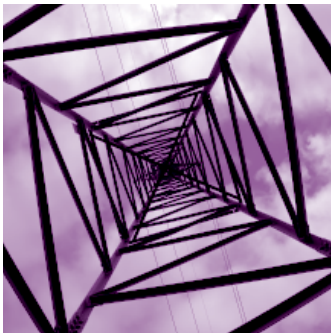
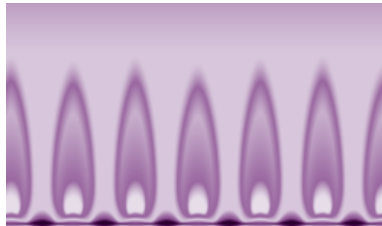


2007–2008 ANNUAL REPORT



ENERGY SAFETY

REVIEW + FOCUS



2008–2011 BUSINESS PLAN

ACRONYMS AND ABBREVIATIONS

Energy Safety (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.

APEC	Asia-Pacific Economic Cooperation	FTA	Free Trade Agreement
ASEAN	Association of Southeast Asian Nations	GANZ	Gas Association of New Zealand
AOSIQ	General Administration of Quality Supervision, Inspection and Quarantine (China)	GTRC	Gas Technical Regulators Committee (trans-Tasman)
CCC	China Compulsory Certification	IANZ	International Accreditation New Zealand
CTI	Competition, Trade and Investment (a branch of the MED)	ISO	International Standards Organization
DOL	Department of Labour	JAS-ANZ	Joint Accreditation System of Australia and New Zealand
EASR	Electrical Appliance Safety Review	JAC	Joint Advisory Committee
EEA	Electricity Engineers' Association	LPG	Liquefied Petroleum Gas
EEE	Electrical and Electronic Equipment	MED	Ministry of Economic Development
EECA	Energy Efficiency and Conservation Authority	MOU	Memorandum of Understanding
EMC	Electromagnetic Compatibility	MRA	Mutual Recognition Arrangement
ENA	Energy Networks Association (trans-Tasman)	PGDB	Plumbers, Gasfitters & Drainlayers Board
ERAC	Electrical Regulatory Authorities Council (trans-Tasman)	RSM	Radio Spectrum Management
ES	Energy Safety	SDOC	Supplier Declaration of Compliance
ESI	Energy Safety Intelligence (IT system)	SMS	Safety Management System
EWRB/ EWLG	Electrical Workers Registration Board/ Electrical Workers Licensing Group	TTMRA	Trans-Tasman Mutual Recognition Arrangement
		WTO	World Trade Organization

CONTENTS

INTRODUCTION	2
STATEMENT FROM THE ASSOCIATE MINISTER OF ENERGY	2
GROUP MANAGER'S VIEW	4
OUR VISION	7
OUR STRATEGY	7
OUR TEAM	7
<hr/>	
REVIEW 2007–2008	8
OUR ACHIEVEMENTS	8
SERVICE DELIVERY STANDARDS AND BUSINESS ACTIVITY STATISTICS	16
STATEMENT OF FINANCIAL PERFORMANCE	18
SUMMARISED ACCIDENT REVIEW	20
<hr/>	
FOCUS 2008–2011	22
OUR FOCUS AND OUTCOMES	22
OUR PLAN	25
SERVICE DELIVERY STANDARDS AND BUSINESS ACTIVITY FORECASTS	32
<hr/>	
CONTACTS	33

STATEMENT FROM THE ASSOCIATE MINISTER OF ENERGY



Hon Harry
Duynhoven

Economic transformation is one of the Government's three major priorities for the next decade. Its goal is to enable New Zealanders to maintain high overall standards of living, while ensuring that the economy has the capacity to adapt to rapidly changing national and international trends.

The energy sector is a key enabler of economic growth, and energy safety is a key component of that growth. In this way, modern and effective regulation of the energy sector is an important part of economic transformation.

When it comes to the safe supply and use of electricity and gas, it is the role of Energy Safety to ensure a low risk level, while continually working towards improving energy safety outcomes for business and consumers. Energy Safety works with industry to improve safety outcomes and to ensure that they see safety as essential to their commercial growth.

Energy Safety has made substantive progress in its goals, and is aligning itself to international best practices as a safety regulator. It has introduced a new IT system that harmonises common aspects of the gas and electricity portions of its work. Most significantly, it has created an operational strategy as a framework for a unified energy safety strategy. In this way, Energy Safety has worked to become a smarter regulator, that is also an enabler for economic growth.

Energy Safety can never be complacent about New Zealand's energy safety risk rates, especially as new challenges and opportunities arise – including opportunities presented by Free Trade Agreements (FTAs) and Mutual Recognition Arrangements (MRAs). It will continue its work to strengthen safety outcomes for New Zealand as industry looks for ways to meet the demands of changing markets. As part of the Ministry of Economic Development, Energy Safety staff will support New Zealand's economic transformation goals in balance with their regulatory responsibilities.

In today's rapidly changing marketplace and increasing technical evolution, a reactive regulatory system is becoming increasingly ineffective. Energy Safety is moving towards a proactive regulatory culture that will enhance its role as a regulator (increasing compliance while reducing cost) and will support the Government's economic transformation goal.

