



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

26 MAY 2021

Dear

On 28 April 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following paper:

- *Extending the COVID-19 New Zealanders Stranded Overseas Support Programme*

On 11 May 2021, the Ministry contacted you and asked you to confirm whether you are seeking the release of the report *Ending or extending the COVID-19 New Zealanders Stranded Overseas Support Programme*, dated 25 February 2021. On the same day you confirmed that you are requesting this paper.

The Ministry also holds an aide-memoire titled *Extending the COVID-19 New Zealanders Stranded Overseas Support Programme*, dated 25 March 2021, which is also in scope of your request.

Please find both papers enclosed.

Some information in the enclosed aide-memoire 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.

Some names of Ministry staff members have been withheld in these documents as 'out of scope', as you confirmed that you do not require this information.

Further documentation on the New Zealand Stranded Overseas Support (NZSOS) scheme can be found on the Ministry's website at: [www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2020/extending-the-covid-19-new-zealanders-stranded-overseas-support-programme.html](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2020/extending-the-covid-19-new-zealanders-stranded-overseas-support-programme.html).

The principles and purposes of the Act 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
- 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](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding the report *Ending or extending the COVID-19 New Zealanders Stranded Overseas Support Programme*, dated 25 February 2021, 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](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julia Bergman', with a long horizontal flourish extending to the right.

Julia Bergman  
**General Manager**  
**Disability Seniors and International Policy**



# Report

**Date:** 25 February 2021

**Security Level:** IN CONFIDENCE

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

## Ending or Extending the COVID-19 New Zealanders Stranded Overseas Support Programme

### Purpose of the report

- 1 This report seeks your decision on options to end or extend the COVID-19 New Zealanders Stranded Overseas Support Programme (the NZSOS programme).

### Executive summary

- 2 As part of the former government's response to COVID-19, a Ministerial Welfare Programme was established to enable continued or resumed benefit and pension payments to Ministry of Social Development (MSD) clients who were stranded overseas as a result of the pandemic.
- 3 Initially established for a six-month period, the NZSOS programme was originally due to expire in October 2020. A further six-month extension to 27 April 2021 was agreed to in September 2020, as people continued to rely on the programme for financial support and continued to face issues returning home because of COVID-19 [CAB-20-MIN-0452 refers]. Client communications throughout the duration of the programme have reiterated the eligibility criteria for payment under the programme, the importance of returning home as soon as clients are able, and reminded clients of their usual obligation to inform MSD of any change in their circumstances.
- 4 As at 31 January 2021, 1,767 clients (1,696 pensioners and 71 beneficiaries) were receiving payment under the NZSOS programme. The rate of payment is equivalent to what the client would have received had they been in New Zealand. A newly established demand-driven Benefit or Related Expenses appropriation (*New Zealand Beneficiaries Stranded Overseas*) was established to make the payments from, and payments have been considered fiscally neutral to date– the increased cost of paying overseas clients is offset by a corresponding saving in domestic payments.
- 5 The programme is currently scheduled to expire on 27 April 2021. Your decision is needed by 5 March 2021 on whether to end or extend this support to ensure that the appropriate legislative, IT, operational and communications changes can be implemented.
- 6 MSD recommends a four-month extension of the NZSOS programme, to 31 August 2021. This is based on what we know about the clients currently being supported by the programme and current flight and quarantine availability, which indicates that at least some of these clients continue to be prevented from returning home and are unlikely to be able to do so before the programme's current expiry in April 2021. Extending the programme aligns with the original policy intent of the programme, the approach taken by comparable international jurisdictions and the duration of government support being provided to temporary visa holders in New Zealand. A four-month extension would still reinforce the intended temporary nature of the

NZSOS programme, and MSD integrity risks will be mitigated by completion of client eligibility checks within the first two months of the extension period.

- 7 Extending the NZSOS programme for a further four months would increase the total duration of this programme to 16 months. Officials recommend that the funding for this extension be drawn down from the COVID-19 Response and Recovery Fund (CRRF), as the NZSOS programme aligns well with the criteria of time-limited COVID-19 responses. Continuing to fund this extension via a fiscally neutral adjustment is less feasible as the duration of support provision endures, and before client eligibility checks are completed. When the programme was initially established, it was reasonable to assume that if it was not for the client being stranded overseas, these clients would be receiving their benefit entitlement in New Zealand. As a result, the payments were considered fiscally neutral, as the increased cost of paying overseas clients is offset by a corresponding saving in domestic payments. Before completion of client eligibility checks, and as the duration of this programme endures, this assumption is less justifiable.
- 8 If you agree to extend the NZSOS programme, we'll prepare a Cabinet paper to be considered by the Cabinet Social Wellbeing Committee (SWC) on 24 March 2021, and Cabinet on 29 March 2021. This paper will note your intention to extend the programme and seek Cabinet's approval of a funding draw down from the CRRF to support continued payments being made under the extended programme. If Cabinet authorises this draw down request, a report will be provided to you seeking your approval and signature of the amended instrument. The extension will then be communicated to clients.

