



THE ASSOCIATION

The LPG Association of New Zealand (Inc) represents companies from all sectors of the industry, from LPG production, distribution, wholesaling and retailing, to equipment supply, installation and servicing. The Association was established in 1975.

Membership represents all aspects of LPG fuel and appliance supply to the New Zealand market.

Mission Statement

The NZ LPG Association exists to serve the interests of its members. It promotes the safe and increased use of LPG. In doing so it works to secure a favourable environment for the production, marketing and distribution of LPG. In addition it serves as the principal voice of the LPG industry to Government and the community.

To achieve these goals the Association will:

- Advocate for the use of LPG with government agencies, the public and relevant stakeholders.
- Promote safety within the LPG industry and the community.
- Anticipate and respond to the challenges and opportunities which confront our industry and members.
- Achieve favourable governmental actions on LPG issues.
- Provide forums for communication within the industry.

Directory



LPG Association of New Zealand (Inc)

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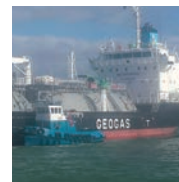
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PRESIDENT'S REPORT

A year of considerable successes

As I started to draft my report for the year, I was struck by what a busy and productive year it has been, and how it was characterised by a range of successes for the industry and the Association.

An issue about which all my industry colleagues will be pleased is the five percent-plus growth in sales for the period. It's not every year that we can congratulate ourselves on such good growth so I am sure we will all enjoy this result.

These good numbers come despite a difficult supply year including production outages, significant weather events and the Kaikoura earthquake interrupting some supply lines.

It was very heartening to see the industry working together during these events which tested the resilience of our supply chain.

Another very positive outcome is resolution of the phthalates contamination issue in LPG appliances. This has been an ongoing and vexing problem that has challenged industry for almost three years, but which has seen many companies and industry organisations including Master Plumbers NZ, Rinnai NZ, Secogas, Vapor Gas Equipment, as well as the LPG supply companies, working together to address the issues effectively.



Albert de Geest

Our testing showed that the contaminant affecting appliances was phthalates and we have now taken steps to limit the use of equipment containing this material. Hopefully we have resolved this problem permanently and I thank the committee the Association convened to manage this problem for all their hard work.

Again, thanks to the hard work of the Association, we have seen some early wins in the process to finalise the Major Hazard Facility (MHF) Regulations and the associated levy structure.

The Association mounted strong arguments in industry's favour and its efforts have become increasingly evident over the last 12 months; The Association's work on this issue ultimately generated annual savings for industry of around \$800,000.

On a similar note, we have benefited significantly from amendments to the RMA that remove from the Act the explicit requirement for councils to regulate hazardous substances under the RMA because they are already covered by the Hazardous Substances and New Organisms Act (HSNO) 1996.

The Association has been working with the Ministry for the Environment (MfE) for years to eliminate this duplication. Removing hazardous substances from district plans reduces compliance costs for ratepayers and the industry without impacting safety.

This amendment is hugely significant in achieving both a consistent treatment of LPG in district plans and a reduction in regulatory duplication and costs.

The Association is currently liaising with MfE to ensure that the intent of the RMA changes is understood by all councils, particularly those considering changes to their district plans, consolidating a significant and valuable win.

An issue which did cause concern during the year was the interpretation WorkSafe NZ decided to pursue around separation distances for filling stations. WorkSafe issued a compliance notice on the basis of what the Association believes is a departure from what has been accepted by test certifiers over the last 12 years and as detailed in AS/NZS 1596 2014. The company involved decided to appeal the order. Despite the Association trying to solve this around the table WorkSafe decided to defend the appeal in the district court. Fortunately the Judge's decision mirrored almost exactly the Association position and the appeal was upheld. We now hope that WorkSafe and the Association can get round the table and sort this in a spirit of Industry engagement, rather than pursue legal remedies.

We continue to work collaboratively with GANZ on a range of regulatory issues and on joint promotion of downstream gas as a preferred energy source and a low carbon alternative for residential and light commercial use.

This report highlights the tremendous success we have had with our joint online platforms and the increase in public profile we have received as a result. I am hopeful this good work will manifest itself in increased product sales.

Lastly, a word about our very useful annual industry Forums. These events are getting better each year and I am keen to see just how Peter plans to keep the improvement going for this year's event. Attendance each year certainly indicates he is doing a great job.

I trust you will enjoy this annual report for all the good news it imparts. But, as usual, we could not enjoy these successes without the hard work of Executive Director Peter Gilbert and my fellow Executive Committee members, all of whom work hard on a voluntary basis. Thank you to you all.



Albert de Geest

PRESIDENT



EXECUTIVE DIRECTOR'S REPORT

Association's relationship with policymakers proves valuable

The order of the day this year has been to ensure the Association maintains a strong voice on the many regulatory issues that have been on government's policy agenda.

From RMA reform, to ongoing HSNO issues and district plan revisions, it does at times seem like we are faced every day with another set of issues that we need to address. However to help protect the industry from an array of expensive and time-consuming red tape, this work is very necessary.

As you'll read in this year's report, the Association's advocacy and government relations activities continue to bear fruit. We maintain valuable and productive relationships with all key stakeholders and influencers within government and we continue to be a well-respected voice.

We may not win every issue on which we engage (you will read about a recent disappointment concerning a high profile longitudinal study into the effects of gas on children's health), but we find that, more often than not, officials are comfortable with the positions we espouse, and with our rationale for them.

Examples are the wins we had when seeking to have incorrect information about gas appliances amended on the Homestar website, the changes we managed to secure concerning regulations governing Major Hazard Facilities and the ongoing work we are doing concerning RMA changes and their impact on industry.

On the 'communications' front, we have also completed the revamped GasNZ website, an attractive portal that provides all stakeholders (including industry and consumers) with easy-to-navigate access to a raft of information about downstream gas and the downstream gas sector.

Considerable efforts have been made, with much success, to optimise this site, and visitor numbers are proving the value of this work.

WorkSafe NZ, with input from the Association, developed an innovative and very catchy digital safety campaign in which Claude the Cat delivers some memorable messages about how to stay safe by using gas responsibly. The 11 week campaign generated over a million views.