Hon Harry Duynhoven
ASSOCIATE MINISTER OF ENERGY

GROUP MANAGER'S VIEW



Sanjai Raj

As members of the wider Ministry of Economic Development, Energy Safety (ES) aligns its work programme to the Ministry's outcomes. In turn, the Ministry works to promote a step-change in sustainable economic growth through the success of innovative, internationally competitive firms, thus supporting the Government's vision for a transformation of the New Zealand economy.

Dynamic, trusted and well-functioning markets are a powerful transformation tool for generating wealth and improving living standards. ES' work contributes to empowering energy consumers as well as assisting business with an energy focus to innovate.

The different segments of the energy sector must work with each other as well as all safety regulators to create a marketplace that is underpinned by safety intelligence. The safety work we do relies on quality information to enable good energy safety choices for consumers, industry, and ES itself.

An intelligent marketplace must also reflect three realities: the complexities of global trade; the demands of consumers who want the latest products at affordable prices; and a regulatory environment that does not frustrate business but rather permits it to innovate and be competitive within safety parameters. The current and future challenge for ES is to perform its important work in light of those realities.

From ES' point of view, the energy industry should be concerned about energy safety intelligence and how it can support commercial success. We see a need for a cohesive approach to energy safety, based on a single, realistic strategy that incorporates all sectors with an interest in energy safety (regulators, business, and consumers).

A unified 'Safety Community' strategy is one of ES' key goals in the coming year. Developing this strategy would represent an enormous milestone for the industry and regulators alike, and would be a considerable achievement for everyone involved. ES is in a position to provide leadership in development of this strategy.

Whatever challenges this strategy presents, and whatever uncertainties future markets hold, the energy safety sector can be confident that ES will continue to perform its regulatory role while being responsive to consumers and enabling business. We see that the next few years will present opportunities for ES to express its Vision: to be the power behind energy safety.

Sanjai Raj
GROUP MANAGER
ENERGY SAFETY

2007–2008

KEY HIGHLIGHTS FOR THE YEAR INCLUDED:

- > Recommended new internationally aligned Electricity Safety and Gas Safety Regulations to replace existing regulations, including major changes to the gas appliance safety regime. The recommendations follow an extensive review and consultation process and they support the Government's single economic market work programme.
- > Redevelop our compliance and enforcement strategy based on a new risk profile. We held industry meetings to discuss our concerns around energy safety to manage risk, encourage compliance, and provide clarity around consequences.
- > Proactively addressed international energy safety issues drawing on international best practice and leveraging off international expertise.
- > Completed the Electrical and Electronic Products Co-operation Agreement with China as part of the Free Trade Agreement.
- > Completed a draft Gas Joint Standard for gas distribution networks ready for public discussion.
- > Introduced the energy safety intelligence (ESI) IT system, which has capability to gather intelligence from gas and electricity operations to enhance innovative research and develop new projects.
- > Achieved ISO 9001 certification for our best-practice approach to business processes. We significantly improved ES' case closure rate and implemented targets and controls to enable case closure within a reasonable timeframe.

2008–2011

OUR FOCUS FOR THE NEXT THREE YEARS:

- > Promulgate the new Gas Safety and Electricity Safety Regulations, and ensure industry is informed about the new regulations and our strategy through an outreach programme.
- > Implement a new compliance and enforcement strategy based on new regulatory provisions.
- > Provide international leadership in regulatory practice in conjunction with the Ministry of Economic Development's Competition, Trade and Investment Branch. We will work proactively with international regulatory regimes, in particular with China to implement the new Electrical and Electronic Products Co-operation Agreement; with Australia to implement the joint gas installation Standards; and with the Association of Southeast Asian Nations (ASEAN) to develop risk management systems for electrical and electronic product regulation. We will use international fora to facilitate increased energy safety information sharing.
- > Work with the gas and electrical industries to develop a common energy safety strategy that will underpin ES' work programme, position ES as information leaders, and enhance industry's potential for economic growth.
- > Improve ESI to further enhance research capability to the extent that it facilitates ease of doing business. The data entered into ESI by our investigators will become a reliable source of information that addresses product safety issues.
- > Continue strengthening our business processes to retain ISO certification and to perform investigations and audits that create incentives to encourage voluntary compliance. We will continue to work with industry on common safety issues, through education, workshop programmes and regular updates on the ES Website.
- > Support the transfer of workplace safety responsibility from ES to Department of Labour.
- > Increase consumer safety awareness by working with manufacturers and importers through the audit process, and initiate proactive education strategies and audit programmes that enhance our effectiveness as a safety regulator.
- > Our client survey results will be analysed for development of a market segmentation strategy that targets specific areas in need of refinement.
- > Develop the new Safety Management System (SMS) Framework model for third party auditing under the new regulations.

