LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Climate Resilience

Melbourne – Wednesday 9 October 2024

MEMBERS

Ryan Batchelor – Chair

David Ettershank – Deputy Chair

Melina Bath

Gaelle Broad

Jacinta Ermacora

Wendy Lovell

Sarah Mansfield

Rikkie-Lee Tyrrell

Sheena Watt

PARTICIPATING MEMBERS

John Berger

Ann-Marie Hermans

Evan Mulholland

Rachel Payne

Richard Welch

WITNESSES

Rosemary Sinclair AM, Chair, and

Kevin Kehl, Panel Member, Network Outage Review Panel.

 The CHAIR: I declare open the committee's public hearing for the Inquiry into Climate Resilience here in Victoria. This public hearing is for the Environment and Planning Committee, a cross-party committee of the Parliament looking into climate resilience in Victoria. Our work here will result in a report being provided to the Parliament which will include recommendations to the government. Can I ask everyone who is in attendance today to ensure that mobile phones, including mine, are switched to silent and that background noise is minimised.

I will begin today by acknowledging the traditional owners of the lands we are all meeting on and joining this proceeding from, and pay my respects to their elders past and present. I particularly extend a welcome to any members of the Aboriginal and Torres Strait Islander community who are participating in today's proceedings. I welcome members of the public gallery and remind anyone in the room to be respectful of proceedings and remain silent at all times, and I also welcome anyone joining via the live broadcast.

Welcome to the members of the Network Outage Review Panel. I will just read you our short statement on the evidence you are giving. All evidence taken by the committee is protected by parliamentary privilege as provided by the *Constitution Act 1975* and the provisions of the Legislative Council standing orders. Therefore the information you provide to us during the hearing is protected by law. You are protected against any action for what you say during the hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded, and you will be provided with a proof version of the transcript following the hearings. Transcripts will ultimately be made public and posted on the committee's website.

My name is Ryan Batchelor. I am the Chair of this committee and Member for the Southern Metropolitan Region. I will let members introduce themselves. I might start with our Deputy Chair.

 David ETTERSHANK: Thank you. David Ettershank, Western Metropolitan Region and Deputy Chair of the committee.

 Sarah MANSFIELD: Sarah Mansfield, Member for Western Victoria.

 Wendy LOVELL: Wendy Lovell, Member for Northern Victoria Region.

 Gaelle BROAD: I am Gaelle Broad, Member for Northern Victoria Region as well.

 Melina BATH: Good morning. Melina Bath, Eastern Victoria Region.

 The CHAIR: And online we have –

 Jacinta ERMACORA: Jacinta Ermacora, Western Victoria Region.

 John BERGER: John Berger, Member for Southern Metro.

 The CHAIR: Welcome. I might ask you to introduce yourselves for the record with your full name and the capacity you are appearing before us in today. I will then invite you to make a short opening statement, and then we will get into questions.

 Rosemary SINCLAIR: Thanks, Chair. My name is Rosemary Sinclair, and I am the independent Chair of the Network Outage Review Panel. That appointment concluded on 30 September 2024.

 Kevin KEHL: Thank you. I am Kevin Kehl. I was a panel member of the Network Outage Review Panel, and likewise, I ceased that role on 30 September 2024.

The CHAIR: Do you want to make an opening statement before we have any questions?

Rosemary SINCLAIR: Certainly. Chair, could I just check – I understand that the committee has had a briefing on the network outage review, so some of the material that I was going to cover in terms of the severity of the storm, I am just wondering whether –

The CHAIR: The committee has had a private briefing, so we do not yet on the public record have an overview of the severity of the storm. I think it might be useful for that purpose to put that.

Rosemary SINCLAIR: Thank you. Thanks very much. I would really like, on behalf of the panel, to thank the committee for the opportunity to contribute to the hearing today as part of your Inquiry into Climate Resilience. Kevin and I do think that there are some matters coming out of our review into the network outage on 13 February 2024. There are some findings that may be relevant to your work, and given the importance to the community of integrating our work, we are really pleased to have the opportunity to present this material. We gave our report to the minister at the end of August. The government is considering that report and will make its decision about which of our recommendations to take forward.

