

MEMORANDUM OF UNDERSTANDING



For the inclusion of Natural Gas Domestic and Commercial Appliances into the Liquefied Petroleum Gas Safety Association of Southern Africa's Safe Appliance Scheme as well as the Establishment of the South African Pipeline Gas Association's Safe Gas Equipment Scheme and the inclusion of LP Gas Industrial Equipment thereof in terms of the Occupational Health and Safety Act of 1993, and the Pressure Equipment Regulations.

MEMORANDUM OF UNDERSTANDING (MoU)

Between

The Liquefied Petroleum Gas Safety Association of Southern Africa (Herein Referred to as LPGSASA)

And

The South African Pipeline Gas Association (Herein Referred to as SAPGA)

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Background

LPGSASA

Since becoming an active standard, SANS 1539 has been regularly revised and updated to take cognizance of the increasing ranges of LP Gas appliances, and the ever changing technologies being introduced and applied. This revision process has also acknowledged the need to increase the scope of the standard to cover the requirements for Natural Gas appliances.

The LPGSASA volunteered its services to the Department of Labour (DoL) and jointly formed the Safe Appliance Acceptance Committee to introduce a cost effective system for the control of gas appliances and to target non-compliant goods.

The LPGSASA acts as a secretariat for the DoL (for no reward) by providing the expertise, manpower and forum for the management, control and issuing of permits that deem gas appliances to be safe.

The LPGASA is an Association constituted not for gain, and is the custodian of controls in safety standards for the LPGas industry. Membership of the Association is entirely voluntary and many of its services are funded from membership fees and levies in order to provide benefits to the LP Gas industry and its members.

SAPGA

SAPGA, also, as a nonprofit association has become a major role player in the industrial natural gas environment and as such the industry needs to take cognizance of the fact that related industrial equipment needs to be controlled to ensure the safe, efficient and approved use thereof. This implies that through mutual agreement, the industrial equipment of LPGSASA will also be incorporated within this scheme.

There is probably a need to follow a similar procedural practice than that exercised by the LPGSASA but the industrial equipment, in its magnitude will surely bring its own challenges to the fore which could influence current practice. None the less, SAPGA has sought out best practices internationally and would probably adopt a combination of existing schemes.

Purpose

The purpose of this MOU is to clearly identify the roles and responsibilities of each party as they relate to the implementation of the inclusion of Natural Gas Domestic Appliances in the Safe Appliance Scheme (SAS). The LPGSASA is committed to ensuring that all LP Gas appliances sold in South Africa are proven to comply with the Occupational Health and Safety Act (OHS Act) requirements and, as required by the Department of Labour. The establishment of the Safe Appliance Scheme is in furtherance of this requirement. The scheme has been operational since April 2001.

SABS 1539 has been a legal requirement since 1975. In terms of which, it is a requirement of the Occupational Health and Safety Act (OHS Act), which holds the Responsible Person or the Managing Director of a company, personally liable for any

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injury, or death that occurs as a result of a *non-compliant, and/or unsafe* LPGas appliance.

To support this goal, LPGSASA and SAPGA will conduct all activities to ensure the furthurance of the objective of the SAS. Both LPGSASA and SAPGA will ensure that program activities are conducted in compliance with all applicable laws, rules, and regulations of the Republic of South Africa.

In particular, this MOU is intended to:

- a. Outline the incorporation of Natural gas domestic and commercial appliances in the **LPGSASA Safe Appliance scheme**.
- b. Establish the South African Pipeline Gas Association's **Safe Gas Equipment Scheme** for Industrial Equipment and the inclusion of LP Gas Industrial Equipment thereof.
- a. Require the attendance of representatives at the respective quarterly meetings held at either the LPGSASA offices or SAPGA offices.
- b. Ratification of all LP Gas and Natural Gas permits issued in the previous quarter.
- c. Establish permit requirements, parameters testing requirements, relevant SANS, under authority from the Department of Labour, with regard to the Occupational Health & safety Act (OHS ACT).

Authority

By means of a joint application, the LPGSASA will obtain from the Department of Labour the necessary mandate to increase the scope of the current Safe Appliance Scheme, which is limited to LP Gas appliances with a maximum gas demand of 10 kg/h, regulators and hoses, and to additionally cover Natural Gas appliances with a maximum gas demand of 500 MJ/h.

By means of a joint application, SAPGA will obtain from the Department of Labour the necessary mandate for SAPGA to establish and operate a **Safe Gas Equipment Scheme** to cover the certification of Natural Gas and LP Gas industrial equipment typically covered by the scope of SANS 329 and SANS 347.

Scope

By means of this MOU SAPGA requests the LPGSASA, subject to Department of Labour approval, to increase the scope of its Safe Appliance scheme to cover Natural Gas Domestic and Commercial appliances as covered in the scope of SANS 1539. The LPGSASA will therefore assume the responsibility for the control and issue of Safe Appliance permits for both LP Gas and Natural Gas appliances within the appropriate scope of SANS 1539.

Similarly the LPGSASA requests SAPGA, subject to Department of Labour approval, to include LP Gas Industrial Equipment that fall within the scope of SANS 329 and SANS 347 in the Safe Gas Equipment scheme to cover the certification of Industrial Natural Gas Equipment that falls within the scope of SANS 329 and SANS 347. SAPGA will therefore assume the responsibility for the control and issue of Safe Gas Equipment permits for both LP Gas and Natural Gas appliances within the appropriate scope of SANS 329 and SANS 347.

Joint Participation

Both parties would make provision on their respective Safe Appliance or Safe Gas Equipment committees for representatives from the other party.

