

# **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 THREE**

#### **Members**

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

---

**Hearing commenced at 11.24 am****ITALIANO, MR PAUL****Chief Executive Officer, Western Power, sworn and examined:**

**The CHAIRMAN:** Paul, as this is your first hearing before this committee, we need to go through the formal processes. I welcome you here. Have you seen the document entitled “Information for Witnesses”?

**Mr Italiano:** Yes.

**The CHAIRMAN:** Have you read and understood it?

**Mr Italiano:** Yes, I have.

**The CHAIRMAN:** These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document. I see that you have a couple of things there. If you do quote a document, just give the full title so Hansard can source it. Please be aware of the microphones. We do not tend to have a lot of problems with recording. I remind you that the transcript will become a matter of the 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. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that any publication or disclosure of an uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege, which is an important issue. We do need you to either take an affirmation or be sworn in.

[Witness took the affirmation.]

**The CHAIRMAN:** It is pretty obvious why you are here. Just to make it a little clearer, this committee will, for all intents and purposes, conclude its full year’s work on the last sitting day of this Parliament. Even though we live beyond that date, in terms of function we really have difficulty operating after the last days in November. We are seeking to put a report to Parliament on matters post-20 January and some matters prior to 20 January. We would like to leave something alive, but we cannot commit any future committee to any future work. All we can do is leave a record and hope that it may continue talking to Western Power into the future.

**Mr Italiano:** I understand.

**The CHAIRMAN:** We have confirmed that 28 November is the date we will visit you. We appreciate the invitation.

**Mr Italiano:** You are welcome.

**The CHAIRMAN:** That will be the morning of Wednesday, 28 November. Do you wish to say anything?

**Mr Italiano:** If you would not mind.

**The CHAIRMAN:** We do not have an hour to spare but we appreciate you making a statement.

**Mr Italiano:** It is clear that there are significant challenges for us to deal with at Western Power. It is also very clear that this committee’s report marked a watershed moment in the history of the organisation and has led to some profound changes in the way that we approach the network management challenge at Western Power. These changes that we have made include a real increase

in the treatments that we undertake with respect to wood poles, both in the rate of reinforcement and in the rate of replacement. That has also led to an acceleration of the treatment of these poles from what was originally planned to be in future years. But the changes that are being asked of us are not going to happen overnight. These are quite significant changes for an organisation of our size and will take us many years to fully embed into the business. I see my role in the business to be one that sets a very clear pathway forward for Western Power that allows us to describe what it is that we are striving to achieve. It sets out a plan for how we are going to deliver on that, and then my role is to hold us to account on the delivery of that plan. I have started work on that plan in conjunction with our new chairman and I look forward to giving evidence and providing some support of changes that have been made in the organisation already today.

[11.30 am]

**The CHAIRMAN:** Thank you very much. Let us just get into some of that. You may find that you are repeating yourself with some of our questions but they are in this order because they are the likely order we will put them into our report. Do not worry about any repetition.

You might remember a recent letter in which I said that Western Power was committed to changing its culture and lifting its performance. We are hoping to learn something about how Western Power has been changing for the better since our last public hearing. The committee wants to recognise and encourage positive change but it should be clear by now to everyone that we want to see real results. We are not content to sit back and accept soothing noises and motherhood statements. I hope that the group that replaces us in the future may continue that process. Generally speaking, how did you as a member of the Western Power senior management team see Western Power's network asset management systems, processes and procedures before report 14?

**Mr Italiano:** I think it was very clear from January that our asset management processes and systems and procedures were not up to the standard that was expected of us as an organisation. The evidence that has been presented before this committee and the report that was produced for it highlighted the evidence that was provided to support that view. So whatever views were held about our asset management practices prior to that, really, we learnt a lot about them and we could understand where the shortcomings were in those asset management plans prior to 20 January.

**The CHAIRMAN:** So, generally speaking, how do you see Western Power's network asset systems and processes and procedures today?

