

**COMMUNITY DEVELOPMENT AND JUSTICE
STANDING COMMITTEE**

**INQUIRY INTO THE STATE'S PREPAREDNESS
FOR THIS YEAR'S FIRE SEASON**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 24 OCTOBER 2012**

Members

**Mr A.P. O'Gorman (Chairman)
Mr R.F. Johnson (Deputy Chairman)
Ms M.M. Quirk
Mr I.M. Britza
Mr T.G. Stephens**

Hearing commenced at 9.58 am

ITALIANO, MR PAUL

Chief Executive Officer, Western Power, examined:

FROST, MR DEAN

Operations Reliability and Capacity Manager, Western Power, examined:

EAST, MR GORDON ALEXANDER

Manager, Western Power, examined:

BAIRD, MR TONY

Senior Asset Strategy Analyst, Western Power, examined:

BLEE, MR GREGORY RUSSELL

Field Services Coordinator, Western Power, examined:

The CHAIRMAN: If I can start by reading the opening statement so you know exactly what happens this morning. The committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the House itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as a contempt of Parliament. Have you completed the Details of Witness Form? Can we ask that you answer verbally rather than a nod or a shake for Hansard?

The Witnesses: Yes, I have.

The CHAIRMAN: Did you understand the notes at the bottom of the form?

The Witnesses: Yes, I do.

The CHAIRMAN: Did you receive and read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

The Witnesses: Yes, I have.

The CHAIRMAN: I will introduce the committee. Rob Johnson is the member for Hillarys, he is deputy chair of the committee; Margaret Quirk, member for Girrawheen, committee member; Ian Britza, committee member, member for Morley; Tom Stephens, the member for Pilbara, and is a committee member. I am Tony O’Gorman, the member for Joondalup and I am chair of the committee. Can I ask that the cameras leave, please?

Should we run past 11 o’clock, I have another engagement I have to be at in Joondalup, so I will be leaving at 11 o’clock, but I will leave you in Rob’s capable hands.

Before we start, is there any opening statement you would like to make to the Committee?

Mr Italiano: Firstly, thank you very much for the opportunity to come to talk to you today. We appreciate this is the first time Western Power has been called before this Committee for some time, if at all before. I know the invitation was initially sent to me alone, but I brought with me four people today who are at the front line in dealing with our bushfire mitigation strategies. They are intimately involved in the various aspects of how we approach mitigating bushfire risks that are related to the network.

To my left is Mr Gordon East. Gordon is our expert on vegetation management, and is intimately aware of and familiar with all the aspects of our vegetation management practices. Tony Baird, to

my right, is the asset manager who is most familiar with our bushfire mitigation strategies, primarily with those activities we undertake in advance of the bushfire season to reduce the likelihood and consequence of any fires that are a result of the network. Mr Dean Frost works in our network control centre. Dean's primary responsibility is dealing with control centre activities during a fire event, whether that is caused by the network or not, and overseeing how we collaborate with other agencies. He also has had experience with Western Power's approach to bushfire mitigation for a number of years. And, all the way on my right, is Mr Greg Blee. Mr Blee is a frontline field services coordinator. He is based in the Margaret River depot and he was intimately involved with the reconstruction effort of the Margaret River network after the fires that occurred there earlier this year. Between them I believe we should be able to answer most of the questions.

Ms M.M. QUIRK: If we get this out of the way, gentleman, it is the elephant in the corner of the room. What do you say caused the Toodyay fire?

Mr Italiano: Which Toodyay fire? I am assuming you are talking about the 2009 fire?

Ms M.M. QUIRK: The 2009 fire.

Mr Italiano: There has been a great deal of work put into what caused the Toodyay fire, and I know there has been a great deal of speculation about it. The simple fact is it has not been conclusively established what was the cause of the Toodyay fire in 2009.

Ms M.M. QUIRK: So does Western Power not accept responsibility because you say the cause is unknown?

Mr Italiano: At this stage, it is not Western Power's role nor is it in our nature to seek to avoid responsibility where it is established that Western Power is responsible, and in fact there is an extensive track record of Western Power accepting responsibility quickly and moving swiftly to make compensation payments. But in a situation like this where there is a great deal of uncertainty, it is not really a responsible position for a government agency or a commercial enterprise to take on that responsibility.

Ms M.M. QUIRK: So this is about you limiting your commercial exposure rather than remedying the situation?

Mr Italiano: I would not say that at all. We have moved very quickly to try to work with the people who were affected in Toodyay, and we have been very collaborative with them through the claims process, and we have sought to provide remedy and assistance as much as we can. What we are trying to do here is not jump to conclusions and to make sure that whatever lessons can be learnt out of that are the right lessons and not based on perhaps a misunderstanding of what happened.

Ms M.M. QUIRK: With all due respect, how can you say "jumping to conclusions"? It has been over three years. There have been numerous reports, including the EnergySafety final electrical incident report of 2010, and that said that pole 43 had caused the fire. So you do not concur with that finding?

Mr Italiano: EnergySafety issued two reports, the first of which concluded that Western Power assets were not at fault. The second expressed a view—I think they worded it as an opinion—that the assets contributed to the cause of the fire, but they did not make any recommendations in respect of the second. So they did steer clear from making a firm finding in the second report and they prefaced that with "in our opinion".

The CHAIRMAN: Did the witnesses report that there were poles still standing after the fires passed?

Mr Italiano: I have not spoken to any of the witnesses personally, and I know witness statements were taken at the time, and those I assume those are a matter of public record. I do not know the answer to that directly.

The CHAIRMAN: In 2006-7 the Western Power pole inspections showed problems with poles 42 and 43. Was any action taken to fix that?

Mr Italiano: I do not know that off the top of my head. I can take that on notice.

The CHAIRMAN: Could you, please? We would like to know if any action was taken on poles 42 and 43.

Ms M.M. QUIRK: Are you able to advise—I gather poles have ratings in terms of their need to be repaired, can you explain what those ratings are?

Mr Italiano: I may not be able—I cannot at the moment.

Ms M.M. QUIRK: Perhaps one of your backup singers could do that.

Mr Italiano: How do we classify the condition of a pole? I do not know if you are aware of that.

Mr Baird: I am at a high level. Over the past several years we have improved the poles' classification. We call it the serviceability index. That takes into account the soundness of the wood of the pole and around the pole, and we have improved that over the last several years. We inspect poles every four years on that basis.

Ms M.M. QUIRK: I understand that people go around and make a report of each pole.

Mr Baird: Yes.

Ms M.M. QUIRK: And the headings are condition, severity, status, date, et cetera. And does that severity rating go from one to ten, one to five? Can you explain what that means?

