills and knowledge at certificate II level to get an opportunity to enter the industry. From certificate III, diploma and advanced diploma and above, you must be employed in the industry. What does that mean in layman's terms? That is virtually like an apprenticeship or they are employed and they come down to reinforce their skills with us. That is where the majority of our business is—upgrading the skills of people already in the industry. From a cross-sectional point of view, our strengths are obviously as process operators. The other one where we have a strong impact is electrical instrumentation training under the metals and engineering regime for the oil and gas and mining industries. Now we are bringing 20 international students in from overseas a year, where they do a diploma or an advanced diploma in process operations. The reason for that is that is what the members of the ACEPT board and the industry believe could possibly be absorbed into the industry at the moment.

Mr P.C. TINLEY: You do not work off your own forecasting; you work off demand that comes through the door, basically.

Mr Guppy: Correct.

Mr P.C. TINLEY: I get that you have partnerships, so you are connected to the industry probably better than many other suppliers of services. In terms of forecasting, workforce planning and so on, we are talking about LNG and we are trying to find out what Western Australia is not prepared to take on. We cannot perceive what we should be looking at in terms of identifying the skills gaps that will present or potentially present in the next 10 to 20 years.

Mr Guppy: Firstly, I will talk about the intelligence. We have a very strong board. Keith Spencer is the chair of the ACEPT advisory board. As you are aware, he also sits on the chair of the State Training Board. The board meets four times a year, which I as executive officer and Mel and our CEO sit on. They give us an insight from all the companies on what their manning or personal levels are going to be. That gives us a prediction of what we need to go to government if we have to go to government for a profile to support those entering the industry and, more importantly, where we need to shift our focus in anticipation of where the world is going.

I suppose, from my point view as a director, we would have far, far stronger insight on what the industry requires in the manning and personnel levels in the future than possibly some government agencies. The reason being is these people sit down in a very agnostic way around the table, four times a year—there are 15 members at the table; and they are quite open and honest on where the agendas are running. To answer your question, we have a good idea of where we are going. I suppose the most important thing from a WA point of view, and my point view, in vehemently supporting WA is if something is coming out of leftfield in the future or where the new world of work is going, it is a privileged position for me and others to actually listen to where the world of work is going and align ourselves up with the future. If it means going to the government or working with free enterprise, so be it. It is a very open environment.

Ms Sorensen: I think the ACEPT board and the members of that board—we are happy to provide you with that detail—do provide us with their insight into what the industry requires in their training.

Mr P.C. TINLEY: We are in good shape, and there is nothing we need to worry about?

Mr Guppy: We are in good shape. My biggest issue, and what keeps me awake at night, concerns the fantastic lecturers working for us in the LNG and FLNG centre. What worries me, which happened yesterday—no, sorry, last week; it happened officially yesterday—occurs when we send guys out to do the assessment on the job. They go out and work with the industry, ensconce themselves or embed themselves in the industry. The sad thing is that the industry recognises that. We have a no-poaching rule, but that does not work sometimes and we lose good people. My biggest worry is then having the capacity—the capability is fine, but if they take lecturers out of my equation, then I have to rework the timetables.

We are having a board meeting on 2 December, and that will take place at ACEPT. We are going to actually put out on the table where we think we require support. I must say the industry has offered people to work with us on a part-time basis or a casual basis; but in fairness to the industry, their primary role is to keep the shareholders happy and keep the kit going. We have that interrelationship with them. Space is an issue for us at this given point in time. I have to report to the board on 2 December; we are at about 87 per cent of capacity at the moment in regard to room utilisation. From the taxpayers' point of view, we are getting very good duty cycle out of the kit and very good duty cycle out of the classrooms, but when it ramps up in the next year, then we need to look at strategies and how we are going to accommodate them.

Mr F.M. LOGAN: Greg, can I just come back to the overview that you gave us earlier about the courses and disciplines. You talked about the different disciplines that primarily delivered process operation training, mechanical and electrical training, and international students. Can you give us a breakdown of the percentages? For example, what percentage of your output is process operators versus level III or certificate III?

Mr Guppy: I will not be able to grab the numbers out of my head, but I am happy to supply those numbers to you at a later date. Primarily, it is process operations. Number two, is instrument electrical, and the number three is mechanical.

Ms Sorensen: But we can submit that, if you like.

Mr Guppy: We can supply you with those figures

Mr F.M. LOGAN: In terms of the international students that it is delivering training for—this is from my personal understanding about the process operators from overseas—could you give us a bit of background on where they come from?

Mr Guppy: I will start to the west of us: England, Italy and obviously the Emirates area. We have students from Chennai, China, and Korea especially at the moment; and the largest cohort we are getting at the moment is coming from Chile, Colombia and, what is the third one there—Brazil.

Mr P.C. TINLEY: How many?