Just a little about me: my current role is the CEO of auDA, which is the administrator and self-regulatory policy body for Australia's internet code, so the '.au' that you see at the end of websites or email addresses is run by the organisation that I lead. Before that I was the inaugural CEO of Energy Consumers Australia, from 2015 to 2020, and before that my extended background was in the communications sector. Kevin is our expert electrical engineer, with over 40 years of experience in the energy industry across both distribution and transmission networks. He is currently a non-executive director of Energy Queensland, TasNetworks and Marinus Link. And the third member of our panel, who is not here today, was Gerard Brody, who has recently been appointed chair of the Victorian Essential Services Commission. So we had a very good mix of skills, albeit that our panel was small and our timeframe was short.

The review that we were responsible for was commissioned in the wake of the 13 February 2024 storm event, and we were asked to look at the operational response of the transmission and distribution network businesses, the contingency planning arrangements that they had in place, their management of the incident and their effectiveness in restoring supply to communities in the region affected. In terms of the severity of the storm, it was a storm that caused very significant damage to the electricity transmission and distribution network, affecting about 12,000 kilometres of distribution lines and 1100 power poles. Over a million customers lost power across the event, with over 530,000 customers off power at the event's peak – so an event at scale, this one. Most customers had their power restored within 24 hours, but 30,000 customers had to wait 72 hours for power to be restored and a further 3000 customers remained without power for more than a week. In addition to the distribution network impacts, six transmission towers collapsed, and as a result two major 500-kilovolt transmission lines failed. Loy Yang A power station tripped off the network, and that required load shedding for a period for approximately 90,000 customers in order to stabilise the network. The event really highlighted the impact of power outages on the community and also, as we discovered in consultation with the community, on the essential services that support communities, so water, waste services, telecommunications, banking, petrol stations and supermarkets – the whole infrastructure, if you like, which enables communities to thrive and survive. Those compounding impacts were one of the things that we really noticed and were emphasised to us by the communities.

Our approach to our review was to engage very deeply with affected communities and stakeholders, to really listen to the stories of how people managed their way through the 13 February event, what that meant to them and how they had to cope. We had direct face-to-face community engagement in Mirboo North, Emerald, Cockatoo, Gembrook and Monbulk, and at those engagements of course people from other communities came. In particular I recall the people from Upper Beaconsfield. We heard quite dramatic experiences, where the power outage event and the failure of telecommunications and other forms of critical infrastructure really very negatively impacted people's personal, social and financial wellbeing. It was not only on the individuals themselves but the sense in those communities of their responsibility for their communities was an added element to this impact. Kevin and I can speak at length in the question time if you would like to go further into that, and our website has very detailed community consultation reporting. Having a look at that will really give you a sense of the trauma of these communities. But with that, they were also very realistic and focused on solutions, what could and should be done about this, so they were very much in the moving forward mode.

In terms of your inquiry, we understand that you are looking at the main risks facing Victoria's built environment and infrastructure from climate change and the impact that will have on the people of Victoria, the barriers in upgrading infrastructure to become more resilient to these impacts and preparedness for future climate disaster events. We feel that while the scope of our findings is on Victoria's electricity networks in response to a particular storm event, there are matters that were covered in our report and recommendations which may be of relevance to your review. To summarise that very quickly, and I will go into this in more detail in a moment, essentially what we found is that a changing climate is bringing with it more intense and severe weather events. Those events are threatening energy assets and the delivery of reliable energy to communities. The impact of this severe weather event in February was very significant, and we did some economic modelling which put the impact at $770 million.

The risks of managing the changes in weather are not being very well managed by networks because of the regulatory frameworks, which drive particular behaviour, and there is a lot of historical context there. But when we looked at whether those frameworks were fit for purpose in these circumstances, the answer is there is more work needed. The delivery of other critical infrastructure services relies on reliable energy supply. But in light of the increased risk to energy supply, it is really important that there is better business continuity of those services to prevent multiple emergencies arising from a power supply disruption, and that business continuity planning will in turn reduce the impact of the events on communities. Improved resilience to climate change requires stronger accountability and transparency from the energy networks and more effective planning, mitigation and management of their response to climate events and emergency risks to their assets.

In our thinking about regulatory frameworks we think that there is an issue around risk, and at the moment the risk of these events is not being well managed by the networks and therefore is having to be managed by the community. One lesson that we learned was that the recurrent power outages are cumulatively eroding the resilience of customers and communities. It is not just one; it is a number of events, and that cumulative effect becomes very difficult. The loss of telecommunications and other critical infrastructure is really a very important consideration, and we heard from all communities that the loss of communications really exacerbated the loss of power supply. In fact people said, 'We could have gotten by without the power. We simply cannot get by without access to communications. We don't know what's going on, and we can't tell other people what's going on.'