**Mr Italiano:** I see them improving. I do not see by any stretch that we have reached the destination that we are striving to reach. But I do see that there is a genuine effort amongst the people in the organisation to improve on those asset management plans.

**Hon JIM CHOWN:** This is a massive shift in regard to Western Power's asset program, especially in relationship to the hearings we held prior to report 14 being tabled in the house. How do you implement this?

**Mr Italiano:** I am not exactly sure what was said before, so I am coming from an ill-informed base. I can say that what I have set out to do in the organisation is to improve the level of engagement between all members of staff, but most specifically the people who are responsible for developing and executing the asset management plan and the stakeholders who are in a position to provide us with information and advice on the quality of that plan. Through dialogue and interaction between our organisation and those organisations—namely, ERA and EnergySafety—we seek to improve the quality of the plan that we put in place and hopefully achieve a level or a standard of plan that meets their expectations or reaches some level of satisfaction. We acknowledge that it is not the role of the regulator to come in at any point and say, “We approve, tick or agree with the plan that you have in place.” Nevertheless, through that dialogue, I see a cycle of improvements being made to our asset management plans.

---

**The CHAIRMAN:** Just on that issue, this is a question to you personally: What do you think about Western Power's approach to its regulator—the two regulators you just mentioned—prior to 20 January this year and since? How do you see it?

**Mr Italiano:** What I see is an organisation that operated with good intent in the past, but perhaps, as an organisation that was created in 2006 with the disaggregation of the vertically integrated Western Power, probably operated with some level of inexperience in how to deal with a regulator. What we are seeing here is the same level of intent, which is a real desire to work with the regulator. But I think the form of the engagement is more open, more frequent and perhaps receiving the information more readily. It is easy in a particular regulatory environment, or in a Westminster system, to move towards an adversarial model, which is kind of driven by a legal interpretation of it, and an adversarial model is not going to work in a regulated environment; it is a more collaborative model that I think we need to move towards.

**The CHAIRMAN:** We were very hard on Western Power's management, culture and performance management in report 14. Since then, Western Power has announced two departures from the senior team. How can we be sure that the management team is capable of real change beyond just changing the message? What we are saying is that it was really only yourself and the chairman of the board, who has moved on, that we know of since that time, which is a very small change. So how can we be confident that that is enough?

**Mr Italiano:** Well, the first thing I would like to say is there has been one further change with one resignation from the executive team. If it is not too trite, I do not view the start of the question being, "Is this management team capable of the change"; the way I manage is the other way around. The change needs to be delivered. It will be delivered by this management team or a different management team. It is not the management team that is static; it is the change that needs to be delivered. It is driving towards the outcome rather than achieving an outcome that is capable of the team that is within Western Power. We will continue, and I know I have the support of the chairman, to drive the improvements that the organisation needs to make. We will make sure that it is resourced with people who have the commitment and the capability to deliver those.

**The CHAIRMAN:** The reality of any oversight from Parliament or this committee is that there is an election some time and after that a new Parliament will start and there will be a new group of faces, or some old faces and some new people among them, around this table. If in 12 months' time, those people call you in—and, hopefully, they will—how will they know there has been real change?

**Mr Italiano:** Unfortunately, we have only just had a new chairman appointed and I have had limited opportunity to sit down and discuss our plans going forward as an organisation, so forgive me if these are not worked up in the level of detail that certainly I would like them to be. But where we have agreed is that there will be a very clear effort put into the business, probably resourced externally, for us to get an understanding of exactly what it is that we are dealing with. That process incorporates both a review of the state of the infrastructure and the database that we have and our data collection processes and data management processes, just so that we know and we have got a clearly established and agreed baseline. The board has agreed with me to resource that piece of work. A separate piece of work will be to look at how we manage that; how are our asset management plans going; how well are they written; how good are our asset management strategies. We have already diverted funding from our internal audit program to seek external review of our asset management practices with specific reference to conductors, given that the wood pole asset management plan has been so carefully examined by this committee. Through that, we will get a better understanding of exactly where we are with our asset management capability. The third part of the strategy that we have going forward is to have a very thorough review of the operating processes and systems within the organisation to ensure that we are operating as efficiently as we can and that we are prioritising the right things as a business. I have broad support from the board

for those. I have got funding from the board for one of those already. I am very confident that I will have funding for all three, and that those reports will be available early in the new year.