Peter Gilbert

Operationally, the Association continues to deal with the usual technical issues on behalf of members. This has included: cylinder filling training, the ongoing issue of phthalates contamination, H and S in employment matters and the usual array of Standards that need industry review and input.

Issues around WorkSafe NZ have taken centre stage at the moment and as you will see it is absorbing considerable time and effort, as it may have significant effects on Industry operations. This is very much a live issue.

As you read this, we shall all know the make-up of the next government, and we already have plans in place for an extensive round of post-election activity designed to ensure the new Minister(s) and energy-related MPs from all Parties understand the sector, are aware of the issues and are sympathetic to our industry perspective on issues.

This work will be undertaken immediately the House resumes for the remainder of the year. It continues to be important as New Zealand considers how best to transition to a lower carbon economy, and policymakers review the role of fossil fuels in that process.

As usual, I certainly couldn't do my job as effectively without the support of the Association's Executive and Technical Committees, to whom we all owe a debt of thanks, and to our supportive President, Albert de Geest. Together they add tremendous value to the Association.



Peter Gilbert

EXECUTIVE DIRECTOR





2017 LPGA ANNUAL REPORT

ADVOCACY

Maintaining close ties with the GIC



Steve Bielby

Maintaining close co-operation with the Gas Industry Company (GIC) remains an important task for the Association. Experience indicates that the better the co-operation between our two organisations, and the more transparent our relationship, the more comfortable the GIC is with our industry and the less it is required to intervene directly in industry affairs and processes.

The GIC also produces several high value and informative publications that are noted by Ministers, officials, the public, and other stakeholders, and these materials offer useful and accurate detail about the state of our industry and the issues we face. It is important that we continue this close association and cooperation with the GIC and that they continue to have ready access to important information about the LPG sector.

The GIC is also charged with oversight of a number of aspects of the wider gas industry, and although it doesn't directly intervene in the LPG world, regular contact and dialogue between our two organisations has been an important part of ensuring this is the case.

New EECA chief appointed



Andrew Caseley

Andrew Caseley was appointed The Energy Efficiency and Conservation Authority's (EECA) new Chief Executive during the year.

With 10 years' experience as Managing Director for global engineering and environmental consultancy, MWH, Andrew brings a wealth of experience to the table from both the public and private sectors.

He was previously Chief Executive Officer of the Hawke's Bay Regional Council, a position he held for 13 years, and is a Companion Member of the Institute of Professional Engineers.

EECA has always been an important stakeholder and influencer for our industry and we have always maintained a professional working relationship with that organisation,

even if we didn't always agree on specific issues.

To some degree this was due to the fact the previous CE had an extensive energy sector background and knowledge and therefore it is useful that Andrew has similar expertise. We look forward to cementing a solid working relationship with Andrew and to ensuring he is fully briefed on downstream gas sector issues.

Name change doesn't affect Utilities Complaints Commission's role

Despite changing its name from the Electricity and Gas Complaints Commission, the renamed Utilities Complaints Commission has not altered its role. It continues to run the complaints scheme which now covers both reticulated LPG and LPG in cylinders above 15kg capacity.

We have briefed Commission staff on LPG issues on a number of occasions and endeavour to ensure they are kept abreast of industry issues. We believe this is a relationship which benefits both the effectiveness of the Commission's work in the LPG sector and industry's understanding of the Commission's role.

LPGA attempts to correct inaccuracies in high profile longitudinal child study

The Association took issue during the year with the findings of the University of Auckland's *Growing Up in New Zealand* longitudinal child cohort study.

The study contained several inaccurate and misleading 'findings' about the negative impact of gas heating sources on children's health and respiratory wellness. These findings were covered in the section of the study that dealt with the 'internal living environment and respiratory disease in children'.

The Association flagged its concerns formally with the study author, Dr Cameron Grant. The Executive Director wrote to Dr Grant and met with him to discuss the findings in detail and to point out the various inaccuracies and misleading statements and to seek corrections.

Unfortunately, despite providing solid evidence to underpin all our points of concern, several of the study's misleading statements remain on the website-published version of the findings. This is disappointing.



Error on Homestar rating website amended

We do express our appreciation of the prompt efforts by the The New Zealand Green Building Council (NZGBC) to amend misleading information about gas appliances on their Homestar Ratings website. The Homestar Rating tool certifies the health, efficiency and sustainability of New Zealand homes.

Earlier this year, there was content on the Homestar Ratings website guide indicating that the use of flued gas heaters is 'not a viable heating option'.



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**The NZGBC has now amended
the guide to accurately reflect
the value of gas heating.**
.....

A building developer first raised the error after informing a gas supplier they couldn't install a gas heater if they were building a house to a Homestar rating of 5 or above. A home is rated on a 1–10 scale: a rating of 1 star means it needs significant work, and 10 stars indicates international best practice.

The Executive Director subsequently followed this up with the NZGBC who were unaware of the issue, but who agreed to amend the incorrect content after hearing from the Association.

The NZGBC has now amended the guide to accurately reflect the value of gas heating.

NZEECS submission highlights role of gas in renewable energy future

The joint LPGA and GANZ submission to the next iteration of the government's NZ Energy Efficiency and Conservation Strategy (NZEECS) highlighted the key role downstream gas can play

in helping the country become an energy efficient, productive and low emissions economy.

The NZEECS 2011–2016 expired in August 2016, and its replacement aligns the country's objectives for the next five years with the Paris COP-21 Agreement on Climate Change.

Titled “Unlocking our energy productivity and renewable potential,” the 2017–2022 NZEECS also sets the overarching policy direction for government support and intervention.

The joint submission also stated the Associations’ support for the NZEECS to concentrate on areas that can produce the most significant and cost effective reductions, as outlined in the strategy’s Process Heat Action Plan.

However, one area of concern identified in the submission was the strategy’s plan to focus on conversions from fossil fuels, including gas, to renewable sources.

The Associations recommended it should also include conversions from high emissions fuels like coal, to lower emission fuels such as gas.

In its reasoning for the recommendation, the submission reported conversion to gas will reduce overall energy consumption, further reduce emissions and improve economics.

