



ENERGY SAFETY

REVIEW AND FOCUS

2006-2007 ANNUAL REPORT

2007-2010 BUSINESS PLAN



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STATEMENT FROM THE ASSOCIATE MINISTER OF ENERGY

Energy Safety has the challenging task of helping to safeguard New Zealanders and their property through a regulatory regime that delivers energy safety outcomes while providing for market flexibility and innovation. How the unit achieves this balance is guided by its Vision and Strategy, which were developed during the 2006 organisational review.

As part of the Ministry of Economic Development, Energy Safety operates under the Ministry's *Statement of Intent 2007–2010*. That document guides the work that Energy Safety performs, as well as outlines the Ministry's focus on economic transformation – one of the Government's key priorities for the next decade. The goal of this transformation is to allow New Zealanders to enjoy high overall standards of living, while ensuring that the economy can continuously adapt to changing circumstances – an environment parallel to the work that Energy Safety undertakes.

Now that the Government has released its *New Zealand Energy Strategy*, the related role of Energy Safety returns to prominence. While the *Strategy* focuses on a reliable and resilient system delivering sustainable, low emissions

energy services, the Government recognises that it remains critical that gas and electricity continue to be safe to supply and use. To that end, Energy Safety is developing a regime capable of allowing reliable and resilient systems that will deliver safe outcomes.

Since the organisational review concluded in 2007, Energy Safety has acknowledged the challenges of change that lay ahead, and is preparing to meet them. It is revamping its business practices, planning new regulatory and functional requirements, and has already begun capitalising on its Vision and Strategy for the benefit of staff and energy safety stakeholders.

Energy Safety is now positioned to move forward to make energy safety an important component of the energy systems which will be critical to economic transformation for New Zealand.



Hon Harry Duynhoven
ASSOCIATE MINISTER
OF ENERGY

GROUP MANAGER'S VIEW

Energy Safety (ES) has experienced a year of substantial change since the publication of *Blueprint: Future Directions 2006–2009*, following a review of the unit by the Ministry of Economic Development in 2006.

One thing has not changed: ES continues its important role in ensuring the safe supply and use of electricity and gas.

This *Annual Report 2006–2007 and Business Plan 2007–2010* is designed to provide information and guidance to all ES staff as well as energy sector stakeholders. It will be a foundation document that describes ES' achievements in the prior financial year as well as our initiatives for future years, and against which we will report our progress and our plans. We now have an organisational structure and business plan that align with the Ministry's *Statement of Intent*, and our *Annual Report 2006–2007 and Business Plan 2007–2010* will describe how our work fits into the greater scheme of the Ministry and the Government as a whole.

Capitalising on our achievements since the 2006 review, ES will continue to add value to the energy sector and New Zealand consumers by continuing to enhance our operational capability in order to

proactively influence safety outcomes, creating incentives for voluntary compliance, and continuing our international connections so that ES' practice is world-class. ES wants to be viewed by industry and consumers as an efficient and effective regulator, yet also as supportive of the gas and electricity industries in their own commercial objectives within appropriate safety parameters.

With the framework provided by the Ministry of Economic Development, a refreshed legislative mandate, and the commitment of its experienced and dedicated staff, ES is positioning itself to contribute to the transformation of the economy envisioned by the Ministry and Government. We look forward to partnering with the gas and electricity industries in moving towards that goal, and encouraging consumers to use gas and electricity safely for everyone's benefit.



Sanjai Raj

GROUP MANAGER
ENERGY SAFETY

2006–2007

KEY ACHIEVEMENTS FOR THE YEAR INCLUDED:

- > Co-location with Radio Spectrum Management (RSM) within the Ministry of Economic Development
- > Development of a new Vision and business Strategy, and promotion in *Blueprint: Future Directions 2006–2009* which outlined ES' regulatory philosophy and initiatives
- > Provided advice and support for passage of the Electricity Amendment Act 2006, the Gas Amendment Act 2006, and the Plumbers, Gasfitters and Drainlayers Act 2006
- > Commenced design and specifications for a comprehensive new IT system to serve both electricity and gas teams and benefit the energy safety sector as a whole
- > Establishment of two staff teams (operations, and operational policy and international relations) and appointment of new managers
- > Comprehensive review of routines and processes towards consolidation, efficiency and effectiveness
- > Revision of ES' compliance strategies to better align them to actual risk levels
- > Redevelopment of ES website to improve access to information and align to Ministry standards.

2007–2010

KEY INITIATIVES FOR THE NEXT THREE YEARS WILL BE:

- > Develop and implement new gas and electricity regulations and relevant standards
- > Recognising that New Zealand safety issues are affected by international regimes and can have global impacts, ES will draw on international best practice and expertise, and secure our place in the global energy safety setting
- > Liaise on energy safety matters across various regulatory regimes that touch on energy safety
- > Continue to develop and implement compliance and enforcement strategies in response to new regulatory provisions. Adopt a cooperative and educational approach in partnership with industry to encourage voluntary compliance with the regulatory regime, and provide clarity around consequences
- > Introduce a new integrated IT system, as investments in this area have the potential to provide a greater return in energy safety outcomes than any other investment
- > Ensure that ES has the capability to effectively carry out our energy safety responsibilities and proactively manage energy safety issues.

