

In Confidence

Office of the Minister for Social Development

Chair  
Cabinet

## **FUNDING AN EXTENSION TO THE COVID-19 NEW ZEALANDERS STRANDED OVERSEAS SUPPORT PROGRAMME**

### **Proposal**

- 1 This paper signals my intention to extend the COVID-19 New Zealanders Stranded Overseas Support Programme (the Programme), and seeks your agreement on the period of extension, and to make a fiscally neutral adjustment to appropriations to fund this extension.

### **The Programme was established to continue or resume benefit and pension payments to people stranded overseas due to COVID-19**

- 2 On 3 April 2020, the COVID-19 Ministerial Group agreed that payments of certain benefits and pensions could be resumed, or continued to be paid, to people stranded abroad as a result of COVID-19. At that time, there were 7,243 clients overseas (5,165 pensioners and 2,078 beneficiaries), who left New Zealand on or before the day the Epidemic Preparedness (COVID-19) Notice 2020 came in to force on 25 March 2020.
- 3 On 16 April 2020, I advised the Ministerial Group that I would implement this decision through a Ministerial Welfare Programme. I established the *COVID-19 New Zealanders Stranded Overseas Support Programme* on 20 April 2020. The Programme is due to expire on 20 October 2020.
- 4 The Programme enables continued or resumed payments of New Zealand Superannuation (NZS), Veteran's Pension (VP), Main benefits and Supplementary assistance<sup>1</sup> to clients who cannot receive their standard payment because they are stranded overseas as a result of the pandemic.
- 5 Payments were resumed from the date recipients expected to return to New Zealand, or earlier if they could demonstrate they were experiencing hardship. The rate of payment is equivalent to what the recipient would have received had they been in New Zealand. Payments made under the Programme are therefore cost neutral – the increased cost of paying overseas clients is offset by a corresponding saving in domestic payments.
- 6 A new demand-driven Benefit or Related Expenses appropriation (*New Zealand Beneficiaries Stranded Overseas*) was established by the Ministerial Group under Vote Social Development to make payments under the Programme. Fiscally

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<sup>1</sup> Supplementary assistance is defined in the NZSOS Programme as Accommodation Supplement, Child Disability Allowance, Disability Allowance, Orphan's Benefit, Special Benefit, Special Disability Allowance, Temporary Additional Support, Unsupported Child's Benefit, Winter Energy Payment, and support paid under specified Ministerial Welfare Programmes and Regulations.

neutral changes to appropriations were also approved to ensure sufficient funding was available in this new appropriation to support these payments.

- 7 To date, a total of 2,070 people have received support under the Programme at some point since its establishment in April 2020. Approximately \$5.7 million has been paid out under the Programme to support these clients.

### **People continue to rely on the Programme for financial support, and it continues to be difficult for many to return to New Zealand**

- 8 At the end of August 2020 4,083 MSD clients, who left New Zealand on or before 25 March 2020, remained overseas. Majority of these clients were NZS or VP clients (3,286), with the remainder being main benefit and/or supplementary assistance clients (797). 1,668 of these clients (1,542 pensioners and 126 beneficiaries) were accessing the Programme as they had exceeded the amount of time allowable overseas and their benefit or pension payments under existing legislation had to stop.
- 9 While the number of people being paid under the Programme in August 2020 totalled 1,668, this number is expected to increase over the coming months. This is because those receiving a pension under absence provisions in legislation, who remain overseas, will soon exceed the 26-week period of absence allowable. In August 2020, there were 1,112 clients (1,024 pensioners and 88 beneficiaries), who left New Zealand on or before 25 March 2020, being paid under these legislative absence provisions.
- 10 By the end of September 2020, all of the 1,024 pensioners currently receiving payment under legislative absence provisions would have been out of the country for longer than the 26-week allowable absence period. As a result, none of these clients will be eligible for continued payment under legislation and would benefit from being able to access the Programme if they are eligible eg remain stranded overseas.
- 11 In July 2020, MSD surveyed nearly 2,000 overseas clients to gauge ongoing demand for the support provided by the Programme.<sup>2</sup> The 727 responses received indicated that most of these respondents (596 or 82 percent) were still stranded abroad, but intend to return home as soon as they are able to. Almost half of the respondents still stranded abroad (292 or 49 percent) are stranded in Australia.
- 12 Many of the clients MSD surveyed reported difficulty in arranging travel back to New Zealand. More than 300 (or 56 percent) of survey respondents who were stranded abroad have had return flights rebooked or cancelled by airlines. Although MSD cannot determine whether these changes are impacting original or subsequent flights, these reports align with what we know about inbound flight availability.
- 13 Despite our borders being closed to almost all travellers, New Zealand citizens and residents (with valid travel conditions) continue to have a legal right to return home. Limited commercial flight availability, and the affordability of flights that are available, is impacting the ability of many to exercise this right to return

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<sup>2</sup> The 1,876 clients surveyed were a portion of the 4,083 clients that MSD had email contact information for, and whose email did not bounce back when MSD sent the survey. The clients included NZS, VP and main beneficiary clients, either being paid under the Programme or statutory absence provisions.

home. Government action to cap the number of inbound tickets airlines are able to sell, to align ticket sales with available places in MIQ facilities, is further compounding this issue.