The LPGSASA would invite nominees from SAPGA to attend the quarterly Safe Appliance meeting held at the LPGSASA offices in Randburg. It would be beneficial to select the nominees that have a direct interest in the domestic and commercial appliance industry. Amongst other items, the meetings are used to ratify all permits issued in the previous quarter.

Testing Requirements

Where suppliers have a current product tested for LP Gas which they wish to market for use with LP Gas, it will be necessary for the supplier to submit a test report covering the natural gas appliances. This will not necessarily require a full product test but may well require a combustion test for natural gas. Specific product labeling and instruction booklets will need to be submitted to the test house for examination.

For new products not yet tested where the supplier wishes to supply the market with both LP Gas and Natural gas models, the test for both gases can be carried out at the same time and covered in a single test report.

The Safe Appliance committee accepts the test reports of local test houses that have been accredited by SANAS which accreditation identifies the applicable test methods related to SANS 1539 & SANS 1237 in the scope of accreditation.

It is normal for one SANAS accredited Test House to accept the test reports of another test house. This would be an important issue for those suppliers that have previously had the products tested for LPG but now seek a test report for Natural gas.

The current Safe Appliance scheme not only covers the product testing but also certification of marking labels and instruction booklet as the requirements for these are covered in SANS 1539. A benefit of a combined scheme is the supplier will only need to produce one booklet which can be used for both gas types and which can carry the permit number for both model types.

Permit Applications and Issue

Applications for permit require the supplier to complete a permit application form and submit an original copy of the test report. The permits are issued with a validity period of between 1 and 3 years depending on the level of quality management in place at the manufacturers factory. This is aimed at ensure ongoing compliance and operates as follows:

- a) Where no Quality Management System (QMS) is in place the permit lasts for 1 year and at the end of that period will only be renewed upon presentation of a new test report. The cost of the test is for the suppliers account.
- b) For local manufacturers only, where no formal QMS is in place but where dimensioned product drawings, a detailed BOM and a preferred supplier list is presented, then permits are issued for a 2 year period. Such permits are renewed without a retest upon receipt of a written declaration that the product has not changes.
- c) The LPGSASA does inspect such factories to ensure that there is a clear manufacturing plan in place to build products according to the drawings.
- d) Where the manufacturer has either ISO 9000 or a fully documented in House QMS then permits are issued for a three (3) year period. Such permits are renewed without a retest upon receipt of a written declaration that the product has not changed.

For both b) and c) above, if there are product changes manufacturers are required to advise the details and the LPGSASA will decide whether a partial or full retest is required or whether the changes have no effect on the gas train and the permit can be renewed without a retest being called for. Where a retest is required, the cost of the retest is for the suppliers account.

There is a nominal charge for the issue of permits, which is outlined in the SAPGA and LPGSASA Scheme Guides.

Permit identity

The present LPGSASA permits carry the LPGSASA logo. This would continue for LP Gas appliance permits. However where the permit is issued for a natural gas appliance the LPGSASA logo should be replaced by the SAPGA logo.

An additional field would be created on the permits to identify the appliance gas type.

At present the permits carry the signature of the Managing Director of the LPGSASA. For the sake of convenience this practice will be continued.

At any time, SAPGA may nominate an alternative signatory for the Scheme.

Logos

The LPGSASA has established a Safe Appliance Logo, which may be used on appliances, labels or instruction booklets for appliances holding an LP Gas Safe Appliance permit. It may also be used to promote such appliances. It may not be used in a corporate sense.

Similarly SAPGA have developed their own logo and use whatever means they decide are appropriate to market and gain consumer acceptance of that. SAPGA logo may only be used on Natural gas appliances for which a permit has been issued.

The LPGSASA Safe Appliance Logo is regularly used on appliance instruction booklets. It is suggested that where the appliance is supplied both for LP Gas and Natural Gas, and the supplier has produced a common booklet covering both products, then it would be in order for both logos to appear on the common booklet.



SAFE APPLIANCE



Record keeping

The LPGSASA and SAPGA operate and maintain relational databases of all issued test reports and permits.

Public access to permits database information

Almost since the inception of the Safe appliance scheme in 2001/2, the LPGSASA has carried information on its website about approved appliances. The method of presenting the information on the website has changed over the years as the scheme grew with the last being a searchable display with searches possible by brand, product description, model number, product category or permit number.

The search option is presented for both current permits and well as discontinued products. This will continue and it is proposed that the SAPGA website have a similar page and search option for all natural gas products with a permit.

Consideration could also be given for both associations to have a link on the relevant website page directing users to the selected Association's page dedicated to the relevant scheme.

Alternatively, an independent and designated website should be developed to encompass the both Schemes.



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It is Mutually agreed and understood by and between the parties that:

1. Any modification to this MoU will be conducted under mutual agreement.
2. Termination to this MoU will be conducted under mutual agreement.

Funding

This MoU does not include the reimbursement of funds between the two parties to this agreement.

Dispute Resolution and Investigations

All disputes and investigations regarding any enquiries, incidents, non-compliance shall be forwarded to the DoL for further investigation and arbitration under the guidance of the Chief Inspector.

Record Retention


All records must be retained for five (5) years from inception. This requirement applies to permit records, reports and client information.

Effective Date And Signature:


This MOU shall be effective upon the signature of Parties A and B authorized officials. It shall be in force from Date of Signature.

Parties A and B indicate agreement with this MoU by their signatures.

Signed on this 9th Day of November 2009 at Fourways, Johannesburg.



Roy Lubbe
Chairman
South African Pipeline Gas Association



Dennis M Herold
CEO
The Liquefied Petroleum Gas Safety Association
of Southern Africa