



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

05 JUL 2021

Tēnā koe

On 4 June 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982, the following information:

- *The report regarding increasing the maximum Special Needs Grant for emergency dental care, received by the Minister of Social Development on 27 November 2020.*

Please find enclosed copy of REP/20/11/1040 - Report - *Implementing the manifesto commitment to increase dental support for low income households*, dated 27 November 2020.

You will note that some information has been deemed to be 'outside of scope' of your request, as this information relates to Ministry staff names and contact details who are below tier 4 and/or who are not decision-makers.

You will also note that some information is withheld under section 9(2)(f)(iv) of the Act as it is under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

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. The Ministry will do this by publishing this letter and attachments 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 with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response regarding REP/20/11/1040, 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.

Ngā mihi nui

A handwritten signature in blue ink, appearing to be 'B. Hogan', with a long horizontal stroke extending to the right.

Bede Hogan
Policy Manager
Income Support Policy



Report

Date: 27 November 2020

Security Level: BUDGET SENSITIVE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Cabinet paper – Implementing the manifesto commitment to increase emergency dental support for low income households

Purpose of the report

- 1 This paper seeks your feedback on the attached draft Cabinet paper seeking agreement to:
 - 1.1 implement the Labour Party's 2020 manifesto commitment to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1000, from 1 April 2021 including a pre-budget commitment 9(2)(f)(iv) OIA
 - 1.2

Recommended actions

It is recommended that you:

- 1 **provide** officials with feedback on the attached draft Cabinet paper by Monday 30 November 2020
- 2 **note** that the attached draft Cabinet paper will be updated to reflect your feedback and an amended version provided to your office on Monday 30 November 2020 for you to forward to your Ministerial colleagues for their feedback

- 3 **note** that the final Cabinet paper will be lodged on Thursday 3 December 2020 for consideration by the Cabinet Business Committee on Wednesday 9 December 2020.



PP

Simon MacPherson
Deputy Chief Executive
Policy

27/11/2020

Date



Hon Carmel Sepuloni
Minister for Social Development and Employment

29/11/20

Date

The attached paper seeks Cabinet agreement and funding to implement Labour's manifesto commitment for dental treatment

- 2 The Labour Party's 2020 manifesto committed to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000.
- 3 On 23 November 2020 you agreed that officials prepare a Cabinet paper seeking agreement to [REP/20/11/1040 refers]:
 - 3.1 implement the Labour Party's 2020 manifesto commitment to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1000, from 1 April 2021 9(2)(f)(iv) OIA
 - 3.2 9(2)(f)(iv) OIA
 - 3.3

Consultation

- 4 The Ministry of Health, the Department of the Prime Minister and Cabinet (Child Poverty Unit), and the Treasury are being consulted on this proposal. The Department of Prime Minister and Cabinet (Policy Advice Group) have also been informed of this paper.

Next steps

- 5 The proposed timeframes for the attached Cabinet paper are as follows:

Date	Action
Monday, 30 November	Feedback from your office received and incorporated. Updated paper provided to your office for Ministerial consultation
Wednesday, 2 December	Feedback from Ministerial consultation received and incorporated
Thursday, 3 December	Lodge final Cabinet paper
Wednesday, 9 December	Cabinet Business Committee
Monday, 14 December	Cabinet

Appendix

- 6 Appendix One - draft Cabinet Paper - Implementing the manifesto commitment to increase dental support for low income households

REP/20/11/1116

Author: Outside of scope Policy Analysts, Income Support Policy

Responsible manager: Bede Hogan, Policy Manager, Income Support Policy

Budget sensitive

Office of the Minister for Social Development and Employment

Cabinet Business Committee

Implementing the manifesto commitment to increase emergency dental support for low income households

Proposal

- 1 This paper seeks Cabinet agreement to:
 - 1.1 implement the Labour Party's 2020 manifesto commitment to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000,

1.2 9(2)(f)(iv) OIA

1.3

1.4

Relation to government priorities

- 2 This proposal is part of the Labour Party's 2020 manifesto commitment to invest in the health of New Zealanders by increasing the Special Needs Grant (SNG) limit for emergency dental treatment from \$300 to \$1,000.
- 3 The change is also consistent with the 2020 manifesto commitment to continue overhauling the welfare system, including to provide adequate support for people's health and wellbeing.