**The CHAIRMAN:** Interestingly, conductors were one of the issues on our early list in the inquiry, but got overtaken by more pressing issues during the inquiry. It is good news to us that conductors are on the list. Western Power's response to report 14 was tabled in Parliament along with the government's response. Western Power's response contained an action plan that reads very well. Accountability for key actions under the plan rests with the same senior managers in Western Power who came before us 12 months ago and swore that everything was under control and justified their actions of the time. Our question is: how are you and your current team going to be held accountable for the actual delivery of the action plan?

**Mr Italiano:** Again, this may sound trite, but in a high-performing organisation there is no greater accountability than the accountability you have to your colleagues as an executive team. We are moving towards implementing that type of culture within the organisation where we hold each other to account, but we are very clear that we have accountability to Parliament, to our minister and to the community to deliver on the commitments that we have made. Part of our commitment to the minister was not only the action plan that we put in place but that we would provide a written quarterly report to the minister updating him on our progress. The first of those reports will be supplied to him next month for the September quarter. The management team meets weekly to discuss the progress on each of the action items and the progress of the management team is reported to the board monthly at every board meeting. The board holds me to account on the delivery of those action plans. I can assure you that the rigour we have applied to assessing our own performance on the delivery of those action plans is very high.

[11.40 am]

**The CHAIRMAN:** We appreciate hearing that. Some of us may not be there, but we will be interested to read some of those reports into the new year. Western Power's response to report 14 was also mentioned in the MODAL corporate culture review that was to be completed in July 2012. What specific changes have you made in response to that review?

**Mr Italiano:** So the MODAL corporate review was completed on time. That review and cultural change exercise applied to the executive team itself. The model that has been put in place is the MODAL high-performing team model; it is based on an academic principle by a gentleman called Lencioni. It is a model that sees more accountability across the executive team and shared accountability for the performance of the organisation. It is a model where executives acknowledge their responsibility to ensuring the performance of the company as a whole, and to a joint and several responsibility to that. Some of these principles were not in place in the previous culture, where it was more driven by the responsibilities for individuals for their specific areas, which is an entirely legitimate management culture. But this one has a far greater deal of accountability across the table, and what you find is that in a management team of six or eight, you have five or seven other people who are challenging you weekly, fortnightly, monthly on your commitments to deliver. Part of that process required us to set aside some extremely strong principles for how we act and behave, and we hold ourselves to account on the delivery of those.

**Hon ED DERMER:** Sorry; set aside or articulated?

**Mr Italiano:** Sorry; described. "Set aside" is probably the wrong phrase—thank you for pointing that out.

What we have done is described those. We have documented those and pinned them up to the wall, which I know sounds a little bit primary school, but they are documents that are put up in front of us that remind us of our commitments as an executive team. Some of the commitments we have made include ensuring that we respect our stakeholders and that we continue to behave in a fashion that demonstrates that respect for our stakeholders.

---

**Hon JIM CHOWN:** On that point, your predecessor often talked to this committee about the journey; obviously, we are still on that particular journey with Western Power. You have new management practices that you are intending to put in place to obviously, I would hope, obtain industry best practice in regard to asset bases et cetera. My question is, Mr Italiano: when is the journey going to finish?

**Mr Italiano:** I am not sure that the journey will ever finish; I will always be striving to improve the performance of the business.

**Hon JIM CHOWN:** We must have a point where we are going to reach some of these outcomes that you are advocating about here today —

**Mr Italiano:** Absolutely.

**Hon JIM CHOWN:** — as opposed to it going on year after year as it has done previously.

**Mr Italiano:** I understand that. I would like to know if the journey that you are talking about is a cultural change journey for the organisation or an asset management journey.