With response to the networks, we found that in particular AusNet's response took too long for a range of reasons that we go into in the report. AusNet is already addressing a range of those problems through its own post-incident review, and we saw some improvements during the September power outage. Another area of major consideration is the interaction between the energy networks, other essential service providers and emergency services agencies. The need for coordination and integration across sectors is really critical.

I have mentioned regulatory settings and the transferring of costs to community. We provide in our review 19 recommendations and 12 observations. Our intention with those was to provide a pathway to strengthen the foundations and capabilities for future operational responses and so to reduce the impacts on communities. We were aiming to do things that were within the control of the Victorian government and could be acted upon quite quickly.

So we think, in terms of your review, the specific linkages from our review are in regard to your term of reference (a), which is around risks – we identify the increased risk of severe weather events and the need to build resilience in response to that. Your term of reference (c), which is about barriers – we have identified that the regulatory settings are not adapting quickly enough to deal with the increased risk from severe weather events. And in terms of term of reference (e), what could be done better, we think that our package of recommendations provides guidance in regard to the electricity sector and severe weather events, and we focus on business continuity planning for the first 72 hours. We focus on minimum service levels. We focus on quick response in main street and the importance of communications.

I would like to leave my concluding remarks there, but as has been the practice with our committee, with your indulgence, Chair, if there is anything that I have not covered, I will give Kevin the floor.

Kevin KEHL: I think you have covered it all graciously. Thank you, Rosemary.

The CHAIR: Wonderful. Thanks so much. We are going to have about 5 minutes each for questions, so I might kick off. You mentioned, Ms Sinclair, in the opening statement that the regulatory frameworks are driving behaviour by the actors. Can you talk a little bit about what behaviours are being driven by these regulatory frameworks, the causes and what we should do about it in terms of changes to that regulatory framework to improve that behaviour?

Rosemary SINCLAIR: Sure. Let me do a little introduction and then I will pass to Kevin. So the networks are businesses that are driven by the regulatory arrangements. They are monopoly businesses, so they are very heavily regulated, and their revenue depends on a decision every five years made by the Australian Energy Regulator, which in turn depends on very significant engagement with communities and customers. So every dollar they earn comes through that process. In that process there is some mind to service reliability, but it is backward looking. It all depends on what happened in the last five years. It is not forward looking, taking account of risks such as the increased effects of climate change. It excludes major event days because the whole ethos of the framework is steady state. It is a framework that was built up over the last 20 years when things were much steadier than they are going to be.

The CHAIR: So just to unpack that, the regulatory framework is based on a steady-state system which does not take account of things that might suddenly change. Is that my reading?

Rosemary SINCLAIR: Yes. It takes account of them by saying, 'That's an unusual event and we will allow you to pass through the costs.' So it is not requiring planning or contingency arrangements.

The CHAIR: So it is essentially allowing the costs of the extraordinary events to be passed through and not requiring the regulated companies to mitigate. Would that be fair?

Rosemary SINCLAIR: Not requiring the regulated companies to think forward and to plan efficiently. The other side of the coin, though, is that this regulatory framework was put in place in response to gold plating and inefficiency, so you have got to be careful that you do not get to a point where energy services become unaffordable. But when we looked at the regulatory framework, we found that it was not really putting or enabling or supporting the focus by network businesses on these severe weather events and their response to them, and I will ask Kevin to just unpack that in as much detail as the committee would like. Separately to that, though, there is an awareness and an emerging discussion at the national level about the need for investment to support resilience. That discussion is just in the early stages and has some way to go.

The CHAIR: Before we move off this, one of the things I want to get to, and the report talks about creating more of the right accountabilities in the regulatory system, is the most important action you would recommend we take to increase accountability in the system, and more specifically who should hold that accountability?

Rosemary SINCLAIR: Our thinking on that is quite clear. We think the process of attesting to the minister each year that there are risk management plans and processes in place needs to be progressed to looking at the outcomes of those plans and processes, and the accountability for making that attestation should be at the board of these companies, not at the level of a senior officer. So it is quite similar, if you like, to the security of critical infrastructure legislation at the Commonwealth level: it is a board responsibility. It is a very significant move, and it would increase accountability very significantly, in our opinion.