Mr Guppy: There are 20. The reason is that our primary focus is to train up Western Australians, number one; and Australians, number two. If you reflect on where we are going with 457s and that we may not have been up to manning the levels that are required for the industry some two or three years ago, we were looking in conjunction with the board at the way we could optimise using Australian labour and possibly using labour from overseas. The good news from a state point of view—we must be doing something right—is that all of our graduates from the international program are going back and getting gigs in the mining and oil and gas industry. We must be doing something right. Even next year, for example, we would run two programs a year: One in the first semester, 20 and one in the second semester. In anticipation of where we are going with the requirements of WA, we have actually cut one program back and are running only one international next year, when we could have had 40, but we have to look after the local market.

Mr J. NORBERGER: Hi, guys; how are you? I actually come from an RTO background, so I certainly know all about poaching of trainers. Nothing will ruin the beginning of your day more than that resignation email that someone has gone to your very client. I will talk to you afterwards about poaching rules. In your submission, you noted that ACEPT represented a \$21 million investment from both the state and federal governments.

Mr Guppy: Yes.

Mr J. NORBERGER: You also mentioned that not only do you guys work closely with the oil and gas sector, but also you get quite a lot of support from them; there are a lot of partnerships and ties there. I would be interested to know how that support from industry partners looks like. What form does it take? Is it purely sending students to you, or is it co-funding you giving you kit? What form does that take?

Ms Sorensen: Various forms.

Mr Guppy: Everything you just described, other than money; that is the first thing. There are no transactions in regard to money. We are privileged to be the preferred supplier of training in that area. The committee needs to note that companies are sending apprentices from the Northern Territory and Queensland to ACEPT to be trained. That is a good thing. I will refer to a couple of things that happened. If I have got special skills needs for a particular gas turbine, and our colleagues were in here a minute ago and you may have been talking about it, we do joint arrangements. If they have the expertise in gas turbines, we will lean on their expertise to assist our students. There is an exchange of people and knowledge, but no exchange of dollars; that is one situation. That is currently happening with Apache, BHP Nickel West, GE, of course, who you have just met with; and we are now working on that philosophy with Shell at this given point in time. In regard to kit, they do donate kit to us and it is kit of use. When we have that talk around the table, which I spoke about, four times a year, and we are anticipating where the business is required, some of the kit we need to purchase is very expensive. If we went to government for it, through my CEO, it would be a priority, but it would be an expensive bit of kit. What we do is get a heads-up from the companies, and companies generously donate or lend us kit to make that happen; that is that one. So, there is no money. The relationship, which you may have read about, with Honeywell, for example, has no exchange of money in any shape or form, but they see it as an opportunity to train students on their distributor control systems—DCS. Honeywell works with us closely. They service it for me and give me the latest equipment; and, more importantly, they can see an opportunity, if someone is going to be trained on Honeywell gear, there is a good chance when they go back into industry they will be a champion for Honeywell. There are many permutations that we work with.

[11.50 am]

May I suggest that if this group gets on the State Training Board's website—under PPP, private–public partnerships—there is a paper done some two years ago by a consultant who went around

and looked at how TAFEs were operating in the new paradigm we are in. They looked at ACEPT. There are three layers—or three tiers, we will call it. Tier one was where people would come along, donate a bit of kit and talk to the kids and what have you. Tier two was another area in which they had some influence on the curriculum, but it also sort of helped the system. There was only one institute in Australia that had a tier three; that is genuine engagement within the industry, genuine input from the industry and putting our model around to meet their skill force needs, and Challenger's ACEPT was the only one that made the cut across Australia. I think that document went on the website in 2010.

Mr J. NORBERGER: That is great; that is good.

Mr Guppy: It will give you an insight on how it works.

Mr J. NORBERGER: It probably leads in very well with just a quick follow-up, which is that you obviously engage with the industry and you mentioned you are willing to model your curriculum to meet that. In your submission you mentioned that you have recently established a dedicated centre to provide floating liquefied natural gas training to Shell employees. I am interested to know how the FLNG training will differ from the current ACEP training regime. You are already doing LNG training. What is so different with the training course for it to become an FLNG training course?

Ms Sorensen: You know that we operate under national curriculum.

Mr J. NORBERGER: ASQA?

Ms Sorensen: Western Australia has determined not to go with ASQA. If we are delivering to Western Australian-based students, we must go under the Australian Quality Training framework, the AQTF attack. If we are delivering to students in another state—multi-jurisdictional students—or onshore international we have to go under ASQA. That was a state-based decision, so it is a little bit complex from the curriculum, but where there is a national curriculum—a national training package—we must deliver that training if the student wants to have a national qualification, like a certificate III in engineering. But we can deliver training outside that, where there is not a national qualification outcome. That is really what Greg has been working on with Shell. Sometimes it can be a melded or a blended approach where there is national curriculum, but we do training that is specific for an employer's needs.

Mr J. NORBERGER: Elements of your standard LNG training is obviously nationally recognised, so you will get a cert II or cert III or whatever it might be.

Ms Sorensen: Absolutely, under the AQF.