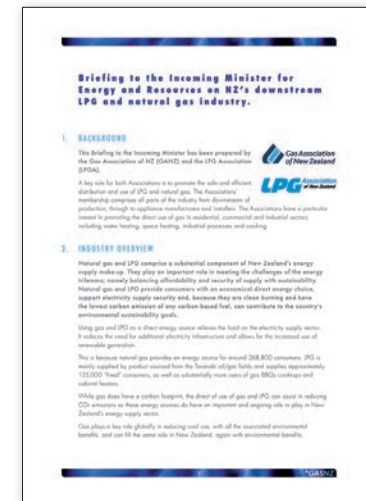
.....
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Comprehensive briefing prepared for new Minister

LPG and natural gas comprise a substantial component of New Zealand’s energy supply make-up and our two Associations are keen for the incoming Government to continue to push for the delivery of high quality gas resources to consumers in a safe, efficient, fair, reliable and environmentally sustainable manner.

That’s one of the key messages highlighted in the Briefing to the Incoming Minister (BIM) prepared by the LPGA and GANZ. The Associations are hoping to present the BIM and meet with the new Minister as soon as possible after the Warrants are signed.

Downstream gas may not compete with electricity in terms of Government policy bandwidth but that doesn’t mean this energy source should be marginalised. The job of our BIM is to ensure gas is recognised for the strategic value it offers.





Together with GANZ, we also hope to encourage the development of resources where it is economic to do so and we will share with the Minister the sector’s aims to minimise the environmental impacts of energy supply and use, while alleviating the NZ’s carbon footprint.

A key point that must be highlighted to any Minister is that continuing to use downstream gas as a direct energy source relieves the load on the electricity supply sector. It reduces the need for additional electricity infrastructure and allows for the increased use of renewable generation.

Promoting the role of gas in the zero carbon debate

The debate around a zero carbon future for New Zealand is being led by GLOBE-NZ, a cross-Party group of MPs that serves as the Kiwi chapter of GLOBE-International.

GLOBE-NZ commissioned Vivid Economics, a London-based strategic economics consultancy, to produce a report on alternative pathways for New Zealand’s transformation toward a low-emission economy.

This has some obvious ramifications for the gas industry. The Executive Director attended a meeting at which Vivid Economics briefed interested parties here on its final report. He also attended the report’s launch at Parliament earlier this year. It was a good opportunity to put the case for gas to some of the Globe-NZ group.

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Suffice it to say the move toward a low emission economy or a net zero carbon economy is a matter of time and degree rather than yes or no. The role of the Association is to ensure the decision makers know what the gas industry can offer Kiwi consumers operationally and NZ Inc strategically.

We also must highlight the role gas plays in facilitating greater use of renewable electricity generation and the move from more carbon intensive fuels, such as coal for high heat applications.

The Association will also point out to decision makers that residential gas use contributes less than 3 percent of the country’s total greenhouse gas emissions, and the cost benefit ratio of moving residential gas customers to alternatives would be poor indeed.



Liaising with officials a key workstream

An important part of the Executive Director's role is keeping in regular contact with key officials, for two reasons:

- To ensure the Association is kept aware of any developments in policy, regulations, or the Government view of the industry
- To ensure industry developments, operations, and views are communicated to the relevant officials.

Key contact is with representatives of the Ministry of Business, Innovation and Employment (various sections such as Energy, Building and Construction, Trade measurement) Ministry for the Environment, the Gas Industry Company, Energy Efficiency Conservation Authority, Environmental Protection Authority, WorkSafe NZ and the Utilities Complaints Commission.

Contact with other key non-government stakeholders, such as the Plumbers, Gasfitters and Drainlayers Board, Master Plumbers NZ, PEPANZ, EEA and the ENA also plays an important role in information sharing and co-operation.

This contact underpins the Association's work in helping to shape regulations and standards, and providing consumer advocacy. It forms a major component of the Association's annual workplan and is a valuable workstream.



Sharing insights with the PG & D Board

The Executive Director is a member of Plumbers, Gasfitters and Drainlayers Board's stakeholder liaison group, which was established to ensure wider industry input to the Board's decision making.

Time constraints have meant that attendance has not been 100 percent but the Executive Director believes it is a really good opportunity to meet with representatives from the plumbing and gas fitting sector to exchange views and to ensure the gas perspective is well represented.



REGULATIONS

It was once again a very busy year on the regulatory/operational environment front with significant Association involvement with a number of regulations and standards, and on the implementation of new regulations and working with WorkSafe NZ as it takes over all aspects of LPG in workplaces.

The significant regulations and standards are:

- Implementation of the Health and Safety at Work (Major Hazard Facilities) Regulations 2016
- Draft Health and Safety at Work (Hazardous Substances) Regulations 2017
- EPA Notice for Hazardous Property Controls
- AS/NZS 1596 Storage and Handling of LPG
- AS/NZS 5601.1 and 2 Gas installations
- A number of gas appliance design standards in the AS/NZS 5260 series.

Concerns heeded about the Major Hazard Facility Regulations

The significance of some early wins in the process to finalise the Major Hazard Facility (MHF) Regulations and the associated levy structure have become increasingly evident over the last 12 months.

The Regulations came into force on April 1, 2016 and the levy a year later.

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.....

The Association successfully argued that the lower tier trigger limit be raised from the proposed 20 tonnes as used in Australia to the 50 tonnes approved in the UK.

This saved numerous sites from having to pay the lower tier levy (which is not imposed in either the UK or Australia) and saved industry some \$650,000 a year in potential costs.

We also argued successfully for a reduction in the annual fees for LPG upper and lower tier sites. The reduction was \$18,500 for upper tier and \$2,300 for lower tier sites. The cumulative annual savings is therefore about \$157,000.

The rebuttal of the WorkSafe proposal for calculating the likely quantities of LPG on a site was also successful. The industry proposal, which is consistent to the approved UK approach, allowed a number of installations to be classed below the lower tier threshold, with some moving into the lower tier band from the upper tier. Both these outcomes also resulted in monetary savings for industry players.



The above are examples of Association activities, the outcomes of which can be clearly measured in monetary terms. However not all Association work can be measured so directly in this way, but the cumulative effects of all the work carried out by the Association clearly benefits the industry. Whether from sensible, effective regulation, safe industry operations, or sensible standards, these all feed into making the LPG industry safer and more efficient.