## Recommended actions

It is recommended that you:

- 1 **note** from 20 April 2020, the COVID-19 New Zealanders Stranded Overseas Support Programme has been providing special financial assistance to clients stranded overseas as a result of COVID-19 and is scheduled to end on 27 April 2021
- 2 **note** as at 31 January 2021, 1,767 clients (1,696 pensioners and 71 beneficiaries) were receiving payment under the COVID-19 New Zealanders Stranded Overseas Support Programme
- 3 **note** due to legislative, IT, operational and communications requirements, your decision is needed on whether to end or extend the COVID-19 New Zealanders Stranded Overseas Support Programme by 5 March 2021
- 4 **note** the Ministry of Social Development recommends extending the COVID-19 New Zealanders Stranded Overseas Support Programme because at least some of those currently being paid under the programme are still prevented from returning home before the programme's current expiry due to COVID-19
- 5 **agree** to extend the COVID-19 New Zealanders Stranded Overseas Programme for a period of either:
  - 5.1 four-months (28 April 2021 to 31 August 2021) \$17.8 million gross (\$15.4 million net) **(recommended)**  

**Agree / Disagree**
  - OR
  - 5.2 six-months (28 April 2021 to 26 October 2021) \$25.7 million gross (\$22.3 million net)  

**Agree / Disagree**
  - OR

5.3 twelve-months (28 April 2021 to 28 April 2022) \$47.2 million gross (\$40.8 million net)

Agree / Disagree

- 6 **note** officials recommend this extension is funded from the COVID-19 Response and Recovery Fund, as the programme is well aligned with the criteria of time-limited COVID-19 responses
- 7 **note** if you agree to extend the COVID-19 New Zealanders Stranded Overseas Support Programme, the Ministry of Social Development will prepare a Cabinet paper to be considered by the Cabinet Social Wellbeing Committee on 24 March 2021 and Cabinet on 29 March 2021



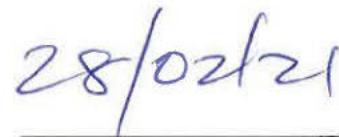
Julia Bergman  
General Manager  
Disability, Seniors and International Policy



Date



Hon Carmel Sepuloni  
Minister for Social Development and  
Employment



Date

## **The effects of COVID-19 have left a cohort of MSD clients stranded overseas since at least March 2020**

*A ministerial welfare programme was established in April 2020 to support these clients*

- 9 When the Epidemic Preparedness (COVID-19) Notice 2020 came into force on 25 March 2020, there were 7,243 Ministry of Social Development (MSD) clients temporarily overseas.<sup>1</sup> Many of these clients were prevented from returning to New Zealand as countries introduced pandemic-related border and travel restrictions. Most clients were at risk of experiencing hardship as the length of time they were required to remain overseas endured, and their usual benefit and pension payments ended.<sup>2</sup>
- 10 In response to this, the COVID-19 Ministerial Group agreed that payments of certain benefits and pensions could be resumed, or continue to be paid, to people stranded abroad as a result of COVID-19. You implemented this decision through a Ministerial Welfare Programme, establishing the *COVID-19 New Zealanders Stranded Overseas Support Programme* on 20 April 2020.
- 11 The purpose of the NZSOS programme is to provide continued or resumed payments of New Zealand Superannuation (NZS), Veteran's Pension (VP), Main benefits and Supplementary assistance<sup>3</sup> to clients who had exhausted their standard entitlement to payments because of their absence from New Zealand.<sup>4</sup> The rate of payment is equivalent to what the client would have received had they been in New Zealand.
- 12 Payments made under the programme have been considered fiscally neutral to date – the increased cost of paying overseas clients is offset by a corresponding saving in domestic payments. Payments have been made from a new demand-driven Benefit or Related Expenses appropriation (*New Zealand Beneficiaries Stranded Overseas*), established by the Ministerial Group in April 2020. Fiscally neutral changes to appropriations have been approved to ensure sufficient funding has been available in this appropriation for payments made under the programme.

*The NZSOS Programme is currently due to expire on 27 April 2021*

- 13 Initially due to expire in October 2020, Cabinet agreed to fund a six-month extension of the NZSOS programme (to 27 April 2021) in September 2020 [CAB-20-MIN-0452 refers]. This extension was agreed to on the basis that people continued to rely on the programme for financial support, and were continuing to face issues returning home because of the impact of COVID-19.
- 14 Since April 2020, the NZSOS programme has supported 2,893 clients, at a total cost of \$20.2 million.<sup>5</sup> The programme is currently due to expire on 27 April 2021.

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<sup>1</sup> Of these 7,243 clients, 5,165 were pensioners and 2,078 were beneficiaries.

<sup>2</sup> For example, when the client's absence has exceeded the statutory absence provisions, which enable payment of pensions for up to 26 weeks and benefits for up to 28 days.

<sup>3</sup> Supplementary assistance is defined in the NZSOS programme as meaning 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, as well as assistance paid under specific Ministerial Welfare Programmes and Regulations.

<sup>4</sup> In addition to other eligibility criteria, clients were not entitled to assistance under the NZSOS programme if they left New Zealand on or after 26 March 2020 (when the Epidemic Preparedness (COVID-19) Notice 2020 came into force).

<sup>5</sup> This information was accurate as at 31 January 2021.

## **MSD is currently supporting 1,767 clients through the NZSOS programme**

- 15 As at 31 January 2021, there were 1,767 clients receiving payment under the NZSOS programme. Of these 1,767 clients, 1,696 were pensioners (receiving the equivalent of NZS or VP) and 71 were beneficiaries (receiving the equivalent of a main benefit).
- 16 MSD does not have comprehensive information about the location of these clients. In July 2020, we surveyed just over 1,800 clients who were stranded abroad due to COVID-19 at that time. Only 596 clients anonymously responded with information about where they were stranded, including:
- nearly 300 clients in Australia
  - groupings of more than 15 clients in Asia (countries other than those listed), the United Kingdom, China, Europe, India, and the United States
  - smaller groupings in various other countries across the globe.
- 17 While these survey results indicate a wide geographic spread, MSD cannot confirm whether this is representative of the wider client cohort, or which of these 596 clients have now returned to New Zealand or moved elsewhere in an attempt to get home. Individual client communications confirm that larger groupings of clients are likely stranded in Australia (particularly Perth), with queries also being received from several clients in the Philippines.
- 18 A number of communications have been sent to clients since the NZSOS programme was established in April 2020.<sup>6</sup> Most recently, clients were contacted in October 2020 to inform them that the programme had been extended to 27 April 2021. All communications to this group of clients have reiterated the eligibility criteria for continued payment under the programme, emphasised the need to return to New Zealand as soon as travel allows, prompted clients to check current travel requirements and reminded clients about their usual obligations to inform MSD of any changes in their circumstances.