Mr J. NORBERGER: I totally understand the blended approach. I used to do it, especially if a company has a very particular type of operating environment in the way it likes to do things be it an induction program or whatever it is to suit their particular operating environment.

Ms Sorensen: Contextualisaion of the curriculum.

Mr J. NORBERGER: Right. Does that mean that the FLNG environment that Shell envisages is obviously suitably far enough removed from the national curriculum that it is required to have its own dedicated program?

Ms Sorensen: No; not necessarily.

Mr Guppy: I have to go back because there is a bit of background I think is critical for this group. Obviously we need to be in the marketplace for FLNG, because that is a where the new world is possibly going to go, which will complement LNG. Shell has always done its own delivery from the Hague. It has been in the Shell way and it has no reference to the Australian qualifications framework—all the things you are familiar with. It is totally under a fee-for-service arrangement. Through Shell we have been asked to contextualise what the Hague has put all around the world, which is its generic or agnostic Shell way. We are cobbling that together into an educational

outcome that could possibly trigger an Australian qualification. If it is a bonus for the people to get an Australian qualification, I think that is great for anybody. I suppose we have an opportunity to have a view on the intricacies and all the special things required on FLNG that I believe will be a knock-on effect for our students. The payback for me, from Shell's point of view, is that we get an insight on the requirements. They are not special but there are some special considerations there. We need to be in that mix. For example, our organisation has nothing to do with cryogenics. We need to have a close look at that because LNG is cryogenics and we need to give our engineering students and other students an opportunity to look at it. Cryogenics is freezing the products. I am not being flippant when I say that. We have to see whether we need to offer our students basic refrigeration requirements. The answer is yes, because if they want to go on FLNG or LNG in the new world, they need that underpinning knowledge. We are working in a special way with Shell, that is for sure. But from my point of view and the college's point of view, the knock-on effect will be very positive for future candidates coming through ACCEPT.

Mr J. NORBERGER: Even though you might not be able to get a full qualification, you will probably be able to map it across the individual units of competency.

Ms Sorensen: It could be units of competency. As Greg said, we are learning this as well; this is a first.

Mr Guppy: Steep curve.

Ms Sorensen: What we learn as a training organisation for this will obviously have a flow-on effect.

The CHAIR: Will that result in a Shell qualification as well?

Mr Guppy: Shell does not strictly work in qualifications as I understand it. In plain language, there is a skill base or skill sets required to operate a bit of kit, which is managed by Shell. Obviously it is employing people from other domains to look after Prelude. We are required to go back and recalibrate those people who may have come from the mining industry to the Shell way.

The CHAIR: What people are learning in the Shell unit, or whatever you want to call it —

Ms Sorensen: Training program.

The CHAIR: Will all of that eventually be available to other students coming into your college to learn the same stuff or is there stuff in there that is, if you like, special to Shell that only students who come from Shell learn?

Ms Sorensen: Yes. Shell's training program is Shell's training program. But where we are talking about generic competencies, as Greg was saying such as cryogenics, cryogenics will be cryogenics, will be cryogenics to some degree. Shell might do it in a particular way to a particular set of Shell standards, but what we learn about cryogenics will be applicable to anyone working in the industry.

Mr Guppy: Absolutely.

Ms Sorensen: It is sort of that generic, but they have their special bit. I am simplifying it a lot. Does that make sense?

Mr Guppy: Shell is not special in this. Woodside has processes that we do not get involved in in any shape or form. Our mandate as a training provider is to get people job ready to go into the bottom rung of the ladder to work their way through that. Shell should not be fitted —

Apache has a different process; BP has a different process; BHP Nickel West has a totally different process. Our mandate is to make sure that whoever wants to enter the industry or be recalibrated—that is tradies' talk—to go into the industry, we as a training provider need to give everyone an opportunity to get into that new world. Once they leave us and go and work for X, they are indoctrinated in the GE way or the Shell way or whatever. They are all very special organisations and they have very sophisticated kit, and they will not share it with anyone. From my perspective

we need to give our new graduates an insight without destroying the commercial-in-confidence environment we are in with, “This is what you need to know if you wish to go here or if you wish to go there.” I am trying to make sure that ACEPT, and more importantly Challenger, is in the right space right across South East Asia to capitalise on what we can do to help people to get into this new world.

Mr J. NORBERGER: I assume that Shell course would not be open to the public.

Mr Guppy: No.

Ms Sorensen: No, not at all.

Mr Guppy: However, there is some spin-off at a later date that we believe could be capitalised on.

Mr F.M. LOGAN: In reality, the type of training you will be doing for FLNG will not be that much different from what it is for LNG on shore, but on the basis there are process operators.

Mr Guppy: Correct.

[12 noon]

Mr F.M. LOGAN: It is electrical instrumentation work and mechanical work. It is virtually identical basic training, and they will leave you guys. Can I just ask about the needs for ACEPT, because you talked about getting near capacity, so there are physical constraints going forward on ACEPT? Could you describe to the committee what it is that ACEPT would like in a perfect world? There is the nice process training you have down there and there are a couple of other bits that you have recently added to it as well.