The CHAIR: Great. Did you want to add anything? You are fine? I am just out of time. Mr Ettershank.

David ETTERSHANK: Thank you, Chair. Thank you very much for your contribution today – it has been fascinating – and also for your report and good work there. I want to come back to the regulatory framework. But first of all, your report talks about the state's electricity infrastructure, including towers and power lines. You say that it needs to be strengthened and be more resilient in the face of increasing extreme weather events. Can I ask: for our purpose in terms of that, for the committee's view, how is that best done? Who is going to do it? Are you aware of or could you advise on what is actually in the planning works and also the budgeting works of that?

Rosemary SINCLAIR: Let me make a start, and I will ask Kevin to lean in on this. In our report there are a couple of places where we go to the practicalities of this. One is a recommendation in regard to a licence condition on AusNet to encourage AusNet to focus on the worst performing feeders in their area. We are suggesting 10, as I recall. The opportunity there for AusNet, Deputy Chair, is to use new technologies and new

planning and construction techniques. The regulatory framework would never take AusNet to that particular circumstance, because it is looking backwards and it is looking at averages, so these worst performing feeders that are affecting the same communities time and time again never get up the priority list, if you like, for works. That is one change in our recommendations that we think will strengthen networks in areas where communities are being impacted recurrently.

The second area is the minimum service levels. Again, the regulatory framework at the moment looks backwards and is focusing on averages. It is not really addressing the tail of the distribution curve. So our minimum service levels will go some way to doing that. That recommendation is modelled on the Queensland experience that perhaps Kevin could speak to briefly.

Kevin KEHL: It is modelled, yes, on the Queensland and New South Wales experience where it is recognised that averages in and of themselves are an average and not necessarily contemplating those customers that are at the tail end of that. The minimum service standard is intended to be a consultative process recognising that there is a trade-off between cost, reliability and service settings, and it is appropriate that those minimum service levels be set through consultation such that there is a recognition of that cost/reliability trade-off and reference in relation to the communities and the environment within which those settings are made. So it is to ensure that there is a no-worse arrangement or that there is a safety net performance level which all customers can expect to have in relation to their electricity supply performance and not just be resting on the average of all of the customers in that group.

Rosemary SINCLAIR: And the third element, which Kevin, you reminded me with the comment about consultation, we have recommended particularly in regard to AusNet that they consult with the local municipal authorities and communities and identify a number of main streets where they could, if you like, put in quick connect points so that if there were another disaster, they would be able to bring in a generator with a connection to communication services and provide a community hub so that people could come and charge their mobile phones, get a connection to a satellite, make a call and feel immediately that they have got some control over the situation. That is what we heard was most traumatic for the communities affected – because of the lack of information, they felt they had no control over what was going on and no sense of what they could do or when things would be repaired. So those little hubs – they are calling them EMMA vehicles – drive it into the middle of a location, connect it very, very quickly and then all of a sudden you have got some capability for the community in an area where they will come.

David ETTERSHANK: Thank you.

The CHAIR: Thank you, Mr Ettershank. Ms Bath.

Melina BATH: Thanks, Chair. Thank you very much. Do you mind if I call you Rosemary and Kevin? Is that appropriate?

Rosemary SINCLAIR: Delighted.

Melina BATH: Thank you, and thank you for your work and your expertise. And yes, just speaking to you offline, I live quite near Mirboo North and was up there on the Wednesday after the Tuesday afternoon of the huge storm that really impacted so many people in a devastating way. First of all, I think AusNet have certainly learned their lessons – some of them – from that, and the EMMA was actually up onsite for the September event, which was a good learning, and it is also about community confidence.

When communities are impacted often the first people they see are the shire council, because they are the people closest to them, or the CFA or the SES. And I am interested in your perspective and drawing out some of your recommendations on how those communications can be improved, and the role that the state government should play in that as an overarching body here. Can you explain to us what the communities, for example, at Mirboo North and others, were saying about the need for better integration and communication?

Rosemary SINCLAIR: Yes, it was one of the things that the community at Mirboo North, but everywhere else, really drew to our attention: the need to make sure that there was communication between the electricity companies, the telecommunications companies and the state level, regional level and local level emergency service response teams. That integration needed to happen at the planning stage, during the event itself and then subsequently at recovery stage. So the community was quite clear and very well informed about the important

role of the municipal government. At the same time we were very interested to realise just how resilient those community members were. They were not expecting to just sit there and wait for someone else to do something.