OUR VISION

Energy Safety is the power behind energy safety

OUR 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

OUR TEAM

EFFECTIVE MARKETS BRANCH

ENERGY SAFETY POLICY

- > Advise Government on legislative and regulatory frameworks concerning energy safety
- > Liaise internationally on energy safety policy matters

BUSINESS SERVICES BRANCH

ENERGY SAFETY

OPERATIONAL POLICY + INTERNATIONAL RELATIONS

- > Draft operational policy documents on energy safety issues
- > Engage internationally on operational issues
- > Participate in Standards development

OPERATIONS

- > Audit gas and electrical networks, distribution systems, installations, and appliances
- > Investigate gas and electrical accidents and incidents
- > Enforce breaches of applicable legislation and regulations
- > Educate 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 2007–2008

OUR ACHIEVEMENTS

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

ENERGY SAFETY INTELLIGENCE (ESI)

- > ES' implemented the first stage of ESI, a single IT database system integrating gas and electricity operational activities. ES' operational activities are now aligned through ESI and provide staff easy access to current, accurate and robust business information.

EMPOWERING CONSUMERS: Consumers can transact with confidence

OUTREACH AND EDUCATION

- > Developed and commenced implementation of a communications plan that expresses ES' Vision and aligns to its Strategy. High-level initiatives achieved or forward-planned include:
 - seasonal and topical safety messages covering issues such as caravan safety, underfloor insulation risks, Christmas lights, and flame effect heaters
 - safety advisories and safety alerts released as needed in response to safety issues identified by accident investigations and audits
 - outreach via a range of consumer agencies to inform consumers about identified 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
 - continuing publications review and update to ensure consumers have access to the most current safety information
 - 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.
- > Updated and republished *A Guide to Doing your own Electrical Work Safely and Legally*, a free brochure to help homeowners determine what electrical work they can do themselves.
- > Launched new website at: www.energysafety.govt.nz including a dedicated Consumer Safety information section.
- > Contributed to *Business Update*, the MED's free electronic newsletter, to keep energy safety stakeholders and consumers updated on the work ES undertakes.
- > Contributed 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 conferences, trade shows, and similar venues.

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

AUSTRALIA

- > Maintained an ongoing co-operative relationship with Australian gas and electricity safety regulatory agencies.
- > Participated in the Australian review of their electrical appliance safety framework (EASR).
- > Discussed New Zealand's proposals with ERAC for a proposed compliance framework based on three risk/intervention levels (high, medium, and low).
- > Attended GTRC meetings to discuss gas composition differences, joint standards, and the removal of the special exemptions for gas appliances.
- > Maintained an operational information sharing arrangement that facilitates early and accurate identification of safety issues.

CHINA

- > The three-year programme undertaken to produce an EEE MRA in conjunction with CTI, culminated in the signing of the FTA (incorporating the MRA) with China.
- > Under the FTA, ES will have improved ability to identify safety issues through the sharing of information on bans, recalls, and noncompliant EEE products. The FTA provides an avenue for redress by authorities in China for compliance action at the source for instances of unsafe products in New Zealand. While the FTA initially covers a selected range of appliances and fittings that are both subject to CCC marking in China and subject to SDOC in New Zealand, the agreement will be expanded to other electrical products subject to CCC marking requirements and will form a blueprint for other products also subject to the CCC system.



KOREA

- > Commenced exploration of the viability of an electrical product MRA in conjunction with Radio Spectrum Management (RSM).

ASIA-PACIFIC REGION

- > Participated in APEC and ASEAN fora to facilitate regional information sharing and a New Zealand-ASEAN EEE MRA.
- > Provided capacity building for the development of product hazard alert systems and the application of risk management systems for electrical products.
- > Assisted in completion of draft ASEAN EEE risk management paper.

INTERNATIONAL RELATIONSHIPS

- > Continued to expand positive working relationships with key international energy organisations.

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

- > Progressed discussions with Australian regulators to achieve the removal of the special exemption for gas appliances from TTMRA.
- > Prepared for promulgation of new Electricity Safety and Gas Safety Regulations. Recommended major changes to the gas appliance safety regime, in particular a requirement for third party certification that an appliance meets safety requirements prior to it being allowed to be sold.

SAFE SUPPLY OF GAS AND ELECTRICITY

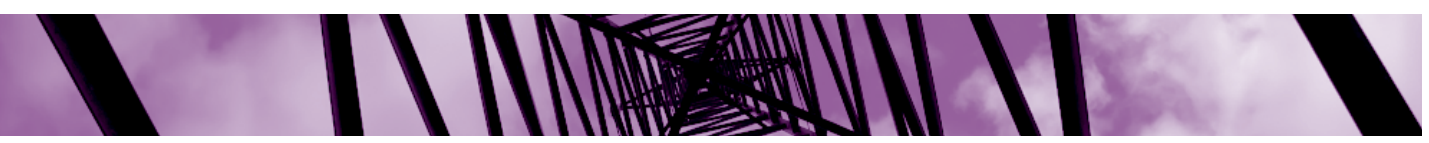
- > Developed strategy with EEA Safety Committee to address high injury statistics for electrical line workers. Met with the Associate Minister of Energy, EEA and network and line contracting companies to progress safety initiatives.

MOUs

- > Completed agreement with DOL to transfer worker safety responsibility from ES to DOL from 1 January 2009.
- > Continued development work on MOUs with DOL, PGDB, and EWRB covering transfer of duties.
- > Met with Electricity and Gas Complaints Commission to discuss cases of mutual interest.

