

**STANDING COMMITTEE ON PUBLIC ADMINISTRATION**

**INQUIRY INTO ELECTRICITY TRANSMISSION AND DISTRIBUTION  
MANAGEMENT BY WESTERN POWER AND HORIZON POWER**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 19 SEPTEMBER 2012**

**SESSION TWO**

**Members**

**Hon Max Trenorden (Chairman)  
Hon Jon Ford (Deputy Chairman)  
Hon Ken Baston  
Hon Jim Chown  
Hon Ed Dermer**

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**Hearing commenced at 10.52 am**

**BOWRON, MR KEN**

**Executive Director, EnergySafety, sworn and examined:**

**BUNKO, MR MICHAEL**

**Director, Electricity Compliance, EnergySafety, sworn and examined:**

**ROWE, MR GRAHAM**

**Principal Engineer, EnergySafety, sworn and examined:**

**The CHAIRMAN:** Good morning, gentlemen. As I said to the previous grouping, it does not seem that long ago when we were doing a different process. Nevertheless, we are trying to do some winding up of our role in the last weeks before the end of this Parliament. You have all been sworn in on a previous occasion, so we do not need to swear you in but I just need to remind you —

**Mr Bowron:** I do not think Mr Rowe has.

**The CHAIRMAN:** Unfortunately we need to go through a process; otherwise it may leave you a bit exposed. On behalf of the committee, we are happy to have you here.

[Witness took the oath.]

**The CHAIRMAN:** Have you seen the document “Information for Witnesses”?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you understand it?

**The Witnesses:** I do.

**The CHAIRMAN:** Okay. I will not go through the information for Hansard; that will not be necessary. I remind you that your transcript will be become a matter of public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. That is unlikely, but it is an option you have. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that the publication or disclosure of uncorrected evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege, which is your safety net.

Welcome. I already gave you some indication that we, as a committee, not in reality but functionally, cease to operate on the last sitting day of this Parliament, which is in November. So, what we are seeking to do, even though time has been short since our fourteenth report, is to leave some words for a future Parliament and we are keen to leave some words for a future committee. We cannot direct any future committee on what they do, but we would hope that they would keep an oversight role on the past few years and the role that you have played in this vexed issue. So, what we are seeking to do today is get some of these issues. We will be putting them on the board in a minute, but we will need to talk to each of those issues. The reason they are on the board is because they are the issues we want to put in a report, but that does not mean that we cannot talk about anything else. Before I start that, do you have anything you would like to say?

**Mr Bowron:** No, I am happy to continue with your process.

**The CHAIRMAN:** Okay. Obviously, you have had a chance to read the fourteenth report. So, from the perspective of your office, what are some of the important things about the report? As we have said to you before, we very much value your input over the time of this inquiry. We would like you

to be frank about this. This is actually about trying to do something for the people of Western Australia. We would like your assessment so we can leave it on the record of what you thought about the fourteenth report.

**Mr Bowron:** We were very pleased with the fourteenth report. It confirmed and agreed with a lot of the findings and perceptions that we had developed over a number of years, and brought to a head a number of issues and outlined some recommendations that in general we have been very happy to support.

**The CHAIRMAN:** The fourteenth report was tabled on 20 January this year. At a corporate cultural level, how would you compare your dealings with Western Power before 20 January and since 20 January?

**Mr Bowron:** Certainly since the report, I am very pleased to say that we have seen a genuine desire in Western Power to improve its performance and also to the quality of its engagement with EnergySafety, there has been a distinct change.

**The CHAIRMAN:** That is good to hear. Where we are at with the 2009 inspector's order?

**Mr Bunko:** With the 2009 order, the summation was that Western Power has given us a new plan, which they gave to us in July this year. It is a very high-level plan, so there is a lot of documentation that is attached to it that needs work on but they have made a significant improvement in addressing the order. Some of the information they have given to us is only verbally. It has only been done since your report was handed out. For instance, they have substantially increased the funding that they need. They have decided that all the legacy hardwood poles are basically condemned. They are going to reinforce all their legacy hardwood poles that are over 25 years old. They have introduced new inspection systems and grading systems to inspect the poles from eight years to 25 years and they are introducing a new visual inspection system to determine the age of the pole above 40 years, or the ones that are reinforced anyway because the ground line issue does not become a problem.