**Hon JIM CHOWN:** Both, because, as you well know, they both need significant improvement.

**Mr Italiano:** They do. The asset planning, asset management, asset strategy journey will take us a number of years. It is clear that with the volumes of poles we need to treat, we will not be able to do that in the next five minutes. It is going to be something in the order of five years. It is a process that will take quite a long time. The cultural change program is something that also will take quite a bit of time. It is less able to be quantified because it is more of an abstract concept. But cultural change will not be achieved by being talked about; it will only be achieved by demonstrable change in behaviour, led from the top. That is what we are hoping to see from our executive team.

**The CHAIRMAN:** Western Power's response to report 14 contained a draft addendum to the 2010-11 annual report. Why has that addendum still not been formally issued to correct the gaps that we identified?

**Mr Italiano:** That is in the government process at the moment.

**The CHAIRMAN:** So we will see that?

**Mr Italiano:** Yes, you will.

**The CHAIRMAN:** Any idea not of exact dates, but of timing?

**Mr Italiano:** I am not aware of what the process is.

**The CHAIRMAN:** Have you submitted that?

**Mr Italiano:** We have submitted that.

**The CHAIRMAN:** Okay. The ERA's final AA3 funding decision has recently been released. The committee notes that Western Power originally asked for about \$750 million for its wooden pole program. The ERA has actually approved an additional 50 per cent for that program. The ERA also has continuing concerns about the difficulty of getting accurate information for an inspection backlog, and we have heard a bit about that this morning. In addition, the ERA's consultants recommended that the wood power pole reinforcement contracts should be amended to include a data capture function for each pole that is reinforced. We have already explained why we do not believe Western Power's sums in this area were based on the actual condition of the network. We asked you a fair bit there, but you will find it on the board there if you need to follow it. If you could just go through that, could you talk firstly about the decision about the funding for the poles?

**Mr Italiano:** Yes. Following the release of the fourteenth report, and a period of self-examination, the management team resolved to significantly increase the treatment of wood poles and to seek funding to cover that. We explored a number of options and, in the legislative framework that we operate under, Western Power has the opportunity to respond to the ERA's draft decision, so we

took that opportunity to request additional funding for the treatment of wood poles over the AA period, and we are pleased to see that the ERA has agreed with that. The amount of funding we sought was to cover the maximum amount of wood pole treatments that we felt were deliverable over the period, bearing in mind earlier criticisms of underspend by Western Power, which is an issue for us. However, we are also very pleased to see that if we are able to increase the amount of treatments that we deliver during that period, the ERA has enabled us to receive that money in subsequent years through the investment adjustment mechanism.

**The CHAIRMAN:** What about the concerns of the difficulty of getting accurate information for the inspection backlog? That is an area that we have an ongoing interest in. Our concern is that if you really do not know your asset program, how do you fix it?

**Mr Italiano:** It is clear that there are some significant challenges that we have in the business, and one of those relates to our data collection and data management, the subsequent analysis and the way that information is presented. We have made some ground towards improving that but we still have a long way to go.

**Hon JIM CHOWN:** On that point, the ERA has a caveat in regard to insufficient resources being applied to update the asset database and considers that unless this problem is addressed effectively, Western Power will not fully capture the benefits of this investment.

**Mr Italiano:** I understand that that ERA has made that claim.

**Hon JIM CHOWN:** How are you addressing that particular issue? Obviously, without an adequate database, everything that emanates from that database is flawed, or partially flawed, as has been the case in the past.

**Mr Italiano:** I am not sure of the protocols here; I am not sure whether I can quote from previous testimony here.

**The CHAIRMAN:** You can do that. We are aware of all things that have been said before the committee, so we will make our own judgement about those issues.

**Mr Italiano:** Thank you. You heard earlier from EnergySafety. I do not think I could put it any better than Mr Bunko put it when he described the changes that we are making to our inspection process, and that comes with the absolute backing of the executive team at Western Power where we are putting a lot of effort into improving the way that we conduct inspections and capture the data and how we feed that into our database. We have made quite significant investments in the computer systems that support that data management process. I would not like to say that it is about to change overnight, but I am reasonably confident that we have made quite significant progress in that space.