## **The impact of COVID-19 continues to limit clients' ability to return home before the expiry of the NZSOS programme in April 2021**

- 19 The number of clients currently receiving payment under the NZSOS programme (1,767 clients) is significantly less than the number of clients who were being paid under the NZSOS programme or statutory absence provisions leading up to the initial October expiry of the programme in August 2020 (3,150 clients),<sup>7</sup> and when it was established in April 2020 (4,317).<sup>8</sup>
- 20 Based on the above data, more than 2,000<sup>9</sup> of the 4,317 clients being paid under the NZSOS programme or statutory absence provisions in April 2020 have returned

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<sup>6</sup> MSD has sent out mass communications to clients who are being paid under the NZSOS programme, who we have known email addresses for, in April 2020, July 2020, August 2020 and October 2020. There are approximately 500 clients that MSD does not have current email addresses for. For these 500 clients, MSD is sending hard copy letters to the clients' domestic addresses and relying on these letters being relayed or redirected to the client.

<sup>7</sup> In August 2020, clients were increasingly being paid under the NZSOS programme as clients increasingly exceeded the periods of absence allowed to continue receiving payment of New Zealand benefits and pensions under statutory provisions (1,482 under the statutory absence or portability provisions, 1,668 the NZSOS programme).

<sup>8</sup> In April 2020, the majority of these clients were being paid under statutory absence provisions (4,093) with only 224 clients being paid under the NZSOS programme.

<sup>9</sup> This number includes clients who have returned to New Zealand, but may also include clients who have had their payments suspended or cancelled).

home. A significant number of clients (1,767), predominately comprised of pensioners (1,696), are continuing to be paid under the NZSOS programme on the basis that they remain stranded abroad as they await reasonable travel options to return to New Zealand.

*This group of 1,767 clients have a right to return to New Zealand, but flight and MIQ availability are making this difficult*

- 21 Every New Zealand citizen continues to have a right to return to New Zealand, pursuant to section 18(2) of the New Zealand Bill of Rights Act 1990. However, ongoing uncertainty around international travel and the limited availability of places in MIQ are making it difficult for many to exercise this right.
- 22 Commercial flights to New Zealand are available from many destinations globally, including key transit hubs. Since December 2020, flight arrivals have remained relatively steady – from 14 countries and 18 cities. However, the frequency of flights has reduced, from 62 flights per week to 56 flights per week. At present, there are commercial pathways available from most of the countries where we know at least some of the clients being supported by the NZSOS programme are located.
- 23 Even though flights may be available, these flights may not be considered a reasonable travel option for this cohort of clients (e.g. long and unpredictable transit requirements may be considered unreasonable for older people who are more vulnerable to COVID-19). Securing a place in MIQ, health concerns, and accessing pre-departure flight testing may also be making travel more difficult for some of these clients. All spaces on the Managed Isolation Allocation System (the MIQ online booking system) are booked through to the end of May 2021.<sup>10</sup> No spaces have been released beyond May 2021.

### **A decision is needed by 5 March 2021 on whether to end or extend the NZSOS programme**

- 24 The NZSOS programme is currently scheduled to end on 27 April 2021. To ensure that the appropriate legislative, IT, operational and communications changes can be implemented by this date, we need your decision on whether to end or extend this support by 5 March 2021.
- 25 Considerations relevant to this decision of whether to end or extend the NZSOS programme principally relate to:
  - 25.1 the original policy intent of the programme, to provide special financial support to New Zealand beneficiaries and pensioners who are stranded overseas due to COVID-19.
  - 25.2 reinforcing the intended temporary nature of the support provided by the programme.
  - 25.3 ongoing uncertainties around commercial flights, border, and quarantine requirements across the globe due to the continuing impacts of COVID-19.
  - 25.4 equity considerations, in the context of the support being provided by this Government to temporary visa holders (TVHs) stranded in New Zealand, via Emergency Benefits (through the use of section 64 of the Social Security Act 2018).
  - 25.5 viable alternative options to support New Zealanders stranded abroad, helping to ensure the welfare of these clients is protected.
  - 25.6 international comparisons.

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<sup>10</sup> Note that some additional spaces for April/May 2021 will be released on to MIAS over the coming weeks, but demand for spaces is very high and are expected to book out rapidly.



## MSD recommends extending the NZSOS programme

*Extending the programme aligns with the intent of the programme, and would enable continued support for NZSOS clients as they try to return home*