Melina BATH: They were proactive in their own resilience.

Rosemary SINCLAIR: Very, very proactive. They showed us various facilities that had been built; in Emerald, for example, the emergency services facility. These communities, in our view, are pretty clear and pretty realistic on what they need in terms of coordination and support. So our recommendations go to getting the energy companies involved in those emergency planning coordination meetings, but also we would like to see the telecommunications companies involved in those meetings as well to support the community and the facilities that they have which have been put in place over recent times to enable communications connectivity. They really rely on those facilities very significantly. The ongoing arrangements to support those facilities was a message that they gave us loud and clear. Those comments are in the community materials on our website.

Melina BATH: Thank you, Rosemary. That is fabulous. My next question is in relation to forewarning, and I think you have made some comments in your observations and recommendations. We saw it in the communications from Mirboo North, for example, where they just wanted forewarning – they wanted better warning. What role can the BOM and/or the state government play in providing that forewarning? I guess if we look at the context of the 2019–20 bushfires, again in East Gippsland, there should be some lessons.

A member interjected.

Melina BATH: And in northern Victoria – that is right. What is being done to improve? We hear about continuous improvement, but are you seeing that on the ground? What are the clear messages that need to be about those forewarnings and advance warnings?

Rosemary SINCLAIR: It goes, I think, to the interest of those communities in being prepared. We had quite a lot of discussion about what it means to be prepared. And what it means is some food, some water, a torch, blankets.

Melina BATH: I am running out of time. How can government play a good role in that?

Rosemary SINCLAIR: The communication through municipal councils is really a matter that was emphasised. People were wanting backup and redundancy arrangements and the latest information. Whatever the latest information is that is held centrally, communities do want access to that. I had one community member sit me down with his mobile phone and access the BOM maps, making the point to me that the problem in this situation was that the communications were not working and he could not get access to those maps. So he would have been relying on municipal council officials or the AusNet people to provide that kind of information. Supporting the communications flows is the focus that the communities had.

Melina BATH: Thank you very much.

The CHAIR: Thank you. Ms Ermacora.

Jacinta ERMACORA: Good morning, and apologies for attending online; I am a very long way away today. Thank you very much for your contribution: very ordered, very structured and highly valued. I think it is a very, very useful report. Rosemary, I am interested in your answer to the Chair's question about the one thing that could help the most. You mentioned attestation at the board level and particularly readiness practices. I just wonder, I have seen that kind of thing and it can be quite one-dimensional. The board members feel like 'Oh well, we've ticked it off now.' Are you also suggesting that there be some kind of strategic document that backs up with evidence that kind of attestation and also an action plan that implements that strategic plan and evidence of links to community so it is professional, proper and accountable? All of these three layers are down below that attestation that I am suggesting, because that is the stuff that actually shows it is happening. Sorry to ask such a long question, but I think attestations really need to be – they are just a legal instrument, and they do not mean anything to people on the ground living in the bush without power.

Rosemary SINCLAIR: We took a similar view. Our recommendation 2 goes to what we think should be included in the attestation, and it is quite specific. We are talking about planning and coordination – for

example, whether you participated in the regional emergency management planning committees to support their response planning, communication and engagement with customers; community impact assessment and make-safe restoration planning, prioritisation and operations; or temporary generation for community assets. Our attestation is quite detailed and quite practical in nature. The reason that we suggest it be raised to the level of a board attestation is because in our experiences, boards take very seriously their duty of care to sign off financial statements. These companies are now becoming experienced with that responsibility in terms of security of critical infrastructure. With the degree of detail that we have provided and taking it to the board level, I think people will see this as a very serious process, which is absolutely our intention.

Jacinta ERMACORA: I am not sure I have got very much longer, but just a little supplementary. I am wondering too, with the really good community engagement that you have undertaken, whether the needs that are expressed by community can be flipped to the top and be the main drivers of the emergency response plans.