OUR VISION

ENERGY SAFETY VISION

Energy Safety is the power behind energy safety.

OUR STRATEGY

ENERGY SAFETY STRATEGY

CRITICALITY OF ISSUES

Early and accurate identification of issues through systematic analysis of shared data

CLARITY OF EXPECTATIONS

An internationally-aligned regime implemented without fear or favour

CONFORMANCE AND CONFIDENCE

Encouraging appropriate safety behaviour

OURTEAM

✓ MINISTRY OF ECONOMIC DEVELOPMENT

✓ EFFECTIVE MARKETS BRANCH

ENERGY SAFETY POLICY

ENERGY SAFETY POLICY

- > Advise Government on legislative and regulatory frameworks concerning energy safety
- > International liaison on policy matters

✓ BUSINESS SERVICES BRANCH

ENERGY SAFETY

OPERATIONAL POLICY AND INTERNATIONAL RELATIONS

- > Draft operational policy documents on energy safety issues
- > International engagement on operational issues
- > Standards development

OPERATIONS

- > Auditing of gas and electrical networks, distribution systems, installations, and appliances
- > Investigations of gas and electrical accidents and incidents
- > Enforcement of breaches of applicable legislation and regulations
- > Education on the safe supply and use of gas and electricity

BUSINESS DEVELOPMENT

- > Undertake preparation, project management, implementation and promotion of planned projects and new initiatives
- > Manage communications and website





REVIEW 2006–2007

All of the achievements of Energy Safety (ES) and our work programme are based on the high-level initiatives formulated to meet the Vision and Strategy outlined in *Blueprint: Future Directions 2006–2009*. These initiatives are captured within the Strategy's three streams.

ES' achievements during the 2006–2007 financial year also align to and report against the strategic priorities described in the *Ministry of Economic Development's Statement of Intent 2006–2009*.



OUR ACHIEVEMENTS

ES regularly interacts with the organisations listed below, which are commonly referred to by their acronyms or abbreviations. The list also defines other acronyms and abbreviations frequently used in connection with energy safety or otherwise mentioned in this publication.

ACRONYMS AND ABBREVIATIONS

AS/NZS	Australian Standards/New Zealand Standards	FTA	Free Trade Agreement
AOSIQ	General Administration of Quality Supervision, Inspection and Quarantine (China)	GANZ	Gas Association of New Zealand
DOL/OSH	Department of Labour/Occupational Safety and Health	GTRC	Gas Technical Regulators Committee (trans-Tasman)
ECANZ	Electrical Contractors Association of New Zealand	ISO	International Standards Organization
EEA	Electricity Engineers' Association	LPG	Liquefied Petroleum Gas
EECA	Energy Efficiency and Conservation Authority	LPGA	LPG Association
ENA	Energy Networks Association (Australia and New Zealand)	MED	Ministry of Economic Development
ERAC	Electrical Regulatory Authorities Council (trans-Tasman)	MOU	Memorandum of Understanding
ES	Energy Safety	MRA	Mutual Recognition Arrangement
ESI	Energy Safety Intelligence (ES' new IT system currently under development)	NZEI	New Zealand Electrical Institute
ESO	Electrical Safety Organisation	NZIGE	New Zealand Institution of Gas Engineers
EWRB/EWLG	Electrical Workers Registration Board/ Electrical Workers Licensing Group	PGDB	Plumbers, Gasfitters & Drainlayers Board
		RSM	Radio Spectrum Management
		SMS	Safety Management System
		TTMRA	Trans-Tasman Mutual Recognition Arrangement



:: MINISTRY OF ECONOMIC DEVELOPMENT

We work to promote innovation and growth and our responsibilities relate to energy, ICT, regional development, tourism, industry policy, and an effective regulatory environment for businesses and consumers.

LEADERSHIP: Leading a whole-of-government approach to economic development

ENERGY SAFETY SECTOR

Established regular formal meetings with EWLG, PGDB, Department of Labour (OSH), and other regulatory agencies to share information and to work together on common safety issues, with the goal of coordinating and disseminating appropriate safety information to industry and consumers.

INTERNATIONAL LINKAGES: Improving the international linkages that allow firms to benefit from trade, knowledge transfer and investment

AUSTRALIA

- > Participated in ERAC meetings to coordinate regulatory mutual recognition arrangements in the trans-Tasman trade of products. Proposed simplifications to current processes, in particular standards development and revision of wiring rules.
- > Participated in GTRC meetings to promote TTMRA and the introduction of a certification regime for gas appliances. Joint Standards work and technical issues also discussed.
- > Worked through AS/NZS joint committees for gas installation and appliance standards.
- > Enhanced relationship with Energy Safe Victoria to leverage off their regulatory experience and informational resources.

CHINA

- > Participated as technical expert in New Zealand's electrical products MRA negotiations with China.
- > Initiated discussions under the FTA framework around regulatory requirements on safety of imported electrical products.

- > Attended bilateral meetings with Chinese regulatory agency AQSIQ to discuss areas of cooperation and coordination in preparation for a mutual recognition agreement on electrical equipment.
- > Worked toward introduction of unique New Zealand version of the China Compulsory Certification (CCC) mark for electrical products.

