

2.1 MAR 2017		

On 12 December 2016, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- Any reports, briefings, aide memoirs, research, and advice given to the minister that are about, or include mention of, Haier appliances or whiteware from August 1st 2013 until 12th December 2016; and
- Any correspondence (including emails) to or from the Minister that include mention of Haier appliances or whiteware or washing machines since 1st November 2015 to 12th December 2016; and
- Any correspondence (including emails) to or from the ministry official that include mention of Haier appliances or whiteware or washing machines since 1st November 2015 to 12th December 2016?

The Social Security (Benefit Categories and Work Focus) Amendment Act 2013 enables the Ministry of Social Development to contract with preferred suppliers to deliver goods and services to Ministry of Social Development clients.

Fisher and Paykel Appliances Ltd, which was purchased by the Haier Group in 2012, is contracted by the Ministry, as a preferred supplier, to provide whiteware for clients who qualify for hardship assistance. The contract ensures clients will receive a high quality appliance at a reasonable cost with a two-year warranty. Appliances are delivered and installed with no additional costs to client's. Whiteware products, including washing machines, are repaired, if needed, while under warranty. Further information about whiteware hardship assistance can be found online at: www.workandincome.govt.nz/eligibility/urgent-costs/whiteware.html

Please find enclosed the following eight documents within scope of your request:

- Report, 'Update on Preferred Suppliers for Whiteware and XX', dated 30 August 2013.
- Report, 'Implementation of a Preferred Supplier Arrangement for Whiteware', dated 24 September 2013.
- Report, 'Update on Whiteware and XX Procurement Initiatives', dated 2
 December 2013.
- Report, 'Update on introduction of preferred supplier arrangements for whiteware and XX products', dated 14 March 2014.
- Email and attachments, 'F & P Recall Haier Washing Machine 20151123', dated 27 November 2015.
- Email and attachment, 'FW: MSD Letter', dated 27 November 2015.
- Letter, 'NZ Distributor Ministry of Social Development Update', dated 7 April 2016.
- Letter, 'Concerns about the arrangement between Work and Income and Fisher & Paykel', dated 12 December 2016.

You will note that some information is withheld from the documents being provided as the information is out of scope of your request. Names of some individuals are withheld under section 9(2)(a) of the Official Information Act (the Act) in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

The reports enclosed contain information that is commercially sensitive and is withheld under section 9(2)(b)(ii) of the Act as, if released, would be likely to prejudice the commercial position of the person who supplied or who is the subject of the information. The greater public interest is in ensuring that the commercial position can be maintained.

In addition, some information is withheld in the Report titled 'Update on Preferred Suppliers for Whiteware and XX', dated 30 August 2013 and in the Email titled 'FW: $MSD\ letter'$, dated 27 November 2015, under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of opinions. I believe the greater public interest is in the ability of individuals to express opinions in the course of their duty.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response regarding whiteware appliances with us, please feel free to contact OIA Requests@msd.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely

msh

Merv Dacre

Associate Deputy Chief Executive, Corporate Solutions



report

MINISTRY OF SOCIAL DEVELOPMENT Te Manatū Whakahiato Ora

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30 August 2013

Security Level:

COMMERCIAL - IN CONFIDENCE

To: Hon Paula Bennett, Minister for Social Development	\langle
Update on Preferred Suppliers for Whiteware and Out of scope)
Purpose of the report	
This note updates you on progress to contract preferred suppliers to provide whiteware Out of scope services to clients.	
Whiteware	
Background	
In May 2013, you signed a Ministerial Direction that enables MSD to contract preferred suppliers to provide combined refrigerator-freezers, separate freezers, separate refrigerators and washing machines, as well as related services such as delivery, installation and warranty support. Dryers are not included in the Ministerial Direction.	
Procurement	
3 MSD received six responses to its whiteware RFP. Section 9(2)(b)(ii) Commercially sensitive Section 9(2)(b)(iii)	
An evaluation panel with staff from MSD and EECA assessed the RFPs in terms of the respondent's capacity to provide national coverage, delivery and installation, the price of products and the length of warranties, ability to tailor a product catalogue for MSD, and the company's financial viability.	
Result	
Fisher & Paykel Appliances Limited (Fisher & Paykel) performed best overall in meeting MSD's requirements to improve the quality and cost of whiteware to clients, and achieve better value for money improve through improved price control. In particular, Fisher & Paykel clearly demonstrated that it:	

 is a leader in the New Zealand whiteware market with a high quality product (evidence of a range of awards was provided) backed up with a comprehensive

warranty;