Final Health and Safety at Work (Hazardous Substances) Regulations 2017: Keeping the unintended consequence genie in the bottle

In December 2015, the exposure draft of the Regulations was released for public comment. The proposed Regulations incorporate requirements currently prescribed under the Hazardous Substances and New Organisms Act 1996 in regulations, transfer notices, individual substance variations, and group standards, with some modifications to simplify requirements. They also incorporate changes to codify existing good practice, in some cases based on Australian regulations.



The Association made formal submission on the draft Regulations, attended workshops on specific issues and contributed on a one to one basis on various aspects.

The Association believes the new Regulations achieve the main purpose of the “lift and shift” of the current regulations and instead of spreading them across a number of separate documents in various forms, they are morphed into a single set of regulations. Having the full set of requirements for LPG in a single, albeit quite large, document is a plus.

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**Before it becomes clear if the
unintended consequences genie
has been kept in the bottle.**
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Our focus on the draft Regulations was to make sure there were no unintended consequences from this process. With some exceptions, which were listed in our submission, we believe a pretty good job has been done of this very complicated task.

The reworking of the regulations was obviously more complicated following the submissions on the draft regulations, as the enactment date was shifted from early 2017 to 1 December 2017. In that period the Association was involved in further discussions around moving the in-situ filling and 100kg to 300kg codes of practice, into the new Regulations. After the new Regulations come into force it will probably be some time, given their size and complexity, before it becomes clear if the unintended consequences genie has been kept in the bottle.

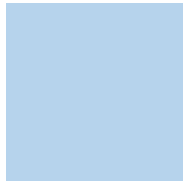
The tricky issue of filling station requirements

We are currently grappling with what appears to be a new interpretation by WorkSafe NZ of the requirements for filling stations. This interpretation, if enforced, could have a significant impact on existing cylinder filling station sites.

The required separation distances for filling stations, detailed in clause 21A of the Transfer notice 2004, created confusion over what constitutes the actual filling station. Some Test Certifiers believed it to be the edge of the building in which the filling was taking place; some believed it to be from the last cylinder stored around the fill point and some believed it was from the fill point.

Because of the ongoing confusion with the wording, the Environmental Protection Agency (EPA) agreed with industry to amend the NZ cylinder filling section of AS/NZS 1596 2008. The amendments were designed to better align it with the requirements of the HSNO Regulations. They also expanded on clause 21A to include where separation distances should be measured





from, and to specify what separation distances should be used between cylinders on the filling station and other groups of stored cylinders.

These changes were included in the 2014 version of the Standard.

While the wording in the Standard is not ideal, it was crafted so as not to contradict the words in clause 21A and to provide guidance on how to accurately measure separation distances.

Since 2005 to date, filling stations not complying with the new WorkSafe NZ interpretation have been issued annual location certificates by independent Test Certifiers, and the EPA has recognised the interpretation in AS/NZS 1596 2014. The Association is therefore confused and concerned that WorkSafe seems to be pushing for a new interpretation without engaging with industry to discuss the issue and without, to date at least, providing any justification.

This is very much a “live” issue and our attempts to get around the table with WorkSafe NZ on this issue will continue.

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Industry not enamoured of EPA options

While the responsibility for “compliance certificates” for workplaces will move to WorkSafe NZ, post December 1, the responsibility for non-workplaces remains with the Environmental Protection Agency (EPA). To enable this, the EPA issued a discussion document to float potential alternatives for non-workplaces which store between 100kg and 300kg of LPG at a location.

It would be fair to say the industry in general was not particularly enamoured of any of the options, but since the EPA did not offer many, industry has accepted the final regulatory format.

From December 1, non-workplaces which have between 100kg and 300kg of LPG must have a compliance plaque issued by the LPG supplier. If the site has more than 300kg, a compliance certificate must be issued by an HSW Compliance Certifier.

The Association’s Technical Committee is working through the practical issues to make sure everyone is ready by December 1.

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Industry to benefit from RMA changes

The long awaited Resource Management Act amendment bill was finally passed and came into law on the April 1, 2017. The LPG industry and consumers will benefit from the RMA overhaul that is designed to reduce bureaucracy, increase national consistency, provide more responsive planning, simplify consenting, and allow for better alignment with other laws.

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This amendment is hugely significant in achieving both a consistency of treatment of LPG in district plans as well as a reduction in regulatory duplication and costs.
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Importantly, the new Act removes the explicit functions for councils to regulate hazardous substances under the RMA because they are already covered by the Hazardous Substances and New Organisms Act (HSNO) 1996.

The Association has been working with the Ministry for the Environment (MfE) for years to eliminate this duplication. Removing hazardous substances from district plans reduces compliance costs for ratepayers and the industry without impacting safety because HSNO takes care of that.

The 2016 case in which the Christchurch City Council was instructed by the District Plan Independent Hearings Panel to remove hazardous substance controls from their district plan proves such regulations are unnecessary.

The RMA amendment also requires councils to follow national planning templates designed to improve the consistency and reduce the complexity of plans. A planning template will set out the structure of resource management plans and can include consistent content on matters that require national direction or national consistency. The structure and format of plans will be the same across the country, reducing confusion and making plans easier and cheaper to use and review.

This amendment is hugely significant in achieving both a consistency of treatment of LPG in district plans as well as a reduction in regulatory duplication and costs.

The Association is currently liaising with MfE to ensure the intent of the RMA changes is understood by all councils, particularly those considering changes to their district plans.

Association submits on Dunedin district plan

The Association made a submission on the inclusion of hazardous substances in the Dunedin second generation district plan, mirroring the arguments used for Christchurch's plan.



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We trust this extra deliberation is to
take account of the now implemented
changes to the RMA.
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Dunedin City Council is still working through its district plan, following the hearing process that took place earlier this year. The Association used the services of Buddle Findlay, the law firm that provided the legal assistance to the Crown in the Christchurch hearings, to prepare its submission to the Dunedin plan. We urged the panel members to take note of Christchurch's outcome, as well as the intent of the RMA Amendment, which at the time of the hearing, was still not law.