ASIA-PACIFIC REGION

- > Attended meetings of the Association of Southeast Asian Nations (ASEAN) Electrical Products Regulatory Advisory Committee, and identified areas of cooperation and coordination in preparation for a trade agreement between ASEAN and New Zealand.
- > Reached agreement to jointly host 2008 meeting with Singapore of the Asia-Pacific Economic Cooperation (APEC) Electrical Products MRA Advisory Committee, aiming to increase cooperation on electrical product safety issues in the region and expand uptake of the MRA.



:: COMPLIANCE E-PORTAL

The e-portal being developed will enable New Zealand and overseas businesses to ensure their products can be legally sold here. The site will provide information on product regulations, standards and conformance infrastructure, and future regulatory initiatives.

INNOVATION: Fostering entrepreneurship and innovation in New Zealand firms

ENERGY SAFETY INTELLIGENCE

- > Completed high-level specifications for a new IT system that will integrate gas and electricity operational activities into a single database to provide staff and stakeholders easy access to current, accurate and robust business information. ESI is expected to ensure a consistent approach to capturing information, improve reporting so it is easy to extract information, and provide a seamless interaction between the gas and electricity operational units. The result will be improved and easy-to-access information that industry can use to improve their own safety outcomes and compliance programmes.

COMPLIANCE E-PORTAL

- > In conjunction with other appliance regulators, considered development of an e-portal for product declarations of compliance. The e-portal would enable domestic and international businesses to ensure their products can be legally sold in New Zealand, and provide information about regulations, standards, conformance, and regulatory initiatives.

REGULATORY ENVIRONMENT: Strengthening the growth focus in the regulatory environment for business

ENERGY SAFETY POLICY ADVICE

- > Provided support for the passage of the Electricity Amendment Act 2006, the Gas Amendment Act 2006, and the Plumbers, Gasfitters and Drainlayers Act 2006.
- > Commenced review of the Electricity Regulations 1997 and the Gas Regulations 1997, in particular to give effect to:
 - new safety imperatives for protection of the public and property
 - new safety management system requirements
 - new infringement offence provisions
 - changes from the Gas Appliance Safety review.
- > Completed the discussion paper and progressed review of the Gas Appliances Safety Regime. This work is intended to integrate into the review of the Gas Regulations and progress discussions with Australian regulators to achieve the removal of the special exemption for gas appliances from TTMRA.
- > Commenced review of the Electrical Appliance Safety Regime (EASR) in conjunction with Australia.
- > Supported the development of joint SMS voluntary standards by the gas and electricity industries.

STANDARDS DEVELOPMENT

- > Reviewed and prioritised staff involvement with standards development to better reflect regulatory focus.
- > Commenced planning and consultation for a new Standards New Zealand contract for next financial year, implementing a higher level of reporting and line item accountability and giving industry the opportunity to prioritise projects at an earlier stage.
- > Explored strategic benefits of moving means of compliance standards from citation in regulation to outside regulations, for example listing on ES' website.

APPROVED PERSONS FRAMEWORK

- > Implemented review of current practice of auditing functions within ES to identify issues and areas for improvement.
- > Drafted a formal approved person framework, including a description of the application and approval criteria, creation of a formal register for internal use, standard of work, and reporting expectations. Funding implications will be considered in conjunction with yearly budgets.

COMPLIANCE AND ENFORCEMENT

- › Commenced meetings with other appliance regulators including RSM, EECA, Ministry for the Environment, and Ministry of Consumer Affairs, to work towards a cooperative approach to compliance.
- › Commenced development of a holistic strategy with the key deliverable to be publication of a compliance guide for industry and consumers.
- › Conducted joint inspections with RSM of low-price retail outlet stores and their suppliers throughout New Zealand, and conducted specific projects in the Auckland area. Addressed lack of electrical product compliance awareness and documentation, and took appropriate compliance actions.
- › Improved the gas appliance supplier database to provide better service to industry and facilitate their own self-management of compliance requirements.

BUSINESS PROCESSES

- › Engaged professional organisation to assess ES' business processes and develop recommendations for improvement. Recommendations assessed and prioritised, and integration of high-priority items planned.
- › Developed work programme aligned to MED Strategic Priorities and created business objectives in support of ES' Vision and Strategy.
- › Commenced implementation of best-practice approach to audits and investigations.
- › Developed ES intranet for staff to share and utilise standardised business reports and best-practice documents.
- › Accelerated open investigation debriefs in order to expedite review, finalise, extract outcomes, and achieve case closure.
- › Commenced review of statutory delegations to ensure they align with the changes resulting from ES' move within the MED.
- › Initiated process for attaining ISO 9001 certification for investigation processes.

SAFETY AWARENESS HIGHLIGHTS

- › Published 2006 *Summary of Reported Electrical and Gas Accidents* to promote improvement to energy safety by informing businesses and consumers about data research results. Publication date was six months earlier than in recent years, providing stakeholders with more timely information to be used for improving safety standards and performance.
- › Distributed underfloor insulation advisory note to product manufacturers and suppliers in response to two homeowner fatalities.
- › Developed a *Guide to Flueing* for gas appliances to address key issues identified from ES investigations into reported accidents.
- › Delivered *Don't Blow A Fuse* pamphlet to registered second-hand dealers to advise of their obligations around the safety of second-hand electrical products and promoting the ES website as an information resource.
- › Created new biodiesel information page for ES website regarding hazards arising from the use of flammable materials in biodiesel manufacture.