Mr Baird: Generally it goes from one to four. Severity one means it has the characteristics where we replace the pole in four weeks; severity two is in about 12 weeks; severity three is in about a year; and severity four, we look at it in the next inspection cycle, which is in four years' time.

The CHAIRMAN: How is that severity determined in terms of a bushfire or a risk of a bushfire? If you are taking 12 months to replace a pole that you have deemed has an issue with it, but you are saying it is not that much of an issue so we can wait 12 months, if you have an extreme bushfire season, with high winds and high temperatures, does that move it up the levels, say up to one, because it needs to be replaced now before it gets any worse and causes a fire?

Mr Baird: No, it does not. The asset inspectors will have viewed the pole as being able to last 12 months in all conditions, and Western Power focuses in on extreme and high bushfire risk areas as characterised by FESA for focussing and prioritising work, but the actual inspection of the pole is done on the pole condition. So if the asset inspector deems it to be able to last for 12 months then we would not replace that pole.

The CHAIRMAN: So how many poles have you got in bushfire-prone areas?

Mr Baird: I would have to take that question on notice because I cannot remember off the top of my head.

The CHAIRMAN: Out of all those poles you have in bushfire-prone areas, how often are they inspected and to what level?

Mr Baird: They are inspected every four years, and they have a full inspection for the soundness and capability of withstanding environmental conditions. The top of the pole is also inspected with a camera and we have a two-man inspection team now to inspect the poles. That is an improvement from previous years and there is some mentoring and some backing up of the pole inspection.

Mr R.F. JOHNSON: Have Western Power taken any work of your own volition or other agencies to develop a fuel load database for those areas where it has wooden poles that could be at risk?

Mr Italiano: Yes, we do. Gordon will be tapping me on the shoulder or kicking me in the shins if I get any of this wrong, but the largest database Western Power has in its operations is a vegetation

database. We have over 620,000 wood poles in the network and we inspect the bays, which is the span between the two poles, on an annual basis in high, extreme bushfire zones. Within those zones we record each tree that is of concern, so that has the potential to encroach on the clearance zone—the condition of that tree, the species of that tree and the ownership of that tree. This year we have inspected over 500,000 of those bays.

The CHAIRMAN: You mention a priority one, that you replace the pole within four weeks. Is that always the case? Do you always maintain and replace the pole within four weeks?

Mr Italiano No. We have set ourselves the objective to replace the pole in four weeks, but it depends on the rate at which those poles are inspected and identified as needing to be replaced.

The CHAIRMAN: When you hit a priority one, what does that mean? What condition is that pole in?

Mr Italiano: That pole—

The CHAIRMAN: And what is the general problem—white ants, other things attacking it, vegetation growing around it? What's the issue that makes it a priority one that needs replacing in four weeks?

Mr Italiano: If I can attempt to answer that myself, and again I might defer to the experts if I get into trouble, but there are a variety of things that can contribute to the pole being in poor condition. Poles can fail because of rot below the ground. They can fail because of rot at ground level. They can be white ant infested. They can have aged and there will be rot in the core of the pole. There can be issues with the equipment installed at the top of the pole. It could have been struck by an animal or a vehicle. It could have been tampered with by a person from outside the network. It could have suffered storm damage or some other environmental impact on it. So there are quite a number of conditions, and those are just the ones that I am aware of. The testing regime we go through and the inspection regime is extensive. We are always looking at ways to improve it.

The CHAIRMAN: After a bushfire goes through an area—just hypothetically, the one that went through Toodyay, poles 42 and 43, how recently were they inspected before the fire, and do you know what priority was put on those particular poles?

Mr Italiano: I do not, off the top of my head, no.

Ms M.M. QUIRK: If you could take that on notice. Just now, for example, if a pole was found to be leaning—and Mr Baird you might be able to assist us in this—what sort of level of severity would that be given?

Mr Baird: It depends on the lean. There is a very complex algorithm to do with the lean, the soundness of the wood, which takes into account the whole severity index. If the lean is a certain degree, then that would be attributed to either a one, two or three. I am sorry, I cannot tell off the top of my head what those degrees are, but it would be taken into account, because that would affect the hardware on top of the pole, the alignment of the conductors or the wires.

Mr Frost: If I can add a comment. If the condition of the asset is deemed to be a hazard to the public—we put the interests of public safety first—it would be phoned in immediately to our control centre, we will raise an incident and dispatch personnel immediately to address the public hazard.

Ms M.M. QUIRK: There was an earlier fire in Toodyay in 2007, and in fact that led to a fatality. Subsequent to that fire, was there an inspection of the whole infrastructure in that area that you were aware of?

Mr Baird: There was. Western Power inspects all of its assets on a four-year cycle, so those would have been done within the four years of that area. But, again, I would have to take that on notice.

Ms M.M. QUIRK: I understand that following that fire a report was commissioned by Aron Gingus, who was the managing director of Australian Management Consolidated Pty Ltd, and he was called in by Western Power, and he was critical of you and the infrastructure, and he forecast further fires unless immediate action was taken. Is someone here familiar with that report?

Mr Italiano: No.

Mr Baird: No.

Ms M.M. QUIRK: Can you see if you can find out something about that and also why that report was never released or provided to the office of EnergySafety?

Mr R.F. JOHNSON: According to some information that was provided by the minister, Western Power's wood pole failures nearly doubled in 2010-11 to 710. That was the figure we were given. Can you tell us what it is up to in 2012?

Mr Italiano: Not off the top of my head, no.

Mr R.F. JOHNSON: Can you supply that to us by way of supplementary information?

Mr Italiano: I can. You will recall in June this year there was an extensive weather event that crossed most of the south west corner of the state. That hit almost all of the network. During that event 68 poles failed. The definition for an unassisted pole failure has changed during this year, and each one of those is being investigated thoroughly at the moment, so some of those are not determined. We will give you the information that we have to hand as our most current, but there are a number of poles that are still being investigated to understand what caused them to fail during that storm.

Mr R.F. JOHNSON: You say the definition has changed, what was the definition before? How has it changed?

Mr Italiano: That is a good question. The definition for an unassisted failure is determined by the severity of the wind force that is applied to the pole. If there is a very severe wind force over 140 kilometres an hour applied to a pole, that is determined to be assisted failure and the pole has behaved within its design specifications. If it is under that, then it is determined that the pole has failed as being unassisted. Obviously that is drawing a black and white distinction in what is a fairly grey zone, a graduated zone. It just does not go like a light switch. It has always been acknowledged—and EnergySafety has acknowledged this in another committee—that there are windshears, micro-bursts and willy-willies that can produce wind forces on poles that are in excess of the desired standard.