•	has an existing national framework to support nationwide product distribution and installation, and an extensive service network providing 24/7 customer support (products have serial tracking which enables service people to obtain information about service history and usage); Section 9(2)(b)(ii) Commercially sensitive
	has the most cost effective & competitive pricing in the majority of sub categories – achieving whiteware prices around below the retail list price on average;
	is able to provide MSD with a customised e-catalogue to simplify the purchasing process;
	has a secure e-commerce portal (security analysis was performed by Price Waterhouse Coopers against Fisher & Paykel's e-commerce portal and no serious issues were found);
6	has sound financial systems (a Price Waterhouse Coopers audit of Fisher & Paykel's financial systems gave a clean bill of health).
	and pricing
6 We a	re now looking to enter into a formal contract with Fisher & Paykel. The initial act term will be three years with two optional rights of renewal of one year each.
margi margi margi arran	rice component of the contract is based on an "open book plus predetermined n" approach. This means MSD knows the base price for each appliance and the n added by Fisher & Paykel is fixed at a predetermined level. The prices and ns are specified in the contract and, all things being equal, it is expected that this gement combined with the "continuous improvement" requirements set out in the act will see the price of appliances to our clients reduce during the life of the contract.
Financial	benefits to clients
reduc The b same warra	In 9(2)(g)(i) Free and frank expressions of opinions This is a \$9.90 million tion in hardship assistance, and therefore client debt, compared to the status quo. This is a \$9.90 million tion in hardship assistance, and therefore client debt, compared to the status quo. This is a \$9.90 million tion in the status quo. The status quo. The status quo. The status quo. This is a \$9.90 million tion in the status quo. The statu
Baseo new a	urrent average expenditure (client borrowing) for a second-hand whiteware nce is \$411.00. The current average expenditure for a new appliance is \$571.00. On the prices achieved through the procurement process, the average price for a poliance with a 2-year warranty is This means clients will be able to purchase appliance for less than the current average second-hand price and significantly less ne durrent average new appliance price. Section 9(2)(b)(ii) Commercially sensitive
wantar Over ii	e year cost to a client of a new medium size washing machine, including a two year ty, will be compared to \$1,830 years for a second hand machine once servicing and/or replacement is taken
into ac appliar	count. The equivalent five year cost for a new medium fridge/freezer is
0	Section 9(2)(b)(ii) Commercially sensitive
Section 9(2)(g)(i) Free	e and frank expressions of opinions Section 9(2)(b)(ii) Commercially sensitive

Communications and implementation

- 11 A process is in place for notifying the unsuccessful respondents. We will work with your office on the communication approach and timing for announcing the successful preferred supplier and the start of the new initiative.
- 12 Implementation will start with the Southern region in late-September, the rest of the South Island from the end of October and cover the whole country from the end of November. Implementation will be supported by staff training, process documentation, and messaging about the new initiative. An outline of how the process will work for clients is attached as Appendix 1.

/>
Out of scope
Next Steps
17 Whiteware: we are planning to enter into a formal contract with Fisher & Paykel over the next week or so.
18 Out of scope
19 Next update: our next update to you will be in November.
Recommendations
It is recommended that you:
note that under the whiteware preferred supplier initiative clients will have access to high citality appliances provided through a nationwide network with full warranty and service support, and that this is expected to significantly reduce the five year cost of washing machines, and combined and separate fridge/freezers for clients;
2 pote that Fisher & Paykel Appliances Ltd has been identified as MSD's preferred supplier of whiteware to clients and that a contract will be entered into shortly that will offer whiteware to clients at around below the average retail list price and is expected to reduce client debt by \$9.90 million over five years; Section 9(2)(b)(ii) Commercially sensitive
3 note that we will work with your office on the communication approach and timing for announcing the successful preferred supplier and the start of the new initiative, which will be rolled out from late-September;
4 Out of scope
Lindate on Preferred Suppliers for Whiteware Out of scope

Hon	Paula	Bennet	tt	_
Minis	ster fo	r Social	Development	Ĺ

Date

Appendix 1 - High level process flow for supply of whiteware to

- 1. Case manager assesses entitlement and works with client to select approp whiteware product from catalogue.
- 2. Case manager recommends application, and gives the client their application summary and a fact sheet. Client is advised that once their application is approved the provider will contact them to arrange delivery at an agreed time
- 3. Centralised services team authenticates
- 4. If approved:
 - 4.1 order is placed in provider's e-commerce
 - 4.2 payment is direct credited to provider overhight;
 - 4.3 provider coptacts client and delivers whiteware at agreed time.
- 5. If declined, the case manager is advised and contacts client to remedy.



report

MINISTRY OF SOCIAL DEVELOPMENT

Te Manatū. Whakahiato Ora

Date:

2 December 2013

Security Level:

IN CONFIDENCE

To:

Hon Paula Bennett, Minister for Social Development

Update on Whiteware and Out of scope Procurement Initiatives
Purpose of the report
The purpose of this report is to update you on the implementation of the whiteware and Out of scope services procurement initiatives.
Recommended actions It is recommended that you:
note that the Chief Executive entered into a Goods and Services Agreement with Fisher & Paykel for the provision of new and warranted whiteware goods on 11 September 2013
note that the whiteware hardship assistance procurement model has been implemented throughout the South Island and will be implemented throughout the North Island from 3 February 2014
3 Out of scope
4
5
Jamie Burgess Date Chief Produrement Officer
Hon Paula Bennett Date Minister for Social Development

Background

- As part of phase two of the welfare reforms, the Social Security Act 1964 was amended to enable the chief executive to enter into preferred supplier contracts for goods and services purchased for clients (section 125A).
- 3 The objectives of the procurement initiatives are to:
 - reduce client debt to the Crown
 - reduce cost, and therefore debt to the client
 - reduce complexity and simplify processes for frontline staff
 - improve control over price
 - offer a durable and fit for purpose product.
- 4 The Goods and Services Agreement for the provision of new and warranted whiteware goods and services was awarded to Fisher & Paykel Appliances Ltd on 11 September 2013.