OUTREACH AND EDUCATION

- Commenced dialogue with key industry stakeholders to educate them about the ES regulatory philosophy and business strategy, with a goal of working together towards safety outcomes and a proactive approach to addressing safety issues. Highlights included:
 - Attended GANZ annual forum and delivered presentation on ES' strategic direction and future initiatives.
 - Presented at NZEI annual conference on topics including ES' strategic direction, current appliance regime, and revisions to standards.
 - Attended Gas Safety Forum meeting to present the *2006 Summary of Reported Electrical and Gas Accidents* and trend analysis.
 - Presented workshops on electricity safety regulations and standards relating to hazardous areas to the Institute of Measurement and Control.
- Delivered informational presentation on electricity safety, accidents and statistics to electrical contractors in rural areas.
- Refreshed ES' approach to, and continued working with, grassroots and consumer organisations including Maori Women's Welfare League and Citizens' Advice Bureaux to train delegates on electricity and gas enquiry processes, reporting issues, and ES structure. Planned followup on specific electricity and gas safety instruction requests and assessments of effectiveness of ES' programmes.
- Commenced contributions to and integration with *Business Update*, the MED's free electronic newsletter, to keep energy sector stakeholders informed of ES' activities on a regular and cost-effective basis.
- Provided tailored information presentations to a variety of industry and stakeholder groups ranging from appliance manufacturers to local retailers to other public and industry groups with interests in safety requirements.

INFRASTRUCTURE: Improving the quality and reliability of key infrastructure services

SECURITY OF SUPPLY

Participated in various fora to advance the safe supply and use of gas and electricity. Worked with key stakeholders to share information to identify

issues and trends, and within ES' authority, enabled proactive actions to address them prior to accidents or issues occurring.

ORGANISATIONAL DEVELOPMENT: Develop people, systems and processes to support best-practice regulatory management

RELOCATION

- › On 6 October 2006, ES co-located with the RSM team, part of the MED's Business Services Branch. Practical advantages included leverage from RSM's parallel technical and regulatory nature and their proven business practices.
- › Renamed the unit Energy Safety and rebranded communications with new standardised MED logo to reflect the relocation.

BUSINESS STRATEGY

- › Developed a fresh energy safety strategy in consultation with business management consultants to ensure best-practice results. Resulting three-stream Strategy informs and guides all ES work programme and interactions with industry and consumers.
- › Created and filled two new management positions (Operations, and Operational Policy and International Relations) in alignment with new ES Strategy.
- › Conducted culture survey within ES and assessed results in conjunction with staff to identify and prioritise areas to actively improve.

INTERNET REDEVELOPMENT

- › Redeveloped and realigned website after relocation within MED. (Revamped site launched July 2007.)
- › Secured new eponymous domain name for ES' website: www.energysafety.govt.nz.

RELATIONSHIP MANAGEMENT

- › Conducted client survey to assess stakeholder and industry satisfaction with ES, identify areas for improvement, and apply results to business practices and initiative planning. Overall rating by clients was "satisfied".
- › Met with key industry stakeholders and industry groups to inform them of new ES Strategy, discuss regulatory and safety issues and concerns, educate on specific safety issues, and revitalise working relationships.
- › Improved client enquiry response times even as call volumes increased, and closed backlog of open client calls.

SERVICE DELIVERY AND BUSINESS ACTIVITY STATISTICS

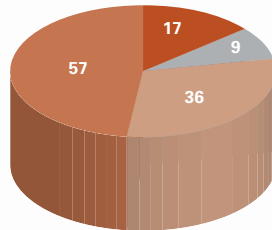
Data for this section have been obtained from ES' internal monthly reports, business volume reports, and performance reports, except for client service information which was obtained from a survey conducted by an independent survey organisation.

AUDITS

ES conducted a total of 119 audits of networks, distribution systems, installations, and appliances.

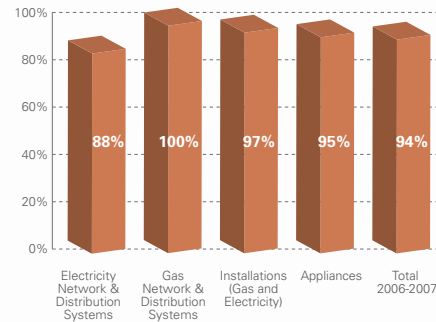
94% (exceeding the target of 90%) of audit and inspection reports were completed within 30 working days of the audit or inspection.

CLOSED AUDITS BY AUDIT TYPE



- APPLIANCES
- ELECTRICITY NETWORK & DISTRIBUTION SYSTEMS
- GAS NETWORK & DISTRIBUTION SYSTEMS
- INSTALLATIONS (GAS AND ELECTRICITY)

AUDIT AND INSPECTION REPORTS COMPLETED WITHIN 30 DAYS

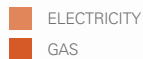
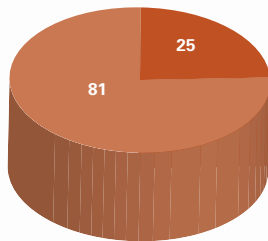


INVESTIGATIONS

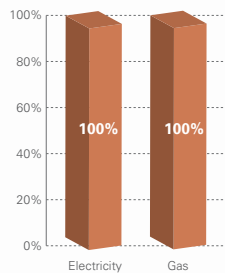
ES conducted 106 investigations into significant gas and electricity accidents and incidents, where there was serious injury or loss as defined in section 16 of the Electricity Act 1992 and section 17 of the Gas Act 1992.