The decisions from the hearing panel were due in mid-2017, but we have not heard that final decisions have been reached. We trust this extra deliberation is to take account of the now implemented changes to the RMA.



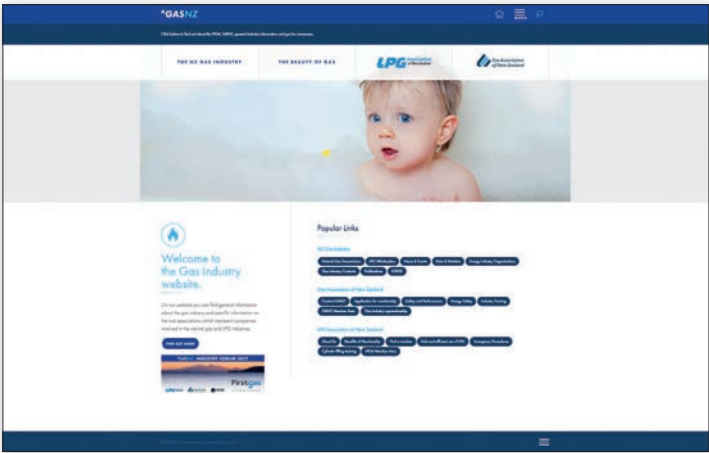
COMMUNICATIONS

Joint LPGA, GANZ and Beauty of Gas website now almost a year old

The joint LPGA, GANZ and Beauty of Gas website – gasnz.org.nz – was launched this time last year as a more effective use of resources and as a one stop portal for those seeking information about “gas”.

The website links the Association’s site, the GANZ site, and the Beauty of Gas site on a single Gas NZ landing page.

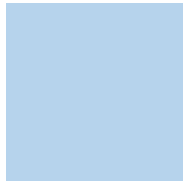
.....
In the first year of operation the joint landing page has had 10,000 visitors, with over 7,000 visitors to the LPGA section.
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Consumers who wish to know more about gas appliances, how to get gas, and the benefits of gas are directed to the Beauty of Gas website while people interested in the LPGA and GANZ can be directed to those pages.

The website has a consistent fresh and modern look across all the sections, making it easier for members, stakeholders, and the public to access relevant information. It also provides a far more impressive “shop front” for the industry.

In the first year of operation the joint landing page has had 10,000 visitors, with over 7,000 visitors to the LPGA section. This is a significant increase over the number of visitors to the old LPGA website.



Beauty of Gas website optimised

As part of the ongoing desire to improve the consumer information, the Gas NZ committee undertook an optimisation review of the Beauty of Gas website to improve access to gas-related information. The main aim of the search engine optimisation was to make the website the number one site for domestic gas information in New Zealand.

The Gas NZ committee used a website optimisation company to run tests on the website. The tests showed what people were searching for, what they clicked on, and how long they stayed on different pages.

The recommendations from the study were implemented in early 2017 and a review of the impact of the changes showed an increase in traffic to the site of 435% vs September 2016 and 198% increase vs August 2017. Below is a breakdown of those numbers:

- September 2017 – 1,124 Users
- August 2017 – 376 Users
- September 2016 – 210 Users.

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**An increase in traffic to the site of
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.....

We have gone from having an average of 7 visitors per day on the site in 2016 to 37 per day in 2017.

The Important Links page is the third most visited page on the site with an 820% increase in Users vs September 2016 (460 users in September 2017 vs 10 in September 2016) and a 238% increase vs August 2017 (460 vs 136).

Not all of the planned activity has gone live yet, but we expect October to provide a further increases in all key traffic numbers.

Following this benchmark-setting exercise, the LPGA and GANZ agreed to co-fund a digital media-based campaign. The campaign has two elements:

- Developing a Search Engine Marketing (SEM) strategy for The Beauty of Gas in order to help reach the target of 5,000 visitors per quarter to the website. The strategy will include a proposed approach as well as proposed AdWords (Google Search Ads) and optimisation.
- Developing a Social Media Marketing strategy for The Beauty of Gas in order to help reach the target of 5,000 visitors per quarter to the website. The strategy will include the development of an Editorial Plan, a Posting Calendar, crafting the posts (image and copy), page management and reporting.

The ultimate goal of the campaign is to increase visits to the website, so potential gas customers get relevant information and access to industry links to further their decision process. This project will be kicking off in November this year.

Addressing misconceptions around the 10 year gas reserves issue

Consumer Magazine is a well-respected publication, but recently it published some information about New Zealand’s gas reserves that caused industry some concern.



The article suggested New Zealand only has 10 years of gas reserves, a figure that, while ostensibly correct, is misleading for residential customers because it doesn’t reflect all the complexities of the supply market.

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We responded directly to the magazine, explaining why we thought the 10 year projection was misleading.
.....

The LPGA and GANZ both took issue with Consumer’s figures and projections. We responded directly to the magazine, explaining why we thought the 10 year projection was misleading, and we published our concerns in Gasline. Both Associations are naturally keen to address any and all issues that misrepresent the reserves situation in New Zealand, especially when incorrect information may impact consumer purchasing decisions.

2016 Gas Industry Forum another 'best yet'

The 2016 Gas Industry Forum was widely accepted as being another best yet, according to feedback.

Around 130 people attended the event at the Millennium Hotel in Queenstown, and the line-up of presentations was well received. The Executive was pleased with its mixture of informative presentations and valuable networking opportunities.



"Attendees were enthusiastic about the positive direction in which New Zealand's gas industry is heading."

One of the highlights of the forum was the "Gas Emergency Preparedness" workshop run by the UK IGEM. Other topics covered included a world view of the energy industry, electricity generation and the gas market, gas cogeneration, challenges and opportunities for LPG and NZ LPG supply and demand.

The networking events proved as popular as ever, with attendees at the golf, lake cruise and wine tasting reporting a thoroughly enjoyable time.

Gas and electricity safety campaign promoting safer New Zealand homes



At the end of July, WorkSafe New Zealand launched a new gas and electricity safety campaign with the very 'punny' Claude the Cat.

The campaign targeted the residential demographic with the aim of reminding Kiwis that they need to act safely and responsibly around gas and electricity in their homes. Claude does this with his catchphrase "unlike me, you've only got one life".