Executive Summary

- 4 Good oral health is key to everyone's wellbeing. There is evidence that links poor oral health to low quality of life. Poor oral health can lead to unremitting pain, chronic impaired sleep, avoidable admissions to hospital and heightened risk of other chronic conditions such as cardiovascular disease and cancer. These can lead to social and economic consequences including an inability to work and avoidable expenses. Dental care may be put off due to affordability difficulties, especially for low-income households.
- 5 The provision of oral health services is primarily a health issue and is generally addressed through the health system. However, Hardship Assistance grants from the Ministry of Social Development (MSD) provide support for low income people's oral health in specific circumstances. With the exception of a few limited circumstances, adult dental treatment is not publicly funded through the health system.

- 6 Emergency dental costs can be met by two main types of Hardship Assistance payments: non-recoverable Special Needs Grants (SNGs) and recoverable Advance Payments of Benefits (Advances). The current maximum SNG for emergency dental treatment of \$300 is rarely sufficient to meet the needs of the applicant. To obtain sufficient financial assistance, under current practice, most applicants receive the maximum amount of a SNG and any shortfall is met through an Advance, which is required to be paid back.
- 7 The Labour Party's 2020 election manifesto committed to an increase to the SNG limit for emergency dental treatment from \$300 to \$1,000.
- 8 The increase will allow beneficiaries and some low-income working households to better meet their immediate and urgent oral health needs by providing non-recoverable assistance of up to \$1,000 to help with the cost of their emergency dental treatment. 9(2)(f)(iv) OIA
1(2)(f)(iv) OIA
9(2)(f)(iv) OIA
This will have a corresponding impact on client debt to MSD.
- 9 These changes will also improve the equity of health outcomes, as it will particularly assist groups who have historically been underserved by the health and disability system, including Pacific peoples and Māori.

10 9(2)(f)(iv) OIA

- 11
- 12 9(2)(f)(iv) OIA An implementation date of 1 April 2021 is proposed, as this is the earliest practicable date from which to make these changes. This early implementation reflects the importance of supporting improved oral health outcomes for low income New Zealanders.

Background

- 13 Oral health matters to everyone's wellbeing. There is evidence that links poor oral health to low quality of life. Poor oral health can lead to unremitting pain, chronic impaired sleep, avoidable admissions to hospital and heightened risk of other chronic conditions such as cardiovascular disease and cancer. These can lead to social and economic consequences including an inability to work and avoidable expenses.

- 14 Data from the Household Economic Survey¹ shows that people in material hardship put off going to the dentist in order to meet other costs. This delay can result in dental issues worsening over time, requiring more intensive and extensive treatment. Consequently, the associated cost of treatment can increase significantly before the person receives the treatment they need.

MSD administers Hardship Assistance for the cost of emergency dental treatments

- 15 The provision of oral health services is primarily a health issue and is generally addressed through the health system. However, Hardship Assistance grants from MSD provide limited support for low income people's oral health in specific circumstances.
- 16 Hardship Assistance is the third tier of New Zealand's welfare system². It consists of one-off grants in the form of Special Needs Grants (SNGs), Advance Payments of Benefits (Advances), and Recoverable Assistance Payments (RAPs)³, as well as regular income top-up payments in the form of Temporary Additional Support (TAS).
- 17 Hardship Assistance is available to help people with the costs of immediate and essential needs that cannot be met from any other income or assets. Hardship Assistance payments are income and cash asset tested to ensure that they are targeted to people with no or few additional resources. Payments can be non-recoverable (do not need to be paid back) or recoverable (need to be paid back) and are available to both people receiving main benefits and some of those working on low incomes.
- 18 First and second tier assistance, such as main benefits and the Accommodation Supplement, are rules-based entitlements that provide a prescribed level of support depending on a client's employment, family type, and on-going needs. By contrast, one-off Hardship Assistance grants are a uniquely discretionary form of support. This reflects their purpose, being to provide one-off assistance with unexpected costs for people in a wide range of life circumstances with little or no other resources available to them. For example, MSD has discretion to exceed the maximum grant limit applying to Hardship Assistance payments if it considers that exceptional circumstances exist.

¹Data from New Zealand's 2019 Household Economic Survey shows that 30 to 58 percent of the total population in households who reported lower levels of material hardship put off a visit to the dentist in order to meet other costs. This increases significantly with higher rates of material hardship. For example, 92 to 96 percent of the total population in households who reported higher levels of material hardship put off a visit to the dentist in order to meet other costs.