- 26 New Zealand's welfare system supports people to help alleviate hardship in certain circumstances, such as following a life shock. The clients being supported by the NZSOS programme are people who are ordinarily resident in New Zealand, and who would have been entitled to their usual benefit and pension payments, but for their absence from New Zealand. Their absence is due to extraordinary circumstances beyond their control – a global pandemic, and the impact of that pandemic on international travel.
- 27 Officials acknowledge that the level of information held about this cohort of clients needs to be improved (discussed more below at paragraph 29.2). However, based on what we do know about this group, and what we know about current travel and quarantine availability, it is clear that at least some of the NZSOS client cohort continue to be prevented from returning home, and are unlikely to be able to return before the programme's current expiry in April 2021.
- 28 Extending the NZSOS programme would:
  - 28.1 align with the original policy of the programme and reflect the ongoing uncertainty around international travel, by ensuring continued financial assistance is provided to this group of clients while they remain overseas.
  - 28.2 align with the approach taken by comparable international jurisdictions, most of whom are continuing payment of pensions to nationals stranded abroad as part of existing pension portability settings, or settings introduced in response to COVID-19.
  - 28.3 help to alleviate financial hardship for this group of clients, and avoid further hindering their return to New Zealand due to financial barriers (e.g. if their payments ended in April 2021).
  - 28.4 provide additional time for officials to monitor ongoing demand and need for the NZSOS programme, in order to consider more sustainable support options. This work is already underway, as part of MSD's review of the current settings to pay New Zealand benefits and pensions overseas, which you agreed to in September 2020 [REP/20/8/958 refers].
- 29 Extending the programme does however carry some implications, including:
  - 29.1 by the end of April 2021, the NZSOS programme would have been in force for 12 months. Any extension would arguably challenge the temporary nature of this support.
  - 29.2 integrity risks for MSD, primarily relating to verification of client eligibility. If you agree to an extension, MSD will complete an eligibility check on all clients receiving payment under the NZSOS programme within two months of the extension commencing (by 25 June 2021).<sup>11</sup> This check will not only confirm each client's eligibility for continued payment under the programme, but will also help MSD to build up more information about this client group, based on those who respond, including their location and additional contextual information about what is preventing their return to New Zealand. Clients who do not respond to this eligibility check (or who provide information that

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<sup>11</sup> This eligibility check and information gathering can be carried out using MSD's existing review powers. Clause 14 of the NZSOS programme also enables MSD to review any grant of assistance under the programme at its discretion.

indicates they are ineligible for continued payment) will have their payments stopped if MSD is not satisfied they continue to be eligible.<sup>12</sup>

*Ending the programme would likely mean this cohort of clients are left unsupported while they remain abroad*

30 Ending the programme on 27 April 2021 would leave many of the 1,767 people currently being paid under the programme without government support while they remain overseas. Because many of these clients rely on MSD for their income, removing this support would risk pushing these clients into financial hardship at an already heightened time of stress.

31 Other implications of ending the programme include:

31.1 If you decide to end the NZSOS programme, MSD will communicate this decision as soon as possible to clients in early March 2020. It's unlikely that clients currently being paid under the NZSOS programme would be able to return by 27 April 2021 following our communication with them. Many would be left unsupported while stranded abroad, which is contrary to the policy intent of the programme. This is because alternative support options are limited and not available to all of those currently in receipt of payment:

- Statutory portability provisions (NZS and VP only) – clients can apply (usually before leaving New Zealand) to receive portable pension payments. Proportional payments can continue on an open-ended basis, if the client continues to be eligible and is not residing in a country with which we have a reciprocal social security agreement. Applications can be made after the client has left New Zealand, if their enduring absence is due to circumstances beyond their control (i.e. a global pandemic impacting international travel).<sup>13</sup> Some clients may be eligible for portable payments under this exception, but their rate of payment may be impacted (it will be proportional, based on periods of working age residency in New Zealand).<sup>14</sup>
- Reciprocal social security agreements – if clients have been stranded in an agreement country,<sup>15</sup> they may be able to apply to receive their NZS or VP payment under our agreement with that country, if they have been in that agreement country for more than 26 weeks.<sup>16</sup>
- Consular support - the Ministry of Foreign Affairs and Trade (MFAT) provides consular support to New Zealanders overseas. Financial

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<sup>12</sup> Note that because these clients are overseas, this eligibility check will need to be carried out through an online channel. There is a sizable group of clients (approximately 500 clients) for whom we only have domestic mailing addresses. These clients may be at heightened risk of having their payments stopped, if they are not aware that they need to contact us with information about their current circumstances. Payments could be resumed again under the programme, if clients do contact us with information confirming their eligibility for payment.

<sup>13</sup> Refer to section 27 of the New Zealand Superannuation and Retirement Income Act 2001.

<sup>14</sup> There is also a resource consideration for MSD under this alternative support option. If the NZSOS programme ends on 27 April 2021, MSD would need to stagger receipt of applications from the nearly 1,700 clients likely to apply for portable pension payments under section 27. Processing this volume of applications in a short time period would place significant pressure on MSD's Service Delivery Group.

<sup>15</sup> New Zealand currently has reciprocal social security agreements with Australia, Canada, Denmark, Republic of Ireland, Jersey and Guernsey, Greece, Malta, Netherlands, and the United Kingdom.

<sup>16</sup> One exception is the reciprocal social security agreement with the United Kingdom. This Agreement does not allow for payment of NZS or VP to New Zealanders in the United Kingdom. Instead, a person may be eligible for payment of a United Kingdom State Retirement Pension.

assistance may be provided in exceptional circumstances via a consular loan, which the New Zealander must agree to pay back. A consular loan is only accessible after all other avenues of support have been exhausted. The purpose of a consular loan is to assist a New Zealander who is overseas and requires resources to ensure their immediate safety and well-being, or to assist a New Zealander who requires assistance to pay for a flight to New Zealand. A consular loan is typically intended to cover essential costs for a brief period until alternative arrangements can be made, rather than to provide a means of ongoing support. If the NZSOS programme is ended, some of the clients currently being supported by this programme may experience financial hardship and seek consular assistance from MFAT. This would be beyond the scope of the consular loan function and funding.

- 31.2 The public may view this as misaligned with the support being provided to TVHs stranded in New Zealand, with the Emergency Benefit for TVHs now continuing until 31 August 2021. In contrast, government support for New Zealanders stranded abroad would end in April 2021.
- 32 Ending the NZSOS programme in April 2021 would reinforce that support for New Zealanders stranded abroad because of the pandemic was intended to be temporary in nature, and the expectation is that people in this situation return home as soon as possible. However, it would leave a number of clients who are unable to return to New Zealand right now without government support, potentially risking their welfare and wellbeing.