BUSINESS PROCESSES

- > Completed development of best-practice documents and processes to ensure consistency and transparency of ES activities and to establish a standard body of knowledge that will feed into the ES quality system. Documents and processes are grouped into themes of investigations, auditing, and tailored education. As an example, investigation processes include:
 - scene safety
 - formal evidence collection, security and storage
 - witness interviewing and statements
 - risk assessment modelling and mitigation procedures.
- > Achieved ISO 9001 certification for ES' investigation, auditing, and tailored education procedures and best-practice processes.
- > Completed review of statutory delegations to ensure they align with the changes resulting from ES' move within the MED.



REGULATORY PROJECTS

- > Progressed review of harmonics controls for compact fluorescent lights.
- > Reviewed documentation and terms of reference for flame effect heaters with expert industry group.
- > Supplied New Zealand Fire service with national policy and procedure guidelines for flammable gas emergencies.
- > Met with regulators and stakeholders in regard to supply of electricity to aircraft. We agreed on terms of reference and established an expert industry group to progress this project.

STANDARDS

- > Completed contract negotiation with Standards New Zealand.
- > Significantly advanced development of joint Australia-New Zealand standards for gas networks, installations, and appliances. Finalisation expected in 2008–2009.
- > Provided guidance on new and draft gas and electrical standards through workshops held throughout New Zealand.
- > Worked with Standards New Zealand to develop a new set of wiring rules.

COMPLIANCE AND ENFORCEMENT

- > Continued development of compliance and enforcement strategy in anticipation of new regulatory authority, based on known risk areas and statistical data. Refined the strategy along three integrated streams: inform, monitor, and enforce.
- > Commenced programme of external review of ES investigations to ensure quality and robustness of procedures and outcomes. Positive results have been achieved to date, with suggestions for improvements implemented into business practices and procedures when appropriate.
- > Rescheduled development and publication of a compliance guide until the new compliance and enforcement strategy is implemented when new legislation comes into force.
- > Met with other appliance regulators and the State Services Commission to explore the potential for a single e-portal for appliance suppliers to submit regulatory compliance documentation.

APPROVED PERSONS FRAMEWORK

- > Established an approved persons framework. Approved persons are electricity and gas experts who may assist ES with investigations on an as-needed basis.



DOMESTIC REGULATORS AND INDUSTRY FORUMS

- > Participated in MED Standards and Conformance Regulatory Forum which included New Zealand regulators with an interest in electrical product issues.
 - participated in standards subgroup to monitor key issues of international versus national standards, and standards incorporation by reference
 - further discussions planned around issues including national standardisation strategy and co-regulation models.
- > Sponsored workshop in partnership with GANZ and members of the gas industry to commence development of an agreed strategic approach to achieving safety outcomes.
- > Initiated electricity safety roundtable discussions of electrical safety strategy, current and future best-practice initiatives, and potential areas for cooperation and leverage.
- > Participated in the ENA CEOs forum, covering various technical presentations including some on safety and an extensive international trade display, mainly around electricity distribution.
- > Commenced regular meetings with key EWLG and PGDB staff to enhance working relationships.

INDUSTRY AWARENESS

- > As part of our communications plan, ES engaged in high-value initiatives with industry partners to promote energy safety within the gas and electricity industries, for workers, and to benefit consumers. An extensive relationship management and education programme has been implemented, and initiatives included:
 - outreach via existing and new industry partnerships to inform them about a range of current safety issues, regulatory approaches, and enabling good energy safety choices
 - assessed energy safety awareness publications and updated as necessary to ensure industry and workers have access to current energy safety information
 - regular updates of industry-related information on the ES website
 - worked with Government and other organisations with an interest in energy safety to increase the reach and impact of energy safety messages.
- > Published the *Summary of Reported Electrical and Gas Accidents* on schedule. Publication was made available online and in print to provide industry with timely and in-depth information to enable them to improve their own safety programmes.
- > Launched new website at www.energysafety.govt.nz which includes two information areas dedicated to the gas and electricity industry sectors.
- > Contributed 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.

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

- > Conducted joint product audits with RSM and worked towards arranging joint audits with other regulators, including the New Zealand Customs Service, 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: 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

- > Conducted staff training in a variety of work-enhancing topics to increase staff skills and achieve consistency across all ES staff.
- > Continued rebranding of ES collateral to align with new logo.
- > Staff member certified as lead auditor in the JAS-ANZ Quality Management Systems Scheme.

CLIENT SURVEY

- > Planned and implemented the annual online client survey to assess ES' progress and measure client satisfaction with ES. Identified areas for improvement and integrated corrective initiatives into business plans when practicable. The results are shown on page 17.

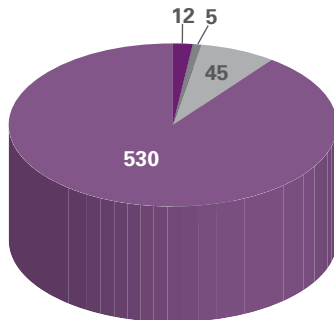
SERVICE DELIVERY STANDARDS AND BUSINESS ACTIVITY STATISTICS

Data for this section have been obtained from ES' 2007–2008 internal reporting systems, except for client satisfaction information which was obtained from a survey conducted by an independent survey organisation.