Mr Guppy: Yes.

Mr F.M. LOGAN: But what is the other space that ACEPT believes it can get into —

Ms Sorensen: Phase 2.

Mr Guppy: Phase 2.

Mr F.M. LOGAN: And the type of equipment that you would be needing?

Ms Sorensen: I will start first and put it within the context of Challenger and that might help to set the scene.

Mr Guppy: Please do.

Ms Sorensen: We have our old campus at Beaconsfield—sort of in Fremantle but at Beaconsfield—that is slowly being what we call decanted.

Mr J. NORBERGER: Recalibrated!

Mr P.C. TINLEY: It is like my port at home; it is slowly getting decanted too!

Ms Sorensen: I know. We promised that we would talk plain English today and I can feel we are already not talking plain English!

Mr P.C. TINLEY: No, please, we are having fun!

Mr Guppy: This is going into Hansard, did you know?

Mr F.M. LOGAN: So, once it is decanted will the staff be able to breathe easier?

Ms Sorensen: Yes, that is right. The first phase of that is that we are moving our building and construction at Beaconsfield down to the new centre at Rockingham, and that is about to be built. It is a great big beautiful building. We are then increasing the size of our Murdoch campus, funded obviously through the Department of Training and Workforce Development, and that is about to go into the next phase of that building, if you like. The idea is that Beaconsfield will eventually not be there for us as a campus. It is very old, as I am sure you can appreciate. Engineering is also at our Beaconsfield campus, and so part of the ACEPT phase 2 would be moving engineering to a more

appropriate site, which would be at ACEPT and sort of pulling those industries in together, so we have had initial discussions about ACEPT stage 2. Did you want to expand on the longer term view of that?

Mr Guppy: Yes, thanks Mel. There is a paper which I believe the committee could access very easily. It is well set out and it has even got to a stage where it actually is giving you an insight into what the projected numbers are going to be.

Mr F.M. LOGAN: Could you provide us with a copy?

Ms Sorensen: Yes.

Mr Guppy: Yes, we can, absolutely. So, for the \$14 million that we are seeking, complemented by the industry also, Shell obviously would like to assist us with that lift. If you look at it across the board—and you have heard me say this before—the process operators were originally the primary focus of ACEPT. That is a given and I accept that. There were some extraordinary numbers put up—thousands of numbers. As the business has become more sophisticated the numbers are dropping off slowly but there is still a tsunami coming. But if you look at what is required to keep a piece of kit operating whether it is onshore or offshore—it does not matter where it is—we still need engineers and we still need draftsmen in what I call the pipeline to keep that kit going. And so when you look at ACEPT, it is a beautiful bit of kit where people can come and do learning by doing. They actually see a pump working, they actually work on a heat exchange or whatever. What a wonderful environment for engineering students to carry out that learning by doing! It has been a bonus for us, for instance, in electrical. We are the only college now in the state, as I just got a heads-up about some stuff today, that is offering a true electrical instrumentation outcome under the metals and engineering package. They can go out and practise on kit, they can calibrate, they can lube tune et cetera. We have 63 applicants sitting to come in next year, those who have been in the game for a long time, to be recalibrated or retrained. So if you think about the knock-on effect by expanding ACEPT, I would like to see the FLNG centre of excellence, or whatever you want to call it, where we can have people coming from all parts of the compass in the South-East Asian region. They can come in, do their engineering, electrical, electronic and mechanical engineering—not civil engineering; that could be possibly going down to Rockingham—and we have the instrument electrical texts and we have security as there needs to be training on security. All those things just work beautifully in the model where we have got one place where we can actually make it real-time with real access, and the behavioural skills are critical where they can get everything going.

Mr P.C. TINLEY: Just out of interest, when you have decanted Beaconsfield, what happens to that facility? I know it is an old thing.

Ms Sorensen: It is government land. It just goes back to government.

Mr P.C. TINLEY: So it just goes back to the Crown. You have got no particular ambitions for it.

Ms Sorensen: We do not own the land in Western Australia. It will go back to the government.

Mr P.C. TINLEY: It is going to be disposed, as far as your system is concerned.

The CHAIR: What is the body called that gets rid of government assets?

Mr F.M. LOGAN: LandCorp.

The CHAIR: No. There is a disposal body.

Mr P.C. TINLEY: This phase 2 all sounds terribly exciting actually.

Mr Guppy: It is wonderful.

Mr P.C. TINLEY: It is right at the heart of what we are talking about, because you raised the point about a centre of excellence as a model.

Mr Guppy: Yes.

Mr P.C. TINLEY: It has often been touted in front of this committee that Western Australia, particularly with FLNG, can present itself as a centre of excellence. Trying to unpack that becomes a cliché, trying to unpack that in a meaningful way as to how we can present it, and this obviously would be part of that plan. But I also note, though, that you do some collaborative work with Africans and so on. Since we are putting all these resources in, and we would want it to be a centre of excellence and we are not there yet and we are not globally recognised yet, why would we want to share anything with anyone?