The reinforcing and replacement rates over the next AA3 period will go to something like 369 000 poles compared to the AA2 period, which I understand was about 72 000 poles, and the AA1 period, which was 30 000 poles. So, I am very pleased with the progress that they have made recently in addressing the order. I am not sure whether they are going to meet the end time frame of 31 December 2015, but it is pleasing to see the progress they are making and I would expect them to come pretty close to it. Certainly the safety and the reliability of their system are going to be dramatically improved if they keep on this track. We will be monitoring that. They have set up systems to plan their work and they have set up systems to monitor on a daily basis.

[11.00 am]

**The CHAIRMAN:** The committee takes some heart that you can actually sit there and say that to us. You would not have said that to us a year ago.

**Mr Bunko:** No, we would not have.

**Hon ED DERMER:** The new inspection system, are you able to provide us with information on how that works in practice, perhaps on notice rather than necessarily now?

**Mr Bunko:** Look, they have made some significant changes to their SI calculation. They sound the pole first. So, they are still going to sound the pole. Then they are going to drill the holes between eight years to 25 years below ground, because the ones that have not been reinforced, they are going to continue doing that. Once they are reinforced, there is no need to drill a hole below the ground level because the pole would be inadequate. Then it is an issue of examining the pole above ground. I suppose Graham would be better off talking about that sort of issue because he has had a closer look at what Western Power is doing.

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**Hon ED DERMER:** I was concerned to receive evidence here that the actual process of drilling the holes may be weakening the structural integrity of the poles. I just wondered what your thoughts might be on that in addition to whatever else you might want to tell us.

**Mr Rowe:** They have made the decision that they will no longer drill holes in poles. Any poles that have got an existing inspection hole, they will continue to use that one. They will not be drilling any new holes in poles for inspection purposes other than those poles that do need reinforcing. They do need to drill an inspection hole 800 millimetres up the pole to make sure there is good wood to accommodate the reinforcement, but that inspection hole will be below the top reinforcing bolt. So, that will not impinge the mechanical integrity of the timber pole.

**Hon ED DERMER:** If it did reduce the integrity of the pole, it would be just about to receive steel reinforcement.

**Mr Bunko:** Basically, once the pole is reinforced, they will do a visual grading of the pole above the reinforcing. If there is something wrong with that visual grading in the sounding, they will do some further examination.

**Mr Bowron:** The visual grading is yet to be determined and the people trained in it, but the intent is there and we are happy with that intent and look forward to seeing the results of that.

**Hon ED DERMER:** When do you think they might be fully implemented?

**Mr Bunko:** Look, what Western Power are planning to do is—obviously, they have their inspectors doing the work at the moment. They are planning to implement new programs at the end of this year, which are the inspection and the visual. Then they will train all their staff to a certificate II level. They are telling us it is going to take about 12 months to train all their staff to certificate II level and there is a significant amount of training required, something like 300 hours, to train a person in how to inspect a pole properly. There is a significant change from what they were doing previously to what they are going to do in the future.

**Hon ED DERMER:** It is very disturbing reflection of what was happening previously if they have suddenly found the need for this enhanced training and inspection regime.

**Mr Bunko:** Yes, but it is very pleasing they are doing it.

**The CHAIRMAN:** I agree it is good news. You already half-answered this question, but we need to put this question in our response to the Parliament. How did you see Western Power's network asset management systems, processes and procedures before the fourteenth report was tabled? What was your general view of that?

**Mr Bowron:** The general view was that they were not correlated. There were myriad documents throughout the organisation with not enough cross-referencing and integration of them. So, different departments in Western Power had different documents that did not sit under any umbrella of process and system. We certainly see a change in that. It is still to be produced—all the documentation—but Western Power have outlined that they will come up with a strategic plan or policy for each asset that they are dealing with. Then there will be a detailed implementation plan of what is to be done under that, followed by a works program. I am not sure I have got the terms correct, but effectively that. They will all be integrated. So, where we referred to earlier and said that they have given us a high-level plan overall, that is good. It contains all the right things you would see in a very high-level plan. We need to see some of the details and not all those have been developed yet.