AUDITS

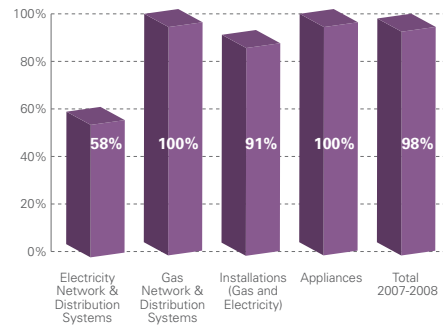
ES conducted a total of 592 audits of networks, distribution systems, installations, and appliances.

CLOSED AUDITS BY AUDIT TYPE



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

AUDIT AND INSPECTION REPORTS COMPLETED WITHIN 15 DAYS



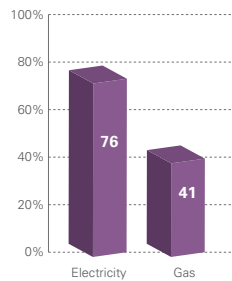
98% (exceeding the target of 90%) of audit and inspection reports were completed within 15 working days of the audit or inspection.

INVESTIGATIONS

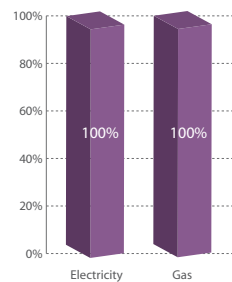
ES conducted 117 investigations into significant gas and electrical accidents and incidents, where there was serious injury or loss as defined in section 16 of the Electricity Act 1992 and section 17 of the Gas Act 1992.

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



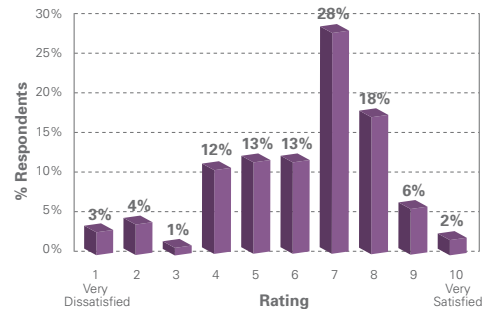
ACCIDENTS RESPONDED TO WITHIN 24 HOURS



CLIENT SURVEY

On a scale of 1 (very dissatisfied) to 10 (very satisfied), 67% of electricity and gas safety organisations rated ES 6 and above.

OVERALL CLIENT SATISFACTION



Clients suggested two primary areas where ES could improve performance: clearer regulatory requirements and more proactive communications. Client comments have been discussed with staff and where possible, recommendations are under implementation or included in future business plans.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

	NOTES	2007-2008 ACTUAL	2007-2008 BUDGET	2007-2008 VARIANCE	2006-2007 ACTUAL
ELECTRICITY					
REVENUE					
Electricity Levies		2,509,286	2,726,000	216,714	2,745,879
Miscellaneous	1	20,475	–	(20,475)	21,516
TOTAL REVENUE		2,529,761	2,726,000	196,239	2,767,395
EXPENSES					
Personnel		906,116	1,061,515	155,399	905,335
Operating		883,577	921,581	38,004	1,043,058
Depreciation		23,661	29,498	5,837	27,101
Capital charge		20,680	20,680	–	25,709
Indirect and Support services		688,086	660,138	(27,948)	759,147
TOTAL EXPENSES		2,522,120	2,693,412	171,292	2,760,350
ELECTRICITY SURPLUS/(DEFICIT)	2	7,641	32,588	24,947	7,045

NOTES TO THE FINANCIAL STATEMENT:

- Electricity miscellaneous revenue is represented by:

State Services Commission Retirement Fund Allocation	\$18,250
Appliance Approvals	\$2,225
- These financial results have been audited by Audit New Zealand.

	NOTES	2007-2008 ACTUAL	2007-2008 BUDGET	2007-2008 VARIANCE	2006-2007 ACTUAL
NATURAL GAS					
REVENUE					
Natural Gas Levies		667,091	841,000	173,909	735,577
Miscellaneous	1	4,734	–	(4,734)	1,754
TOTAL REVENUE		671,825	841,000	169,175	737,331
EXPENSES					
Personnel		272,029	262,406	(9,623)	314,200
Operating		198,342	376,746	178,404	198,440
Depreciation		9,405	–	(9,405)	–
Capital charge		7,424	7,424	–	12,199
Indirect and Support services		183,145	193,386	10,241	266,359
TOTAL EXPENSES		670,345	839,962	169,617	791,198
NATURAL GAS SURPLUS/(DEFICIT)	2	1,480	1,038	(442)	(53,867)

NOTES TO THE FINANCIAL STATEMENT:

1. Natural gas miscellaneous revenue is represented by:

State Services Commission Retirement Fund Allocation \$4,734

2. 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. The analysis was used to focus ES' outreach and education programmes and Standards preparation activities. Below is our high-level overview of the information provided in that report for the 2007–2008 financial year. Electrical and gas accident statistics are the latest available at the time of publication.

