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Tēnā koe Gregory Soar

On 3 May 2022, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

Your Manuals & Procedures website states two differing maximum (unless certain circumstances apply) amounts payable as advance for the purchase of glasses. One amount applies to purchase from a preferred supplier and the other amount applies to purchase from a non preferred supplier if non are local.

- 1. Why are there the above two differing maximum advance amounts?*
- 2. Is there any discount of product cost from glasses suppliers in return for clients of MSD being forced to use a preferred supplier (as compared someone not in a preferred supplier area) thus supporting said suppliers more than otherwise?*
- 3. If there are contracted prices holding discount as in question 2 how does the client know this when buying and be able to ensure the lower prices were charged?*
- 4. What are ALL the benefits to government/MSD and MSD clients from "preferred supplier" agreements?*

For the sake of clarity, I will respond to your questions in turn:

- 1. Why are there the above two differing maximum advance amounts?*

Prior to the implementation of a preferred supplier arrangement for optical goods and services in 2014, the guideline amount for an advance payment for glasses was \$1000. Under the preferred supplier arrangement, clients can access \$280 for glasses. This is because through the preferred supplier arrangement clients are able to have their immediate and essential needs met at the competitive prices these suppliers offer. For more context, you can access the Direction on Advance Payments of Instalments of Benefit on the Work and Income website

local coverage and competitively price their services. Suppliers must also meet specified requirements relating to vision testing and types, and quality of lenses and frames. The current preferred suppliers' prices are assessed by the Ministry as offering the best public value.

Pricing for optical services is set during the tender process. The suppliers are given a price parameter and the base service requirements. Suppliers can provide different pricing for service components provided they stay within the upper limit (\$280).

Ministry clients can access eye tests and glasses at lower than market pricing by choosing from Ministry-preferred optical suppliers. If there isn't a preferred supplier operating in their area, clients may be able to use another optical supplier not contracted by the Ministry.

3. If there are contracted prices holding discount as in question 2 how does the client know this when buying and be able to ensure the lower prices were charged?

While suppliers must meet the criteria of being able to competitively price their services, there are not Ministry-specific discounts that must be accessed by clients in a particular way to be applied. As previously mentioned, pricing for optical services is set during the tender process.

To apply for hardship assistance for glasses costs, clients call 0800 559 009 to discuss their situation. The request may be granted over the phone. In the instance where the client needs to see us in person, we will tell them what they need to bring. The Ministry will take the client through the process and provide them with a list of approved optometrists or opticians in their area. If a client does not wish to go to a preferred supplier, they will have to pay for the glasses themselves.

The Ministry ensures that the clients can receive a base level of assistance to meet immediate need, up to a maximum of \$280. The final cost to a client depends on what type of glasses they need but won't cost more than the maximum limit.

4. What are ALL the benefits to government/MSD and MSD clients from "preferred supplier" agreements?

Preferred supplier arrangements operated on behalf of all Ministry clients include whiteware and optical services. The potential numbers of Ministry clients requiring such goods and services means preferred suppliers can offer attractive commercial pricing. The benefits of such preferred supplier contracts can include:

- More transparent pricing
- Fixed prices for goods and services
- Certainty of supply of agreed quality goods and services
- Continuity during supply chain disruption

- Warranties at no additional cost to the protections guaranteed under the Consumer Guarantees Act
- Relationship and contract management with suppliers for better performance
- Ability to meet volumes and a wide range of client need
- Suppliers that meet or exceed minimum levels of service and quality

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 on the Ministry'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 preferred supplier arrangements for glasses, 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

Bridget Saunders

Bridget Saunders
Manager
Issue Resolution