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5	Out of scope		/ >	/	> (7	\Diamond	,	
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Update on the implementation of the preferred supplier model for whiteware in the South Island

Forecasted reduction in crown spend/average expenditure

Prior to the implementation of the preferred supplier model, the average unit price for new whiteware (unable to differentiate between whiteware repairs and new appliances) within MSD was \$511. Overall, this has reduced since implementation for the South Island to per unit.

Section 9(2)(b)(ii) Commercially sensitive

Original reduction in crown spend was forecasted to be \$9.9million over five years, commencing from year 2 of implementation. Volumes of grants have increased for Southern and Nelson regions since implementation. This is mainly due to the public attention just prior to the Southern rollout. Grants for Canterbury region have reduced. It is year early in the implementation cycle and we will continue to monitor this.

Breakdown of Grants singe implementation

implementation of the preferred supplier model for whiteware purchased through hardship assistance commenced in the Southern region on 30 September 2013. From 30 September to 22 November there have been 263 grants totalling \$129,025 in the Southern Region¹ (includes Work and Income, Senior Services and StudyLink). The table below breaks these grants down by service line.

¹ Geographical coverage up to and including	g Timaru in the South Island.	
Update on whiteware products	Out of scope	procurement initiative

Service Lines	Number of grants	Total Value of grants	Average value of grants
Work and Income	251	\$123,523	\$492
Senior Services	9	\$4,032	\$448
StudyLink	3	\$1,470	\$490
Total	263	\$129,025	\$490

9 From 4 November the initiative was extended to the remainder of the South Island. From 4 – 22 November there have been 163 grants at a total of \$80,152. There have been no grants for StudyLink in this region for this period. The table below breaks these grants down by service line.

Service Lines	Number of grants	Total Value of grants	Average value of Grants
Work and Income (Nelson)	770	\$35,059	\$500
Work and Income (Canterbury)) \$41,934	\$487
Senior Services		\$3,159	\$451
7ótal	163	\$80,152	\$491

Remainder of New Zealand roll out

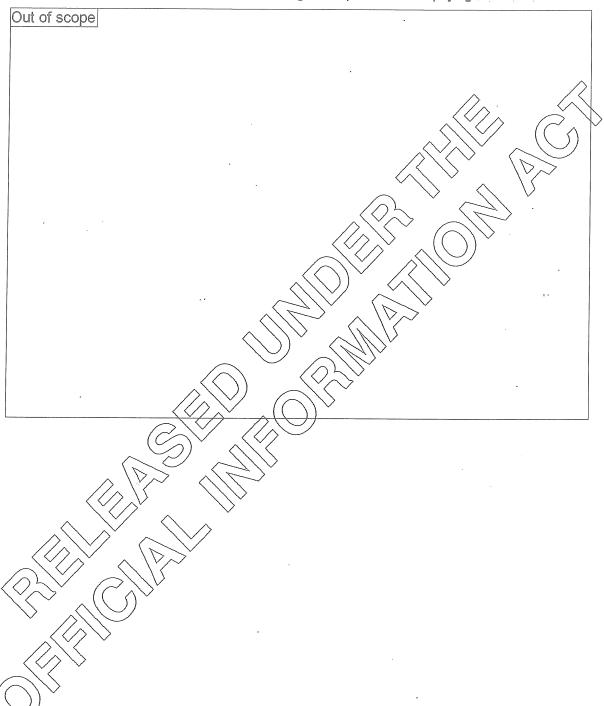
10 The preferred supplier model for whiteware will be implemented throughout the North Island from 3 February 2014. Training will commence in mid-January and be completed by the end of February.

Client feedback

- 11 Of those clients who have accessed whiteware hardship assistance, feedback has been positive. Some of the comments include:
 - "the process was easy and it is a 'great idea' not getting quotes"

Update on whiteware product:	_ Out of scope	hand a company a set to tate at the
opuate on winteware product:	5	procurement initiatives

- "solved the problem if you have to travel to another town because we don't have any major retail stores in town"
- "relieved as the appliance has a two year warranty"
- "it only took 24 hours and it was delivered, installed and the packaging taken away"
- "glad of the scheme as it saved having a hire purchase and paying more fees."