Mr Guppy: From my point of view, I prefer students coming to Western Australia than going elsewhere.

Mr P.C. TINLEY: That is students, but I am talking about collaboration and the governance and structural models and things like that.

Mr Guppy: Yes; again, the same. I have just talked to you about possibly what worries me every day is how to retain staff. We give them a reassurance every day that we love them and we are offering conditions that they are very happy with at this given point of time. If you look at what is required for LNG generally, what we are experiencing in WA has been experienced all over the world. If you look also at the companies we deal with, they have a footprint in other parts of the world. They are very at ease with the Australian qualification framework. They are very at ease with the way the industrial arrangements are. So if you have a good business model in Australia and you have to go out to Timbuktu—which is actually a place—and build an LNG plant and you are wedded to the Australian way, would you not try to introduce the Australian way?

Mr P.C. TINLEY: Are they wedded to the Australian way?

Mr Guppy: They are.

Mr P.C. TINLEY: Have we done enough to actually weld them on?

Mr Guppy: I can only speak for my board members and colleagues sitting at the back of the room. They do everything humanly possible to keep us in the business and to make sure that we are ensconced in the business to support their business.

Mr P.C. TINLEY: We are about public policy levers as well. Have we reached for all the right levers yet, thinking 10 and 20 years from now, given the life of these and where we are going?

Mr Guppy: Twenty years from now?

The CHAIR: Come on! Five state budgets you are talking about.

Mr J. NORBERGER: That is a few electoral cycles!

Mr P.C. TINLEY: Is somebody thinking about the workforce? There are skills that we now train for that did not exist 10 years ago, five years ago maybe.

Mr Guppy: Correct.

Mr P.C. TINLEY: You can probably speak with more skill on that. If we look forward, why would we think it would be any different and what are we doing in a public policy setting that is presenting ourselves with the best possible chance to exploit that, rather than go for 457 visas?

Mr Guppy: No, no, that is not part of the gig. My primary role and the college's primary role and my personal beliefs are that we should be doing everything humanly possible to engage as many Western Australians in the business—finished.

Mr P.C. TINLEY: Sure.

Mr Guppy: Second is Australia. So we are actually engaging with QGC, Santos, ConocoPhillips and we have people in East Timor. You asked about the model and this just sprung into my mind. We started with East Timor back in 2009–10. They were particularly frustrated that that company wanted to do it the Australian way, obviously with proximity to Timor and obviously in alignment

with current and previous federal governments. They are keen to have the East Timorese get an Australian qualification. So that model for me is: how do we get them an Australian qualification? I have not got enough people here in Western Australia to do the lift, so we have to work in partnerships. So the partnership works like this: we will show them how to do the business, we bring them into the family and show them how to do the business, get them into the Australian way, understand the Australian qualification framework and then they become the champions for us in East Timor. And what happens is they spread the love with the Indigenous people, they do as much theory as they can in East Timor and work in English as the first language or second language, and then when they want to come down and Conoco will ask to validate that these students have got the skill sets to start a plant up, shut it down safely and do all those scenarios which we build in, they send them to ACEPT to get them up to speed and say, “Can you just make sure that X, Y and Z can carry out those tasks.” That is the very simple model but that is the model that we are training.

[12.10 pm]

Mr P.C. TINLEY: That is the question on the model, but what about future planning? Who is thinking about the next 10 to 20 years?

Mr Guppy: I think ACEPT stage 2 will help that.

Mr P.C. TINLEY: It is an evolved thing.

Mr Guppy: It is an evolved thing, and I have to say I have pinched myself since being a director and having the privilege of being in ACEPT since 2006. Our business model was so naive when I came back to RTO-land from the department. If you look at the sophistication of ACEPT and the conversation that takes place with APPEA and all the stakeholders around the table, as well as the minutes and what is discussed at that level, we have gone 1 000 per cent. What I like about it is that a government institution is at the table listening to that conversation.

Mr J. NORBERGER: Phase 2 sounds great. I am really excited. As someone who lived and breathed training for many, many years, that is awesome. We started to unpack a bit about the centre of excellence. I think it is great that you guys are aiming for that—awesome, fantastic. The fact that your priorities are number one WA, and number two Australia is also great. Is there, could there or should there be a number three after one, WA, and two, Australia? If you are going to be a centre of excellence—for example, in oil and gas land Houston is a centre of excellence—it attracts people. A centre of excellence, by its nature, attracts people or you export it. You can go one way or the other. By definition, if you are only a centre of excellence for that little core, then why be a centre of excellence? I have just had the great privilege of travelling to Indonesia, which is a country I know very well. In fact, I lived and worked in East Timor for three years. I have seen from a private enterprise point of view some private Australian RTOs doing very well in relation to exporting Australian quality training framework that is exactly like what we have just discussed. They have also got a vibrant LNG industry up there, and a mining industry and whatnot. My experience is with a private RTO, so I do not understand how the government model works and whether you might even be restricted from operating outside of Australian shores.