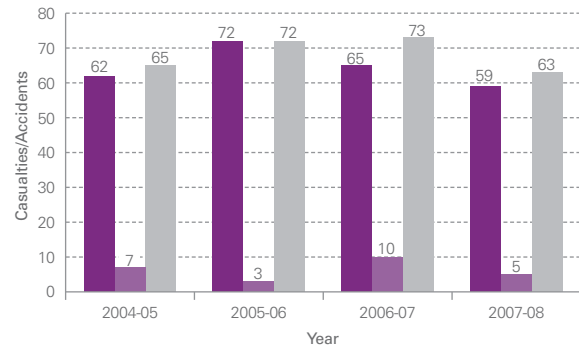
ELECTRICAL ACCIDENTS

During the 2007–2008 financial year, there were 63 electrical accidents that caused a total of five fatalities and injured 59 people. The total number of accidents is slightly lower than the previous financial year and we are pleased to note that the number of fatalities has reduced by 50%.

Electrical workers were involved in two fatal and 21 injury-causing accidents (injuring 22 workers). The two fatal accidents involved line mechanics. In the category other than electrical workers, there was a single fatal and 22 injury-causing electrical accidents (injuring 22 people).

Members of the general public were involved in two fatal and 15 injury-causing accidents (injuring 15 people), a significant increase from the previous year. One of the fatal accidents occurred to a homeowner who was installing underfloor foil insulation and accidentally stapled a live electrical cable.

ELECTRICAL ACCIDENTS



GAS ACCIDENTS

During the 2007–2008 financial year, none of the 10 notifiable natural gas accidents were fatal. Three of the injury-causing accidents affected three people, five accidents involved heaters, and one involved water heaters. All but three of the natural gas accidents resulted in fire and/or explosion.

NATURAL GAS ACCIDENTS



- INJURIES
- FATALITIES
- ACCIDENTS

Note: There were no fatal natural gas accidents during any financial year from 2004–2008.

Three of the 30 notifiable accidents involving LPG during the 2007–2008 financial year were fatal, eight accidents caused injury to nine people. LPG heaters were involved in 16 and cookers were involved in three accidents. All but two of the LPG accidents resulted in fire and/or explosion.

LPG ACCIDENTS



- INJURIES
- FATALITIES
- ACCIDENTS



FOCUS 2008–2011



OUR FOCUS AND OUTCOMES

ES has made substantive progress in its goal to become an efficient and effective regulator within a dynamic and changing environment. Our work programme harmonises with specific Business Outcomes described in the Ministry of Economic Development's *Statement of Intent 2008–2011*. Through these Outcomes, which are indicated on the next page under Intermediate Outcomes, we will continue to balance our regulatory responsibilities with support for New Zealand's economic transformation.

GOVERNMENT

THEME: Progress our economic transformation to a high-income, knowledge-based market economy, which is both innovative and creative, and provides a unique quality of life to all New Zealanders.

MINISTRY OF ECONOMIC DEVELOPMENT

AIM: To help develop an internationally-competitive and sustainable economy.

INTERMEDIATE OUTCOMES

ENTERPRISING AND INNOVATIVE BUSINESSES –

improving the drivers for success and productivity improvement in firms.

INTERNATIONAL LINKAGES – improving the linkages that allow New Zealand firms to benefit from trade, and the flows of investment, skills, and technology.

DYNAMIC AND TRUSTED MARKETS – improving the competitiveness, integrity, and effectiveness of New Zealand’s markets.

EASE OF DOING BUSINESS – improving the way public agencies and regulatory environment interact with business.

EFFICIENT, RELIABLE, AND RESPONSIVE INFRASTRUCTURE SERVICES – improving the quality and reliability of key infrastructure services that support growth.

AUCKLAND, A WORLD-CLASS CITY – improving Auckland as a world-class city that attracts firms, investment, and skills.

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.

ORGANISATIONAL CAPABILITY: Our internal capability supports our work

- > Conduct annual online client survey to assess ES' progress and measure stakeholder satisfaction with our work.
- > Conduct staff training in a variety of work-enhancing topics to increase staff skills and achieve consistency across all ES staff, thus improving service delivery and staff satisfaction.
- > Initiate a graduate training programme to develop the next generation of talent to be the power behind energy safety.

OUR PLAN

ENTERPRISING AND INNOVATIVE BUSINESSES: Improving the drivers for success and productivity improvement in firms

ES can act as a centre of energy safety intelligence through a robust, flexible and practical data system.

ENERGY SAFETY INTELLIGENCE (ESI)

- > Align ESI activities around the delivery of an external reporting platform that builds information sources and enables intelligence feedback processes:
 - enhance ESI’s reporting capability to enable:
 - » reporting capability based on preset criteria to retrieve accurate accident and incident statistics that are reported to industry and other agencies
 - » improve the online notification of accidents on the ES website that creates instant alerts to staff.
 - enhance ESI’s internal business objectives reporting platform to better align to internal protocols and to enable additional fields for future use.
- > Update ESI procedures and processes as required to meet business requirements and staff training needs to retain ISO certification.

INTERNATIONAL LINKAGES: Improving the linkages that allow New Zealand firms to benefit from trade, and the flows of investment, skills, and technology

ES will continue working with international partners to improve import and export compliance, and provide leadership through regional co-operation, information sharing and good regulatory practice that contributes to:

- > manufacturers having access to New Zealand markets, and
- > consumers having access to safe products.