report

Date:	14 March 2014	Security Level:	COMMERCIAL - IN CONFIDENCE		
Tó:	Hon Paula Bennett, Minister fo	or Social Developn	nent / .		
Update on introduction of preferred supplier arrangements for whiteware and Out of scope					
Purpose of the report					
1 This report whiteware	provides an update on the intro	oduction of prefere	ed supplier arrangements for		
Executive summary					
whiteware v	y of Social Development (MSD) with Fisher and Paykel on 9 Se or this arrangement and initial fo	ptember 2013. The	ere is now nationwide		
3 Out of scop	e)) *			
4					
5					
agreements	of elient debt and therefore crow (whiteware and) is esti e agreements. Out of sco	mated to total	oss both preferred supplier over the five year ion 9(2)(b)(ii) Commercially sensitive		
Z MSD will br	ief you again in late March onco nent to amend the Recoverable	e the contract has e Assistance Progr	been signed and to seek amme.		
Background		Out of scope			
Developme services for	AA of the Social Security Act 1 nt (MSD) to contract with prefer purchase by clients. Whitewan of social assistance expenditur	red suppliers to su e produ	upply specified goods and ucts were identified as the		

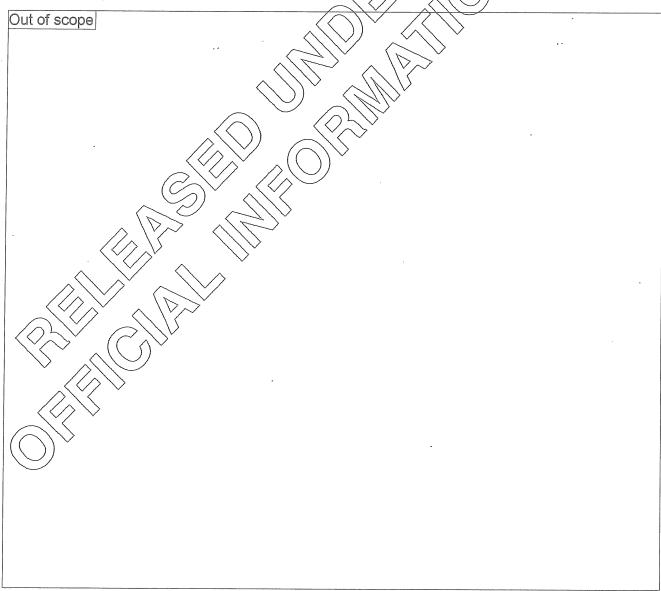
Bowen State Building, Bowen Street, PO Box 1556, Wellington – Telephone 04-916 3300 – Facsimile 04-918 0099

Preferred supplier agreements for whiteware

In May 2013, you authorised MSD to tender for preferred suppliers for whiteware items. In September 2013, the Ministry contracted Fisher & Paykel Appliances as the preferred supplier of whiteware. The initial contract term is three years with two further rights of renewal of one year each.

Implementation

- 10 This arrangement has had a staggered rollout commencing:
 - 30 September 2013 lower South Island
 - 4 November 2013 whole of South Island
 - 3 February 2014 North Island.
- 11 To date there have been no significant problems experienced during implementation of the new arrangements. Initial client feedback has been very positive. In many cases this is the first new appliance a client has had and they are very satisfied with it.
- 12 MSD has supported over 2,800 New Zealanders to purchase 3,100 new appliances since this project went live.



Out of scope
·
24 Reduction to crown expenditure across both preferred supplier agreements is estimated to
Reduction to crown expenditure across both preferred supplier agreements is estimated to total over the five year periods of the agreements. This is made up of a revised reduction in Crown expenditure of for whiteware plus Out of scope
reduction in Crown expenditure of for whiteware plus Out of scope Out of scope Section 9(2)(b)(ii) Commercially sensitive
Out of scope
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Section 9(2)(a) Privacy of natural persons

From:

9(2)(a)

Sent:

Friday, 27 November 2015 2:52 p.m.

To:

9(2)(a)

Subject:

F & P Recall Haier Washing Machine 20151126

Attachments:

MSD Recall.xlsx; Electrical Safety Recall.pdf; Fisher & Paykel Communication -

MSD.pdf; Letter to the customer...docx

9(2)(a)

Procurement Practice | Procurement Solutions Team | Organisational Solutions

value"

Ministry of Social Development |Te Manatu Whakahiato Ora

34-38 Bowen St | PO Box 1556 | Wellington 6140

Level 9 Charles Fergusson Building, Tower Block

9(2)(a)

www.msd.g

ARÓ ÖTAMAXAHW ÜTAMAM ET

safe, strong and independent MSD Purpose: We help New Zealanders to belp themselves to be kia tū motuhake Ko ta mātou he whakamana tangata kia tū haumary, kia tūkaha

25th November 2015

Fisher & Paykel Appliances Ltd 78 Springs Road, East Tamaki Auckland 2013, New Zealand PO Box 58550, Botany Auckland 2163, New Zealand

+64 9 273 0660 +64 9 273 9920

FISHERPAYNEL.CO.N.