Ms Sorensen: No, we are not, but to put in a bit of context, students who live in Western Australia can access government-funded places. Anyone else outside of those who live in Western Australia is fee-for-service or commercial work, so they cannot. When we go overseas, it is all purely commercial. We work overseas and we go to the Middle East and Abu Dhabi et cetera.

Mr Guppy: I am there at the end of this month.

Ms Sorensen: But we must apply for permission to travel and it must all be covered through the costs. It takes six weeks to get permission from the department to travel. Without being critical, sometimes our ability to travel can take some time—the planning is quite long-term. We intend to be a centre of excellence, not only for Western Australian and Australia, but for the world. It is a global industry and we play in that global space, so we do believe that we would meet that need.

But we are not at this stage totally limited by capacity, but as Greg said, we are moving towards capacity. Taking those international numbers, we need to be careful from that perspective. It is revenue for us. We are not fully funded; we need to generate commercial revenue—there is always a tension.

Mr J. NORBERGER: At least now I know you can do it. I am very passionate about it. I think our training system is part of some of the world's best from a vocational training point of view.

Ms Sorensen: Absolutely.

Mr J. NORBERGER: I am a huge advocate for it, and I think it is an area where we currently have a bit of a head start over the rest of the world. But as you know, like anything, if you do not nurture that head start, it can be eroded. I will just leave it with you. I suppose to you and your board, I just sort of admonish you to not completely leave that off the radar because I think there are some great opportunities. There are some countries in our region and out time zone that are hungry for the type of quality training we can provide.

Ms Sorensen: We do have a lot of delegations coming to ACEPT. Greg would be inundated if we did them all.

Mr F.M. LOGAN: Just to let you know that I was in Timor this time last year and I had a discussion with the newly appointed minister for training up there who spoke fondly of ACEPT, so you have got some good feedback. We would really like see the paper you have got on stage 2. Do you envisage that stage 2 might pick up on that because it will be the mechanical and electrical components that are at Beaconsfield now and brought there? Do you believe, one, that you would be able to reflect some of the work being done in and around the area of Henderson campus, such as subsea engineering, and specialising in that because there is direct relationship with the current work that is done in ACEPT, and also defence work, which is of course done not far from where the campus is? There is a growing demand for skills in that area. Second, do you envisage using the opportunity to grow the campus to possibly grow the capacity for international students as well?

Mr Guppy: I can answer that. I always use the language that ACEPT is the Trojan horse for our business model. From my point of view, Fran, we also have a large campus in Henderson on Egmont Road. We are stretched at the moment, to answer your question. We are already servicing the Australian Submarine Corporation—we have a relationship there. We also have a relationship with a company called SMA, Scientific Management Associates, for all Navy training, so *Leeuwin* already comes to us. With the relationships with what I would fractionally call the Kwinana strip, we have apprentices in all locations you would expect, so we are servicing it. When we talk about ACEPT one must not lose sight of the fact that Challenger has got a fairly large footprint across the system and we have a very wide and varied way of doing our business. Everything you have just spoken to we are covering. I suppose the critical or important thing about ACEPT is that we are agnostic in our delivery. This is the only place in Australia where they can pick people who may have had an incident offshore and bring them down into ACEPT and put scenarios into our plant that will validate their skills in starting up and shutting that kit down safely. Let us say I went to Santos or Woodside, for example, and said, “We want to take a train offline to just check to see whether Greg Guppy has got the skill set to start”. Everybody is good when it is flat-lining—when the plant is running well and everything is good. It is when you are starting up and shutting down that are the critical points. They have operators here full-time, but more importantly they bring contract labour in to do a campaign on a bit of kit. It is when they get the kit done and they say everybody is good and everybody ticks the boxes to say that it is okay, they want to make sure when they start that kit up that the shut does not stop in any shape or form. ACEPT at the moment is the only place we can take a place offline and challenge those skill sets. The traditional mechanical fitter that you would be familiar with is no longer in the game. They need to understand the business; they need to have the behavioural skills et cetera. The beauty of what we have got in

Western Australia is that they can learn by doing and have the behavioural skills. All the other things you have said, we have got covered.

Mr F.M. LOGAN: Including subsea?

Mr Guppy: No; subsea is definitely not. Let me go back. The ACEPT board says my primary mandate is to look after process operators. We do not go below the ground and we do not go below the sea. Drilling was talked about at one stage, but it is not our scope. There are very good companies in Western Australia that can do that, and we can work in conjunction with them. With subsea training, for example, companies working offshore have got preferred trainers and providers in that area and we complement the work alongside them.

Mr J. NORBERGER: Are they Australian trainers or overseas?

Mr Guppy: Two American companies dominate the business. But we have one company from the fjord area and the other one comes from the US.