AUSTRALIA

- > Maintain an ongoing co-operative relationship with Australian gas and electricity safety regulatory agencies.
- > Participate in the review of Australia's EEE product regulatory system to implement effective product safety standards that includes continued knowledge sharing and maintaining regulator co-operation through the ERAC partnership.
- > Advance development through GTRC of joint Australia-New Zealand gas regulatory standards for gas networks, installations, and appliances. This includes investigating future joint standards in relation to gas appliances and gas quality.
- > Maintain an information sharing arrangement.

CHINA

- > Work proactively to implement and expand the new Electrical and Electronic Products Co-operation Agreement.

HOREA

- > Continue discussions towards an MRA for electrical product safety in conjunction with RSM.

ASIA-PACIFIC REGION

- > In conjunction with the Competition, Trade and Investment Branch of the MED:
 - work proactively with ASEAN to develop a risk management framework and hazard alert system framework for EEE products
 - continue working with the APEC Energy EEE MRA JAC to improve regulatory co-operation and information sharing in the region.

INTERNATIONAL RELATIONSHIPS

- > Continue working with international energy safety partners and regulatory organisations to form the fundamental platform for:
 - network systems that build upon regulatory cooperation agreements with other countries that link to MRAs
 - clarity of conformance requirements to ensure all products entering the market are safe, and all unsatisfactory products identified and actioned. MRAs are a major contributor to conformance clarity
 - coordination with other international regulators to improve the safety of products entering New Zealand.
- > Maintain close relations with key international regulators including Taiwan, Japan, European Union and the P4 partnership (Chile, Brunei, Singapore, and New Zealand), to develop MRAs to achieve an improved product safety environment.

INTERNATIONAL REGULATORS FORUM

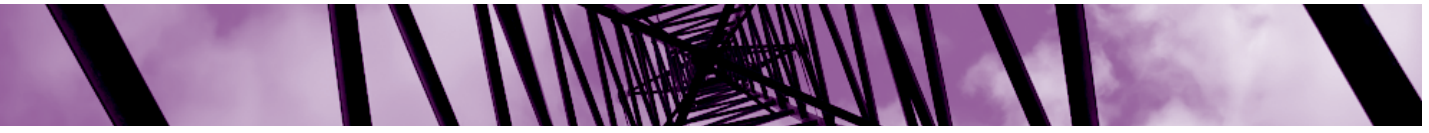
- > An energy sector stakeholders forum is planned for 2008–2009 to discuss energy safety topics, open- and single-market impacts and issues, and international operational best practice initiatives, and to identify areas for cooperation.

DYNAMIC AND TRUSTED MARKETS: Improving the competitiveness, integrity, and effectiveness of New Zealand's markets

ES will work with industry towards promoting a high level of consumer confidence as industry looks for ways to meet the demands of changing markets.

GAS AND ELECTRICITY STRATEGY

- > Work with the gas and electricity industries and other safety regulators to develop a common energy safety strategy that will complement ES' work programme.
- > Engage with industry partners to promote energy safety within the gas and electricity industries and to benefit consumers while enabling industry innovation:
 - develop a common understanding of industry risk profiles and implement a risk prioritisation framework that determines criteria for use by industry
 - share knowledge with public/private sector agencies and industry stakeholders, manufacturers and importers, to enhance the ability to raise safety standards and consumer awareness
 - establish an incident review feedback procedure.
- > Host an Electricity and Gas Safety Forum after new regulations come into force.



STAKEHOLDER AWARENESS

- > We will continue our outreach and education communications plan that expresses ES' Vision and aligns to our Strategy through high-level initiatives including:
 - safety advisories and safety alerts released as needed in response to safety issues
 - ongoing publications review and update to ensure stakeholders have access to the most current safety information.
- > Inform consumers about safety issues to empower them to make good energy safety choices:
 - perform gap analysis of consumer safety knowledge to target safety messages in high-risk areas
 - direct interaction with consumers at trade shows, external venues, and conferences.
- > Update ES website to ensure stakeholders have the most current energy safety information.
- > Develop a market segmentation strategy based on ES client survey that targets specific areas in need of refinement.
- > Promote good energy safety practices through media releases on topical and timely energy safety issues, articles in targeted publications, and other appropriate venues.
- > Contribute to *Business Update*, the MED's free electronic newsletter, to keep energy safety stakeholders and consumers updated on energy safety issues and 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.
- > Conduct client surveys and incorporate feedback into business planning.

RELATIONSHIP MANAGEMENT

- > Maintain working relationships with other organisations with an interest in energy safety to increase the reach and impact of energy safety messages. This includes:
 - supporting the transfer of workplace safety responsibility from ES to Department of Labour from 1 January 2009
 - continuing to carry out educational workshops to promote the energy safety message to the gas and electricity industries and consumers.
- > Continue regular meetings with EWLG, PGDB, DOL, EECA, and the Electricity and Gas Complaints Commission to enhance working relationships.



ES will continue to advance our regulatory practices to become recognised as a world-class regulator that enables economic growth.