Rosemary SINCLAIR: I think we captured those. We started by consulting with community, and then we wrote our report in response to what they told us. In many senses I feel that we have in fact put community needs –

Jacinta ERMACORA: Sorry, I was meaning a regulatory response from the company, a requirement for them. Do you think that would be –

Rosemary SINCLAIR: In fact that suggestion came to us from the ombudsman, that there needed to be an overarching consumer duty which applies in other sectors, so we have included that in our review as one thing to think about. I would say that when we were attending community sessions the AusNet people attended those sessions with us and heard everything that we heard, and our sense of it is that they have made a very great impression because the work program that they put in place after their own report has really been accelerated, as we saw with the September storm and EMMA being on the ground very quickly. I think that focus on customers is a very strong element in our report, and we absolutely saw that on the ground.

Jacinta ERMACORA: Thank you.

The CHAIR: Mrs Broad.

Gaelle BROAD: Thank you very much for your work and your report. You really highlighted in your report 60 communities without access to 000. That is just one of many major issues that arise when you are without electricity. Just thinking about reliability in Northern Victoria, there is the VNI West transmission line being proposed, which is a huge 500-kilovolt transmission line, so it is a single line that goes through to New South Wales. Do you have any thoughts or comments to make? Is it putting all your eggs in one basket when you have a transmission line of this scale?

Rosemary SINCLAIR: It is not something that we turned our mind to in this review. We just did not go anywhere near an issue like that.

Gaelle BROAD: I am just interested that you mentioned current power outages are reducing resilience. I know in Euroa there were 17 power outages in three months, so it is happening on a very regular basis. Can you comment on what work is being done to address those issues?

Rosemary SINCLAIR: I cannot comment on that particular circumstance, but I would say that in our finding from the communities that we dealt with in our particular storm, the communities were making the point that outage after outage after outage is really reducing resilience. It is one thing to deal with a circumstance every five years or so; it is an entirely different matter when it is every year. I think that part of what we are trying to do is to encourage the lessons that were learned from 13 February to be picked up by the networks and beyond, with a focus on trying to support communities with a range of different solutions so that they do not feel that their resilience is being eroded. That is why it is so important that action is taken and why we focused our report on practical matters within the control of the Victorian government, but working very much with the communities is a key part of the answer. We realised in talking to the communities we spoke to that there is a tremendous amount of knowledge and practical experience, and it is really a matter of working with and supporting those communities.

Gaelle BROAD: Would you say that regional communities are more impacted by these issues generally as opposed to metropolitan?

Rosemary SINCLAIR: The communities that we spoke to were all regional, and some of our recommendations really go to the particular circumstances of regional communities, like getting the main street back up. We have a heavy emphasis in our report on being able to get through the first 72 hours to enable the whole system to just settle down, work effectively to identify what needs to be done, put the resources in place and then get it done. The historical restoration data that we looked at suggested that metropolitan communities are restored well within 72 hours. Beyond 72 hours we are looking at regional communities. We did see that.

Kevin KEHL: If I can add to that, the minimum service standards or safety net performance recommendation goes towards that continuous outage experience in those regional communities, and we made specific reference to a number of feeders in our recommendation that required almost immediate attention or sooner attention before the minimum service standards. That is recognising that those particular customers in those communities had experienced multiple sequential outages which affected their overall community resilience.

Gaelle BROAD: The SES plays a key role in that response and recovery. You talk about how people's resilience declines the longer the time goes on. I saw SES recently at the Elmore field days, and they just talked about some of the challenges with funding too. I think they rely heavily on volunteers. But do you have any comment on the need for that resource to come in and assist people? Because they do have a very important role educating the public about what to do in those circumstances.

Rosemary SINCLAIR: Our comments would be just of a very practical nature. We did engage with SES folks during our community consultations and then also through the other consultations to prepare our report, and the issue around coordination and being realistic about resourcing absolutely came up. I think an issue to think through is not wasting resources, and that is why the coordination between the telecommunications companies and the energy companies is so critical, because time is wasted when people are saying 'I need you to fix this tower' or that tower or some other tower. Our report has got some recommendations about making sure that information about assets is collected beforehand, it is kept up to date and the people who need it have got it. That everybody is able to get through for 72 hours is our target to enable the planners to do their planning work in a more efficient and responsive way.

The CHAIR: Dr Mansfield.

Sarah MANSFIELD: Thank you. I am interested in, in preparing this report, what your sense was of where the Victorian government was at prior to this event occurring in terms of recognising this issue and perhaps starting to look at some of these issues that you have identified here. Did you get a sense that this was already on the radar and there were plans to address any of these issues?

