

# Impact Summary: COVID-19 New Zealanders Stranded Overseas Support Programme extension

## Section 1: General information

### Purpose

*The Ministry of Social Development is solely responsible for the analysis and advice set out in this Impact Summary, except as otherwise explicitly indicated. This analysis and advice has been produced for the purpose of informing:*

- *Final decisions to proceed with a policy change to be taken by or on behalf of Cabinet*

### Key Limitations or Constraints on Analysis

*A decision needs to be made about whether or not to extend the COVID-19 New Zealanders Stranded Overseas Support Programme (the Programme), which is due to expire on 20 October 2020.*

*The Programme was established as part of the Ministry of Social Development's (MSD's) response to COVID-19. The Programme enables MSD to continue or resume benefit and pension payments to clients stranded overseas due to COVID-19. An extended programme would allow this support to continue, while clients remain stranded overseas and cannot return because of pandemic-related border and travel restrictions. A fiscally neutral adjustment will be required to implement an extension to the Programme.*

***The options being considered are limited to whether or not the Programme should be extended beyond 20 October 2020, to provide ongoing support to MSD clients stranded overseas***

- *Other changes to the Programme are not being considered, and changes to existing settings to make payments to overseas clients are also out of scope.*
- *s 9(2)(f)(iv)*
- *Within this option, consideration is being given to the term of the extension. Factors influencing this decision include certainty of continued payments for clients, operational feasibility (i.e. avoiding peak operational periods), other government activities (e.g. the Annual General Adjustment) and avoiding holiday periods.*

***The following criteria were used to assess the two options being considered – i.e. whether to end the Programme on 20 October 2020, or extend it beyond this date***

- *Alignment with policy intent*
- *Impact on MSD clients who are stranded abroad due to COVID-19*
- *Fiscal implications*
- *Impact on public health and border control measures*

- *Operational impact*
- *International comparison.*

*More detailed options analysis is provided in section 3.1 below.*

**Responsible Manager (signature and date):**

Lynne Cousins

 1/9/2020

Policy Manager, Seniors and International

Policy branch

Ministry of Social Development

*To be completed by quality assurers:*

**Quality Assurance Reviewing Agency:**

Amy Hamerton, Principal Analyst, Ministry of Social Development

**Quality Assurance Assessment:**

This impact summary clearly sets out clearly the problem to be addressed, how the proposed action will meet the intended objectives and how the action will be implemented and monitored and shows evidence of efficient consultation with the appropriate stakeholders. It meets the Quality Assurance criteria.

**Reviewer Comments and Recommendations:**

## Section 2: Problem definition and objectives

### 2.1 What is the policy problem or opportunity?

*The current Programme is due to expire on 20 October 2020. The Programme was established as part of MSD's response to COVID-19. The Programme enables MSD to continue or resume benefit (main benefit and supplementary assistance) and pension (New Zealand Superannuation and Veteran's Pension) payments to clients stranded overseas due to COVID-19.*

*The Programme ending on 20 October 2020 is potentially an issue because:*

- There continues to be MSD clients stranded overseas due to COVID-19 (refer to the information in table 1, in section 2.2 below)*
- Commercial flight options to return to New Zealand are limited, and may be unaffordable for many*
- The Government is capping the number of inbound flights, further limiting the number of seats available on inbound flights and driving up the cost of these seats*
- Many of the clients stranded abroad rely on MSD for their income. If the Programme ends, they will stop receiving their benefit and pension payments. This could negatively impact the welfare of these clients.*

*A decision needs to be made now so we can ensure the support provided is continuous (if an extend decision is progressed) following the planned expiry of the current programme. A decision is also needed shortly to enable MSD to implement the decision – whether this is an end or extend decision. It will take up to four weeks for MSD to communicate with clients about the future status of their benefit and pension payments, and complete activities to end/extend these payments as appropriate.*

### 2.2 Who is affected and how?

*MSD clients stranded overseas as a result of COVID-19 are affected.*

*Those affected include clients currently receiving benefit and pension payments under the Programme, but also those who are currently receiving pension payments under statutory absence provisions, who are likely to require the support of the Programme over the coming month as allowed periods of absence from New Zealand come to an end.*

*By 20 October 2020 (the current expiry of the Programme) no MSD client who is stranded overseas due to the pandemic will be receiving payments under the statutory absence provisions. This is because it would have been longer than 26 weeks (the allowed period of absence for continued receipt of pension payments abroad) since the latest possible departure date to be considered "stranded" abroad, which is 25 March 2020 when the Epidemic Preparedness (COVID-19) Notice 2020 came into force.*

***There is evidence that there is ongoing need for the support provided by the Programme***

*The following table provides information about the number of New Zealanders stranded overseas due to COVID-19, comparing currently available information with information available in April 2020, when the Programme was established.*

