



Standing Committee on Public Administration

Report 14 - “*Unassisted Failure*”

Hon Max Trenorden MLC (Chair)

Hon Jon Ford MLC (Deputy Chair)

Hon Ken Baston MLC

Hon Jim Chown MLC

Hon Ed Dermer MLC

Introduction

- 2009 - Western Power was subject to numerous adverse regulatory findings (ERA & *Energy Safety*).
- 3 weeks after this inquiry commenced, *Energy Safety* issued Western Power with an Inspector's Order relating to Wooden Power Poles.
- Committee is not a regulator – established to inquire and report.
- Committee determined to re-focus the inquiry on Western Power unless Horizon Power presented a specific point of comparison.

Inquiry Overview

- 2 years; 36 public submissions; 26 Private hearings; 2 public hearings; thousands of pages of evidence – much of it publicly available.
- 3 Recommendations:
 1. Western Power should be required to issue an addendum to its 2010-2011 Annual Report.
 2. Government should commission an urgent review of the regulatory framework applicable to electricity network operators (some suggestions for reform are made).
 3. Government should urgently commission a wide-ranging inquiry into Western Power's structure, culture and operations since 2006.

Regulatory Concerns

- Lack of clarity about how safety regulation interrelates with operating licence requirements.
- Too much ambiguity between Energy Safety and ERA's roles (Eg: communication failures; lack of consistency of treatment; and no comprehensive oversight of either public utilities or the regulatory framework).
- Where was the Auditor General? Why has there been no performance audit of Western Power?
- Western Power's corporate response to regulators is described by both regulators separately as being the most difficult regulated entity each deals with. Current enforcement regime is not effective in dealing with a recalcitrant entity.

Western Power's Progress since 2006?

- Some improvement re: wooden power pole inspections.
- Difficult to assess how much improvement:
 - 2011 GHD Asset Management Report (29% variance in inspection figures);
 - Unreliable serviceability criteria;
 - Over 4,000 wooden power poles not on the system;
 - Only 22 forensic reports on wooden power pole failures available (Sept-Dec 2010) no equivalent reports before or since. 5 poles failed completely within 1 month of its previous inspection.
- Inspections contracted out since 2008. Internal systems, processes and practices still largely unacceptable to *Energy Safety*.
- Western Power was “*worst-in-class*” throughout Australia for unassisted wooden power pole failures in 2006. Western Power is still “*worst-in-class*” for unassisted failures in 2012.

Paradigm Shift Required

- Past performance indicates future potential.
- Western Power's past performance has been unacceptable (See p127 of ERA's 2009 Western Power AA2 Final Decision).
- MD stated that in 2006, incoming management team inherited a run-down asset base. Significant proportion of the incoming management team held similar positions in the previous entity.
- Western Power urgently needs a genuine paradigm shift at the highest levels of management.
- Current leadership group appears to be unable, or unwilling to make the necessary paradigm shift required to fix the problems.

Public Accountability

- In 2009 Western Power's management and system inefficiencies were assessed by the ERA being sufficient to withhold \$261 million in funding.
- This point seems to have been missed by both the Media and the Parliament at the time.
- ERA decision on this matter is almost impossible to read and understand without specialist knowledge.
- ERA need to ensure that its decisions are written in an accessible way.
- Did Western Power disclose this matter adequately in its 2009-2010 Annual Report?
- Western Power's management has repeatedly told this Committee that they are not directly accountable to the Parliament. Committee rejects this out of hand [Pt 10].
- A later report will deal with this issue separately.

Why is the Committee concerned?

Pole: 338949



Picture 1. Pole PID# 338949 showing the extent of the rot and five separate sections.



Picture 2. Pole PID# 338949 showing severe rot in the cross section and

Pole: 338950



Picture 3. Pole PID# 338950 showing rot and brittle failure in the cross section



Picture 4. Pole PID# 338950 showing wide cracks in the radial profile and brittle

Pole: 338952



Picture 5. Pole PID# 338952 showing extensive decay and missing timber



Picture 6. Pole PID# 338952 showing extensive decay and sectionalisation

Why is the Committee concerned?

- Forensic Examination Dated 18 January 2011
- Most recent inspections: 13 September 2007

“.. Showing an actual increase in ‘Good Wood’ over three years.” x 2

“There was no ‘Good Wood’ left in the cross section at ground line and the pole was in a visually poor condition with large cracks on the circumference.”

“Poles do not reach this level of degrade in only a few years. In my opinion this pole has been misinterpreted and visual signs of decay ignored.”

“There should be no cases of poles gaining ‘Good Wood’ between inspection cycles of four years.”

Source: Department of Agriculture and Food “Forensic examination of Failed poles
PID# 338949, 398950 & 338952 Stock Rd, Bullsbrook” 18 Jan 2011

Why is the Committee concerned?

- Western Power has more than 130,000 of wooden power poles located in high to extreme fire danger areas within the state.
- Over 4,000 wooden power poles are not even on Western Power's database.
- Not all unassisted failures result in catastrophic loss – but some can.
- Western Power's management of this asset continues to be the focus of regulatory criticism.



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Questions?

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