Rosemary SINCLAIR: Look, I cannot really comment on that because our work started when we got our terms of reference, and we just went forward on that. So we did not go back looking at any of those sorts of issues. So I am sorry; I cannot comment.

Sarah MANSFIELD: No, that is okay. You have highlighted a number of changes that you recommend that are directed towards the Victorian government. In terms of prioritising those, what do you see as the top priorities that require immediate attention?

Rosemary SINCLAIR: Look, I think the way we have written our recommendations is so that a number of people will start taking action at the same time. A number of our actions go to Victorian government responsibilities, but some go to the networks themselves, and we see really the whole package as needing to be progressed as quickly as possible. Some of the matters will take some time, like setting the minimum service levels and working through the extended loss of service supply payment, but really we would like to see action progress on all of the recommendations as quickly as possible and so would the communities.

Sarah MANSFIELD: Yes. Thank you. We have heard already from communities that have been impacted, and certainly something I have heard about from members in the community following particularly this event has been around that compounding impact in particular: you lose power, but it also then impacts a whole lot of other essential services. I understand that some of the recommendations you have made look at making sure

providers address their needs faster and restore power faster. Did you look at anything around having alternate energy networks or sources available to those communities in the event of a storm, given how isolated some of them are, and just the practical realities of having to prioritise restoration of energy across a whole state when you have a statewide event like this?

Rosemary SINCLAIR: I think I am going to ask Kevin to talk about restoration, because we did look at that and there are just some practicalities. The way the network is restored is from the inside out, and our balancing factor once we realised that was the main street – get the main street up and running because people will come into the main street when they are able to. If they are not able to, then other community members can get things from the supermarket and assist with charging phones. I mean, these communities were just extraordinarily active and caring for each other. They just needed that central resource. So there is just a shred of practicality about how networks get restored. And I suppose the third element of our thinking was, in the face of that 72 hours, what do we need to put in place to enable communities to get through for 72 hours whilst that planning takes place? It is that planning that enables much more efficient restoration, which we think will bring in the tail of restoration from almost two weeks to a much shorter period.

Kevin KEHL: I think you have covered it. I think all of the recommendations are a package around that, absolutely, in helping communities and the service providers be able to act in a coordinated way with expectations about getting the generators in and connecting them to the town centres quickly. Recognising that it is going to take 24 hours or so for the make safe and the identification of where the faults are and to get the crews out there to get the restoration happening – it is going to happen from the substations outwards into the broader communities. Recognising that, then we are saying and recommending that the telecommunications particularly have capability to be able to power up for longer than the 6 to 8 hours that was experienced by these communities during the event. That is one particular one, because it goes to the information availability for those communities.

The CHAIR: Thank you. Mr Berger.

John BERGER: Thank you, Chair. Thank you, both, for your appearance today. I am interested to find out whether during your review the network distribution businesses were able to give you an indication of how many people they were able to communicate with when an event happened. As we understand it and what we know is that when an event happens you get a mobile phone text message. I just wonder whether there is any statistical information that says how many of those people they were able to get in contact with, of their relevant customers.

Rosemary SINCLAIR: I think that is a question we are going to have to take on notice. We did get information from the network businesses about their communications with customers. I do not have the particular answer as to how many. Our focus was on the fact that once the communications networks went down, the networks could not communicate with customers and customers could not communicate with the networks. So there are recommendations in our report which go to network contact centres and voice recording arrangements and so on. The essence of that is the networks need to be prepared for events at scale – that they did not have enough scale in their systems for this kind of event. But all of that will come to nought if the communications are not available, so we have got recommendations about the communications providers as well. Those things really go hand in hand. And of course the mobile vans and vehicles provide some support through the initial period. People can go to those vans and find out from the network representatives the latest information about what is going on. So again, there is a range of different things that need to happen to make communication smoother.

We have also included a recommendation that goes to retailers who collect the information about mobile phones. They need to be doing that with greater degrees of accuracy and making sure that that information gets to the networks. And I cannot remember whether it is a recommendation or an observation, but we are recommending that multiple mobile phones be collected for households, so it is not just the account holder's mobile phone. That person might not be there on a particular occasion. We just feel that it is better if there are multiple contact points.

John BERGER: Yes, that makes sense. Thanks, Chair.