- 14 The limited number of seats available on flights in to New Zealand, and the cost of these tickets, will be prohibitive for many MSD clients currently stranded abroad.

**I have agreed to extend the Programme, with the period of extension to be agreed today**

- 15 An extension to the Programme will allow financial assistance to continue being provided to clients stranded overseas, offering them improved certainty of payment and more time to gradually return home as reasonable travel options become available.
- 16 Extending the Programme aligns with the approach taken by social security systems in similar international jurisdictions. Most comparable overseas jurisdictions are continuing to provide financial assistance to their clients stranded abroad due to COVID-19, albeit for varying periods of time.
- 17 Without an extension to the Programme, most of the clients currently stranded abroad will stop receiving their benefit or pension payments.<sup>3</sup> This will leave these clients unsupported, which is a welfare concern considering many will be relying on MSD for their income. Ending the Programme on 20 October 2020 may result in a cost saving, as fewer clients will be eligible for ongoing payments of a benefit or pension, however I consider any fiscal advantage outweighed by client welfare concerns.
- 18 I propose to extend the Programme for a period of either three or six months. The extension dates for both options have been chosen to align with NZS pay periods. The key considerations relating to both extension options are outlined in the table below.

**Table 1: Analysis of options to extend the COVID-19 New Zealanders Stranded Overseas Programme**

	<b>3-month extension, to 19 January 2021</b>	<b>6-month extension, to 27 April 2021</b>
Client impact	<p>Increased pressure and stress to return home more quickly, or risk being overseas without government support.</p> <p>End of the Programme confirmed/re-communicated to clients over Christmas/New Year holiday period.</p>	<p>More time to return home as soon as possible.</p> <p>Able to return home at a time when there is likely to be less pressure on flight availability.</p>

<sup>3</sup> Those receiving payments under the statutory portability provisions (approximately 370 clients at the end of August 2020) will continue being paid under these statutory provisions. These clients are separate from the 1,668 clients being paid under the programme. Clients will not be eligible to receive payments under a reciprocal social security agreement, if they are stranded in an agreement country.

Fiscal considerations	Fiscally neutral, but lower total adjustment of appropriations required (\$17.7m total).	Fiscally neutral, but higher total adjustment of appropriations required (\$34.9m total).
MSD operational impact	<p>Already a busy time for MSD – eg increased applications for assistance related to start of school year, and potentially the upcoming end of the COVID-19 Income Relief Payment.</p> <p>Limited IT resourcing over the Christmas/New Year holiday period. Emergency deployment to end the Programme may be required.</p>	<p>More operationally feasible for MSD – more resources available, and fewer competing priorities at this time.</p> <p>More clients will have returned to New Zealand by this time, reducing the intensity of manual effort required to end the Programme.</p>
Cross agency efforts	<p>Less time to factor this cohort of New Zealanders into planning for support led by other agencies.</p> <p>Many of the clients being paid under the Programme will look to return to New Zealand when there is already increased pressure on MIQ facilities.</p>	<p>More time to factor this cohort of New Zealanders in to MIQ prioritisation planning.</p> <p>More time to consider what ongoing support these clients may need, from MSD and other agencies as appropriate.</p>

- 19 MSD recommends to extend the Programme for a further six months, to 27 April 2021. This is to allow clients more time to return to New Zealand as more travel options become available, relieving undue stress being placed on clients at an already very stressful time for many, and reducing any pressure this cohort of clients may place on inbound flight availability and capacity in MIQ facilities. This longer extension period is also preferable from an MSD operational perspective, for the reasons outlined in the table above.
- 20 Other than amending the expiry of the Programme, I am not intending to make any other amendments to the Programme. Officials will report back to me two months prior to the end of the extended programme with advice on whether any further extension or amendment to the Programme is recommended.

## Consultation

- 21 The Treasury, Ministry of Business, Innovation and Employment, and Ministry of Foreign Affairs and Trade have been consulted.

## Financial implications

- 22 An extension will have a neutral effect on the operating balance. The increase in costs will be offset by a corresponding saving in domestic benefit and pension payments.
- 23 The following changes to appropriations would be required to fund a three-month extension to the Programme:

Vote Social Development	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
<b>Minister for Social Development</b>					
<b>Benefits or Related Expenses:</b>					
NZ Beneficiaries Stranded Overseas	17.722	-	-	-	-
Disability Assistance	(0.018)	-	-	-	-
New Zealand Superannuation	(17.479)	-	-	-	-
Orphan's/Unsupported Child's Benefit	(0.025)	-	-	-	-
Hardship Assistance	(0.015)	-	-	-	-
<b>Minister for Veterans:</b>					
Veterans' Pension	(0.081)	-	-	-	-
<b>Minister of Housing:</b>					
Accommodation Assistance	(0.104)	-	-	-	-
<b>Total Operating</b>	-	-	-	-	-