In the past, Western Power's practice has been to examine each pole failure event and try to infer or conclude from the examination whether or not the pole failure was a consequence of a localised weather event. EnergySafety's preference is that if there is no local Bureau of Meteorology data to support a wind severity of over 140 kilometres an hour, then all of those failures should be classified as unassisted. So during the past 12 months Western Power has agreed to apply that definition, and what it means is that any pole failures that are a result of micro-bursts, windshears or willy-willies in a localised area—bless their cotton socks, the Bureau of Meteorology does not have the density of wind measuring devices that you would need in a state like this to deal with localised weather events—it is certainly the more conservative approach to classify everything as unassisted failure unless it can be absolutely conclusively proven by a nearby weather measuring device that it was a general infrastructure force.

The CHAIRMAN: You mentioned earlier that you had a crew of two, did I hear that right?

Mr Baird: That is correct.

The CHAIRMAN: That is right across the South West.

Mr Baird: It is.

The CHAIRMAN: Can you tell me the number of poles again, the total number of poles I think you mentioned?

Mr Italiano: Are you concluding there are only two inspectors?

The CHAIRMAN: That is what I am trying to clarify.

Mr Baird: Sorry, two-man crews.

The CHAIRMAN: How many of those—

Mr Baird: Before there used to be one-man crews, now we have two-person crews.

The CHAIRMAN: How many of those do you have?

Ms M.M. QUIRK: Presumably it takes four years to do a state.

Mr Baird: Yes.

Ms M.M. QUIRK: You are saying there is an inspection every four years?

Mr T.G. STEPHENS: You only do your grid. You do not do the whole state.

Mr Italiano: That is right. We only do the SWIS, Kalbarri to Ravensthorpe and out to Kalgoorlie.

Mr R.F. JOHNSON: How many two-man crews do you have?

Mr Baird: Again, I cannot tell you off the top of my head. It is quite a few and I will have to take that on notice.

Mr Italiano: It is worth noting that is not the only time that the pole is visited during that period. There is a formal inspection process every four years on a cycle, but during the intervening period we may be required to be nearby the pole or may be doing work on the pole, and during that time crews have the opportunity to form a visual assessment, and if they have any concerns, they can feed that information in and another inspection can take place.

Ms M.M. QUIRK: I think there has been some recent criticism about Western Power's records about inspection and the record keeping. What are you doing to improve that, those inspections?

Mr Italiano: We certainly have. We have changed our inspection methodology this year. We have rolled out an improved inspection methodology process that we have developed in conjunction with EnergySafety. We have also increased the level of training provided to the crews that undertake the inspections, and we have also looked to what lessons we can learn out of the Victorian Bushfires Royal Commission and the subsequent Powerline Bushfire Safety Taskforce. They made some recommendations in respect of pole investigations and inspections, and we have gone through that, those recommendations, in fine detail and applied as many of those things as we can to our inspection processes.

Ms M.M. QUIRK: So implicit in that, some of the things you were doing up to now were flawed or incomplete?

Mr Italiano: Implicit in that is we are always learning and we are always seeking to do better. I have no doubt that next year we will improve even more, and I have no doubt that the year after we will improve again. To describe anything other than perfection as flawed is, I think in appropriate.

Ms M.M. QUIRK: In hindsight—I know hindsight is a wonderful thing, but at the time of, say, the 2007 Toodyay fires or the 2009 Toodyay fires, do you think the inspection regime was adequate?

Mr Italiano: I think at the time—I was not in the business at the time, but from my understanding with talking to the guys, and particularly in relation to this, I think at the time certainly every effort was being made. There have been some lessons learnt. Sometimes we learn those lessons the hard way and some changes and improvements have been made, but there is a real commitment to doing the best inspection that we can.

The CHAIRMAN: Mr Italiano, we all know why we use wooden poles—because they are safe. Is there any technology on the horizon that says we can find a better system, better than wooden poles, stronger, less maintenance issues, less risk of fires? Also, as well as inspecting the poles, what's the regime for inspecting the cables? I assume that on a 40 degree day metal expands and the cables become slack, so how do you cope with that and deal with that issue? I think it was the Tenterden bushfire where two cables clashed together and actually sparked, so that's an important part you maintain as well.

Mr Italiano: In my short time in Western Power I have learnt a lot about poles. There are other technologies out there. There are steel poles, there are concrete poles, there are composite poles. One that is very often asked of me is the South Australian, the Stobie poles.

Ms M.M. QUIRK: The lethal Stobie poles.

Mr Italiano: Each of them have their pros and cons, and we constantly review the technologies, and emerging technologies, that can be applied for poles. We are driven to putting the most appropriate, cost-effective and safest solution that we can into the network, and if something better than wood comes along, then, by all means, we will put it in.

The CHAIRMAN: So in bushfire-prone areas the opinion of Western Power is that wood is still the best option?

Mr Italiano: Yes.

The CHAIRMAN: Regardless of the fact that we have—

Mr Italiano: We can, certainly in a money-no-object world we could certainly put in place quite a significant network, but the difficulty in getting access to it and making changes and putting those technologies in is extensive.

The CHAIRMAN: About the wires, can you answer that?

Mr Italiano: Certainly, clashing conductors and unassisted wire failure contribute to our bushfire risk every year, and we are acutely aware of that. The conductors are part of the inspection regime in the network. They are also inspected on a four-year basis.

Ms M.M. QUIRK: While we are talking about wire failure, I think after the 2009 fire T303 was realigned. Why did that occur? Can someone assist me with that?

Mr Italiano: Toodyay?

Ms M.M. QUIRK: Yes, Toodyay.

Mr Italiano: That might be another one we would have to take on notice.

Ms M.M. QUIRK: So was it realigned and why was it realigned?

Mr T.G. STEPHENS: You do not appear to have online any easy way for people to feed in input if they have observed powerlines or poles with problems. You have “vegetation too close to powerlines”, but you simply have only a telephone number to ring. Is there some reason why you are not encouraging more feedback from the community either through the internet or telephone when people observe a power pole that is a problem rather than just simply relying upon your own four-year cycle?

Mr Italiano: We are certainly not relying on our own four-year cycle. In fact, earlier this year, we considerably increased our public awareness campaign. During the winter season that campaign took the form of a series of television and radio commercials, around the catchphrase “Make the Safe Call” and it specifically requested people to identify hazards in the network and to ring Western Power rather than attempting to deal with them themselves, or ignoring them. We have just signed off on the summer version of that, and that will be going to air very shortly, during November. So we do encourage people to—

Mr T.G. STEPHENS: By telephone only. It is not an online process.

Mr Italiano: Certainly, we could improve our processes to allow people to report online as well, and we would be happy to do that.

Ms M.M. QUIRK: Do you monitor or evaluate how successful the ads are?

Mr Italiano: Indeed we do.

Ms M.M. QUIRK: And are you able to tell me how they were after the winter campaign?