The campaign has been broad in its media reach, using digital, print and radio. It encourages people to understand the importance of gas and electricity safety by directing them to www.worksafe.govt.nz/energysafety.

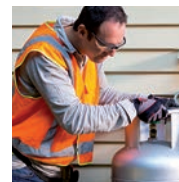


The campaign ran for 11-weeks and WorkSafe is happy that it achieved its goals, generating thousands of views on the gas safety website.

The raw results are:

- Almost 18 million impressions across websites, video and social channels
- The winter safety campaign landing page received 42,000 unique page views
- 32,000 clicks from advertising
- The "Claude the cat" videos were watched almost 196,000 times on YouTube
- Of this number of YouTube views, almost 136,000 were of the "Using your LPG cabinet heater safely" video.





OPERATIONS

Cylinder filling training still a valuable service

The Association's training for site trainers and the supply of training materials for approved fillers is continuing, albeit at a reduced level. Current site trainer numbers are now holding steady at 375, which is the same as this time last year. They are considerably down from the peak of 900 in 2009.

However, this is still a valuable and cost effective service offered to the filling industry and it is still used by the vast majority of filling sites.

Transiting this system from the HSNO Regulations to the HSW Hazardous Substance Regulations is proving complex and negotiations are ongoing with WorkSafe NZ on how the system can fit into the new regulatory framework. A discussion paper is due out in October.

.....
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.....

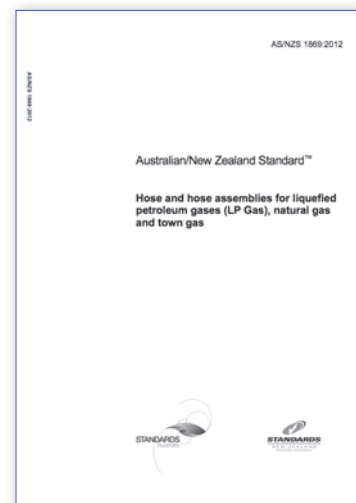
Contaminants issue poses challenges

The Association convened a committee of LPG industry experts to find a solution to the issue of contaminants in LPG appliances.

The eight member committee comprised various industry stakeholders, including LPG suppliers, LPG hose suppliers, appliance suppliers, and Master Plumbers, Gasfitters and Drainlayers New Zealand members. The Executive wanted to ensure all parts of the industry were involved in the conversation and the investigations.

The LPGA Executive was made aware of the issue in February 2015, and has since paid for testing of any samples that could be provided from affected appliances which stopped working with the contaminants present. All the testing to date show phthalates to be the contaminant that is affecting appliances.

The committee met several times to discuss the latest test results and to formulate a way to ensure the lowest possible amount of phthalates is introduced into the market. It was agreed that all LPG pigtail suppliers would be approached to ensure they comply with the latest Standard.



.....
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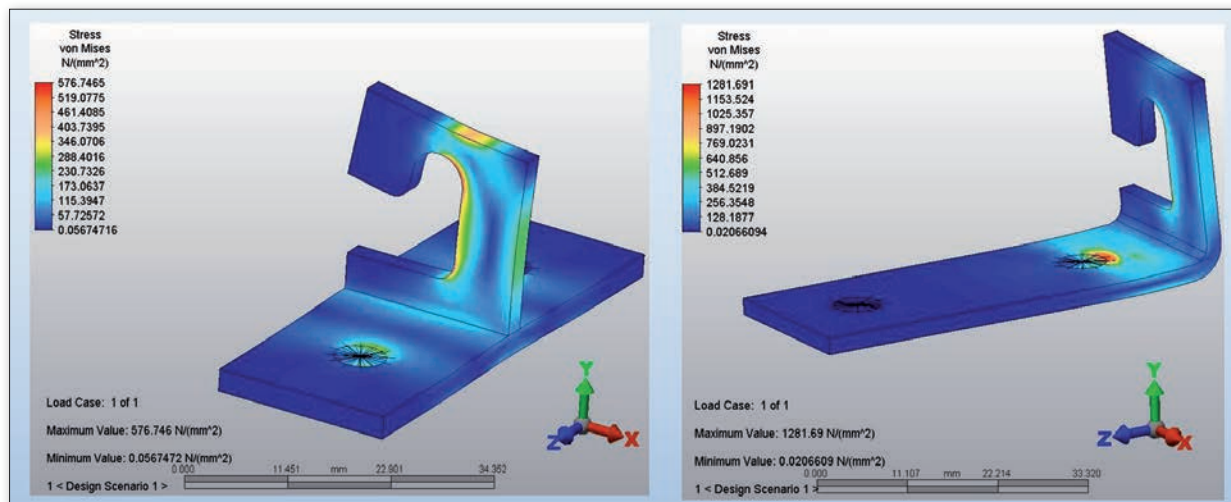
This was duly done and an industry briefing note, approved by all parties, was distributed to Master Plumbers NZ, Plumbers Federation and the PGD Board for them to forward to their members and all registered gasfitters. The PGDB has already included a link to the briefing note in their October info brief.

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Canterbury University students look into LPG cylinder restraint

The LPG Association has enlisted the help of University of Canterbury students to check whether the current method for securing 45kg LPG cylinders to resist seismic activity is appropriate.


The existing method of securing 45kg cylinders has been used for many years and there have been no obvious problems with this approach. However, there is no hard evidence to actually validate its effectiveness and industry doesn't have formal calculations that says this method works better than another.



- The students have designed test fixtures for three different tests – a standard static test to measure the strength of the various restraint attachment devices, dynamic testing to simulate the peak loading expected in a high magnitude earthquake and a test fixture to be used on a shake table which can generate loading very similar to actual earthquakes.

Technical Committee have another very busy year

- Separation distances for LPG filling “stations”
- Phthalates affecting LPG appliances
- Compliance certification for non-workplaces
- Cylinder connection procedures
- Review of AS/NZS 4645 Gas distribution networks
- The HSW Hazardous Substance Regulations
- Amendment to AS/NZS 1596 LPG storage and Handling
- Updates to cylinder labelling
- Sensible hazardous area site plan requirements
- Replacing O rings on consumer pigtails
- University of Canterbury cylinder restraint project.