*We have consulted key agencies on this proposal*

We have consulted MFAT, the Treasury, the Ministry of Business, Innovation and Employment and Veterans' Affairs New Zealand on this advice. All agencies are supportive of the proposal.

**There are options for the time-period of an extension**

*There are options for extending this programme*

- 33 If you agree to extend the NZSOS programme, there are options as to the timeframes for the extension.
- 34 Any extension would require additional funding. Total costs for each extension period are set out below:
- 34.1 four-month extension (28 April 2021 to 31 August 2021): \$17.8 million gross (\$15.4 million net), over 2020/21 and 2021/22
  - 34.2 six-month extension (28 April 2021 to 26 October 2021): \$25.7 million gross (\$22.3 million net), over 2020/21 and 2021/22
  - 34.3 twelve-month extension (28 April 2021 to 28 April 2022): \$47.2 million gross (\$40.8 million net), over 2020/21 and 2021/22.<sup>17</sup>
- 35 All of the proposed extension timeframes coincide with the time period for which the Winter Energy Payment (WEP) is provided. NZSOS clients will be eligible for WEP during the WEP period as entitlement is based on receipt of a qualifying benefit, including those benefits and pensions covered by the scope of the NZSOS programme. WEP will begin on 1 May 2021 and run through until 1 October 2021, with single people receiving \$20.46 per week and couples or people with children receiving \$31.82 per week. WEP has been incorporated into the above costings.

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<sup>17</sup> Note that the extension options are not ending cleanly on the 28<sup>th</sup> of the relevant month for all options. E.g. the four-month extension is actually a four month and three-day extension. This has been done intentionally, to align with pay periods for New Zealand Superannuation.

36 Officials recommend funding any agreed extension of the NZSOS programme from the CRRF, as opposed to how the programme is currently funded, via fiscally neutral adjustments. This is because the programme is well aligned with the criteria of time-limited COVID-19 responses. As previously discussed, it also becomes less feasible to consider payments made under any extended programme fiscally neutral as the duration of the programme endures and before client eligibility checks have been carried out.

*MSD recommends an extension of four months*

37 Extending the NZSOS programme for a further four months (16 months of total support) reflects that this support is temporary in nature, but acknowledges that the need for support remains, given the ongoing nature of the COVID-19 pandemic. It would also align with the government support being offered to TVHs in New Zealand, via the Emergency Benefit. Under a four-month extension, the end dates of support for both cohorts will be aligned.

38 While payments under the NZSOS programme would be available for another four months under this extension option, this does not automatically mean that all clients currently receiving support under the programme would continue receiving payments for this whole time period. Clients currently receiving support under the programme would not need to reapply to continue receiving payments, however their eligibility will be checked by MSD by 28 June 2021 (refer paragraph 29.2 above) to confirm their ongoing eligibility for payment. Clients who do not respond to this eligibility check (or who respond with information that indicates they are no longer eligible for payment) will have their payments stopped if MSD is not satisfied they continue to be eligible, after a number of prompts. MSD will continue to rely on data matching with Customs New Zealand to determine when clients return to New Zealand, and which clients remain overseas.

*MSD does not recommend the alternative time-periods for extension, or any other amendment to the NZSOS programme*

39 An extension longer than four months is not recommended at this stage because:

39.1 these extension periods may not reinforce that support is temporary in the same way that a four-month extension would. The six- and twelve-month extension options would bring the total length of NZSOS support to 18 months and 24 months, respectively.

39.2 integrity risks for MSD (related to verification of eligibility for payment) may be heightened over these longer time periods of extension.

39.3 the impacts of COVID-19 are likely to have changed more significantly over longer time periods of extension, particularly the twelve-month option.

40 Other than amending the expiry of the NZSOS programme to 31 August 2021, we are not proposing any other amendments to the programme. The information we have about the cohort of clients being supported by the programme, and the ongoing need for this support by this group, and possibly others stranded abroad (i.e. who did not leave before 25 March 2020), is insufficient to justify any amendments to the scope of the programme at this stage.

**Next steps**

41 MSD requires your direction about whether to end or extend the NZSOS programme by 5 March 2021, due to legislative, IT, operational and communication requirements.

42 If you agree to extend the NZSOS programme:

42.1 MSD will prepare a Cabinet paper to be considered by SWC on 24 March 2021, and Cabinet on 29 March 2021. This paper will note your intention to extend the NZSOS programme for four months, and seek Cabinet's approval of a CRRF drawdown to fund this extension.

- 42.2 Following Cabinet's agreement to fund the extension, a report will be provided to you seeking your approval and signature of the amended instrument. Your approval to waive the 28-day rule will be needed to enable the amended programme to take effect by 28 April 2021.
- 42.3 The extend decision will be communicated to clients as soon as possible after receipt of Cabinet's decision.<sup>18</sup> Because we'll be communicating to clients reasonably close to the current planned expiry of the programme, MSD is expecting an influx of queries about the programme from clients leading up to 27 April 2021.
- 43 If you decide to end the NZSOS programme on 27 April 2021, MSD will communicate this decision to clients and staff accordingly. Operational and IT changes will also be made to implement this decision.

Reference number: REP/21/2/154

Author: Out of scope, Senior Policy Analyst, Seniors and International Policy

Responsible manager: Harry Fenton, Policy Manager, Seniors and International Policy

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<sup>18</sup> These communications will again reiterate the importance of clients returning home as soon as travel allows, as well as re-emphasising eligibility criteria for continued payment under the NZSOS programme and the need to inform MSD of any changes in circumstances. Current travel requirements, such as securing a place in MIQ, will also be referenced.