Mr Italiano: I can, absolutely. And I can produce the specific data, if you would like, as a supplementary, but I did review it earlier this week when I signed off on the Summer campaign. The unprompted retention of knowledge and the message was very high and it was deemed by the adviser that we put into place to help us with that as one of the more successful campaigns we have done.

Ms M.M. QUIRK: Just a couple of things. Just to go back again to the causes of the fire, which, if I can confirm, you say the cause is unknown?

Mr Italiano: Yes, that's right. At this stage the cause is unknown.

Ms M.M. QUIRK: Can you generally tell me, or one of your colleagues tell me, what is the protocol after a fire where there is a suspicion that it may be contributed to or caused solely by electrical fault?

Mr Italiano: We have entered into a new memorandum of understanding with FESA, EnergySafety and WA Police that governs the practices of all of the agencies in respect of fire events where there is some suspicion that it might be related to Western Power assets. I am happy to supply you with a copy of that MOU, but that is very detailed and it provides very clear guidelines on evidence retention, access to site and the administration of the investigation process.

Ms M.M. QUIRK: What motivated the signing of that protocol?

Mr Italiano: Certainly we realised that there was a need for us to have better clarity of understanding. I met with Wayne Gregson shortly after I was put into the acting position in February this year. We were already in the process of putting something like that together. We want to make sure that the right information is gathered for the state and that the right remediation actions can be taken.

Ms M.M. QUIRK: Is it true to say that part of the reason that this might have led to the formation of this MOU was there were issues about who had access to the sites after the 2007 Toodyay fires?

Mr Italiano: I am not sure about the 2007; I think the 2009 one—

Ms M.M. QUIRK: Sorry; 2009 I mean.

Mr Italiano: I have to say I have heard that there were some comments made, but I am not familiar with it personally.

Ms M.M. QUIRK: So you are not aware whether access was restricted in 2009 so that people could properly investigate the cause?

Mr Italiano: No, I am not aware.

Mr Frost: If I can add, there may have been some conjecture but we took the opportunity to review our evidence-retention procedures. We have since tightened up so there is a very clear process and a very clear understanding as to the need to retain evidence so there is a thorough investigation, and EnergySafety is given ample opportunity to be involved.

Ms M.M. QUIRK: That happened post the fire, though?

Mr Frost: We considered it as an opportunity to improve the processes since.

Ms M.M. QUIRK: I can infer from that that there were some issues arising in the 2009 fire about evidence retention and possibly access to the site?

Mr Italiano: If I may, I think it falls into the category of there had not been an event like that for a considerable period of time. The practices and protocols that may have been established between Western Power and the other agencies in the past, perhaps people were not that familiar with them on the ground.

Ms M.M. QUIRK: How did that manifest itself, that lack of familiarity? Were there problems?

Mr Italiano: Again, I am not aware of it directly.

Ms M.M. QUIRK: Could you give us someone who is in a position to tell us that?

Mr Italiano: Yes.

The CHAIRMAN: Quite clearly you say no definite cause of the 2009 fire in Toodyay has been established just yet. Has there been any payments or compensation paid to any of the victims in Toodyay?

Mr Italiano: Yes. Western Power went through a process of mediation as part of the litigation process that the claimants commenced against Western Power. In that mediation process, a series of settlement offers were made.

Ms M.M. QUIRK: How many offers?

Mr Italiano: There were three options provided to the claimants.

The CHAIRMAN: Is that individuals or is that the class action?

Mr Italiano: Each individual had the right to make their own decision.

Ms M.M. QUIRK: Was this offer made to all of the victims?

Mr Italiano: It was made to all of the claimants who were party to that legal process.

Ms M.M. QUIRK: My understanding is that that is not correct—some were not made the offer.

Mr Italiano: No. Everybody was made an offer, categorically.

Ms M.M. QUIRK: I gather that was made through the solicitor who was acting for them, Mr Kevin Banks- Smith, is that right?

Mr Italiano: That is right.

Ms M.M. QUIRK: Was there a confidentiality agreement attached to that?

Mr Italiano: Yes, there is.

Ms M.M. QUIRK: What is the reason for there being a confidentiality agreement?

Mr Italiano: We have no desire as Western Power to require confidentiality on the settlement. It was requested and agreed to, but it was requested by the claimants and their legal counsel, and the insurance company involved.

Ms M.M. QUIRK: You have given evidence, I think you have repeated this a number of occasions this morning, that Western Power does not accept responsibility. Can you explain to me how you are settling an action or seeking to settle an action in relation to which you claim no responsibility?

Mr Italiano: What we would like to do is allow people to move on swiftly with their lives. We have no interest in prolonging this. We have no interest in dragging this out through an extensive court process. We made what we felt was a fair settlement offer to draw the process to a conclusion, and the claimants, I understand under advice, have accepted that offer.

Ms M.M. QUIRK: How many acceptances have you got?

Mr Italiano: Sixty-one.

Ms M.M. QUIRK: Can you confirm whether or not the offer was 60 cents in the dollar?

Mr Italiano: It depends on the size of the claimant's initial claim. For people who made a lower level of claim—smaller amounts—the offer was for all of it. For people who made a higher claim, the offer was for a smaller—

Ms M.M. QUIRK: What is the rationale for that?

Mr Italiano: The rationale for that is purely administrative. When you are talking claims that are under \$1,000, the administrative cost in determining a proportion of it exceeds the amount of the—

Ms M.M. QUIRK: The more you lost, the less you get?

Mr Italiano: It depends on the size of the claim and the nature of the claim.

Ms M.M. QUIRK: I understand that offer included the full payment of Mr Kevin Bank-Smith's fees?

Mr Italiano: I cannot talk to you about what the legal arrangements are in respect of the fee that Mr Banks-Smith negotiated with his clients.

Mr R.F. JOHNSON: I find this quite interesting actually that we had a fire that you do not claim responsibility for and yet you are going along making settlement payments to all those victims. That seems diametrically opposed, to start with. I take it you are settling those claims without prejudice; in other words, you do not think Western Power is at fault but you are going to do what you can for the community by paying up some of it. I find the confidentiality clause contained in that a bit strange. It would normally be somebody like yourselves seeking the confidentiality clause rather than the claimants or the claimants' lawyers. Have you had anything like this in practice before?

Mr Italiano: In my previous background I have been dealing with claims like this in the past. It is very common. In fact it would be very rare for claimants not to seek confidentiality. We are, after all, talking about people's personal financial information. It is perfectly understandable that people are unwilling to bear their personal financial circumstances to their neighbours and to their local community. What they claimed for is a private matter for them. What they have agreed to settle for is a private matter for them. Why they have chosen to take a settlement offer is a private matter for them. They have collectively put a confidentiality clause in.