[11.50 am]

**Hon JIM CHOWN:** The ERA goes on to say in that particular matter, “We have also seen little evidence of how Western Power plans to leverage these new information technology systems to improve the efficiency of the service delivery.”

**Mr Italiano:** I am not surprised they have not seen that because the technology systems that they are referring to were developed over the last two years or 18 months and have only just been implemented. Once the implementation takes place, the evidence of the improvement will start to become evident.

**Hon JIM CHOWN:** I would assume that the performance audit that is being carried out into Western Power will nominate some of those issues once again if they have not been addressed appropriately.

**Mr Italiano:** Certainly. I think if there are any gaps that the performance audit identifies, that will be really welcome for us to feed back into the continuous improvement process.

---

**The CHAIRMAN:** What about the question that reinforcement contracts should be included in data-capture function for each pole; do you have any comment on that?

**Mr Italiano:** Yes. I will need to take some of this on notice if you do not mind.

**The CHAIRMAN:** We do not have any problems with that. We would prefer you to go away and consider it and write back to us than go off the cuff.

**Mr Italiano:** What I can say is that the reinforcement contract that we had in place includes a specific requirement for the contractor to inspect a pole prior to doing a reinforcement and to advise us if they consider that pole is in an unsatisfactory state to be reinforced, and then we change the status of that pole from being able to be treated by reinforcement to be needing to be replaced. That information is in the contract with UAM who are the reinforcement provider.

**The CHAIRMAN:** So can you assure us that these extra funds will be spent efficiently and effectively?

**Mr Italiano:** I will assure you that we will strive to achieve it, to spend it efficiently and effectively. We are driven by the need to do as much as we possibly can with the funding that has been provided to us.

**The CHAIRMAN:** And are you confident that these reinforcement contracts will allow for better and more efficient data capture for each pole?

**Mr Italiano:** I will have to take that on notice.

**The CHAIRMAN:** If you could respond to that, we would appreciate it. The third part of this question is: when do you think Western Power's regulators will be able to have confidence in Western Power's inspection figures? If you had to pick a time for EnergySafety to be confident about the information that you are giving them, when do you think that will be?

**Mr Italiano:** That is a difficult one for me to answer because I would have to make a view as to what their minimum level of satisfaction would need to be. It is difficult for a regulator in some situations to be that explicit, because it sometimes puts them into a position of saying, "Well, this is what you need to be doing", instead of pushing the organisation to do that. What I do know is —

**Hon JIM CHOWN:** Why do you not just ask them?

**Mr Italiano:** I think we have, and I think the answer they have come back with at the moment is, "We are seeing progress but we'd still like to see you do more."

**Hon JIM CHOWN:** That is the impression I have, yes.

**Mr Italiano:** And we will continue to go through that cycle until they reach a point where they have said, "We are satisfied with the progress that is being made." We have not reached that point. I cannot predict at this point when I will reach that point.

**Hon JIM CHOWN:** Are you working towards that outcome?

**Mr Italiano:** We are striving and we will continue to go through that process until we achieve it.

**Hon ED DERMER:** Mr Italiano, I am imagining if I was responsible for putting together an asset management plan, the first question I would ask myself would be: how many assets do I have and with respect to power poles where are each of those assets located? Are you in a position today to tell us how many you have and do you know where they are located?

**Mr Italiano:** I have been waiting for this question on the poles. I can tell you. I am assuming you are referring to the 4 000 or 5 000 poles that have been described in the past as missing.