# Aide-mémoire



MINISTRY OF SOCIAL  
DEVELOPMENT  
TE MANATŪ WHAKAHIATO ORA

## Cabinet paper

**Date:** 25 March 2021 **Security Level:** Cabinet Sensitive

**For:** Hon Carmel Sepuloni, Minister for Social Development and  
Employment

**File Reference:** REP/21/3/301

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## Extending the COVID-19 New Zealanders Stranded Overseas Support Programme

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**Cabinet Committee** Cabinet Business

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**Date of meeting** 29 March 2021

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**Minister** Hon Carmel Sepuloni, Minister for Social Development and  
Employment

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**Proposal** You are seeking Cabinet's agreement to fund a four-month extension of the COVID-19 New Zealanders Stranded Overseas Support Programme.


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**Talking points**

- I'm asking Cabinet to agree to fund a four-month extension of a Welfare Programme that's providing core financial support to 1,298 MSD clients who are stranded overseas as a result of COVID-19.
- The *COVID-19 New Zealanders Stranded Overseas Support Programme* provides special financial assistance equivalent to New Zealand Superannuation, Veterans' Pension, Main Benefit and Supplementary Assistance to clients who are stranded abroad as a result of COVID-19, until it can reasonably be expected that the client return to New Zealand.
- When I established the programme in April 2020, I made it clear that the programme was intended to provide temporary support and the expectation was that clients would return to New Zealand as soon as travel allows. Unfortunately, 1,227 pensioners and 71 beneficiaries still remain overseas and continue to face issues returning to New Zealand.
- Flight and MIQ availability is still very limited, and some clients (particularly the 1,227 pensioners receiving support under the programme) are concerned about their health and heightened susceptibility to COVID-19, especially if they need to take long journeys home, with transits through high-risk airports. These factors are making it difficult for many

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clients to get back to New Zealand.

- The programme is currently scheduled to expire on 27 April 2021. I'm proposing to extend it for a further four months, to 31 August 2021.
- A four-month extension will:
  - Ensure clients will not be stranded overseas without financial support for this extension period
  - Align with the end date of the Emergency Benefit offered to temporary visa holders in New Zealand.
- When the extension is communicated to clients, MSD will make it clear that the programme will not be extended beyond August 2021. The importance of returning home as soon as travel allows will continue to be reiterated.
- During the extension, MSD will undertake a check of clients' eligibility for:
  - Ongoing support under the NZSOS programme – information about each client's location and circumstances will be gathered; and
  - Alternative support options – some NZS and VP clients may be eligible for payment under statutory portability provisions or reciprocal agreements. No alternative support options are available to the 71 beneficiaries currently being supported by the programme.
- By the end of the extension, MSD will
  - Transition eligible NZS and VP clients to receiving payments under the portability provisions or agreements. Some of these clients may not be able to, or want to, return home by 31 August 2021. MSD will work to ensure that those who are eligible to continue receiving support under other existing settings, while they remain abroad, are able to do so.
  - s9(2)(f)(iv)  

- The location information gathered as part of these eligibility checks will also be used by MSD to proactively contact and re-assess the eligibility of clients impacted by any quarantine-free travel zones that may be announced over the coming months.
- I am seeking Cabinet's approval to fund this \$15.4 million extension from the COVID-19 Response and Recovery Fund (CRRF).
- If this extension is agreed to, MSD will communicate this decision to clients, and provide them with an eligibility check web form to complete, in the week commencing 12 April

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2021. Factoring in reasonable response and reminder timeframes, MSD expects to determine the eligibility of most clients who respond to this check by the end of May 2021. Payments will be stopped for those who do not respond by 6 June 2021. MSD will endeavour to ensure that as many clients as possible have been transitioned to alternative supports by the end of the programme.

## **Additional information**

### **Why is MSD treating the 1,227 pensioners differently from the 71 beneficiaries?**

Because the rules regarding payment of benefits and pensions while beneficiaries and pensioners are absent from New Zealand differ.

#### Supporting contextual information:

- The general rule is that a benefit is not payable while a beneficiary is absent from New Zealand (section 219, Social Security Act 2018). However, there are exceptions to this general rule.
  - *Beneficiaries:*
    - must inform MSD of any travel plans and reasons for travel before leaving New Zealand
    - Payments can continue, only in specified circumstances, typically for only up to 28 days (Regulation 142, Social Security Regulations 2018).
  - *Pensioners:*
    - can continue receiving their payments while absent from New Zealand for up to 26 weeks – statutory absence provisions (section 22, New Zealand Superannuation and Retirement Income Act 2001).
    - A pensioner can also apply to receive proportional portable payments if they are intending to travel or reside in a country (that's not an agreement country) for more than 26 weeks (section 26, New Zealand Superannuation and Retirement Income Act 2001).
    - A client can apply to receive payments under a reciprocal social security agreement, if the client is residing in one of those agreement countries. New Zealand currently has an agreement with Australia, Canada, Denmark, Republic of Ireland, Jersey and Guernsey, Greece, Malta, Netherlands, and the United Kingdom.



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### **Why didn't MSD check the eligibility of these clients earlier?**

A high-trust model was adopted by MSD. This, in addition to resource constraints and other competing priorities, meant checks of these clients were unable to be prioritised.

### **What are the alternative support options available to clients currently receiving support under the programme?**

There are no alternative support options for beneficiaries. Pensioners may be eligible for proportional payments under statutory portability provisions or reciprocal social security agreements.

Consular support is available to all New Zealanders overseas, but this is a last resort support option. Consular support is not an ongoing support option for clients receiving payments under the NZSOS programme.