Re: Recall Notification, Haier Top Load Washing Machines, Models HWMR55-918 and HWMP65-918 manufactured between August 2012 and August 2013

As the local distributor for Haier, we appreciate the opportunity we had to brief you on the recall of two models of Haier top load washing machine.

As outlined, our records confirm that 426 machines included in the recall (models HWMP55-918 and HWMP65-918 manufactured between August 2012 and August 2013 only) were delivered to customers under the Whiteware Hardship Assistance contract.

As discussed, we are proposing to contact these customers directly (based on original delivery details) to alert them to the recall and arrange for our technician to carry out the required repair free of charge.

In the event that these customers cannot be contacted through the information we have available, we will liaise with your Ministry to determine whether you have updated contact details and can assist in reaching those affected.

We will also provide regular reports on our success in contacting these customers.

While the need to recall any product is disappointing, customer safety is a top priority. Haier stands by its products (00%) and action is being taken to move quickly and put things right.

As we discussed, the recall is due to a possible issue with the wires inside the machine between the cabinet and washing bowl, which can become fatigued and fracture over time. There is the potential for this to create a fire hazard.

A small number of reports (7 of approximately 16,500 products included in the recall) of the issue have been received and we confirm that, to date, there have been no reports of injury of serious property damage.

The repair involves updating the wiring system inside the machine and replacing the machine's back panel. This will bring the product up to the current design and has been thoroughly tested to meet the highest safety standards. The repair is easily and quickly done in the customer's home; there is no need to remove the machine.

As a precaution waiting awaiting the repair, we are advising customers to only operate their machine if they are present or nearby to monitor it. If there is any concern about how the machine is operating or customers notice any burning smell or smoke, the machine should be turned off at the wall and unplugged. The machine should not be used again until it has been inspected by an authorized technician.

Aside from contacting customers directly, the recall will be actively promoted online, on social media and through widespread national and regional newspaper advertising, as well as through working closely with dealer and service networks.

Attached for your reference and use is the official recall notice and more detail is available to all at www.haier.co.nz/recall. We welcome you to publicise this within your networks.

We apologies for any inconvenience caused to our oustomers or your team, and thank you in advance for your support.

If you have any further questions or concerns please contact Nick Thompson

Section 9(2)(a) Privacy of natural persons

Yours sincerely

Section 9(2)(a) Privacy of hatural persons

National Business Development Manager

FISHER & PAYKEL APRIMANCES

Electrical Safety Recall

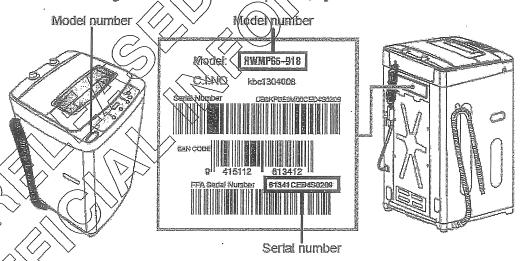
Two models of Haier top load washing machine HWMP55-918 and HWMP65-918 Manufactured between August 2012 and August 2013

Defect: Over time the wires inside the machine between the cabinet and the washing bowl can become fatigued and fracture.

Hazard - Risk of Fire: There is the potential for this to create a fire hazard

What to do:

- Visit www.haler.co.nz/recall or free call 0800 004 920 (Mon-Fri 8am-9pm, Sat 9am-4pm) to determine if your product is included in the recall, and if necessary, register your machine for a free repair. You will need the serial number from your machine as shown below.
- As a precaution until the machine is repaired, only operate it if you are present or nearby to monitor it.
- If there is any concern about how the machine is operating, or if you notice a burning smell or smoke, turn the machine of at the wall, unplug it and do not use it again until has been inspected by an authorised technician.



This recall has been issued by the local distributor Fisher & Paykel Appliances Ltd.

See www.consumeraffairs.govt.nz for other New Zealand consumer product recalls.

12. LETTER TO CUSTOMERS.

Dear xxxxx,

Re: Recall Notification - Haier top load washing machines HWMP55-918 and HWMP65-918, manufactured between August 2012 and August 2013 only

As the local distributor for Haier, we understand you are the owner of a Haier top load washing machine that may be included a recently announced recall.

The affected machines are models HWMP55-918 and HWMP65-918, manufactored between August 2012 and August 2013 only.

This recall is due to a possible issue with the wires inside the machine between the cabinet and washing bowl, which can become fatigued and fracture over time. There is the potential for this to create a fire hazard.

These machines need a repair to eliminate this potential risk

Customer safety is a top priority. Haier has engaged the services of Fisher & Paykel, as its local distributor, to manage the recall and repair processes. We are committed to inspecting and updating affected machines as quickly as possible and upholding our usual high standard of customer care.

Please visit www.haier.co.nz/recall or free call 0806 604 920 (Mon-Fri 8am-9pm, Sat 9am-4pm) to confirm your machines in included in the recall and to book a repair free of charge.

In the meantime, as a precaution, we are advising that your machine only be operated if you are present or nearby to monitor it. If there is any concern about how the machine is operating or you notice any burning smell or smoke, the machine should be turned off at the wall and unplugged. The machine should not be used again until it has been inspected by an authorised technician.