**Hon ED DERMER:** I am interested in all of your poles; can you tell me how many there are and where they are located?

---



**Mr Italiano:** I can tell you that we have embarked on a process of inspecting the network to try to identify and clarify, specifically, the location of poles that were previously described as missing. That process has identified the locations of well over 1 200 poles so far, and we have added that to our database; and we have learnt something along the way. One of the things we have learnt by going through that process is that most of them are stay poles. They are not carrying specific pole-top furniture; they are just holding another pole in place on a corner. The reason they exist is because the field trees—when they take down a pole that has had a pole-top fire, cut the top of the pole off, they then look at it and go, “This is perfectly fine. We can re-use this.” So they take it, put it in the yard, and then when they need to put up a stay, they put it in; they stick it in the ground and they put up a stay pole, and they go, “We’ve saved the company money, and we’ve saved the taxpayer money.” That is great, and I love that attitude from the guys. We just need to somehow say to them, “By the way, you need to get out of your truck, go into the office and type it into the computer that that’s what you’ve done.” It is that process that is leading to a great deal of these sorts of issues. The other one is when you go through weather events like we had in June, the priority for the guys is to get power restored and they are less concerned—I am being gentle, because I completely sympathise with them—about going into the office at 1.00 am after a 16-hour shift and updating the database with all the poles they have put in. The reason I say this is that there is a state of flux, which will mean that we are catching up on it and we are improving our processes as we strive to understand exactly what is going on and exactly where everything is. I think it is another example of where we are getting better, but we are not there yet.

**Hon ED DERMER:** When you tell me that achieving the target of knowing how many poles you are responsible for and where they are, is in progress, that leads me to the obvious next question: by what date do you project you would be able to know where your poles are and how many there are in total?

**Mr Italiano:** There are a lot of moving parts in that. We need to have a look at what funding is available to us to continue our inspection process. The access arrangement decision from the ERA had some comments about that. We need to have a look at the quality of that inspection process. We have already had comments today to say that even if we do the inspection process there are some drawbacks. Then we have to look at how we can ramp that up. At the current rate we are going, I think we will move towards achieving our goal in 18 months—two years’ time.

**Hon ED DERMER:** So in 18 months to two years, you will still be moving towards knowing how many poles you have and where they are located?

**Mr Italiano:** I think it will be the law of diminishing returns. I think we have uncovered quite a number of them now, and we will continue to uncover them. As we go on, we will get the number that are in movement, if that is the way to describe it—either been put up recently and not recorded on the database, or removed and replaced and not recorded on the database—and we will be down to just the normal work-in-progress quantity that we would have in the network.

**Hon ED DERMER:** Presumably, as you are recording their existence and their location, you are also providing a reliable recording as to their condition in respect of safety?

**Mr Italiano:** That is what we are striving to achieve. Again, as we mentioned earlier, there are some reservations about some elements of the inspection process. EnergySafety commented earlier that 300 hours’ worth of training has to go into building a person up to being a competent inspector; and that is a process that we are doing. As we roll that out, the quality of the output from those processes will improve.

**The CHAIRMAN:** We need to move on because we have a few questions, and we will run out of time because we have this thing called Parliament that we have to attend. You may be aware that in evidence to the committee last year, your predecessor tabled a presentation, which is on the board now; and we nearly choked when we saw that, I have to say. It included the slide that is now up there. You can see that the slide states that unassisted wood pole failures in 2010–11 was just 77.

We are still struggling with that. You have heard what we said previously to other people, I am sure.

**Mr Italiano:** Yes, I have.

[12.00 noon]

**The CHAIRMAN:** We are not comfortable with that position and we would like to get some clarity on it. We have heard EnergySafety about this matter. They told the committee that it should have been closer to 350 poles. The first time we raised this difference in figures with your predecessor we were told that Western Power had no idea where EnergySafety got its figures. EnergySafety then told us that the figures came from Western Power's own quarterly networks operation and control centre records. You heard the evidence a little earlier this morning. Eventually we got an apology of sorts from Western Power on 5 January this year and we were told that the numbers shown on the slide—on the screen—should be qualified. Western Power handled itself in a troubling way when we asked questions about this matter. Their response became a significant issue of concern for us and remains that way in its own right, as I am sure you will be aware. You will also be aware that we have raised serious concerns about the whole way Western Power's post-mortems were handled. We still have those issues beyond tabling our fourteenth report. Would you like to comment on that?