**The CHAIRMAN:** Can you just say a couple of words about the [inaudible]. So, before the report was tabled and you were doing your task—we talked to you about your task at the time—how did you see your task before the report? How was that process? Was it difficult? Was it okay? Can you give us a description?

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**Mr Bowron:** “Difficult” is probably the best word and it was confusing because there would be different types of documents in different areas within Western Power and there was no framework to tie them necessarily together. So, it was a difficult task to try to get an overall picture. Doing an audit meant you had to go everywhere and not everything linked together, so it was a very, very difficult for us from that point of view.

**The CHAIRMAN:** You have already said some words about this, but we will ask you again: now are you sure that Western Power is heading in the right direction? Has our report caused any sort of loss of momentum, loss of focus on the task?

**Mr Bunko:** It has increased focus.

**Mr Bowron:** Yes, it is the opposite of that. It has increased the focus. I think Western Power went through some significant changes around the time of the report and that always causes some disruptions, but, having said that, the focus on this task has increased. The common understanding of what the framework will be has improved dramatically.

**The CHAIRMAN:** So it is clear to us that the path is upwards. We are on a positive trajectory?

**Mr Bowron:** Yes.

[11.10 am]

**Mr Bunko:** One of the things that Western Power has done since the report was issued has been, on all the aspects of their work, to issue a management policy, an implementation plan and a production plan. They have done that with hardwoods and, therefore, it is fairly easy to see which way they are going, what they are planning to do and how many poles they plan to replace and when they are going to do them and for us to monitor them. They have not developed that for the softwoods. They do not know a lot about softwoods, so they need to develop those things. But it has been extremely positive that they are taking that action and they are doing that.

**Mr Bowron:** I think the confidence also, Chairman, is such that I have been invited to talk to the Western Power board on two occasions and they were very open and frank conversations. I meet with the CEO monthly to make sure that the overall direction of what we are dealing with at technical levels is going in the right direction.

**The CHAIRMAN:** That is pleasing to hear, I have to say. Are you able to tell us that you will be able to measure that improvement?

**Mr Bowron:** We are throwing that back a lot to Western Power on the measured improvement. The standard measures in the end for us will be the number of pole failures per 10 000. The achievement of that will be articulating the work programs and meeting the work in the short term. Then the longer term will be: has it produced a safer outcome?

**The CHAIRMAN:** Do you have a short list of the really urgent things you require of Western Power and the important things you want Western Power to do in the next 12 months? Do you have that sort of a list?

**Mr Bowron:** Not as a specific list. The most important thing that came out throughout this audit was the legacy hardwood poles in rural areas. That was always the issue that concerned us the most. So, it is pleasing that Western Power has resolved how it will treat the inspection of them, how it will treat the calculation of the residual strengths—so the SI calculations that they do, and there has been dramatic changes in those. It is also pleasing that the end result of that analysis was really that bulk reinforcement is the appropriate way to go. It intuitively felt right for a long time and this has demonstrated the proof of that, and that they have upped their work in that area. That process should identify unsafe poles that need to be replaced, so they go hand in glove. That was the biggest issue that we have had from the short term. There are lots of elements of the order and obviously not all of them can be met from a time point of view because they were not started, but we are

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pleased that it has got back on track. It is now up to Western Power to demonstrate that they are meeting those targets.

**The CHAIRMAN:** If a future committee, the people who replace us after this Parliament, call you in, will you think you will be able to tell them about some of these measurements?

**Mr Bowron:** We intend to keep regular meetings with Western Power. We do that now. The balance that we are trying to do is make sure that it is Western Power that is responsible for the safe outcomes; it is not EnergySafety. We will formally have a look at that each year. Our plan at this stage is, because the order has got the December 2015 date, to do a formal review around June–July of 2015. That will be our biggest yardstick to see: Are the targets being met? What is the time line? What are the residual safety issues?

**Mr Bunko:** We have taken the list as the order, which are the fundamental things they need to do. We have looked at that and said, “Right, what are you going to do with your legacy hardwoods, what are you going to do with your softwoods? What are you doing with your inspection system? What are you doing with your forensic examination? What are you doing with examinations when they fail?” Those sorts of things we have asked them to address. We have asked them to provide quarterly reports to us. We have also asked them to make public those quarterly reports, statistics about the number of poles they replace, the number of reinforcements, the number of failures they have had and why they are having the failures. Unfortunately, they have only just set up some of those things. Like the forensic testing, they have only got up to speed in the last couple of weeks. I think in the June storms they had some pole failures and they have started to examine those as to why they failed. We want to see a feedback loop. So, we will be monitoring at every quarter, but also pursuing them from the point of view of making sure that these policies, implementation plans and work programs—we have them and therefore they have some milestones that we can monitor to make sure they are meeting those milestones.