The repair involves updating the wiring system and replacing the back panel, bringing the product up to current design. It has been thoroughly tested to meet the highest safety standards. The repair is easily and quickly done in your home; there is no need to remove the magnine.

This voluntary recalls follows a small number (7) of reports of the issue, and we can confirm that to date there have been <u>no</u> reports of injury of serious property damage. While this is a rare occurrence, customer safety is of utmost importance and we are moving quickly to put things right.

We apologise for any inconvenience this may cause, and thank you in advance for your support.

As well as being in touch with us, we encourage you to share this information with family, friends and colleagues who may also have this machine and need to respond to the recall.

Kind regards, Xxxx Confirming your machine is included in the recall:

As the local distributor of Haier in New Zealand, our records show you own a machine that is included in this recall. This may be because you have registered your product with Haier for warranty purposes or have had your machine serviced.

Machines included in the recall are models HWMP55-918 and HWMP65-918 manufactured between August 2012 and August 2013, and were therefore likely purchased from as early as mid-August 2012 and as late as mid- 2014.

These are 5.5 and 6.5kg capacity top load washing machines.

The model number can be found on the top of the machine, under the logo in the front left corner.

We will need to confirm the 14 character serial number on your machine matches our records. This can be found as shown below. Once you have located this, or if you need assistance, please visit www.haier.co.nz/recall or free call 0800 004 920 (Mon-Fri 8 am-9pm, Sat 9am-4pm).

	Section 9(2)(a) Privacy of natural persons		
	From: Sent: To:	9(2)(a) Friday, 27 November 2015 2:54 p.m. 9(2)(a)	
	Cc: Subject: Attachments:	FW: MSD Letter 0400_001.pdf	
	Hi everyone,	requested from Figher and Royled in years at 15 M	
	centre of our Gisborne client's In addition 9(2)(a) from	m F and P has indicated to me verbally, that their technicians will commence	
	a forensic exercise to determinend. As a result Section 9(2)(g)(i) Free and	e the possible cause of the fire which they expect to complete over the week	
	Section 9(2)(g)(i) Free and frank expression		
I will continue to keep you all updated.			
	Cheers Section 9(2)(a) Privacy of natural From: 9(2)(a)	(Offishernav Rel. Roby)	
	Sent: Friday, 27 November 2015 2 To: 9(2)(a) Subject: MSD Letter	2:30 6(1)	
	Hi ^{9(2)(a)} Please find communication attache	ed in regards to Gisborne.	
	Regards,		
9	Business Development Manager (2)(a) 9(2)(a) 9(2)(a) (C)(a)	 . <u>m</u>	
i	Fisher & Paykel Appliances Ltd 78 Springs Boad, East Tamaki, Auckla PO Box 58546, Botany, Auckland 2163 NEW ZEALAND	nd 2013 3	
ļ	FISHERPAYKEL.CO.NZ		

Fisher&Paykel

FI IER & PAYKEL APPLIANCES' CONFIDENTIALITY NOTICE: This e-mail and any attachments may contain confidential information. It is intended only for use of the addressee(s) for the purpose stated.



27th November 2015

Fisher & Paykel Appliances Ltd 78 Springs Road, East Tamaki Auckland 2013, New Zealand PO Box 58550, Botany Auckland 2163, New Zealand

+64 9 278 2650

ISHERPAYKEL.CO.

Fisher & Paykel is aware of the Gisborne fire which we understand occurred in a property where a Haier washing machine was located. We understand further that this machine was supplied via a Ministry of Social Development partnership.

While the model of this Haier washing machine corresponds to the models currently the subject of a safety recall (HWMP55-918 and HWMP65-918), this particular machine is outside the manufacturing dates of this recall, being those dates between August 2012 and August 2013.

Section 9(2)(a) Privacy of natural persons

MSD can be assured that Fisher & Paykel has been in contact with the owner of the machine in question and is anticipating that the damaged machine will be in our workshop later today where it will be subject to thorough inspection and investigation.

Please appreciate that because this machine is outside the parameters of the current recall, this incident must be treated as separate from the recall.

Fisher & Payker as the local distributor of Haier-branded products, is committed to ensuring the safety of our products, and we will be taking steps to understand the cause of this issue and determine what action is required from here.

Yours faithfully

FISHER & PAYKEL APPLIANCES

Section 9(2)(a) Privacy of natural persons

National Business Development Manager

Fisher & Paykel Appliances Ltd 78 Springs Road, East Tamaki Auckland 2013, New Zealand PO Box 58550, Botany Auckland 2153, New Zealand

NZ Distributor – Ministry of Social Development Update

7 April, 2016

+64 9 273 9666

+64 9 273 9920

FISHERPATEL CO.NE

FACTORY CLOSURE

Many of you would have seen the recent announcement around the planned closure of our East Tamaki Factory, which manufactures a small range of our refrigeration products including more classic products like chest freezers.