²The first tier includes main benefits that provide income replacement such as Jobseeker Support, Supported Living Payment and Sole Parent Support, while the second tier is supplementary assistance towards a specific ongoing cost such as the Accommodation Supplement and Disability Allowance.

³SNGs are available to both beneficiaries and non-beneficiaries. Advances are only available to beneficiaries. RAPs are only available to non-beneficiaries.

There are two main types of Hardship Assistance payments that clients can access if they require emergency dental treatment

- 19 In order to receive assistance for emergency dental treatment, an applicant must meet the eligibility criteria applying to all forms of Hardship Assistance⁴. The two main types of payments currently available are⁵:
- 19.1 **Special Needs Grants (SNGs)** - If a client meets all eligibility criteria for Hardship Assistance, they may be able to receive a SNG for the cost of immediate and essential dental treatment that has arisen from an emergency situation. SNGs are available to both beneficiaries and non-beneficiaries and are always non-recoverable. A SNG for emergency dental treatment has a maximum grant limit of \$300 for the same or similar purpose in any 52-week period (which can be exceeded in exceptional circumstances); and
- 19.2 **Advance payments of benefits (Advances)** - If a client is ineligible for a SNG (for example where they have already received a \$300 SNG for dental costs), and they meet the eligibility criteria for an Advance, they may be able to receive an Advance for the cost of an immediate and essential dental treatment. An Advance is only available to beneficiaries and is always recoverable. An Advance has a guideline grant limit of \$200 (which can also be exceeded in exceptional circumstances, and usually is in the case of dental treatment).
- 20 In 2019, approximately 45,500 emergency dental SNGs were paid, almost all to unique clients. In the same period, approximately 36,700 Advances were paid for dental treatment, including to SNG recipients and to people who did not qualify for an SNG.

MSD has discretion to exceed the maximum grant limit in exceptional circumstances

- 21 The Special Needs Grant Programme (the Programme) states that MSD may make a grant of no more than \$300 towards the cost of emergency dental treatment, but also allows MSD the discretion to exceed the amount of \$300 if it considers that exceptional circumstances exist. The amount granted must always be non-recoverable. MSD can also make a grant to each immediate family member.
- 22 This discretion provides MSD frontline staff with the responsibility of exercising their judgement to assess whether the client has exceptional circumstances and should be granted more than the maximum grant limit (i.e. whether discretion should be exercised to accommodate for the individual's personal circumstances).
- 23 The Programme does not define exceptional circumstances. MSD's operational policy therefore provides guidance for staff to determine whether exceptional circumstances exist, including the applicant's health, the reason for the cost, and how the client's situation compares to others seeking the same assistance.

⁴ Eligibility criteria for Hardship Assistance consists of income and asset limits, residency requirements and essential or emergency need requirements.

⁵ Recoverable Assistance Payments (RAPs) can also provide assistance with emergency dental costs for non-beneficiaries, however no specific payment category exists for dental costs under this programme and they are instead paid under 'other emergency payments'. Both RAPs and Advances are also available for the cost of obtaining and fitting dentures.

I propose to increase the SNG limit for emergency dental treatment from \$300 to \$1,000

- 24 The cost of seeking dental treatment is a barrier to many low-income households, and most households experiencing material hardship have put off a visit to the dentist in order to meet other costs.
- 25 I therefore propose to increase dental health grants from \$300 to \$1,000 for low income households. This aligns with the Labour Party's 2020 manifesto commitment to investing in the health of New Zealanders.

Evidence indicates that the level of SNG assistance currently available is insufficient for most emergency dental treatments

- 26 The current maximum grant limit for SNGs for emergency dental treatment is not indexed to inflation and no longer represents the real costs it seeks to cover. The disparity between available support and most emergency dental treatment costs does not constitute exceptional circumstances. Therefore, MSD staff are mostly granting SNGs at the maximum of \$300 and meeting any shortfall by granting the remaining amount through an Advance which is required to be paid back.
- 27 The current practice results in most people requiring an Advance to meet most of the cost of their dental treatment. This is reflected in the average Advance grant of \$721 for dental treatment. The breakdown of total expenditure on dental-related grants also reflects this practice. In 2019, for example, \$23.411 million was granted in Advances for dental treatment, compared to \$12.686 million in SNGs.
- 28 9(2)(f)(iv) OIA [REDACTED] The increased amount will improve the adequacy of assistance available to these people to pay for essential dental treatment. This will reduce the need for people to go into debt, either to MSD or the private sector, to pay for dental treatment. 9(2)(f)(iv) OIA