100% (exceeding the target of 90%) of accidents were responded to and action commenced within 24 hours of notification to ES.

ACCIDENTS AND INCIDENTS INVESTIGATED



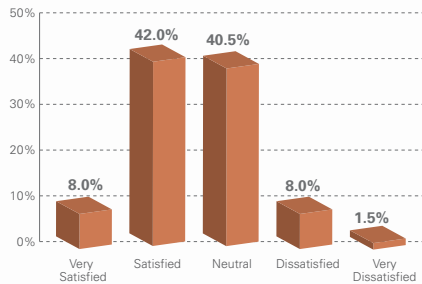
ACCIDENTS RESPONDED TO WITHIN 24 HOURS



CLIENT SERVICE

Excluding the “neutral” category, 50% of electricity and gas safety organisations surveyed were either “satisfied” or “very satisfied” with ES. This is especially positive feedback considering that the survey was conducted in June 2007 shortly after the concluding changes resulting from the review of the Energy Safety Service and the move of ES within the MED.

OVERALL CLIENT SATISFACTION



Clients suggested several areas where ES could improve performance, for example more frequent and consistent communication and public awareness, a more user-friendly website, and a clearer compliance framework. All client comments have been discussed with ES staff and where possible, already implemented or included in future business plans.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2007

	NOTES	2006-2007 ACTUAL \$	2006-2007 BUDGET \$	2006-2007 VARIANCE \$	2005-2006 ACTUAL \$
ELECTRICITY					
REVENUE					
Electricity Levies		2,745,879	2,578,000	167,879	2,767,902
Miscellaneous	1	21,516	22,878	(1,362)	19,259
TOTAL REVENUE		2,767,395	2,600,878	166,517	2,787,161
EXPENSES					
Personnel		905,335	950,451	45,116	860,786
Operating		1,043,058	956,046	(87,012)	1,066,801
Depreciation		27,101	20,923	(6,178)	29,949
Capital charge		25,709	24,826	(883)	34,850
Indirect and Support services		759,147	767,428	8,281	768,546
TOTAL EXPENSES		2,760,350	2,719,674	(40,676)	2,760,932
ELECTRICITY SURPLUS/(DEFICIT)	2	7,045	(118,796)	125,841	26,229

NOTES TO THE FINANCIAL STATEMENTS:

1. Electricity miscellaneous revenue is represented by:

State Services Commission Retirement Fund Allocation	\$18,758
Appliance Approvals	1,822
Testing Fees	56
Accreditation Fees	880

2. These financial results have been audited by Audit New Zealand.

	NOTES	2006-2007 ACTUAL \$	2006-2007 BUDGET \$	2006-2007 VARIANCE \$	2005-2006 ACTUAL \$
NATURAL GAS					
REVENUE					
Natural Gas Levies		735,577	841,000	(105,423)	801,041
Miscellaneous	1	1,754	3,030	(1,276)	3,607
TOTAL REVENUE		737,331	844,030	(106,699)	804,648
EXPENSES					
Personnel		314,200	295,309	(18,891)	258,146
Operating		198,440	247,713	49,273	291,319
Depreciation		–	43	43	67
Capital charge		12,199	10,736	(1,463)	14,968
Indirect and Support services		266,359	270,498	4,139	290,259
TOTAL EXPENSES		791,198	824,299	33,101	854,759
NATURAL GAS SURPLUS/(DEFICIT)	2	(53,867)	19,731	(73,598)	(50,111)

NOTES TO THE FINANCIAL STATEMENTS:

- Natural gas miscellaneous revenue is represented by:

State Services Commission Retirement Fund Allocation	\$1,754
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- These financial results have been audited by Audit New Zealand.

SUMMARISED ACCIDENT REVIEW

ES publishes a detailed annual *Summary of Reported Electrical and Gas Accidents* which is available online and in print. Below is our high-level overview of the information provided in that report for the 2006–2007 financial year.

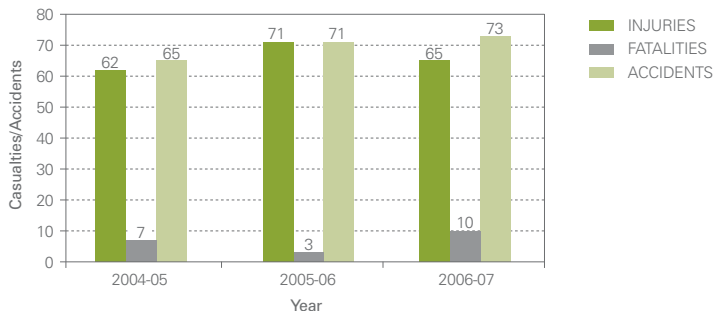
ELECTRICAL ACCIDENTS

During the 2006–2007 financial year, there were 73 electrical accidents that caused a total of 10 fatalities and injured 65 people. The total number of accidents is not significantly different from the previous financial year but unfortunately fatalities are significantly higher.

