



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

16 JUL 2019

Dear [REDACTED]

On 31 May 2019 you emailed the Ministry requesting, under the Official Information Act 1982, the following information in regards to "mystery shopping" exercises as outlined in the State Services Inquiry into the use of external security consultants by government agencies:

- *Was Mr Hughes aware that the Ministry was using private security consultants? If so, please provide details of what he knew.*
- *The SSC report lists four providers the MSD used as private security consultants: Paragon, ICIL, Avon Investigations and Scope Investigations Limited. Please provide all correspondence (including emails, letters, reports and correspondence) that Mr Hughes was privy to from these organisations while he was Chief Executive.*
- *Please provide copies of all reports and summaries these consultants prepared for MSD as their clients.*
- *How much did the MSD pay these companies for their work as private security consultants? Please provide a breakdown of the costs.*
- *Did MSD use any other private security consultants while Mr Hughes was Chief Executive? If so, please could you provide their names and outline the nature of their work.*
- *A copy of all reports and correspondence prepared for the State Services Commission by the MSD which mention or discuss what Mr Hughes knew about the use of private security consultants while he was the Chief Executive of MSD.*

Between 2010 and 2011, the Ministry of Social Development (the Ministry) had a programme of work to "combat sharp and unfair lenders, including the predatory practices of back of the truck traders and finance companies using misleading, targeted advertising". As part of this work, the Ministry had received information that some second hand retail outlets were allegedly exchanging credit notes from the Ministry for cash (minus a substantial commission) or other items, rather than the goods that the Ministry had made the payment for. The Ministry commissioned Paragon NZ to have mystery shoppers visit stores around New Zealand to verify this information. The work was a project between Work and Income and Legal Services. An inquiry into the use of external security consultants by government agencies did not consider these engagements a breach of the Code of Conduct.

For your reference, the report regarding this inquiry is publicly available here:
www.ssc.govt.nz/sites/all/files/Report%20of%20the%20inquiry%20into%20the%20use%20of%20external%20security%20consultants%20by%20government%20agencies_0.pdf

I have addressed each of your questions in turn below.

- *Was Mr Hughes aware that the Ministry was using private security consultants? If so, please provide details of what he knew.*

The Ministry has been unable to locate any emails or reports regarding the use of private security consultants for the purposes of "mystery shopping" exercises addressed to Peter Hughes as the Chief Executive of the Ministry of Social Development. As such, I am unable to provide information on whether Mr Hughes was "aware that the Ministry was using private security consultants" for such purposes in accordance with section 18(e) of the Official Information Act 1982 as the information does not exist or, despite reasonable efforts to locate it, cannot be found. Please note the possibility that in verbally briefing Peter Hughes regarding unfair trading practices, the commissioning of Paragon NZ to undertake "mystery shopping" exercises may have been referred to.

- *The SSC report lists four providers the MSD used as private security consultants: Paragon, ICIL, Avon Investigations and Scope Investigations Limited. Please provide all correspondence (including emails, letters, reports and correspondence) that Mr Hughes was privy to from these organisations while he was chief executive.*

The Ministry has only commissioned one private security consultancy to undertake "mystery shopping" exercises. This was Paragon consulting, which was used in the investigation of alleged predatory practices by traders targeting beneficiaries.

For your reference, an email chain identifying the use of private security consultants by the Ministry is publicly available here:

www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/redacted-msd-email-to-inquiry-30-november-2018-redacted.pdf

The Ministry has been unable to locate any evidence that Peter Hughes was privy to any correspondence with Paragon. Therefore, this part of your request is refused under section 18(e) of the Official Information Act 1982 as the information does not exist.

- *Please provide copies of all reports and summaries these consultants prepared for MSD as their clients.*

The nature and urgency of the work undertaken by Paragon for the Ministry did not require them to write any reports or summaries. This part of your request is refused in accordance with section 18(e) of the Act as the information does not exist.

- *How much did the MSD pay these companies for their work as private security consultants? Please provide a breakdown of the costs.*

The Ministry recorded the following payments to Paragon consulting for their work regarding second hand retail outlets exchanging credit notes from the Ministry for cash or other items rather than the goods for which the Ministry had made the payment: \$704 (February 2010), \$5,796 and \$1,997 (May 2010), \$1,514 (August 2010), \$1,704 (September 2010), and \$1,775 (February 2011).

- *Did MSD use any other private security consultants while Mr Hughes was chief executive? If so, please could you provide their names and outline the nature of their work.*

Paragon consulting was the only private security consultant that the Ministry used for "mystery shopping" activities while Peter Hughes was Chief Executive.

- *A copy of all reports and correspondence prepared for the State Services Commission by the MSD which mention or discuss what Mr Hughes knew about the use of private security consultants while he was the chief executive of MSD.*

The Ministry did not prepare any reports or correspondence for the State Services Commission which discuss Mr Hughes' knowledge of the use of private security consultants. I am therefore unable to provide any information in accordance with section 18(e) of the Act as the information does not exist.

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 the Ministry's use of external security consultants further with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response about the Ministry's use of private security consultants, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely



Nadine Kilmister
Director
Office of the Chief Executive