This closure has been foreshadowed for some time, but it is still a very tough decision and one that we have worked closely with the factory's staff to avoid With Fisher & Paykel operating in a global market place, this is a necessary change for the business to adapt and remain competitive.

Since Fisher & Paykel began designing products in 1934 we've grown into global company operating in 50 countries and began progressively manufacturing some products offshore from the early 1990s, today we produce products in Mexico, Italy, Thailand and China.

We expect no impact on the MSD Whiteware Initiative during the East Tamaki factory closure or relocation process, and are working closely with staff and suppliers to ensure a smooth transition.

Fisher & Paykel continues to flourish on the strengths of our New Zealand based innovation and design through our world-class design centres based in Auckland and Dunedin, and we will continue to produce specialist componentry and production equipment in New Zealand.

Kind regards

Section 9(2)(a) Privacy of natural persons

Business Development Manager, Distributor New Zealand



Carmel Sepuloni MP for Kelston

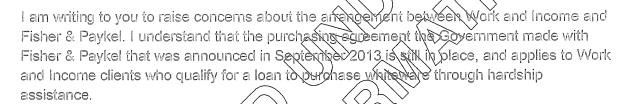
Junior Whip Spokesperson for Social Development Associate Spokesperson for Education | Pacific Island Affairs



12th December 2016

Hon. Anne Tolley Minister for Social Development Executive Wing 5.098 Parliament

Dear Hon. Anne Tolley,



There are several key issues I would like to bring to your attention. Firstly, the restricted nature of this agreement prevents people from being able to purchase the most appropriate appliance for them and their people. One example that was raised with me was a lack of freezer space in the Haier models. Buying food in bulk or on special can be an effective way to save money, and is used by many who are on a strict budget. However, a lack of freezer storage space makes this impossible. While these issues may seem small, an appliance is a long-term investment, and it is therefore imperative that it is suitable for individual needs.

The motels that are offered through Work and Income are also those with high energy and water ratings. Surely, given that New Zealand ratified the Paris agreement, the environmental impact of these appliances needs to be taken into account. The Government should not be promoting inefficient products. At an individual level, high electricity usage can also have considerable long term financial impacts, particularly for those on a benefit. A cost efficient product should be the preference.

Finally, would like to raise my concerns about the continued pushing of appliances that have been recalled for over a year on to Work and Income clients. Only last month, a Work and Income client was forced to purchase one of the Haier Washing Machines that had been recalled in November last year. This came with no warning of the potential hazard and danger this machine could cause. This is incredibly concerning, and I implore you to act in the best interest of Work and Income clients to ensure their safety.

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Carmel Sepuloni MP for Kelston

Junior Whip Spokesperson for Social Development Associate Spokesperson for Education | Pacific Island Affairs



I would appreciate your response to these matters, and how you intend to uphold the best interests of Work and Income clients.

I look forward to your timely response.

Ngā Mihi

Carmel Sepuloni MP for Kelston

Spokesperson for Social Development

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MINISTRY OF SOCIAL DEVELOPMENT Te Manatū Whakahiato Ora

Date:

24 September 2013

Security Level:

IN CONFIDENCE

To:

Hon Paula Bennett, Minister for Social Development

Implementation of a Preferred Supplier Arrang

Purpose of the report

- The purpose of this report is to inform you of the next steps in the implementation of a preferred supplier arrangement for whiteware, now that a contract has been signed with Fisher & Paykel Appliances Limited (Fisher and Raykel).
- 2 Your approval is sought to introduce the attached instruments which amend the following Ministerial Direction and Welfare Programme, so they also with the new arrangement:
 - 2.1 Advance Payment of Benefits Direction (Winisterial Direction'1)
 - 2.2 Recoverable Assistance Programme ('Welfare Programme'2).

Signing of contract

- 3 The Ministry of Social Development (MSD) briefed you on 28 August 2013 on the results of the preferred supplier tendering process for whiteware funded through hardship assistance.
- 4 This process led to a contract being signed with Fisher & Paykel to provide whiteware to MSD chants. Section (2) Commercially sensitive

Section 9(2)(b)(ii) MSD's curre

MSD's current average expenditure is around \$456 per appliance,

Section 9(2)(b)(ii)

This, along with a vast reduction in

repeat applications for the same appliance, is forecasted to result in a \$9.9 million reduction in Crown expenditure on hardship assistance for whiteware over five years.

Amendments required to Ministerial Direction and Welfare Programme

As a result of the Ministerial Direction you signed in May 2013, MSD has the authority to contract for preferred suppliers. However, some further amendments are now required to align other instruments with the contract with Fisher and Paykel.

¹The Advance Payment of Benefit is available to beneficiaries who require assistance to meet an immediate need for an essential item.

²The Recoverable Assistance Programme provides recoverable financial assistance to non-beneficiaries on low incomes to meet essential immediate needs for specific items or services.