Electrical workers were involved in three fatal and 25 injury-causing accidents (injuring 27 workers). Among the three fatal accidents, two of them were line mechanics and one was an electrician. In the category other than electrical workers, there was a single fatal and 29 injury-causing electrical accidents (injuring 29 people).

Members of the general public were involved in six fatal and nine injury-causing accidents (injuring nine people). Three of the fatal accidents occurred to homeowners who were installing underfloor foil insulation and accidentally stapled a live electrical cable.

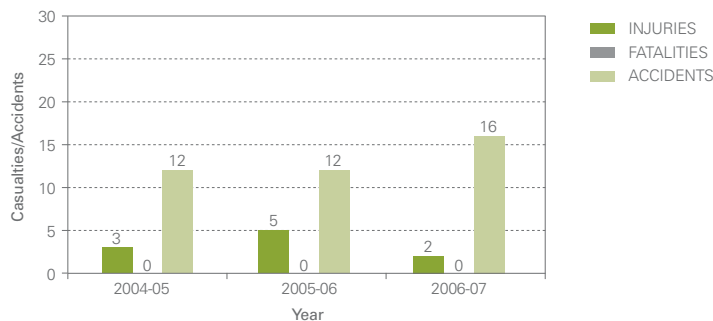
ELECTRICAL ACCIDENTS



GAS ACCIDENTS

During the 2006-2007 financial year, none of the 16 notifiable natural gas accidents were fatal. Two of the injury-causing accidents affected two people, five accidents involved heaters, and two involved water heaters. All but two of the natural gas accidents resulted in fire and/or explosion.

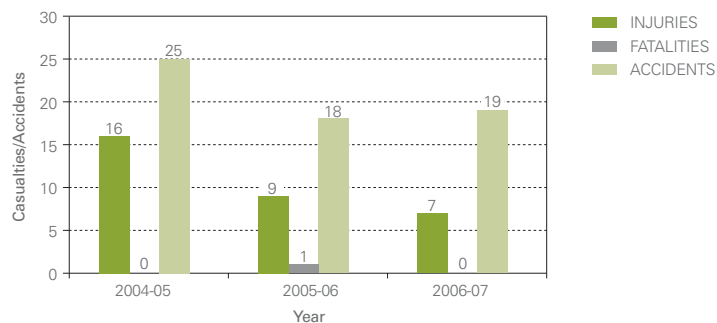
NATURAL GAS ACCIDENTS



Note: There were no fatal natural gas accidents during any financial year from 2004–2007.

None of the 19 notifiable accidents involving LPG during the 2006–2007 financial year were fatal, but four caused injury to seven people. One of the accidents was a carbon monoxide poisoning which injured three members of the same family. LPG heaters were involved in eight and cookers were involved in five accidents. All but two of the LPG accidents resulted in fire and/or explosion.

LPG ACCIDENTS



Note: There were no fatal LPG accidents in the financial years 2004–2005 or 2006–2007.



FOCUS 2007–2010

The business of energy safety continues to evolve with Ministry of Economic Development and Government expectations. To better reflect this alignment in our Focus section, we have categorised our work programme to fit with the Business Outcomes described in the Ministry's *Statement of Intent 2007–2010*.

Through these Business Outcomes, the work of Energy Safety (ES) will continue to contribute to the Ministry's strategic priorities, which in turn support the Government's goal of economic transformation.

Please refer to the Acronyms and Abbreviations on Page 10 for definitions of acronyms and abbreviations used in this section.



OUR FOCUS, STRATEGY, AND OUTCOMES

GOVERNMENT

GOAL: A dynamic and internationally competitive economy that increases the prosperity of all New Zealanders

MINISTRY OF ECONOMIC DEVELOPMENT



FOCUS: Promoting a step change in New Zealand's economic performance through the success of innovative, internationally competitive firms

STRATEGIC PRIORITIES

INVESTMENT: Improving the investment environment for New Zealand firms

INFRASTRUCTURE: Improving the quality and reliability of key infrastructure services

INTERNATIONAL LINKAGES: Improving the international linkages that allow firms to benefit from trade, knowledge transfer and investment

SUSTAINABLE BUSINESS: Helping New Zealand firms to use environmental integrity for economic advantage

AUCKLAND: Working to make Auckland world-class

ENERGY SAFETY



FOCUS: Act as an efficient and effective regulator that is proactive in energy safety issues, responsive to industry and consumer energy safety concerns, and models best-practice regulatory systems

ENERGY SAFETY STRATEGY STREAMS

CRITICALITY OF ISSUES: Early and accurate identification of issues through systematic analysis of shared data

CLARITY OF EXPECTATIONS: An internationally-aligned regime implemented without fear or favour

CONFORMANCE AND CONFIDENCE: Encouraging appropriate safety behaviour

BUSINESS OUTCOMES

GROWING BUSINESS CAPABILITY: Businesses are capable of being more internationally competitive