9(2)(f)(iv) OIA [REDACTED]

IN CONFIDENCE

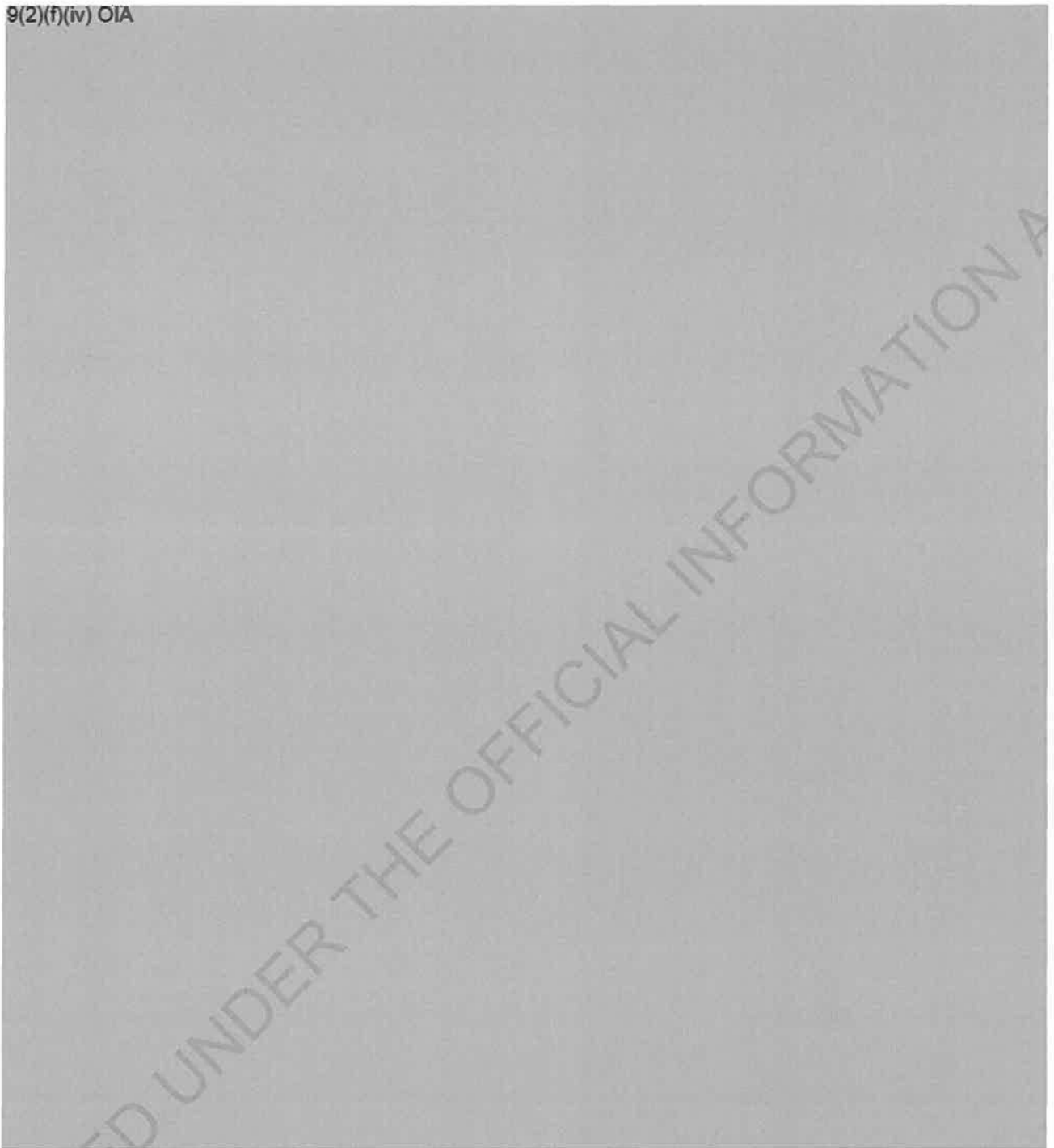
9(2)(f)(iv) OIA



RELEASED UNDER THE OFFICIAL INFORMATION ACT

IN CONFIDENCE

9(2)(f)(iv) OIA



Legislative Implications

- 46 The changes proposed in this paper require an amendment to the Special Needs Grants Programme that can be approved by the Minister for Social Development and Employment once funding is approved by Cabinet.