ENERGY SAFETY POLICY ADVICE

- > Promulgate the new Gas and Electricity Safety Regulations.
- > Facilitate removal of the gas appliance special exemption under TTMRA as part of the Government's single economic market programme.
- > Support the passage of legislation to amend the gas levy, subject to legislative timeframe.

SAFE SUPPLY OF GAS AND ELECTRICITY

- > Continue to participate in various forums to strengthen safety outcomes for New Zealand by working in partnership with gas and electricity industries and key stakeholders to identify issues and trends, and to work proactively to address accidents or issues.
- > Work with DOL to implement new provisions around data and information sharing processes and systems.

MOUs

- > Conclude MOUs with EWRB, PGDB, and DOL.

BUSINESS PROCESSES

- > Continue strengthening our business processes to retain ISO certification to perform investigations and audits.
- > Continue external review of ES investigations to ensure quality and robustness of procedures and outcomes.

EASE OF DOING BUSINESS: Improving the way public agencies and the regulatory environment interact with business

COMPLIANCE AND ENFORCEMENT

- > Develop and implement a new compliance and enforcement strategy when new legislation comes into force. Strategy will be based on new regulatory authority, known risk areas, and current statistical data.
- > Develop and publish a compliance guide to support new compliance and enforcement strategy and ensure stakeholder awareness.
- > Work with manufacturers and importers through the audit process, and initiate proactive education strategies and audit programmes that enhance our effectiveness as a safety regulator.
- > Continue targeted, risk-based audit compliance programme to ensure products comply with safety standards and any supplier documentation and required declarations approvals.

E-PORTAL

- > Continue work towards a single e-portal for appliance suppliers to submit regulatory compliance documentation. The e-portal is intended to reduce the time, paper, and energy that firms as well as regulators spend towards compliance.
- > Progress the proposal to link Customs Service web information to the Business Portal in an exchange of information between ES and Customs.

REGULATORY REGIME

- > Continue to develop a WTO-compliant regulatory system and international standards that are performance- and risk-based.
- > Work through expert group in regard to supply of electricity to aircraft, and work to improve regulatory framework to recognise a wider scope of electrical systems within the aviation industry.
- > Continue working with the gas and electricity industries in preparation for development of a model for third party auditing under the new safety management system (SMS) framework being developed under the new regulations.

STANDARDS

- > Renegotiate the contract with Standards New Zealand to address areas identified from the analysis of audits and accidents.
- > Finalise joint Australia-New Zealand standards for gas networks, installations, and appliances.
- > Participate in MED Standards and Conformance Regulatory Forum to promote consistency and conformity among use of standards and to develop New Zealand-specific standards.

SERVICE DELIVERY STANDARDS AND BUSINESS ACTIVITY FORECASTS 2008–2009

COMPLIANCE, AUDITS, AND INVESTIGATIONS

- > 560 audits of networks, distribution systems, installations, and electrical and gas appliances will be conducted.
- > 85 significant accidents and incidents, where there is serious injury or significant property damage, are expected to be investigated.
- > 90% of audits will be conducted, completed and closed within 30 working days of the start of the audit.
- > 90% of notifiable accident investigations 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 24 hours of the reported event.
- > Notifiable accident investigations will be conducted, completed and closed:
 - 50% within 30 working days
 - 85% within 60 working days.
- > Non-notifiable accident/incident investigations will be conducted, completed and closed:
 - 50% within 15 working days
 - 90% within 30 working days.
- > ISO 9001 certification will be retained for the performance of investigations and auditing.

APPROVALS, LICENCES, EXEMPTIONS

- > 90% of applications will be processed and completed within 10 working days after acceptance of a complete application and any applicable fees receipting process.

CLIENT SERVICE

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

CONTACTS

WEBSITE

www.energysafety.govt.nz

EMAIL

info@energysafety.govt.nz

PHONE

NZ only: 0508 377 463

International: +64 3 962 6248

FAH

NZ only: 0508 Safe Energy (0508 72 33 36)

International: +64 4 460 1365

POSTAL ADDRESS

PO Box 1473

Wellington 6140

New Zealand

SANJAI RAJ

GROUP MANAGER

PHONE +64 4 474 2699

EMAIL sanjai.raj@med.govt.nz

WAYNE WEDDERSPOON

MANAGER OPERATIONAL POLICY AND
INTERNATIONAL RELATIONS

PHONE +64 4 474 2936

EMAIL wayne.wedderspoon@med.govt.nz

MARK WOGAN

OPERATIONS MANAGER

PHONE +64 4 470 2532

EMAIL mark.wogan@med.govt.nz

SUBSCRIBE TO OUR E-NEWSLETTER: To keep updated on our policy and operational work, subscribe to the Ministry of Economic Development's free electronic newsletter at news.business.govt.nz

The document is printed on LOOK which is an environmentally responsible paper produced using ECF pulp sourced from third party-certified, well managed and legally harvested forests. LOOK is manufactured at a third party-certified mill under the strict EMAS & ISO14001 Environmental Systems and carries the internationally recognised environmental EU Flower eco-label.

The ink used in this report is 100% vegetable based, mineral oil free and based on 100% renewable resources.



newzealand.govt.nz

ISSN: 1178-3729 PRINT
1178-3737 ONLINE

Published October 2008