**Mr Bowron:** Yes, the quarterly report will give us a good ongoing view of that.

**The CHAIRMAN:** We have an issue that is outstanding for us and I want to talk to you about that now. On a point of detail during our inquiry into Western Power we were repeatedly told that last year’s wooden power pole unassisted failure rate was just 77 poles. However, you told us that the number was closer to 350. Where did you get those figures? We are still not comfortable with some of the public information about pole failure.

**Mr Bowron:** The base statistics of pole failures was what we used for those figures and we did not accept the fact that poles that failed in storms were assisted failures. So, our calculations were to say that unless they had been demonstrated to have failed due to some stress that they should not have been designed for, then you should be classifying them as unassisted. That is why there was the significant discrepancy in those figures. Since that time we have agreed on a definition with Western Power. They have now agreed, basically, with our definition of unassisted failures —

**The CHAIRMAN:** Could you supply us with that definition?

**Mr Bowron:** Yes. I do not have it here, but we can provide that.

**The CHAIRMAN:** We do not need it right now.

**Mr Bowron:** That is one of the elements that is in this quarterly report that Western Power is giving us and it is to that definition now. It has not been cast retrospectively.

**The CHAIRMAN:** We would still like to know where you got that information. That is still an issue that—I should not say riles—the committee is concerned about. Western Power is still able in recent times to put publications out about pole failures, which we have serious doubts about. There is no point having doubts. We have got to either prove it or not prove it. So, we would like to know: where do we get that information and where did you get it?

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**Mr Bunko:** At the moment they are providing that information in the quarterly report. They have not made it public. The other problem that Western Power have, which you have asked them to address, is their mechanism of recording unassisted pole failures. The problem is that they give us statistical reports that are based on information that comes in that is unreliable because it may have duplicates or may be incorrectly recorded.

**The CHAIRMAN:** There is a heap of reasons why it might be unreliable. We heard a lot of that in the inquiry. That is why we are concerned about it. There was a storm that went through the central wheatbelt and we know those poles were not examined. We know those poles were put into yards and were not properly assessed, yet Western Power was able to publish information that those poles were not unassisted failures. We would like to know: when you said to us the figure is closer to 350 poles, how did you gather that information?

**Mr Bowron:** That information, quite simply on issues like that storm going through, we are going, “Well, we do not agree with the classification that they were assisted”, so we just back-worked on the figures that they provided us. So, the total was the same. But when we looked at those sorts of instances and said, “There was a storm that—I cannot remember the numbers now, but so many poles failed —

**The CHAIRMAN:** It was well over 200.

**Mr Bowron:** Then we just said, “We simply take them out of the assisted list and put them in the unassisted.” We have attempted to validate it by going back to some of the raw data from the customer—I cannot remember the name of the system in Western Power. It is used from where customers ring in for loss of power, but, unfortunately, that is where Mike is saying there seems to be some duplicate entries. People ring up and say, “I have seen a pole down”, and there may be five people who ring in. We have had trouble saying, “Is that five entries or is it one entry?” Simply the difference from us is going to the instances that we saw where there were significant numbers of poles and making our own assessment of whether they had been assessed properly and if not, we would put them in the unassisted category.

**The CHAIRMAN:** We will be pleased to see what has been agreed on, because since 20 January there has been publications for Western Power still stating low numbers of pole failures, which we still are uncomfortable with.

**Hon JIM CHOWN:** I think what you are trying to say here is if a pole comes down or whatever event that is within its specified stress parameters, it should be classed as an unassisted failure.

**Mr Bowron:** Unless you can prove otherwise. You are quite right. The main one would be wind strength. So, the pole should be designed for, say, a 141-kilometre-an-hour wind, so if you have had a storm with no reported winds above that, we have said, “Well, you should examine it”. Now we know that there are wind shears and willy-willies and things, but that should be determined by forensic examination, not by assumption.