Impact Analysis

Regulatory Impact Statement

- 47 [Statement from TSY to come]

Population Implications

Impacts on Māori

- 48 Māori on average have poorer oral health outcomes than non-Māori. They are less likely to visit a dentist and more likely to have teeth removed when they do when compared to non-Māori. Similarly, Māori are over-represented in the receipt of dental SNGs and Advances, representing approximately a third of dental SNG and Advance recipients in 2019. The use of Advances to meet dental costs created \$8.530 million in debt to MSD for Māori in 2019 alone.
- 49 Through increasing the accessibility and value of the dental SNG, I seek to honour our obligations under te Tiriti o Waitangi (te Tiriti) to Māori.
- 50 Article Two of te Tiriti establishes the principle of active protection of health, as a taonga. This proposal, which enhances the ability of Māori to maintain their oral health, is therefore seeking to uphold the Crown's obligation of active protection of taonga under te Tiriti.
- 51 Article Three of te Tiriti establishes the principle of equality, equal outcomes, and participation. By improving Māori access to necessary dental treatment, this proposal is likely to reduce the current inequalities in oral health outcomes for Māori, and thereby seek to uphold the Crown's obligation in this regard.
- 52 In the longer term, improved oral health and reduced debt to MSD will support Māori aspirations and participation in their communities.

Impacts on women

- 53 Over 60 per cent of emergency dental SNGs and Advances are paid to women. This is in line with the rate at which women receive other Special Needs Grants. As such, women will disproportionately benefit from the proposed changes.

Human Rights

- 54 There are no human rights implications arising from the proposals in this paper.

Consultation

- 55 The Ministry of Health, the Department of the Prime Minister and Cabinet (Child Poverty Unit), and the Treasury have been consulted on this proposal. The Department of Prime Minister and Cabinet (Policy Advice Group) have also been informed of this paper.
- 56 The Ministry of Health are supportive of the proposals in this paper. MSD will continue to work constructively with the Ministry of Health as required to progress this work.

Communications

- 57 MSD will develop a communication strategy to ensure staff are confident to deliver the change and will work with my office to communicate changes to the public regarding the increase to dental SNGs.

Proactive Release

- 58 This Cabinet paper will be proactively released, with redactions made consistent with the Official Information Act 1982.

Recommendations

The Minister for Social Development and Employment recommends that the Committee:

- 1 **note** that the Labour Party's 2020 manifesto committed to increase the Special Needs Grant limit for emergency dental treatment from \$300 to \$1,000
- 2 **note** that some of the current policy settings applying to Special Needs Grants for emergency dental treatment are no longer fit-for-purpose and require amending
- 3 **agree** that the Minister for Social Development and Employment will amend the Special Needs Grants programme from 1 April 2021 to:
 - 3.1 increase the maximum grant limit for Special Needs Grants for dental treatments from \$300 to \$1,000; and
 - 3.2 9(2)(f)(iv) OIA
 - 3.3
- 4 9(2)(f)(iv) OIA
- 5 **agree** to increase spending to provide for costs associated with the changes in recommendation 3, with the following impacts on the operating balance and net core Crown debt:

9(2)(f)(iv) OIA

- 6 **approve** the following changes to appropriations to give effect to the policy decisions in recommendation 3:

9(2)(f)(iv) OIA



- 7 **agree** that the proposed changes to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply
- 8 **agree** that the operating expenses incurred under recommendation 6 above be charged as a pre-commitment against the Budget 2021 operating allowance and the capital expenditure incurred under recommendation 6 above be charged as a pre-commitment against Budget 2021 capital allowance
- 9 **agree** that any underspends with the operational costs to increase emergency dental support for low income households as at 30 June 2021 be transferred to the 2021/22 financial year to ensure that funding is available for that purpose
- 10 **authorise** the Minister of Finance and the Minister for Social Development and Employment jointly to agree the final amount to be transferred as per recommendation 9, following completion of the 2020/21 audited financial statements of the Ministry of Social Development (or sooner if necessary), with no impact on the operating balance and/or net core Crown debt across the forecast period

- 11 **note** that pending Cabinet approval, the Ministry of Social Development will provide the Minister for Social Development and Employment with the amended Special Needs Grants Programme for her approval as soon as is practicable.

Authorised for lodgement

Hon Carmel Sepuloni

Minister for Social Development and Employment