The committee considers all technical issues which affect industry operations and is a vital resource for the industry that ensures a consistent and collaborative response.

By working with Regulators and Standards committees we ensure that high standards of safety are achieved with controls which are proportionate to the risks.

Kevin Daly from Contact Energy is Chair of the committee and would like to acknowledge the contribution Dave Paton has made to the committee over many years. Dave will be retiring from OnGas and the Technical Committee in November and we will miss the experience and humour Dave brought to the meetings.

Health and Safety in Employment Committee finds common approach to common issues

The Association's Health and Safety in Employment (HSE) Committee, representing all the LPG wholesalers, is sharing incident and potential issues information to improve safety outcomes for the industry.

The following is a brief report from Rachael Morris from Contact Energy who now chairs the committee.

Of particular note the committee has focussed on:

- Raising awareness to the Plumbers, Gasfitters and Drainlayers Board, Electrical Workers Registration Board, and Energy Safety about the issues suppliers face with regards to non-compliant sites.
- Setting up a monthly return from individual members for incident statistics.
- Sharing learnings from incidents across the industry.
- Giving feedback to the technical and executive committee on responses to changes in legislation and any potential negative impacts.

Moving forward the committee aims to:

- Promote a "driver of the year" competition for the industry.
- Establish better relationships with external stakeholders.



- Start to utilise the incident data for trend analysis to determine whether there are shared risks we can work together on to improve health and safety of our workers.
- Start carrying out joint audits on contractors.
- Consider extending committee membership to other stakeholders who will be able to provide required support to help achieve the committee’s goals.

Rachael would personally like to thank Doug Falconer for his contribution in creating this committee, his tenure as the chairperson and ongoing support of the committee. We all wish him well in his retirement.

.....
Consider extending committee membership to other stakeholders that will be able to provide required support to achieve the committee’s goals.
.....

Training to replace Approved Handler training

The Association Technical Committee is preparing a proposal for an Association training package for LPG sites that “handle” LPG. Following the withdrawal of the requirement for Approved Handlers to be certified under regulation, and its replacement with a general requirement for a PCBU to provide adequate training, there is concern that a lack of training consistency and quality could cause issues for LPG users.

The Technical Committee is preparing a training framework that could be turned into training material. This material could then be made available for companies that need to provide worker training for those handling LPG.



STANDARDS

Industry funding of trans-Tasman Standards a concern

The move by Standards NZ into the Ministry of Business, Innovation and Employment (MBIE) took place just over a year ago.

Standards NZ has agreed with its Australian counterpart to share costs for the commissioning and reviewing of trans-Tasman Standards.

.....
**This does set a concerning trend
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.....

The NZ agency says: “We have agreed on an arrangement where both organisations pay each other commissioning fees for projects where the other holds the Secretariat. The projects require a party who can commit to the commissioning of the project and the funding of the commissioning fees. These fees can be co-funded by several parties.”

We agree that continuing with joint Standards with Australia for gas and LPG makes sense. However, the commissioning fee for amendments and new projects is beginning to cause issues in some areas.

For example, while the joint Standards cited in the Gas Regulations are supported by Energy Safety, funding for other joint Standards projects, such as the proposed amendment to AS/NZS 2885.2 Gas and Liquid petroleum-Welding, had to be provided by the Gas Association and First Gas. This was because WorkSafe NZ would not provide funding.

This does set a concerning trend for industry which could be seen as the funder of the future, and this will require further conversations between industry, Standards New Zealand and regulators.

This issue is very much on our radar.

AG-001 Gas Appliances Committee well worth the effort

The jointing of the Australian gas appliance suite of design Standards remains high on the agenda for the New Zealand gas appliance industry. The Executive Director is a member of the AG-001 Gas Appliances Committee which oversees the entire suite of appliance-specific Standards.

Four revised Standards were published in the year. They are:

- AS/NZS 5263.1.6 Gas ducted air heaters

- ASA/NZS 5263.1.8 Decorative gas log and other fuel effect appliances
- AS/NZS 5263.0 General requirements
- AS/NZS 5263.1.4 Gas radiant heating.

The Committee has just endorsed a project proposal to revise three further Standards as part of current Gas Standards Restructuring (AS/NZS 5263.1.X Series):

- AS/NZS 5263.1.5, Gas appliances, Part 1.5: Domestic Gas Refrigerators (Revision of AS 4555-2002 (AG105))
- AS/NZS 5263.1.9, Gas appliances, Part 1.9: Gas laundry dryers (Revision of AS 455 4-2005)
- AS/NZS 5263.1.60 Gas appliances, Part 1.60: Gas pool heaters (Revision of AS 4560-2004).

This process continues to take a lot of time and effort from the New Zealand representatives who attend the AG-001 Committee and the Sub-committee meetings to consider the specific appliances' Standards. But given the importance of having joint standards which can be used in the certification process by the Australian test laboratories, and the need to produce updated standards in a joint committee setting, this is considered well worth the effort.

The Executive Director is a member of this Committee.

AG-006 Gas Installation Committee considers a range of substantive issues

The amendments to both parts 1 and 2 of this Standard were approved during the year.

While these amendments are technical and pretty straightforward, they did throw up other issues for the Committee to consider.

A full revision of both parts of the Standard is underway to consider a range of substantive issues raised over the past two years. As a part of this work, a gap analysis is being undertaken between the outcome-based requirements and the means of compliance.

Other issues being considered are:

- A gas compliance plate for caravans and boats
- A review of the pipe sizing tables
- Installation of commercial catering equipment.

The Executive Director is a member of this committee.

AS/NZS 1596 Storage and Handling of LPG amended

The changes to this Standard include a new informative appendix on managing odour in the LPG supply chain and changes to the appendix on impact protection. The appendix remains informative for New Zealand but has become normative for Australia.

Also, the important interpretation amendments which the Association was particularly keen to see sorted out covering the “securing” of stored cylinders and tank vent stacks are included.

The Executive Director is a member of this committee.

Review of AS/NZS 4645 Gas distribution systems

A full review of this standard, which covers both LPG and natural gas distribution systems, is underway.