**Hon JIM CHOWN:** And that has not been the case prior.

**Mr Bunko:** They have agreed with us that for every pole failure they are going to forensically examine them and they have got a storage depot.

**Mr Bowron:** They have set up the storage depot, but that is yet to be done.

**Hon ED DERMER:** I am interested in the question of the number and location of poles and the need for there to be an accurate database of that. I wonder whether you are satisfied with the steps that Western Power may have taken in that direction.

**Mr Bunko:** It is an issue that we have not had a close look at as to the accuracy of their database because we have not done any audits on it. I know through the ERA audits they picked that up. We have not looked at it closely.

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**Hon JIM CHOWN:** I do not think it is in your province to do this either.

**Hon ED DERMER:** The reason I raise it is that it would seem to be logical that if you are going to render the assets safe, knowing how many you have got and where they are located would be an important intermediate step towards that.

**Mr Bowron:** It is an area that we have not looked at, mainly because we have not had the foundation in place to actually work out how they are going to solve the problem, and they have just agreed to that. It is a thing that we will need to consider as to what their database—they need to put in a lot of work on the way that they accurately record their data.

**Hon ED DERMER:** I would like to recommend that particular point to your attention, gentlemen, in your ongoing work.

**Mr Bowron:** I think one of the things that appear to have improved is the age of the poles. I understand there has been a lot of work done in trying to ascertain that better. A significant number of the poles went in with the same date, probably at the original data uptake, so 1 January 1970 appeared against many, many poles.

**Hon ED DERMER:** You could not have had that many poles installed on that date —

**Mr Bowron:** It was a very busy crew working on New Year's Day. I understand that people have now gone back and looked at the dates of farms being established, looking at the meter records, to try and get better estimates of the dates of those poles. That is encouraging to see, because that gets the age profile of them better and determines the numbers that need to be looked at far more accurately.

**Mr Bunko:** Western Power tells us they have done it for all their poles; they have adjusted the dates.

**The CHAIRMAN:** We have heard some evidence this morning that you will be able to read some reports within the immediate future about some of these issues. The concern being raised here is that during the inquiry Western Power told us they had 5 000 poles that they did not know where they were, what condition they were in and the like. So, when we are looking at where we stand and what we say into the last days of this Parliament and may be recommendations to a future committee, it is not only about the ones that we do know about it. It is also about those 5 000 we do not know about, which is directly in your gambit—the safety issue. We are not going to tell you how to do your job. We have been very pleased with the way you have presented to the committee and your frankness. To be strictly honest about it, you assisted this committee greatly getting to where we got to in the fourteenth report. We still have this question about, in our own minds, how much does Western Power really understand about their asset program. So, even though we are heartened to hear that there has been improvement, and hopefully dramatic improvement, is some of the words that has been said to us, we still have this lingering doubt. If a few months ago they did not know where 5 000 poles were, they probably still do not know where 5 000 poles are.

[11.20 am]

**Mr Bowron:** Yes and we have not audited that part.

**The CHAIRMAN:** I mean, there is no point in me lecturing on that because that is not really an issue. I am sure you are aware of it. Again, I will just repeat myself from one minute ago. We have been very pleased with the way you have assisted the committee and assisted the committee's work and your frankness. Sometimes that frankness you displayed here on the public record would have put some pressure on yourself. We are very aware of that. We have been very pleased. It is not really about us. It is about the people of Western Australia. The fact is that you assisted and enabled us to put that report out and, hopefully, to give some confidence to the people of Western Australia that they can look to not just an improvement but a significant improvement out of the performance of Western Power. This morning we have had one hearing already. We will actually have Western



Power in straight after you, so there may be other questions that come to our mind. We will write to you if that is the case, but please keep in mind that we have a very tight program. We will be writing a report before the house gets up. In fact, we will not be aiming to put a report in in the last week of the house so we will be trying to get the house report in before the mad panic of the last sitting days of a Parliament. So, if we do write to you, we would appreciate if you could get—you have always done that. I thank you for your frank and open arrangements.

**Mr Bowron:** It has been our pleasure, Chairman. Thank you for inviting us and seeking our feedback.

**Hearing concluded at 11.22 am**