**Table 1: information about number of New Zealanders and MSD clients overseas during the COVID-19 pandemic**

	<b>As At 30 April 2020</b>	<b>As at 31 August 2020</b>
New Zealanders registered on SafeTravel	23,331 <sup>1</sup>	21,280 <sup>2</sup>
MSD clients overseas with current and suspended payments, who left prior to 26 March 2020	7,243 5,165 pensioners and 2,078 beneficiaries	4,083 3,286 pensioners and 797 beneficiaries
MSD clients receiving benefit or pension payments under the statutory absence or portability provisions	4,093	1,482
MSD clients receiving benefit or pension payments under the NZSOS Programme	224 137 pensioners and 87 beneficiaries	1,668 1,542 pensioners and 126 beneficiaries
MSD clients not receiving payment (e.g. payments suspended, no longer qualify, didn't apply for support under the NZSOS Programme etc)	2,926	933
Payment amount under the NZSOS Programme	\$6.8m for the month ending 31 May 2020  \$0.6m under the programme, \$6.2m under statutory provisions	\$6.9m for the month ending 31 August 2020  \$2.2m under the programme, \$4.7m under statutory provisions

*If the Programme is not extended, most of the clients currently receiving payments under it will stop receiving their benefit and pension payments.*

*As signalled above, the number of clients receiving payments under the Programme is also likely to increase over the coming months, as statutory absence provisions expire. This is because it would have been longer than 26 weeks (the allowed period of absence for continued receipt of pension payments abroad) since the latest possible departure date to be considered "stranded" abroad, which is 25 March 2020 when the Epidemic Preparedness (COVID-19) Notice 2020 came into force. More clients will shift to receiving their payments under the Programme (instead of these statutory provisions) as a result.*

### **2.3 What are the objectives sought in relation to the identified problem?**

*The objective is to provide financial assistance, in the form of continued or resumed benefit or pension payments, to MSD clients stranded overseas due to COVID-19. Many of these clients rely on MSD for their income and, if it weren't for the Programme, would lose that income because they are stranded overseas.*

<sup>1</sup> This is the number of New Zealanders registered on MFAT's SafeTravel website as at 29 March 2020.

<sup>2</sup> As at 25 August 2020.

## Section 3: Options identification

### 3.1 What options have been considered?

MSD considered the following options as part of this policy proposal:

- ending the Programme on 20 October 2020; or
- extending the Programme beyond 20 October 2020.

An options analysis is provided in table 2 below.

**Table 2: Analysis of options to end or extend the Programme**

	<b>Option 1: Ending the Programme on 20 October 2020</b>	<b>Option 2: Extending the Programme to 27 April 2021</b>
<i>Alignment with policy intent</i>	<u>Not aligned</u> – intended to support New Zealanders stranded abroad as a result of COVID-19. Ending the programme will mean fewer clients are supported while stranded.	<u>Aligned</u> – an extended Programme would enable continued support for MSD clients stranded abroad.
<i>Impact on MSD clients stranded abroad</i>	<u>Poor</u> – most clients will have their pension or benefit payments ended, and will be unsupported while stranded abroad. Those receiving portable payments (approximately 380 clients) will continue to be paid.	<u>Good</u> – clients will receive payments under the Programme for longer, with greater certainty of support.
<i>Fiscal implications</i>	<u>Potential saving</u> - there may be a cost saving if the Programme ends and clients are not eligible to receive support under other settings to pay benefits and clients overseas. No payments will be being made to these clients, resulting in a cost saving.  Ending the programme would place pressure on alternative forms of support however, such as consular support services.	<u>Cost neutral</u> – clients are receiving payments they would have received had they not been stranded overseas. The increased cost of paying overseas clients is offset by a corresponding saving in domestic payments.  A fiscally neutral adjustment to appropriations is required to support this extension. Cabinet is authorised to make this adjustment.
<i>Impact on public health and border control measures</i>	<u>Medium impact</u> – there could be an influx of returnees leading up to 20 October 2020, with more than 1,500 people currently being paid under the Programme. This could potentially place pressure on available flights and MIQ facilities.	<u>Low impact</u> –stranded clients will have more time to gradually return home as reasonable travel options become available, mitigating pressure on MIQ facilities. Cross-agency work on prioritisation and allocation of spaces in MIQ facilities can factor this cohort in to their planning.
<i>Operational impact</i>	<u>High impact</u> – ending payment requires significant manual effort. Resource-intensive. At least four weeks will be required to operationalise a decision to end the Programme on 20 October	<u>Low impact</u> – while there will still be a lot of communication activity required for an extension, the system will automatically extend most payments. Intensive manual effort to end the Programme

	2020. This will include additional communication to clients informing them of payments ending.	deferred to a later date, with fewer inputs likely required as clients have longer to return home.
International comparison	<u>Not aligned</u> – most comparable overseas jurisdictions are providing some form of financial assistance to clients who are stranded abroad, albeit for varying periods of time.	<u>Well aligned</u> – aligns with the level and duration of support being provided by comparable overseas jurisdictions.