**Mr Italiano:** I would. I will answer the first question around the difference between the 77 and the 350, and, in doing that, I will transition into how we go through the investigations of poles that have failed in the field. The numbers that are presented here, which include the 77, are based on Western Power's internal analysis of the failure of a pole and applying the national standard for wood pole strength. EnergySafety has pointed out—this is part of the conversations that I had with them—that no other jurisdiction in Australia uses jarrah poles, and, therefore, it is problematic to apply a national standard to a unique wood pole population. Nevertheless, you do have technicians who felt that there is a national wood pole standard that applies to the strength of poles, and they are interpreting that, and applying it to their observations for failures in the field, and they came up with 77.

There is also the issue of satisfactory evidence of what causes a pole to break. My understanding is that a wood pole is supposed to be designed, on current standards, to achieve winds of approximately 144 kilometres an hour; and you did hear earlier that there is an acknowledgment that there is windshear and willy-willies and microbursts that can drive wind pressures beyond that. But the issue is that those weather events occur in locations where the Bureau of Meteorology does not have wind measuring equipment, and therefore there is no evidence to prove that there was wind over the design speed in that period. So what happened in the past was that Western Power took the path of applying some professional judgement, in their view, that it was most likely windshear, microburst or a willy-willy. EnergySafety has taken a more conservative view—that is, a more evidence-based view—which is that unless there is demonstrable evidence of wind forces of that nature in that region, you cannot say that it was unassisted. Essentially, it is a discussion around what is black, white or grey; and in the past Western Power may have taken the grey to be assisted and Energy Safety has taken the grey to be unassisted.

**The CHAIRMAN:** Mr Italiano, we have run out of time, basically. We will finish the process. But we are time-bound. What is going to happen in the future? In that period, the one event that I was interested in, because I live in the wheatbelt, is that 200 poles came down between Geraldton and Narrogin. So they are not going to be wind bursts, or whatever. But that is not the issue. The issue is what are we going to see now.

**Mr Italiano:** I can tell you what we do right now. We have a facility at Bibra Lake. In the June storms, 168 poles fell down. Every one of those poles has been collected and taken to Bibra Lake and stored. Each one of them will be inspected. We are in negotiations with Curtin University and Murdoch University to do an independent forensic test on what caused each pole to fail. We have a

robust evidence retention process that has been rolled out in the field, and that is independently audited by a separate division within Western Power to ensure that we have appropriate data being collected on all poles that have failed.

**The CHAIRMAN:** Do you accept that that number of 77 needs to be used with great care, because in the end it comes back to the base question of the credibility of Western Power? When the West Australians out there see these events occurring and Western Power in effect denying it, there is a credibility problem.

**Mr Italiano:** Yes, I agree.

**The CHAIRMAN:** Do you accept that?

**Mr Italiano:** Yes, I do.

**The CHAIRMAN:** We will look to see if it changes. But we do need to move on. On the screen you will see a copy of an article in *The West Australian* dated 27 June, which continues with the 77 poles. That is of concern to the committee—as we have said, not so much more for the committee's own concern, but because people read these things and do not believe them, and then they say, "What else can't we believe about Western Power?"

**Mr Italiano:** That will not happen again. We have agreed with EnergySafety about what the definition is of an unassisted pole, and we are moving to their approach to it—a perfectly acceptable approach—and all the data that we produce will be reflected with that definition.

**The CHAIRMAN:** Do members have any further questions? I know you are anxious to get going.

**Hon ED DERMER:** No; that is fine, thank you.

**The CHAIRMAN:** Mr Italiano, thank you for coming. It is new for you in terms of facing us, of course. As you know, we have had the three hearings this morning, and we may have further questions for you when we have our deliberations. If that is the case, we will write to you, and, as you have heard before, we would appreciate a prompt report, because we have limited time in which to report this year. We appreciate your candour, and we are looking forward to future hearings of this committee in other places to see the dramatic improvement in Western Power.

**Hearing concluded at 12.07 pm**

---