Ms M.M. QUIRK: Can you double-check that because I have certainly had reports come to me third-hand that a number of victims were very unhappy about this confidentiality clause; and, secondly, what is the total amount of money that Western Power will pay out under the settlement?

Mr Italiano: Less than \$3 million. It is worth noting that the state government put together a relief fund that totalled \$10 million. Western Power contributed half of the funds to that relief fund. More than half of that relief fund has not been claimed. The hurdle for making a successful claim to the relief fund is a lot lower than the hurdle that applies to being successful in litigation. There is always that pathway open.

The CHAIRMAN: The \$3 million is paid through the legal process. You have also paid \$5 million into the \$10 million ex-gratia payment fund?

Mr Italiano: We have committed \$5 million to it, but less than \$5 million has been drawn down. In total, we would be paying between \$4 million and \$5 million.

Mr T.G. STEPHENS: The decision to commit to that fund, was that at your own instigation or were you requested to?

Mr Italiano: We were very happy to contribute to the fund.

Mr T.G. STEPHENS: Were you requested to?

Mr Italiano: I was not in business at the time.

Mr T.G. STEPHENS: Can you advise the committee or can you find out whether the—

Mr Italiano: I will seek to; absolutely.

Mr T.G. STEPHENS: In reference to the settlement, have you been requested by government to settle?

Mr Italiano: No.

Mr T.G. STEPHENS: Did you consult with government with the proposal that you would settle in these ways?

Mr Italiano: No. We were in a court-administered mediation process. We followed the supervision of the court and the independent mediator. We were encouraged to put three alternatives on the table, one of which was for the claimants to continue to litigation.

Mr T.G. STEPHENS: The offer of the settlement has had no political consultation; no ministerial consultation?

Mr Italiano: No.

Mr T.G. STEPHENS: A very independent business.

Mr Italiano: Certainly there was a commitment from both ourselves and government to honour and respect the legal process and the court process that is in place. We certainly did do that.

The CHAIRMAN: While we are talking about compensation, are there any other compensation issues flowing from other recent bushfires?

Mr Italiano: We do pay compensation in respect to fires where it can be established that it was due to Western Power assets. In the last bushfire season there were, to our understanding, 5,800-odd fires that were recorded by FESA, of which 35 were attributed to activities in relation to the Western Power network. Of those 35, 15 resulted in some form of property damage. The total value of that property damage is estimated to be \$676,000. The largest individual loss was approximately \$100,000.

The CHAIRMAN: Has that compensation been paid out or is that subject to a legal process?

Mr Italiano: We have paid nearly \$400,000 of the \$676,000 estimated loss already in compensation.

The CHAIRMAN: What process did that go through for people to get?

Mr Italiano: We do our own internal investigation. FESA does its own investigation as well, as we understand. Certainly where it is clearly established—we are very keen to move on from an incident where our asset has been responsible for a fire that has caused property damage. We accept responsibility very quickly. We go to the claimants proactively. We take them through our insurance process. We have a fantastic relationship with our insurance company, who are very supportive of the need for us to process claims very quickly.

Ms M.M. QUIRK: Who are your insurers?

Mr Italiano: We procure our insurance on the London market. It is through a series of names. It is a panel of providers. It is led by QBE but there are a large number of backers.

Ms M.M. QUIRK: What is the total quantum claimed by the victims in their class action—are you aware of that?

Mr Italiano: That is part of the confidentiality.

Ms M.M. QUIRK: That is their confidentiality, you are saying. You are saying you cannot disclose what their actual total claim was?

Mr Italiano: That is right. In fact in part of the second—if I may, there were three—

Ms M.M. QUIRK: Could we not go down to the Supreme Court or wherever and get those documents and find out for ourselves?

Mr Italiano: I think you might be able to go and look at what the initial—I think the initial claim was pushing over \$120 million to \$150 million; somewhere in that order. But what the actual claim was is—one of the options that we gave them was that we had an insurance-assessed loss for each property, where a qualified loss assessor visited each location and made an assessment of the value of the loss that had been incurred. Option one was to take a proportion of that. Option two was to have a court-appointed independent assessor who had no connection with Western Power—in fact came from Queensland, a former magistrate, I understand—who flew to Western Australia and independently assessed the losses that were incurred by the claimants. We are not aware of what the outcome was of that independent assessor.

Ms M.M. QUIRK: Is that different from the Verifact assessment?

Mr Italiano: From the very first one?

Ms M.M. QUIRK: Verifact came, as I understand it, relatively recently and made an assessment.

Mr Italiano: I think Verifact is the initial loss assessor—

Ms M.M. QUIRK: There was a Verifact review which was enclosed with a settlement offer. That was fairly recently. Are you aware of that?

Mr Italiano: No, not off the top of my head.

Ms M.M. QUIRK: Not off the top of your head—perhaps you can let us know. It would be helpful if you could give us a copy of that.

Mr Italiano: If Verifact is in relation to the first option, I am sure that I will have access to it. If Verifact is in relation to the second option, that was independently assessed.

Ms M.M. QUIRK: “Please note this document represents Western Power’s view of the total remaining losses.”

Mr Italiano: Okay; so that is probably the first one.

Ms M.M. QUIRK: Just on that, has Western Power received any legal advice about whether you were negligent or not? Have you received any formal legal advice about Western Power’s possible liability for negligence?

Mr Italiano: This was in relation to the —

Ms M.M. QUIRK: To the 2009 Toodyay fire.

Mr Italiano: The 2009 Toodyay fire. Obviously, we did. We were in a process that commenced litigation. We were prepared to defend that litigation. One of the options we put on the table for the litigants was to continue to proceed to trial. As part of our preparation process we had quite extensive legal advice. We had independent professional advice—technical advice from experts in state and overseas that had a look at the circumstances relating to the claim and the assets that were involved. And, one of our options, which was put to the litigants, was that we were quite prepared to continue with the litigation. Much of the information, including an independent expert report, was provided as part of the mediation process. So, certainly the litigants were aware of much of the information we had available to us so that they could make an informed decision about whether they wished to go ahead with litigation. They chose not to.

Ms M.M. QUIRK: Would it be true to say that your advice was that Western Power was not negligent and therefore you would be successful if you pressed on to litigation? Is that what you are telling me?

Mr Italiano: To the extent that anyone can anticipate how a court process would unfold and how it would be presented.

Ms M.M. QUIRK: The basis of that advice was expert reports. What are the names of the experts involved in those?

Mr Italiano: I can get that for you.

Ms M.M. QUIRK: Thank you. If that is the case, if you are so confident that you can proceed with litigation and that you are not negligent, why are you still not able to say what the cause of the fire is? I find those two positions slightly inconsistent.

Mr Italiano: I feel difficult giving it. I am a little uncomfortable giving my interpretation of the legal process because I am not a lawyer and I rarely attend the court case. My understanding is that we do not need to establish an alternative ignition for the fire; we just need to establish sufficient evidence to disprove that Western Power assets were the cause.