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Vote Social Development	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
<b>Minister for Social Development</b>					
<b>Benefits or Related Expenses:</b>					
NZ Beneficiaries Stranded Overseas	34.864	-	-	-	-
Disability Assistance	(0.035)	-	-	-	-
New Zealand Superannuation	(34.388)	-	-	-	-
Orphan's/Unsupported Child's Benefit	(0.049)	-	-	-	-
Hardship Assistance	(0.029)	-	-	-	-
<b>Minister for Veterans:</b>					
Veterans' Pension	(0.159)	-	-	-	-
<b>Minister of Housing:</b>					
Accommodation Assistance	(0.204)	-	-	-	-
<b>Total Operating</b>	-	-	-	-	-

## Human rights implications

25 This paper has no immediate human rights implications in terms of rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## Legislative implications

26 An amended welfare programme is required which I intend to establish before the end of the current Programme on 20 October 2020. This will be made under section 101 of the Social Security Act 2018.

27 To ensure the amended programme takes effect immediately following the expiry of the current Programme, and because the amended programme will only confer benefits to the public, I seek agreement to waive the 28-day rule.

## Regulatory impact and compliance cost statement

28 The impact summary undertaken was assessed as meeting Quality Assurance criteria.

## Publicity

29 Officials will develop key messages on the provision of assistance to MSD clients who remain stranded overseas due to COVID-19. MSD's website will be updated to reflect the programme extension.

## Proactive Release

30 MSD will proactively publish this paper. Any redactions made will be consistent with the Official Information Act 1982.

## Recommendations

31 It is recommended that the Committee:

- 1 **note** that the COVID-19 New Zealanders Stranded Overseas Support Programme, which was established on 20 April 2020 to enable resumed or continued benefit and pension payments to MSD clients stranded abroad as a result of COVID-19, is due to expire on 20 October 2020
- 2 **note** that there are still MSD clients stranded overseas who are relying on the support provided by the Programme, and travel options to return to New Zealand prior to 20 October 2020 are limited
- 3 **note** that the Minister for Social Development intends to extend the COVID-19 New Zealanders Stranded Overseas Support Programme, for up to six months
- 4 EITHER
  - 4.1 **agree** to extend the COVID-19 New Zealanders Stranded Overseas Support Programme for three months, to 19 January 2021
- OR
  - 4.2 **agree** to extend the COVID-19 New Zealanders Stranded Overseas Support Programme for six months, to 27 April 2021.
- 5 **note** that the Minister for Social Development will establish an amended welfare programme with immediate effect before the current programme expires on 20 October, to implement the extension agreed to in recommendation 4, and to allow the payments that are currently being made under the existing programme to continue to eligible clients
- 6 **agree** to waive the 28-day rule for the amended welfare programme noted at recommendation 5, so that it can have immediate effect from the expiry of the current programme

7 EITHER

7.1 **approve** the following change to appropriations to fund a three-month extension of payments being made under the amended welfare programme, with a nil impact on the operating balance and net core Crown debt:

Vote Social Development	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
<b>Minister for Social Development</b>					
<b>Benefits or Related Expenses:</b>					
NZ Beneficiaries Stranded Overseas	17.722	-	-	-	-
Disability Assistance	(0.018)	-	-	-	-
New Zealand Superannuation	(17.479)	-	-	-	-
Orphan's/Unsupported Child's Benefit	(0.025)	-	-	-	-
Hardship Assistance	(0.015)	-	-	-	-
<b>Minister for Veterans:</b>					
Veterans' Pension	(0.081)	-	-	-	-
<b>Minister of Housing:</b>					
Accommodation Assistance	(0.104)	-	-	-	-
<b>Total Operating</b>	-	-	-	-	-

OR

7.2 **approve** the following change to appropriations to fund a six-month extension of payments being made under the amended welfare programme, with a nil impact on the operating balance and net core Crown debt:

Vote Social Development	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
<b>Minister for Social Development</b>					
<b>Benefits or Related Expenses:</b>					
NZ Beneficiaries Stranded Overseas	34.864	-	-	-	-
Disability Assistance	(0.035)	-	-	-	-
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Hardship Assistance	(0.029)	-	-	-	-
<b>Minister for Veterans:</b>					
Veterans' Pension	(0.159)	-	-	-	-
<b>Minister of Housing:</b>					
Accommodation Assistance	(0.204)	-	-	-	-
<b>Total Operating</b>	-	-	-	-	-

8 **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 increase be met from Imprest Supply

9 **authorise** the Minister of Finance, the Minister for Social Development, Minister for Veterans and Minister of Housing to jointly approve any fiscally neutral transfers required

for any future extension(s) to the COVID-19 New Zealanders Stranded Overseas Support Programme

- 10 **note** MSD will report back to the Minister for Social Development two months prior to the expiry of the extended programme with advice on whether any further extension or amendment to the Programme is recommended beyond the new expiry date

Hon Carmel Sepuloni  
Minister for Social Development

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