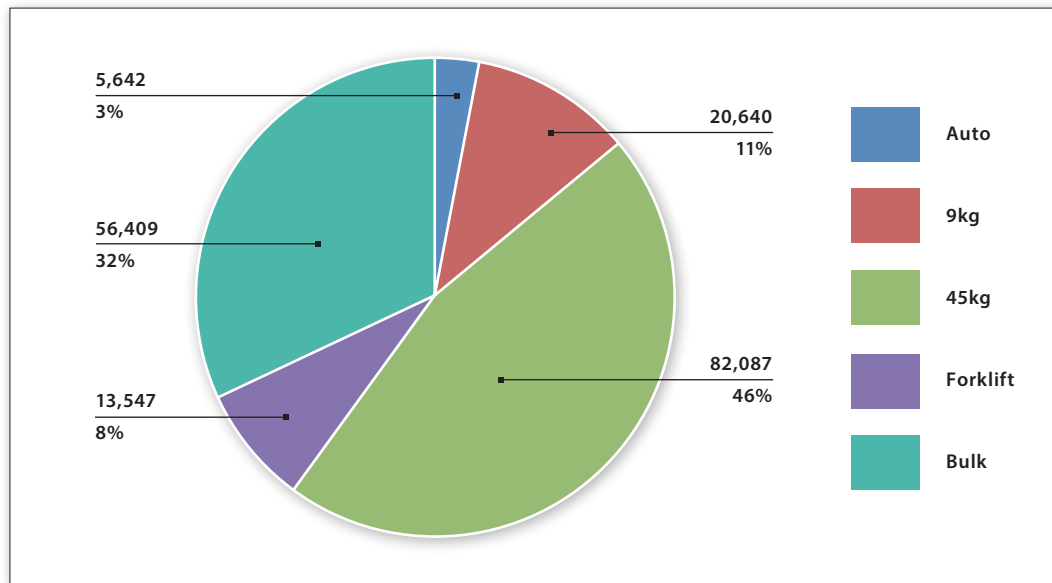
Kevin Daly Chair of the Association technical Committee is a member of this committee.

Sales figures show continuing growth

Below is the year to date sales figures from July 2016 to August 2017. The running annual total is 178,325 tonnes, which is approximately a seven percent increase over the corresponding period last year.

The 9kg segment has seen a small increase over the previous year due to the colder winter. The automotive market continues to decline with a further 17 percent reduction. The sector with the largest increase was again the 45kg market, which showed growth of 12 percent. The bulk market grew 5.6 percent and the forklift sector increased 2.7 percent.

The number of 45 kg customers has also been increasing.







EXECUTIVE COMMITTEE REPRESENTATION

Executive elected at 2016 annual general meeting

Shell NZ	Ms V Jull	Producer
Liquigas	Mr A de Geest	Distributor
OnGas	Ms Shelley Pellow	Wholesaler
Contact Energy	Mr A Sibley	Wholesaler
ELGAS	Mr A Smith	Wholesaler
Nova Energy	Mr T Barstead	Wholesaler
Genesis Energy	Mr C Jardine	Wholesaler
SecoGas	Mr N Beeslar	Equipment Supplier
Rinnai NZ	Mr R Ferner	Appliance Supplier

President

Mr Albert de Geest continued as President for the remainder of his two year term.

Vice President

Mr Andy Sibley was elected Vice President at the December 2016 Executive meeting.



OTHER COMMITTEES

Association Technical Committee

Mr K Daly, Chairperson	Mr R Sallah
Mr K Bailey	Mr D Paton
Mr R Walsh	Mr P Gilbert
Mr D Whitfield	Mr L Barilla

Association HSE Committee

Ms R Morris, Chairperson

Mr D Falconer

Mr D Whitfield

Mr L Barilla

Mr D Reid

Wellington Region Hazardous Substance Technical Liaison Committee

The Executive Director represents the Association.

NZ Standards Gas Sector Board

The Executive Director chairs the Committee and represents the Association.

Gas Community Group

The Executive Director chairs the Committee and represents the Association.

AS/NZS 1596 LPG Storage and Handling

AS/NZS 5601 Gas Installation Standard

AG-001 Australian Gas Appliance Standards

The NZ Gas Industry is represented by the Executive Director, Mr J Swarbrick, Mr R Brodrick and Mr P McArthur.



MEMBERSHIP OF THE ASSOCIATION

Producer

Shell New Zealand

Distributor

Liquigas Ltd

Wholesaler

Elgas

OnGas

Contact Energy

Nova Energy

Genesis Energy

Retailer

Arthur Cates Ltd

Auto Gas Centre Ltd

BP Oil NZ Ltd

Eastern Bay Cylinders

Eastern Gas and Hire

ECO Central

Far North Gas

Gasnet Ltd

GasPro Ltd

Gogas Ltd Tonga

Island Fuels Ltd

King Country Energy

Lama Gas Services

Metro Gas

North Harbour Hire Ltd

Porirua Cylinder Testing

Richdale Fire and Security

River City Gas

Toa Gas Cook Islands

Waiheke Energy Centre

Z Energy

Gameco NZ Ltd

SecoGas

Vapor Gas Equipment Ltd

Transporter

Pacific Fuel Haul Ltd

Lowes Industries

Oceangas Services Ltd

Uhlenberg Haulage Ltd

Aber Holdings Ltd

DeLonghi NZ

Rinnai NZ Ltd

Installer

BHS Contractors Ltd

Gas Engineering Services

GasTech NZ Ltd

Gasco & Pipeline

Gasco North and South

Good Living Solution

Kevin J Morgan Plumbing

Liquid Gas Services Ltd

Mclvor Plumbing and Gasfitters



Associate Member

- Approved HSNO Test Certification
- Bromic NZ
- Custom Controls Ltd
- EMS Ltd
- Fiji Gas
- Galpro Stylex
- Gas Association of NZ
- Gas Energy Australia
- Hale & Twomey Ltd
- Hamilton Plumbing Co Ltd
- Heatrite
- LP Gas Association (UK)
- LPG & Safety Consultants
- Masters Plumbers Gasfitters and Drainlayers NZ Inc
- National Propane Gas Association
- Nationwide Fire Protection
- Penniall & Jordan Co Ltd
- SGS NZ Ltd