EMPOWERING CONSUMERS: Consumers can transact with confidence

BUILDING INTERNATIONAL LINKS: New Zealand's international connections support transformation of the economy and sustainable economic growth through increased trade, and through improved flows of investment, skills and technology

SECURING OUR ENERGY FUTURE: New Zealanders have reliable and safe access to the energy they need, at reasonable and efficient cost, and with acceptable impact on the environment

BOOSTING THE PRODUCTIVITY OF AUCKLAND: Auckland continues to grow as a world-class city, balancing economic growth with improvements to the quality of life of its citizens

ORGANISATIONAL DEVELOPMENT

Our commitment to leadership, building a well-connected and integrated organisation, and developing talented and committed people are crucial to achieving our strategic priorities and business outcomes

OUR PLAN

GROWING BUSINESS CAPABILITY: Businesses are capable of being more internationally competitive

ENERGY SAFETY INTELLIGENCE

- > Develop and implement ESI which will integrate gas and electricity operational activities into a single IT system. ES' operational activities will align and have a single database providing staff and stakeholders easy access to current, accurate and robust business information. The result will be improved and easy-to-access information that industry can use to improve their own safety outcomes and compliance programmes. Planned functionality includes:
 - an external reporting platform that will contain some pre-defined reports of frequently requested ES data
 - the ability to perform basic queries to run customised reports on a selected set of data
 - online notification of accidents integrated with the ES website that creates instant alerts to staff.



:: CONFIDENT CONSUMERS

For markets to work well and support innovation, consumers need to have confidence in the products and services they purchase and confidence in the institutions that govern their transactions. The MED provides advice on a wide range of consumer issues, including energy safety.

EMPOWERING CONSUMERS: Consumers can transact with confidence

OUTREACH AND EDUCATION

- Develop and implement comprehensive communications plan that expresses ES' Vision and aligns to its Strategy. Anticipated high-level initiatives include:
 - outreach via a range of consumer agencies to inform consumers about safety issues, and empower them to make good energy safety choices
 - highlighting consumer issues during regular interactions with gas and electricity industry partners and industry organisations
 - publications review to ensure consumers have access to the most up-to-date energy safety information
 - regular media releases to nationwide media on topical and timely energy safety issues
 - placement of energy safety articles in targeted publications
 - regular updates to the ES website
 - working with other organisations with an interest in energy safety to increase the reach and impact of energy safety messages.
- Contribute to *Business Update*, the MED's free electronic newsletter, to keep energy safety stakeholders and consumers updated on the work ES undertakes.
- Contribute to the Ministry of Consumer Affairs' article schedule for *A Word of Advice*, which appears in a variety of community newspapers nationwide.
- Ongoing interactions directly with consumers at external venues and conferences.

BUILDING INTERNATIONAL LINKS: New Zealand's international connections support transformation of the economy and sustainable economic growth through increased trade, and through improved flows of investment, skills and technology

MUTUAL RECOGNITION ARRANGEMENTS

- > Participate in review with Australia of appliance framework under the TTMRA for the electrical appliance regime.
- > Continue work on MRA with China with expected implementation in 2008.

INTERNATIONAL RELATIONSHIPS

- > Maintain close relations with key international energy organisations including the International Energy Agency (IEA), the APEC Energy Working Group (EWG), and the Australian and New Zealand Minerals and Energy Council (ANZMEC). These relationships allow New Zealand to:
 - participate in high-level multinational discussions on key energy issues
 - collaborate in studies and research and development programmes
 - develop policy built on the best regional and international information.

- > Attend bilateral meetings with Chinese regulatory agency AQSIQ to discuss areas of cooperation and coordination in preparation for a mutual recognition agreement on electrical equipment.
- > Work toward introduction of unique New Zealand version of the China Compulsory Certification (CCC) mark for electrical products.

INTERNATIONAL REGULATORS FORUM

Assess viability of an international energy safety regulators forum for open discussions of energy safety topics, open- and single-market impacts and issues, international operational best-practice initiatives, and to identify areas for cooperation.



:: CCC MARK

Energy Safety is working with RSM to introduce a New Zealand-specific China Compulsory Certification (CCC) mark for electrical products imported from China to indicate compliance with both radio interference (EMC) and electrical requirements.

SECURING OUR ENERGY FUTURE: New Zealanders have reliable and safe access to the energy they need, at reasonable and efficient cost, and with acceptable impact on the environment

ENERGY SAFETY POLICY ADVICE

- > Provide support for the Energy (Fees and Levies) Amendment Bill that will provide for a levy on LPG.
- > Progress discussions with Australian regulators to achieve the removal of the special exemption for gas appliances from TTMRA.
- > Promulgate new Electricity Safety Regulations and Gas Safety Regulations.

SECURITY OF SAFE SUPPLY

Participate in various fora to advance the safe supply and use of gas and electricity. Work with key stakeholders to share information to identify issues and trends, and within ES' power as regulator, enable proactive actions to address them prior to accidents or issues occurring.

NEGOTIATE MEMORANDA OF UNDERSTANDING

Develop and conclude MOUs with EWRB, Department of Labour (OSH) (covering transfer of duties between OSH and ES), PDGB, Maritime NZ, Electricity and Gas Complaints Commission, and the Civil Aviation Authority, once regulatory clarity has been established through new electricity and gas regulations.