Ms M.M. QUIRK: I understand that. Is there any alternative version of how the fire might have started, other than from the poles, that has been seriously examined?

Mr Italiano: I would have to take that on notice; I do not know.

The CHAIRMAN: You said you have a fuel-load register for your assets.

Mr Italiano: Yes, we do.

The CHAIRMAN: With that fuel-load register, does it actually indicate to you any particular area of the state or of the south west system that could cause a particular problem for this coming season?

Mr Italiano: I should use the terminology more accurately. When we refer to fuel load, we are referring to vegetation that has the potential to encroach on the clearance zones of Western Power assets. We identify each piece of vegetation within the network. There are about 96,000 kilometres we cover and there are well over 700,000 individual spans in the network. Each year we go out to inspect those. Our inspection regime strongly favours high and extreme fire-risk zones. Each bay in a high and extreme fire-risk zone is investigated every year.

The CHAIRMAN: Is there any area of the state that you are particularly worried about where there is a high fuel load and where if there is ignition point, it will cause your assets problems?

Mr Italiano: Always of concern for us is where there is a high potential for property or personal loss. The area that comes to mind immediately is the Perth hills.

Mr R.F. JOHNSON: With your power poles, particularly in the south west, you have said that when you inspect them you inspect the fuel loads, which is predominantly vegetation that can, obviously, conduct a fire and burn your poles down. Your responsibility is, I take it, to clear that vegetation as much as possible so that it reduces the fuel load. What sort of area do you work on around your poles? Your poles go through private land, local government land, crown land, DEC land, forests—that is probably crown land. Whose responsibility is it to ensure that the fuel loads that could give rise to your poles catching fire are cleared? Do you consider that it is yours, do you consider that it is DEC's, do you consider that it is the local authorities' or that of private landowners?

Mr Italiano: We are not responsible for clearing fuel loads that could ignite and then set fire to Western Power assets. We are responsible for clearing vegetation that could come in contact with Western Power assets and by doing that give rise to a fire, so it is a slightly different thing—if there is a high fuel load underneath the asset. For example, each year we lose a reasonable number of poles to stubble burn as paddocks are cleared and it is not Western Power's responsibility to clear the stubble from around the poles in each paddock in regional areas. That responsibility rests with the landowner. But for the vegetation that can encroach on it—I am going to try to remember the notes I was given by Mr East and he will kick me again get if I get it wrong!—what we are looking at is naturally occurring vegetation, which is Western Power's responsibility. Cultivated vegetation, cultivated trees on private property and on council land is the responsibility of the landowner. We take responsibility for managing the risk, so we do inspection of all those trees in all the areas that

we have assets. If an owner is not able to or has not done the clearing, we will do the clearing and seek to recover the cost retrospectively.

Mr R.F. JOHNSON: In relation to DEC and other controlled burns that they carry out, obviously with some of those controlled burns there must be some Western Power wooden poles in those areas. What care is taken by DEC or yourselves to try to ensure that where there are controlled burns your poles do not catch fire or give rise to falling over or whatever.

Mr Baird: I might be able to answer that.

Mr Italiano: That is good, because I would struggle to answer it, so I am glad that you can!

Mr Baird: We have communication with locals at DEC offices and it was only a few weeks ago that they rang me about how far away they should burn from one of our assets and we are aware of it. We get digital and hardcopy—

Ms M.M. QUIRK: Can you just repeat that? Did you say you got a call a few weeks ago asking you for advice as to how close to your assets they should burn?

Mr Baird: It was probably several weeks ago or maybe it was a couple of months ago, but we are in close contact with DEC and when there is planning of a prescribed burn —

Ms M.M. QUIRK: Is that not something that should have been established years ago? I am a bit intrigued that they rang up several weeks ago and asked that question.

Mr Baird: It is established, but they also double-check because they are extremely careful as well.

The CHAIRMAN: Can I just be clear. You are talking about the fact that several weeks ago on a particular burn they were planning they rang up for advice as to that, but the general practice is that that is always done whenever they conducted a controlled burn.

Ms M.M. QUIRK: No, I think it is general.

Mr Baird: It is a double-checking process. When I said “several weeks ago”, it may have been a couple of months ago, but they do ring us regularly to check and double-check that the clearance around Western Power assets is sufficient so it does not affect the pole and the safety of the community.

Mr Italiano: If I could, would I be able to confer with Tony for a moment?

The CHAIRMAN: Yes.

Mr Italiano: I think what we have established is that, yes, there is a generally accepted practice in place for DEC in relation to controlled burns and Western Power assets, and the recent phone call is a double-checking process that they have put in place for specific burns that are scheduled.

Ms M.M. QUIRK: Nicely recovered!

Mr Italiano: I am sure that is what we meant all the time!

The CHAIRMAN: So, every time DEC is going to do a controlled burn—or FESA for that matter—there is a double-check with yourselves, Western Power. You are informed that, “We are going to burn this area. We expected to be on this day and it will take as long. How far from, or close to, your assets can we get?”

Mr Baird: It is definitely how close to the assets they can get. As to the duration of the fire, I am not exactly sure on that.

Mr R.F. JOHNSON: Is that on every controlled burn?

Mr Baird: That is on every controlled burn. They send us out plans at the start of their controlled burning season as well.

Mr Italiano: It is worth noting that Western Power is a member of the subcommittees to the SEMC, and we are also represented on the district and local area emergency management

committees. So, each season, prior to the season, Western Power works proactively with the other agencies on simulations, protocols and collaboration.

The CHAIRMAN: What is the protocol when you have an outbreak of a bushfire or a controlled burn? What is the protocol for Western Power and switching the power off, if you like?

Mr Blee: If you like, I will answer that. I will refer to what we did in Margaret River during the bushfires about 12 months ago. Obviously, you have incident controllers and different levels of management groups and whatever. At the local level you have your incident controller as part of the ISG—sorry about all the acronyms, but hopefully you will pick up on them. You have direct contact with people within that organisation or within that incident control. They establish that there might be areas that the fire could be going into and you have the interaction between them determining that the power needs to be disconnected, and you do that after advising as many people as you can.

The CHAIRMAN: Members, I have to go, so I will leave you in the capable hands of the member for Hillarys, the deputy chair. Thank you for coming in.

The Witnesses: Thank you.

[Mr R.F. Johnson took the chair.]

Ms M.M. QUIRK: I know we have to look forward, and we will do that shortly, but can I just get confirmed how many claimants—you talked about the settlement issue—were all claimants offered that settlement issue? Is that your understanding?

Mr Italiano: Yes.

Ms M.M. QUIRK: What number is that?