Mr F.M. LOGAN: The point I was making, Greg—this is theoretical because we are talking about stage 2—is that stage 2 has the capacity within the mechanical and electrical training discipline to also focus on what is the growing industry of subsea engineering. I am not talking about actually delivering the process operation of subsea engineering, but specialising in skills that are already being exercised out there in the workplaces.

Mr Guppy: I did not hear you, but the answer is yes we will.

Mr F.M. LOGAN: You did not answer my question on international students. Would you expand your international student capacity?

Ms Sorensen: If there was capacity, we would look at it. But, as Greg says, our primary focus will be Western Australia and Australia. This is an honest forum. It is a source of revenue that we need to continue to grow. We are not fully funded. We have to generate commercial revenue, so we have to look at it very seriously, absolutely, but not at the detriment of Western Australian students.

Mr F.M. LOGAN: You could put them up on the ship and dock it, Greg!

[12.20 pm]

Mr Guppy: I do not think so. If I was a lot younger, Fran, I would be building dongas across the road from where ACEPT is now, and I would cash in my superannuation from my previous life and be looking at that very closely. But anyway, it will be an opportunity for someone a lot younger than us.

Mr J. NORBERGER: To simulate a camp environment.

Mr Guppy: That is what I want. There is a concept out there that APPEA might be able to help you with.

The CHAIR: If someone put to you that companies in WA are focused on today's problems to get projects developed, do you think we are developing enough people for the longer-term operations?

Mr Guppy: Are we talking about just LNG?

The CHAIR: Well, yes. Our inquiry is really focused on FLNG.

Mr Guppy: Okay. One is offshore; one is onshore. One is a floater; one is not a floater. If we had the golden world where everybody had everything that is going for it, having the expansion of ACEPT and working in collaboration with companies in the Northern Territory and Queensland, I believe Australia would have the capacity to make it happen, to take up what is coming on. That is my personal opinion. If we all worked in a harmonious way, which we have got in Western Australia at the moment, and we could get it happening in Queensland, in collaboration with Queensland and the Northern Territory, yes, I believe it is there. There is some wonderful expertise on the east coast in fracking, for example, which is not my zone, but if —

Mr F.M. LOGAN: It could have been if we had that drill rig down it.

Mr Guppy: That is why we did not put it in, Fran. But, anyway, yes. I am not skirting around the answer. If you asked me two years ago are we ready for FLNG, I could not actually answer that quite honestly to you because I had no idea what the business was. And the conversation with Shell had been going for 18 months before the contract was signed. So The Hague came out and did due diligence on us. They came out to make sure—why would we give these colonials a big lift when generally we can do it very well back in The Hague? They were obviously confident from what we showed them and where we are going, but it is going to have to have a big lift, as I call it, between all the players around the table to accommodate that FLNG or LNG centre of excellence concept. If everybody got to the table and did the right language, I believe we would be able to do it, provided we had more buildings et cetera. I know people do not like building buildings, but, you know, we need them.

The CHAIR: You cannot do it in tents, obviously.

Mr Guppy: Yes.

The CHAIR: Engagement with high schools around WA—how do you do that?

Mr Guppy: Yes—favourite subject.

Ms Sorensen Just to give you some context around that, we are funded through the Department of Training and Workforce Development for a delivery and performance agreement each year, and that is in negotiation at the moment. We talk in what we call student curriculum hours—SCH. So a qualification is worth a certain number of student curriculum hours; for example, a qualification might be worth 400 student curriculum hours. It is how long it takes you to do that qualification. For what we call VET in schools, we have a ceiling that the Department of Training and Workforce Development puts on us in SCH, and we are not allowed to breach that ceiling. So our ceiling for delivering VET in schools is around 214 000 SCH per year. If we want to go beyond that ceiling, then it is purely commercial, working with a school. So we have to be very careful around the spread. We work very closely with schools in our area. We ask schools to submit to us, or the students submit to us an application to attend Challenger in certain qualifications that we offer. So we probably work—I do not want to give numbers; I think it is around approximately 80 schools that we work with—I could give you exact numbers if you wanted—and probably each year—again, I can submit exact numbers—around 3 000 school students that we work with at Challenger. But I can verify those numbers if you would like me to.

The CHAIR: That is at Challenger.

Ms Sorensen: Yes.

The CHAIR: But how about drilling down into ACEPT?

Mr Guppy: Okay—and a fair point. Notwithstanding the numbers that Mel has indicated, we run three programs a year for year 11 and 12 students. We have got a strong alliance with the Gilmore College; we have got a strong alliance with a private college and the John Tonkin school, it used to be called, in Peel down south.

Ms Sorensen: In Mandurah.

Mr Guppy: In Mandurah.

The CHAIR: That is a government high school, is it?

Mr Guppy: Yes.

Ms Sorensen: Yes. We are co-located.