The CHAIR: Thank you, Mr Berger. Ms Lovell.

Wendy LOVELL: Thank you very much. In northern Victoria we spend a lot of time at the moment talking about transmission lines and distribution networks. I know that you said in this event I think it was four transmission towers and a number of distribution poles that were destroyed, but if you look back over past events as well, if we go back to 2006 and the great alpine fires, the transmission lines were cut in the north-east of the state. Most people would remember that as the day that everyone in Melbourne had to walk home because the trains and the trams stopped working and there were no elevators et cetera for people to get up or out of the towers. And then of course in 2009, we know the significant litigation that has gone on around the role that the distribution network played in the fires at Kilmore East there. So we know that with every event, whether it be a storm or a bushfire, there is always talk around interruption to power supplies. So I just wondered if you looked at whether the traditional way that we have built transmission and the distribution network is appropriate going forward, given the increased significance of bushfires and other storm events.

Rosemary SINCLAIR: We did not look at that issue. Our issue was really focusing on AusNet's response to transmission towers going down and looking at the practicalities of having equipment available and planning and design work done as quickly as possible to support very rapid restoration. So ours was much more of an operational-response-to-the-event review. But the transmission matters are also being looked at by AEMO and Energy Safe Victoria.

Wendy LOVELL: Thank you very much. Did you do any work on the actual cost of the event? You talked about the interruption to business, but there was also damage to private property and to the distribution and transmission network. Did you do any work on what the cost of replacement of all of that was as a result of the storm?

Rosemary SINCLAIR: No, the economic modelling that we did was, if you like, the economic outcome of this event for the whole economy and community, and we were using the AER's methodology on the value of network reliability and the value of network resilience. So it was a modelling exercise rather than a collection of actual costs. The collection of costs would be a matter for the AER and the cost pass through application that the networks would make on this occasion, given that it was a major event.

Wendy LOVELL: And communications – a huge issue, and you have identified that. But for most of us, now all of our communication is dependent on power and that restoration of power. So to improve communications, how do we do that when we do not have access to power?

Rosemary SINCLAIR: The first thing is that communications is a federal government activity, so the regulation of it takes place in that environment. However, fortunately there is a regional telecommunications inquiry going on at the moment, and similar to what we are doing here today, we have actually engaged with that committee and provided them with our report and our observations about the absolute criticality of communications to communities, particularly access to mobile networks. So in our recommendations we are encouraging the Victorian government to continue their very strong advocacy around communications. We have also included for communications providers, particularly in the business continuity, a recommendation of 72 hours. There are technologies becoming available which really should help in this regard, and the importance of those hubs that the energy networks can provide will help as well. Communications network providers have what they call cells on wheels that can be brought in very quickly. So if we can get the energy companies and the telcos involved in the emergency management and response planning and identifying key sites and ready to bring their resources, I think we can make a big difference.

Wendy LOVELL: So with those little hubs or cells that they can bring in, that is fine if they can get them in, but I had providers ringing me during the flood, where we had about 4000 properties that were without power for four days, and they said, 'We can bring in this thing, and they can come and charge their mobile phones, and we can even run a movie for the community.' But you could not get in because there were floods, so it is a different scenario again.

Rosemary SINCLAIR: Indeed, which then reminds us of the importance of the community facilities that are in place already having access to communication services.

The CHAIR: Thanks, Ms Lovell. Mr Ettershank just had a quick follow-up question.

David ETTERSHANK: You referenced the SOCI Act, the *Security of Critical Infrastructure Act*, in the context of attestation by boards. Energy is one of the 11 identified priorities there. Why would we need legislation in Victoria to cover that?

Rosemary SINCLAIR: No, I was using it as an example, sorry, Deputy Chair, of the seriousness with which boards take attestation processes, saying that there is an attestation process under that piece of legislation for a particular matter - the security of critical infrastructure. I was just referencing it by way of example. So our attestation around the electricity networks is within the Victorian government's remit.

David ETTERSHANK: Okay. All right. Thank you.

Rosemary SINCLAIR: That is okay.

The CHAIR: All right. Thanks so much, Rosemary and Kevin, for coming in today. The secretariat will provide you with a copy of the transcript soon for review, and if you could present any changes you have before we publish that on our website. The committee is going to take a short break to reset for the next witnesses. Thanks very much.

Witnesses withdrew.