Mr Italiano: It is somewhere between 60 and 65, off the top of my head, but all claimants were offered the same three options—that was, to take a proportion of the insurance-assessed loss or if they were dissatisfied with that, to take a proportion of the independently assessed loss, and if they still felt they had a sufficient case that they could prosecute in litigation, we were quite prepared to continue to litigation.

Ms M.M. QUIRK: That offer was conveyed to all of those 65 people via their solicitor, Mr Banks-Smith; is that your understanding?

Mr Italiano: That is my understanding.

Ms M.M. QUIRK: The \$3 million you have talked about was an additional amount provided for full payment of Mr Banks-Smith's fees, who acted for those 60 —

Mr Italiano: No; Western Power's proportion of the compensation is approximately \$3 million.

Ms M.M. QUIRK: Sorry, I have been a bit sloppy when I have talked the word "claimants"; is that victims? So, it is 65 victims or 65 claimants?

Mr Italiano: The offer was made to people who were part of the litigation process.

Ms M.M. QUIRK: Can you also just tell me, following the fire, did Western Power take part in any briefings to either the Minister for Energy or the Premier or the cabinet perhaps on the cause of the fire or what measures were being taken? You can cover your ears during this!

The DEPUTY CHAIRMAN: I do not know that you can tell what briefings were given in cabinet.

Ms M.M. QUIRK: They can say they were given a briefing in cabinet, but they cannot say what was said, I would have thought.

Mr Italiano: If I may, I was not working at the business at the time. I have had conversations with the minister's office subsequently—certainly during the time I have been acting CEO and CEO—because they are acutely aware of the suffering that people experience in relation to this, and so they

are interested to see Western Power working proactively with the community and the courts to reach an amicable resolution.

Ms M.M. QUIRK: So there have been no discussions about it?

Mr Italiano: They exercise their duties to oversee the performance of Western Power fairly closely. Through those conversations I am aware that there were previous conversations, but I gather that they were of the same nature, which was making sure that Western Power performed properly.

The DEPUTY CHAIRMAN: I would assume that it would normally be the minister who would brief cabinet in relation to what is happening with Western Power. That is the portfolio the minister has responsibility for. Can I just go back a little bit? It is probably my last question. You said earlier that the government had put up a \$10 million fund.

Mr Italiano: Yes.

The DEPUTY CHAIRMAN: I thought you said—I may have misheard—that Western Power contributed \$5 million of that \$10 million.

Mr Italiano: Yes, that is right.

The DEPUTY CHAIRMAN: And I thought you said that less than half had been paid out so far.

Mr Italiano: Yes, that is my understanding.

The DEPUTY CHAIRMAN: Is it your understanding that that probably will be the maximum that will be paid out of that fund?

Mr Italiano: Western Power does not administer the fund but we do get asked to make a contribution each time a claim has been made and agreed to. The rate at which those payment requests have been coming through has diminished quite significantly.

The DEPUTY CHAIRMAN: Who are the claims being made to—the Government?

Mr Italiano: Yes.

The DEPUTY CHAIRMAN: Who in government?

Mr Italiano: I wish I knew. I should have known that one, but I do not off the top of my head. I know that the fund was initially established by the Department of the Premier and Cabinet. I imagine it was initially administered by the Office of Energy—now the PUO, but I am guessing there.

The DEPUTY CHAIRMAN: Would it be people like Geoff Hay; is he involved in that area?

Mr Italiano: I do not know.

The DEPUTY CHAIRMAN: Peter Conran?

Mr Italiano: If you would not mind, I will come back to you.

The DEPUTY CHAIRMAN: We would like to know who is responsible for administering that fund, which is public money, whether it be the government's or Western Power's; it is still government money, as I see it. It concerns me if there is \$10 million in the pot and less than half has been paid out—this is for events that took place in 2009, which is nearly four years ago come this February. It seems a hell of a long time for these people to have to wait.

Mr Italiano: I do not think they are waiting; I do not think it has been claimed. My understanding is that it has not been claimed.

The DEPUTY CHAIRMAN: But I thought you said there was still some trickling through.

Mr Italiano: Some claims are coming through but they are new claims. My understanding is that we are not talking about people waiting for a payment—

The DEPUTY CHAIRMAN: From the government fund?

Mr Italiano: From the government fund.

The DEPUTY CHAIRMAN: And yours. What happens if it is not paid back? Do you get back some of your \$5 million?

Mr Italiano: We are committed to paying 50% of all the agreed claims, subject to a maximum of \$5million, so, yes.

Ms M.M. QUIRK: We are often told that Western Power is a commercial entity, is running a business and that there is a board structure and all of that stuff—independent of government. Does that not then beg the question that if you are not claiming responsibility, why are you putting \$5 million into that fund and settling this litigation?

Mr Italiano: Firstly, we are set up in a corporatised structure but we are acutely aware we are still a government-owned enterprise and are accountable to the Parliament and the people of Western Australia. We are a very well-known organisation. As always with organisations like this, we are seeking to put out—move forward in a way that is in the best interests of the community. I think it is a perfectly acceptable principle that we would contribute to a relief fund for something like this, and it is not at all unheard of in a commercial environment.

Mr T.G. STEPHENS: To minimise the risks of your business causing bushfires around the state, what is the biggest constraint to minimising that risk? Is it financial pressure?

Mr Italiano: At the moment, it is around the treatment. We spent \$94 million in the last 12 months on—

Mr T.G. STEPHENS: If you were to increase that, would you be able to reduce the risk?

Mr Italiano: We certainly could but it is about putting the money towards the most effective mitigation process.

Mr T.G. STEPHENS: Would you want to spend more on risk mitigation?

Mr Italiano: We could always spend more. In an unconstrained environment —

Mr T.G. STEPHENS: So the constraints on your environment, in terms of spending more, are they government constraints?

Mr Italiano: They are more practical constraints. If you take my earlier example of the Perth hills, the geology of the area makes it extremely difficult to underground the wires.

Mr T.G. STEPHENS: Remind me, you do produce an annual dividend to government?

Mr Italiano: Yes, we do.

Mr T.G. STEPHENS: What is the magnitude?

Mr Italiano: This year it is about \$100 million.

Mr T.G. STEPHENS: So if that was reduced, you could increase expenditure on risk mitigation?

Mr Italiano: It is worth noting that we spend \$2.2 billion every year on the network. Our revenue is only about \$1.4 billion. I know that sounds like a lot, but the difference between the revenue we receive and the expenditure that we put into the network is funded through debt.

Mr T.G. STEPHENS: Do you want me to repeat my question?