- The Ministerial Direction and the Welfare Programme govern the approval of requests for hardship assistance. The Welfare Programme currently sets out a maximum amount to spend on whiteware, and the Ministerial Direction states that the amount of an advance should be the least amount required to obtain the necessary item.
- 7 Under the preferred supplier arrangement, clients will only be able to purchase selected whiteware from Fisher and Paykel, at set prices. Therefore, the guidelines for whiteware are no longer needed. The Ministerial Direction and the Welfare Programme need amending in order to align with the new arrangement, and to make it clear that the amounts available are those set out in the contract with Fisher and Paykel.
- The attached instruments provide that, where a preferred supplier arrangement is in place, the amount of an advance/grant should be the least amount required under the contract with the preferred supplier to meet the client's particular immediate need.

Implementation dates

9 MSD is planning a staggered rollout which will commerce in the lower South Island from 30 September 2013. This will be extended to the whole of the South Island from 4 November 2013 and then to the rest of the country from early 2014.

Recommended actions It is recommended that you:

sign the attached instruments amending the Advance Payment of Benefits Direction and the Recoverable Assistance Programme, so that they align with the new preferred supplier arrangement

2 arrange for a copy of the attached instruments to be tabled in the House of Representatives

3 note that Officials will arrange for the publication of the attached instruments in the New Zealand Gazette.

Anna Butler

General Manager

Income Support and Disability Issues

Hon Paula Bennett

Minister for Social Development

Date

agrée / disagree

disagree

Recoverable Assistance Programme Amendment 2013

Pursuant to section 124(1)(d) of the Social Security Act 1964, the Minister for Social Development makes the following instrument.

Contents

- 1 Title
- 2 Commencement
- 3 Principal programme
- 4 Clause 3 amended (Definitions)

Clause 11.9 amended (Emergency Household Needs

Instrument

1 Title

This instrument is the Recoverable Assistance Programme Amendment 2013.

2 Commencement

This instrument comes into effect on the day after it is made.

Principal programme

This instrument amends the Recoverable Assistance Programme (as established and approved on 15 February 1999)¹ (the principal programme).

Clause 3 amended (Definitions)

In clause 3.1, insert in its appropriate alphabetical order:

"preferred supplier means a person, body, or organisation with whom the chief executive has, under section 125AA(3) of the Act, contracted for the supply of goods and services for purchase by beneficiaries or other persons."

¹ New Zealand Gazette, 25 February 1999, No. 23, page 567.

5 Clause 11.9 amended (Emergency Household Needs)

Replace clause 11.9.2(b) with:

"(b) if section 124(1BA) of the Act applies to the applicant, the least amount required by the applicant to purchase one or more of a washing machine, combined refrigerator-freezer, freezer, or refrigerator under the contract with the preferred supplier under section 125AA(3)."

Dated at Wellington this 24

day of September (20)

Vinister for Social Development

Explanatory Note

This note is not part of the instrument, but is intended to indicate its general effect.

This instrument, which comes into effect on the day after it is made, amends the Recoverable Assistance Programme under the Social Security Act 1964 (the Act) to recognise that certain items for which recoverable assistance is available for emergency household needs may be supplied by a preferred supplier with whom the Ministry has entered into a contract under section 125AA of the Act.

Direction on Advance Payment of Benefits

Amendment 2013

Pursuant to section 5 of the Social Security Act 1964, the Minister for Social Development makes the following instrument.

Contents

- 1 Title
- 2 Commencements
- 3 Principal direction
- 4 Clause 1 amended (Interpretation)
- 5 Clause 4.1 amended (Amount of Advance

Instrument

1 Title

This instrument is the Direction on Advance Payment of Benefits Amendment 2013.

2 Commencence (constant

This instrument comes into effect on the day after it is made.

Principal direction

This instrument amends the Direction on Advance Payment of Benefits¹ given on 25 May 1999 (the principal direction).

Clause 1 amended (Interpretation)

In clause 1.1, insert in its appropriate alphabetical order:

"preferred supplier means a person, body, or organisation with whom the chief executive has, under section 125AA(3) of the Act, contracted for the supply of goods and services for purchase by beneficiaries or other persons."

¹ New Zealand Gazette, 24 June 1999, Notice 4503, page 1687.

5 Clause 4.1 amended (Amount of Advance)

After clause 4.1, insert:

"4.1A If the particular immediate need of the applicant relates to the supply of any goods or services to the applicant or a member of the applicant's family and section 82(6AA) of the Act applies to the applicant, the amount of the advance should be the least amount required under the contract with the preferred supplier under section 125AA(3) of the Act to purchase the goods or services from the preferred supplier."

Dated at Wellington this day of

Septembe/2

Minister for Social Development

Explanatory noted

This note is not part of the direction but is intended to indicate its general effect.

This instrument, which takes effect on the day after it is made, amends the Ministerial Direction on Advance Payment of Benefits under the Social Security Act (1964) (the Act). The amendment reflects that where a preferred supplier arrangement is in place, the advance payment is the least amount required under the contract with the preferred supplier under section 125AA(3) of the Act to purchase the goods of services needed to meet the particular improducte need of the applicant.