



17 December 2018

Ms Carolyn Tremain  
Chief Executive  
Ministry of Business Innovation and Employment  
PO Box 1473  
Wellington 6140

Dear Ms Tremain

**Inquiry into the Use of External Security Consultants by Government Agencies: The Ministry of Business Innovation and Employment**

The Inquiry into the Use of External Security Consultants by Government Agencies has now concluded, and the Inquiry Team has finalised its findings.

You will be aware of the Inquiry's findings that MBIE's management of its regulatory responsibilities in the petroleum and minerals area, compounded in some instances by employees not maintaining an appropriate professional distance, contributed to a perception of bias by some stakeholders and was evidence of poor regulatory practice.

Considering its conduct as a whole, the Inquiry found that MBIE breached the Code of Conduct by failing to maintain the level of objectivity and impartiality that the Code requires.

I acknowledge the Inquiry's findings that the individual instances on their own, which led to a breach as a whole, are low-level and predate your tenure as Chief Executive. I also acknowledge that MBIE has already taken steps to address the tensions between its regulatory and promotional responsibilities, including by making structural and leadership changes.

I am confident that you have built momentum to resolving the majority of these issues. You may wish to review MBIE's internal policies to assure yourself that they are consistent with the Code of Conduct.

The outstanding issue that this Inquiry raises for me is whether Operation Exploration should continue – either in its current form, or at all. I request that you undertake a review of Operation Exploration in light of the findings of the Inquiry, and advise me of your view and the action you intend to take.

All public servants must be vigilant in how they exercise the significant responsibilities entrusted to them by New Zealanders. I appreciate your personal management of this matter.

Yours sincerely,



Peter Hughes  
State Services Commissioner