Mr Italiano: Certainly the margin that is generated is—I am happy to answer it in a more expansive way: the issue for Western Power is that that is an accounting profit and much of that profit does not take the form of cash; it takes the form of a notional revenue from assets that have been gifted to Western Power. We do not spend notional revenue on the network; we spend actual revenue. The reality is that although we are paying a dividend, much of it is coming through gifted assets to Western Power. The difference in the capacity for us to fund investment in the network would not be greatly influenced by changing the profit allocation.

Mr T.G. STEPHENS: So if you were to reduce your payment or had the opportunity to reduce your payment to Government, some of that reduction could be spent on—

Mr Italiano: We certainly could reinvest some of that on the network, but it would also change the way we fund—if I could go back to what I said at the beginning, the spend on the network is funded through the debt that we raise through WATC, not primarily through the revenue that we receive. The actual revenue we receive is in servicing that debt, not so much as in a direct investment on the network.

Mr T.G. STEPHENS: Have you received any advice from government on how you will answer questions here in this hearing?

Mr Italiano: No, not at all. My background, sir, for people's benefit, is that I am an accountant. I am a fellow of CPA Australia and I have had an extensive commercial background. I spent a bit of time this year getting much more familiar with what the driver of profit is in Western Power. These are my observations in conjunction with my CFO.

Ms M.M. QUIRK: This year's fire season is already predicted to be a bad one. Are there any particular extra measures that are being taken this year by Western Power?

Mr Italiano: Absolutely. I am pleased to be able to say that although we are not resting on our hands with this, we have done more this year than we have ever done before in any single year in preparation for this coming bushfire season. We have replaced more old wood poles this year than we have done in any previous year. We have reinforced more poles—considerably more poles; more than double—than we have reinforced in any year prior to this. We entered into a new memorandum of understanding with other agencies governing our relationship with them in preparation for it. We have significantly improved our inspection process and significantly increased our training program for inspectors. We have also increased the rollout of fire safe fuse technology, known as Fault Tamer, targeting high and extreme bushfire risk zones.

We have also continued our examination of alternative technologies to bare metal cable. They are things like aerial bundled cable and Hendrix cable. We had a very successful trial of Hendrix cable last year. They are covered conductors. For areas that are particularly challenging to do underground, we are looking at alternative technologies that allow us to put overhead cable in a protected casing that minimises the fire risk as a result. I am pleased to say that as we speak we have Western Power employees in Victoria who are teaching Victorian distribution utilities about the research that we have done on Hendrix cabling in particular. It was a recommendation of their commission that they move down these sorts of technologies and we are ahead of them on those. We have inspected over 500,000 of our in excess of 700,000 bays targeting the high and extreme bushfire risk zones.

Ms M.M. QUIRK: Which areas do you consider are most at risk?

Mr Italiano: We take the FESA definitions of high and extreme bushfire risk zones and within those we target the areas that are closest to private property.

Ms M.M. QUIRK: To perform your work, would it be useful if there was a Statewide fuel load map that everyone could refer to?

Mr Italiano: We would be very happy to participate in any Statewide initiative that is designed to minimise the risk of bushfire and damage to property as a result of bushfire.

Mr T.G. STEPHENS: Just a quick one, if I may. Getting back to the fund that you have committed \$5 million for, the criterion for the distribution of funds from that fund, were you involved in setting up the criterion?

Mr Italiano: No.

Mr T.G. STEPHENS: Has your view as to whether they have been too onerous—is that why there has been such a small drawdown on the commitment that you have made?

Mr Italiano: I have not looked at it directly, but I believe that is not the case, no. The only view that has been expressed to me is that the process that people have to go through to make a claim and the burden of evidence they need to provide of validation in supporting that claim is lower than what you would normally be required to provide in say a court of law.

Mr T.G. STEPHENS: Who established the criteria for that?

Mr Italiano: It was independently established from Western Power. We hold true to that independence. I actually do not know personally who was involved, but I can find out if you like.

Mr T.G. STEPHENS: Presumably somewhere within government the criteria were established.

Mr Italiano: I assume so.

Mr T.G. STEPHENS: It is not the Lord Mayor's disaster appeal.

Mr Italiano: This is a specific independent fund.

Ms M.M. QUIRK: Are you able to tell us—you might need to provide it on notice—what the backlog for distribution wood pole inspections is?

Mr Italiano: At the moment?

Ms M.M. QUIRK: Yes.

Mr Italiano: I believe that it is 9,000.

Ms M.M. QUIRK: Gee, 9,000! As of today, what is the backlog for distribution of wood pole replacements?

Mr Italiano: That depends on how you define “backlog”. We have 629,000 wood poles and we have almost 800,000 poles in the network. To answer an earlier question, we do have other technologies out there. When you take an inspection cycle of once every four years, you are looking at 200,000 poles being inspected every year, or around 4,000 poles being inspected every week. That puts the numbers into context. When you are looking at the 629,000 poles, the Australian standard says that a timber pole has an expected engineering life of 40 years—

Mr T.G. STEPHENS: Sorry, Mr Italiano, it is your annual report that has the criteria for the backlog. Using your own definitions are you able to answer the question of my colleague; that is, you defined it and you use it in your annual reports. What is the current backlog?

Mr Italiano: I am not aware of what you are reading on that one there. I am sorry, not off the top of my head. I know that there are 155,000 poles over the age of 40 and they are the poles that we are reprioritising and that need to be treated.

The DEPUTY CHAIRMAN: We have some information resulting from a question on notice, which Margaret Quirk will ask.

Ms M.M. QUIRK: In December 2010, 4,491 poles required replacement, or that was the backlog. On whatever criteria Western Power used to answer that question, we just want to know what it is now.

Mr Italiano: I will have to take that on notice because we changed the criteria this year to require a greater number of poles to be treated and to increase the volume. We apply a harsher standard this year.

Ms M.M. QUIRK: So we will be comparing apples with pears. Is that what you are telling us?

Mr Italiano: If you would like us to go through and apply the same standard, I can do that.

Ms M.M. QUIRK: Thank you.

The DEPUTY CHAIRMAN: Would you like to make a closing statement, because I have to read something to you? If you want to make a closing statement, you are welcome to.

Mr Italiano: I would not mind making a closing statement. We take our responsibility for managing the network extremely seriously. We are very committed to collaborating with the other agencies. During this year we have established strong connections with the Office of Energy Safety and FESA in particular, and we work very closely with them to make sure that we can reduce both the likelihood and consequence of any fire as a result of our network, and we will continue to do that. Our performance has improved. We know that we can continue to improve it and we will always strive to improve it going forward. We welcome recommendations from this committee, or any other government agency, on areas where we can improve our performance.

The DEPUTY CHAIRMAN: Thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for the correction of minor errors. Any such corrections must be made and the transcript returned within seven days from the date of the letter attached to the transcript. If the transcript is not returned within 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 your corrected transcript of evidence. Thank you for being here today.

Hearing concluded at 11.15 am