BUSINESS PROCESSES

- > Complete development of best-practice documents and processes to ensure consistency and transparency of ES activities.
- > Develop and implement Best Practice Investigations process by documenting all business practices to establish a standard body of knowledge that will feed into the ES quality system. Result will be sufficient material to submit to, and achieve, ISO 9001 certification.
- > Ongoing review of standards programme and Standards New Zealand contract.

- › External review of ES investigations to ensure quality and robustness of ES procedures and outcomes.
- › Complete review of statutory delegations to ensure they align with the changes resulting from ES' move to the MED.

APPROVED PERSONS FRAMEWORK

Finalise and implement an approved person framework, giving the energy industry more choice and flexibility in how they manage compliance requirements and responsibilities.

COMPLIANCE AND ENFORCEMENT

- › Develop and implement a new compliance and enforcement strategy based on new regulatory authority, known risk areas, and current statistical data. Inform industry of strategy when approved and accepted by ES, and work with stakeholders to ensure awareness.
- › Develop and publish a compliance guide for industry based upon new strategy.

DOMESTIC REGULATORS FORUM

Assess viability of a forum among New Zealand regulators with an interest in energy safety issues. Forum would provide an arena for open discussions of energy safety topics, current and future best-practice initiatives, and areas for cooperation and leverage.

INDUSTRY AWARENESS

- › As part of the ES communications plan, engage in high-value initiatives with industry partners to promote energy safety within the gas and electricity industries, for workers, and to benefit consumers. Proposed initiatives include:
 - outreach via existing and new industry partnerships to inform them about current safety issues, and empower them to make good energy safety choices
 - work with industry organisations to produce and promote energy safety awareness publications to ensure industry, workers, and consumers have access to the most up-to-date energy safety information
 - regular updates of industry-related information on the ES website
 - working with government and other organisations with an interest in energy safety to increase the reach and impact of energy safety messages.
- › Contribute to *Business Update*, the MED's free electronic newsletter, to keep energy safety stakeholders updated on the work ES undertakes.
- › Ongoing interactions with industry partners through regular meetings and at external venues and conferences.



:: AUCKLAND

For Auckland to become world-class, it will need economic diversity, a skilled workforce, connectivity, strategic decision-making capacity, quality of life, and innovative firms and organisations. Energy Safety plays a role in each of these factors.

BOOSTING THE PRODUCTIVITY OF AUCKLAND: Auckland continues to grow as a world-class city, balancing economic growth with improvements to the quality of life of its citizens

COMPLIANCE STRATEGIES

Conduct joint product audits with RSM and other regulators to audit imported products. Joint efforts are expected to reduce business costs of

compliance, improve ES' auditing efficiency, and prevent non-compliant and unsafe products from entering New Zealand and being sold here.

ORGANISATIONAL DEVELOPMENT



:: STRATEGY

We will commit resources and managerial effort to develop our people, process and system capabilities to help build world-class professional state services that serve the Government's objectives and meet the needs of New Zealanders.

INVESTMENT IN STAFF

Conduct staff training in a variety of work-enhancing topics ranging from legal aspects of energy safety to fire and accident investigation skills. The goal is to increase staff skills and achieve consistency across all ES staff thus improving client service and staff satisfaction.

CLIENT SURVEY

Plan and implement annual online client survey to assess ES' progress and measure client satisfaction with ES services. Identify areas for improvement and integrate corrective initiatives into business plans when practicable.

SERVICE DELIVERY STANDARDS AND BUSINESS ACTIVITY FORECASTS 2007–2008

COMPLIANCE, AUDITS, AND INVESTIGATIONS

- > 500 audits of networks, distribution systems, installations, and appliances will be conducted.
- > 85 investigations of significant gas and electricity accidents and incidents where there is serious injury or loss will be conducted.
- > 90% of audit and inspection reports will be completed within 15 working days of the audit.
- > 90% of notifiable accidents will be responded to and action commenced within 24 hours.
- > 95% of investigations involving fatalities, will, where required, have a site visit by an ES investigator within 2 days of the reported event.
- > Investigations will be completed and any remedial actions identified and processed, including any proposed compliance action, as follows:
 - 50% within 30 working days
 - 90% within 60 working days.
- > 90% of identified non-compliant activity will be advised to the Operations Manager within 5 working days of completion of the audit or investigation audit report.
- > ISO 9001 certification for the performance of notifiable investigation process investigations will be achieved by the end of June 2008.

APPROVALS, LICENCES, AND EXEMPTIONS

90% of applications for:

- Equipment approvals
- Gas employer licences
- Approvals of persons in charge
- Exemptions from the electricity or gas regulations
- Gas appliance supplier registrations

will be processed and completed within 10 working days after acceptance of a complete application and receipt of any applicable fees.

NOTIFICATIONS AND REFERRALS

- > 90% of notified immediate hazards to life or property (as assessed) will be responded to within 24 hours of receipt.
- > 95% of required notifications to Department of Labour of a reported workplace accident event will be made within 24 hours of a reported event to ES.
- > 90% of all referrals to other agencies will occur within 5 working days from the completion of the audit or investigation.

CLIENT SERVICE

Electricity and gas safety representative organisations surveyed will rate their satisfaction level with ES at least as “satisfied”.

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