#### Supporting contextual information

- Statutory portability provisions
  - Clients typically need to apply for portable proportional payments before leaving New Zealand (s 26 of the New Zealand Superannuation and Retirement Income Act 2001).
  - Applications can be made after leaving New Zealand if the client's enduring absence is due to circumstances beyond their control (s 27 of the New Zealand Superannuation and Retirement Income Act 2001).
  - Portability usually isn't available to clients in reciprocal agreement countries. However, portable payments may still be available to clients who are not eligible for support under the relevant social security agreement under s 26, if the client is travelling (rather than residing) in that country.
  - Payments are proportional (based on periods of New Zealand working age residence).
  - MSD won't know which clients are eligible for portable payment, and the rate of payment they may be eligible for, until the client's application for portability is received and processed.
  - Portability applications take around 2 hours to process, and then the client's travel movements are verified with Customs NZ, using a bulk data matching process. This information matching process is completed as a bulk request and can take up to 20 working days to complete.

- Reciprocal social security agreements
  - Clients can apply to for payments under one of our reciprocal social security agreements, if they are residing in that agreement country.
  - New Zealand currently has agreements with Australia, Canada, Denmark, Republic of Ireland, Jersey and Guernsey, Greece, Malta, Netherlands, and the United Kingdom.
  - Payment under agreements is conditional on the client having a valid resident visa, and legal right to live in, that agreement country.
  - Most payments of NZS and VP are proportional, based on periods of working age residence in New Zealand.
  - MSD won't know which clients are eligible for payment under an agreement, or the rate of payment they may be eligible for, until the client's application for payment under the agreement is received and processed by both countries.
  - Officials surveyed just over 1,800 clients who were stranded abroad due to COVID-19 in July 2020. Of the 596 clients who anonymously responded with information about where they were stranded at the time, the following were in agreement countries:

Australia	314
Canada	4
Denmark	0
Republic of Ireland	3
Jersey and Guernsey	0
Greece	1
Malta	0
Netherlands	4
United Kingdom	39

- Consular support
  - is available to all New Zealanders overseas, but is considered a last resort option.
  - The Ministry of Foreign Affairs and Trade provides consular support to New Zealanders overseas. Financial assistance may be provided in exceptional circumstances via a consular loan, which the New Zealander must agree to pay back. This is not an ongoing support option to replace payments under the NZSOS programme.
  - The purpose of a consular loan is to assist a New Zealander who is overseas and requires resources to ensure their immediate safety and well-being, or to assist a New Zealander who requires

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assistance to pay for a flight to New Zealand. The purpose of consular loans is typically to cover essential costs for a brief period until alternative arrangements can be made, rather than to provide a means of ongoing support.

- If the NZSOS programme is ended, some of the clients currently being supported by this programme may experience financial hardship and seek ongoing consular assistance from MFAT. This would be beyond the scope of the consular loan function and funding.
- Advanced payments of benefits and pensions are not available to these clients
  - Pursuant to section 347(1)(a) of the Social Security Act, advance payments of 1 or more instalments of a benefit are only able to be made if the benefit is a main benefit, an orphan's benefit, an unsupported child's benefit, New Zealand superannuation, or a veteran's pension.
  - NZSOS clients are not receiving any of these benefits, they are receiving special financial assistance.

**Why didn't we rely on portability provisions and agreements from the beginning – why was this programme needed?**

Clients would not have been eligible for payment under reciprocal social security agreements in April 2020, and most clients would have received a lower, or nil, rate of payment under the portability provisions. MSD wanted to promote client wellbeing through payment certainty, by ensuring payments continued at the domestic rate while clients were stranded.

Supporting contextual information

- Portability provisions
  - Transferring clients to receiving these portability provisions in April 2020 would have impacted their rate of payment – some clients would have received a reduced, or nil, payment.
  - At an already stressful time for these clients, and in the context of the uncertainty surrounding COVID-19 at the time, MSD wanted to give clients certainty that their payments would continue while they were unable to return to New Zealand.
- Reciprocal social security agreements
  - clients would unlikely have been eligible for payment under agreements at this time, because they were not residing or intending to reside in

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the agreement country.

- Payment under agreements is conditional on the client having a valid resident visa, and legal right to live in, that agreement country. As part of this, most agreements require a person to be either resident or ordinarily resident in the agreement country.
- For the purpose of administering agreements, ordinary residence can be conceded where a person is either intending to reside in an agreement country for 26 weeks or more or where the person has been in the agreement country for 26 weeks or more.
- In April 2020, clients would not have been in these countries for more than 26 weeks, and were unlikely intending to be so. Ordinary residence in those countries would not have been able to be conceded in this way.

**Why is this proposed extension being funded differently from payments made under the programme to date?**

For two reasons:

- The support provided by the programme aligns well with the COVID-19 Response and Recovery Fund criteria - it is a time-limited COVID-19 response.
- Categorising the payments made under the programme as fiscally neutral – and continuing to fund them through fiscally neutral adjustments to appropriations – becomes less feasible as the duration of the programme endures (12 months in April 2021) and before eligibility checks are completed to confirm each client’s payment entitlement.

Supporting contextual information

- Payments made under the programme to date have been considered fiscally neutral
  - The assumption has been that, if it was not for the client being stranded overseas, these clients would be receiving their benefit entitlement in New Zealand. The increased cost of paying overseas clients is therefore offset by a corresponding saving in domestic payments.
  - Payments have been made from a newly established demand-driven Benefit or Related Expenses appropriation (*New Zealand Beneficiaries Stranded Overseas*). Fiscally neutral changes to appropriations have been approved to ensure sufficient funding has been available in this appropriation for programme payments.

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- Continuing to fund this extension via a fiscally neutral adjustment is less feasible as the duration of support provision endures, and before client eligibility checks are completed.
    - When the programme was initially established, it was reasonable to assume that if it was not for the client being stranded overseas, these clients would be receiving their benefit entitlement in New Zealand. As a result, the payments were considered fiscally neutral, as the increased cost of paying overseas clients is offset by a corresponding saving in domestic payments. Before completion of client eligibility checks, and as the duration of this programme endures, this assumption is less justifiable.
  - The NZSOS programme is well aligned with the criteria of the COVID-19 Response and Recovery Fund
    - Because the programme is a time-limited COVID-19 response.