Mr Guppy: And private schools, too, we deal with. Just keep in mind a couple of things when you are dealing in our zone. We have a belief that we should not be producing too many kids in a

particular discipline if there is no employment opportunity. That is the first thing. So we do not rattle out a lot of pre-apps and the parents are disappointed at the end of the year when the kids cannot get an apprenticeship. I have got the same approach with the VET in schools for ACEPT. I can give you the exact numbers of students we put through last year; I am very happy to give that. They get a certificate II with us in process operations and engineering. That gives them an insight on the business and expectation of the industry, and also it does not have any detriment to their WACE requirements. So, they get their WA Certificate of Education in conjunction with an ACEPT outcome, which might be engineering, the opportunity to go to trades or process operations. The difficulty in managing those expectations is the industry, whether it is mining oil or gas—generally, you need to be 18 years of age and have 64 years of experience. So what we have got to do is manage those expectations. But what we are doing to those students is saying to them that they have got an opportunity to not continue with Challenger, and ACEPT's Challenger, where you could look at process engineering or go on to higher level qualifications. If they get a gig with the companies, that is terrific. So, to answer your question, we have a group—and we can give you those numbers—and it is controlled; it is not contrived. Also, the ACEPT board obviously gives them an insight on where they can give them work experience, because that is very critical for us. If you think about the ACEPT concept, we have got a fully kitted plant where the kids can come out of high school and do not have to go into the BHPs of this world or go offshore somewhere out in the oblivion, for which there are all excuses why they cannot go—for OH&S reasons and others. They can actually come and be trained in ACEPT, and the board members are very happy with the outcomes that come out.

The CHAIR: Is it quite hard for students to get entry into those areas?

Mr Guppy: In industry or with us?

The CHAIR: No, to get into your courses.

Mr Guppy: No. For example, when certain projects are announced, whether it is Gorgon or whatever it is, we have every citizen ringing us up to get a position: "How do I become a process operator?" We got to a stage last year when we had 14 places and we had approximately 160 applications. So how do we sift those kids out? We sit down with the school, because we want champions; undeniably, we want champions who are going to succeed. We usually invite industry members to interview. We have got a strong allegiance with the Kwinana Industries Council, which you may be aware of, down on the Kwinana strip. They assist us to filter. But generally we pick the ones who are going to, I suppose, succeed, and, more importantly, we have got a strong tilt towards Indigenous kids and women.

The CHAIR: How do you mean you have got a strong tilt towards them?

Mr Guppy: Well, obviously, we encourage women to consider a non-traditional area, and obviously give Indigenous kids an opportunity to get a gig in in our industry too.

The CHAIR: Do you have a quota system?

Mr Guppy: Not officially, no, but if three or four young women presented and they possibly did not make the criteria set, we would obviously assist them to get through that process, yes.

The CHAIR: How long have you had that sort of procedure in place?

Mr Guppy: Three years.

The CHAIR: And have you been following them to see how they go?

Mr Guppy: Absolutely; yes, absolutely. The employability outcomes have been very strong in the electrical instrumentation area, because that is the flavour of the month. The second one is mechanical fitting, and fabrication is not there at the moment, unfortunately. Some of the students, especially the year 11 and 12 students, say, "Well, I don't want to go to uni yet, but I can actually go through a TAFE environment and then articulate to uni." There are some good stories. We have

had three or four students—two females and the guys—who have actually changed their whole philosophy on where they want to go, and they have gone into the OH&S area, and they have got good jobs with mining companies, et cetera. So it is a pretty good story.

Mr F.M. LOGAN: Greg, how successful have you been with the relationship with Gilmore College?

Mr Guppy: Very good. The headmaster—I was saying to Mel today—is actually phenomenal to work with. She has a very, very positive outcome. I suppose the beauty of Carol's strength that I find is that she has obviously rough and tumbled it up at Port Hedland, and anybody that succeeds in Port Hedland will succeed elsewhere.

Mr F.M. LOGAN: Would handle Gilmore easily.

Mr Guppy: Yes. I find her an absolute pleasure. In actual fact, I sit on that committee representing Challenger on looking at opportunities for the students.

Ms Sorensen: I just mentioned that SCH criteria so that you are aware that we have had a ceiling on what we could offer for school students.

The CHAIR: I have similar issues in my electorate of Geraldton.

Ms Sorensen: I lived in Geraldton.

The CHAIR: Durack college in Geraldton is a senior college.

Mr Guppy: With Bert?

The CHAIR: Bert, yes, and Gary. We had many discussions. Do you have any final things you would like to say?

Ms Sorensen: Would you like us to submit the data that you have asked for?

The CHAIR: Yes.

Ms Sorensen: How will we do that?

The CHAIR: Yes, I will read out a bit of guff now.

Thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned during this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return the corrected transcript.

There is a chance that something else might come up. Is it okay if we just write to you and ask for a response?

Ms Sorensen: Yes, absolutely.

The CHAIR: Probably in early February the committee will be doing an industry trip down to GE, and I was hoping on the same day we would be able to come and, say, spend half the day with you.

Ms Sorensen: We would love to have you.

The CHAIR: That would be great. Thank you very much.

Hearing concluded at 12.30 pm