**Why is the amount of funding sought for this four-month extension proportionally higher than the cost of funding the programme to date?**

This is because the number of people receiving assistance under the programme increased around mid-September 2020, when all clients eligible for payment under the programme had been out of New Zealand for more than 26 weeks and were no longer eligible to continue receiving their NZS or VP payments under the statutory absence provisions (s 22 of the New Zealand Superannuation and Retirement Income Act 2001).

Supporting contextual information

- I am seeking \$15.4 million net over 2020/21 to fund this four-month extension of the NZSOS programme. \$20.2 million was required to fund the programme between April 2020 and January 2021.
- During the beginning of the programme, many clients were being paid under statutory absence provisions, which allow for a 26-week absence from New Zealand.
- As the statutory absence period was exceeded by clients, they progressively shifted to being paid under the NZSOS programme.
- Clients needed to have left New Zealand before 26 March 2020 to be considered stranded overseas, and to be eligible for financial support under the NZSOS programme. By mid-September 2020, all clients who were eligible for payment under the programme had been out of New Zealand for more than 26 weeks.

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**Will debts be created for clients who MSD finds are ineligible for continued payment under the programme?**

If MSD is satisfied based on an eligibility check that a person is no longer entitled to a payment under the NZSOS programme, MSD will stop payments from the date the eligibility check is completed. This means no debt will need to be established as no overpayments will be made.

In some cases, if as a result of the eligibility check, MSD considers the person's eligibility ceased before the eligibility check and MSD was not notified of the client's change in circumstances, further investigations may be necessary which may result in a debt being established.

Supporting contextual information

- The eligibility checks MSD intends to complete, to check if clients continue to be eligible for payment under the NZSOS programme, will be conducted under s 304 of the Social Security Act 2018.
- If, as a result of this check, MSD is satisfied that the client is no longer entitled to payment under the NZSOS programme, MSD may suspend, cancel or vary the rate of the benefit from a date MSD reasonably determines (s 306(2) of the Social Security Act 2018).
- Unless there is other information to suggest the date the payment should be cancelled is earlier than the date of the eligibility test, MSD will generally exercise discretion to determine the date we find clients to be non-entitled as the reasonable date to stop their payment.

**Why are NZSOS clients not liable for MIQ fees?**

This is because, to be eligible for payment under the NZSOS programme, a person needed to have left before 26 March 2020 (clause 8(2)(c)). MIQ fees only apply if a person left New Zealand after 10 August 2020.

**How many people are being supported by the NZSOS programme, as at March 2021?**

1,298 clients – 1,227 pensioners and 71 beneficiaries.

Supporting contextual information

- The difference between the 31 January 2021 and March 2021 data
  - As at 31 January 2021 – 1,767 clients (1,696 pensioners, 71 beneficiaries).
  - As at 22 March 2021 – 1,298 clients (1,227 pensioners and 71 beneficiaries).
- Why is the difference between the January and March data so large?
  - 131 clients returned to New Zealand between 31

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Jan and March 2021.

- 338 clients were removed following a data matching exercise
  - As part of matching with Customs MSD receives client matches that are exact matches (full match) and partial matches where there are one or 2 minor differences between the names and DOB.
  - A screening exercise was recently undertaken for clients still receiving payment under the programme, that were a partial match to MSD data, to check that we have matched to the correct person.
  - This screening process takes place for all partial matches in the daily matching as part of the BAU work, but we did not have the authority to complete this for the stranded travel client group.
  - An amendment to MSD's information sharing agreement with Customs was required to allow this check to be conducted for the NZSOS programme specifically. Once this amendment was agreed to by both agencies, we were able to pull data where clients had a partial match with Customs data. This data is not included in regular NZSOS reporting and took some time.
    - The NZSOS match was carried out between mid-February 2021 and mid-March 2021.
    - Each individual client in the NZSOS data set is an MSD client who was counted as receiving support through the programme. The 338 clients who have been removed as a result of this check are clients who have been in New Zealand for this period and were actually receiving their normal domestic payments (not special assistance under the programme). This has led to a journaling error, not overpayments, duplicate payments, or payments to wrong clients.

**In the context of the eligibility check, why is so much time required between client communications?**

When reviewing entitlement that could lead to a person's payments being stopped, MSD needs to be fair and reasonable from a natural justice perspective.

If Cabinet agrees to extend the programme, this decision will be communicated to clients in the week commencing 12 April 2021 following the Cabinet decision on 6 April 2021. This delay is to accommodate IT work to complete the build of the eligibility check web form, which will be sent out with these initial communications.

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### Supporting contextual information

- When MSD initiates a review of a person's entitlement under section 304 of the Social Security Act 2018 their current practise is to notify the person, explain what they need to do, request any required information, provide a reasonably amount of time for the person to respond, explain any consequences if they don't response and provide review rights.
- MSD carries out these activities sequentially as follows:
  - **Initial contact** - Send a letter/email to the person explaining that we are reviewing their entitlement and explain what we need them to do next, noting that their payments may be affected if they don't respond. For the people who are overseas being paid under the programme the next steps are to contact us and provide information within 10 working days. (Typically, people who are in New Zealand would be asked to attend an appointment in two weeks' time.) We'd expect a significant number of people to respond at this point.
  - **Second contact** - People who don't respond are sent a reminder letter/email reinforcing what they need to do, and they are advised that their payment will be affected if they don't respond. They are given the same notice period.
  - **Third contact** - People who still don't respond after the second notice are advised that they still have an opportunity to do so but if they don't respond by a specific date they are considered as not entitled to their and their payments will stop on that date.

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