**A summary of the benefits of extending the Programme include:**

- continued support for MSD clients stranded abroad due to COVID-19
- continued certainty of payment for MSD clients stranded abroad due to COVID-19
- More time to factor this cohort of returning New Zealanders into planning for MIQ prioritisation
- An extension is cost neutral – the payments made under the Programme are equivalent to those made under legislation. The increase in cost of payments made internationally under the Programme are off-set by a corresponding reduction in the cost of these payments made domestically.
- MSD’s systems will automatically extend most payments. Manual effort to end payments will be deferred to a later date, with less processing likely required as more clients progressively return home.

**A summary of the potential cons of extending the Programme include:**

Some clients may stay overseas for longer than they need to i.e. beyond the date they could reasonably return to New Zealand. Eligibility for payment under the Programme is ongoing until clients provide information that indicates they are no longer eligible, or they return to New Zealand. Data matching between MSD and Customs New Zealand is used to determine which clients have managed to return to New Zealand, and which clients remain overseas. Correspondence has been sent to clients to reiterate the Programme’s eligibility criteria and to again prompt clients to contact MSD if their circumstances have changed.

### 3.2 Which of these options is the proposed approach?

*MSD is recommending an extension to the Programme. This option is seen as preferable because of the previously mentioned reasons, relating to:*

- *Continued financial support and certainty for clients stranded abroad due to COVID-19 – welfare consideration, aligns with the policy intent of the Programme.*
- *This will allow more time for clients to return to New Zealand, supporting the management of returnees and availability of places in managed isolation facilities – public health consideration.*
- *An extension is cost neutral – we are paying clients what they are entitled to, if they had not been absent from New Zealand as a result of the pandemic – fiscal consideration.*

*An extension to the Programme will enable continued benefit and pension payments to eligible clients stranded overseas due to COVID-19 while they plan their return to New Zealand. Following receipt of the decision about whether or not an extension is approved, MSD will again communicate with clients receiving support under the Programme to reiterate eligibility criteria for continued payments and re-stating the importance of informing MSD of any changes in circumstance.*

## Section 4: Impact Analysis (Proposed approach)

### 4.1 Summary table of costs and benefits

<b>Affected parties</b> Government	<b>Comment:</b> fiscally neutral adjustment to appropriations (of \$29.989m) required to fund an extension to the Programme	<b>Impact</b> \$29.989m fiscally neutral adjustment to appropriations
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#### Additional costs of proposed approach, compared to taking no action

The follow changes to appropriations would be required to fund a six-month, six-day extension of the Programme, with a nil impact on the operating balance and net Core Crown debt.

Vote Social Development (NET)	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & outyears
<b>Minister for Social Development</b>					
<b>Benefits or Related Expenses:</b>					
NZ Beneficiaries Stranded Overseas	-	29.989	-	-	-
Accommodation Assistance	-	(0.204)	-	-	-
Disability Assistance	-	(0.035)	-	-	-
New Zealand Superannuation	-	(29.537)	-	-	-
Orphan's/Unsupported Child's Benefit	-	(0.049)	-	-	-
Temporary Additional Assistance	-	(0.029)	-	-	-
Veterans' Pension	-	(0.134)	-	-	-
Winter Energy Payment	-	-	-	-	-
<b>Total Operating</b>	-	<b>(0.000)</b>	-	-	-

#### Expected benefits of proposed approach, compared to taking no action

<b>Regulated parties</b>	Eligible MSD clients will continue receiving their benefit and pension payments while they remain stranded abroad.	Ongoing financial support, improved welfare. High impact.
<b>Regulators</b>	MSD will be able to provide financial assistance to clients for longer, ensuring or enhancing their welfare as a result.	Ongoing financial support, improved welfare. High impact.
<b>Wider government</b>	More time to factor this cohort of New Zealanders into wider planning around prioritisation and allocation of spaces in MIQ facilities.	Improved approach. Low impact.
<b>Other parties</b>	-	
<b>Total Monetised Benefit</b>		
<b>Non-monetised benefits</b>		Medium impact



## 4.2 What other impacts is this approach likely to have?

No other impacts have been identified.

## Section 5: Stakeholder views

### 5.1 What do stakeholders think about the problem and the proposed solution?

Consultation has been carried out with:

- Current recipients of support under the Programme – via a July 2020 survey sent to these clients (discussed more below).
- Other government agencies – Treasury, the Ministry of Business, Innovation and Employment, and the Ministry of Foreign Affairs and Trade.

#### Survey of MSD clients

MSD sent a survey to 1,876<sup>3</sup> overseas clients in July 2020. The purpose of the survey was to gauge ongoing demand for the Programme and determine whether overseas clients intend to, and are actively trying to, return home. 727 survey responses were received, which are summarised in the table below.

**Table 3: Summary of responses received in response to July 2020 survey of overseas clients**

The majority of the 727 respondents said they were still stranded overseas	<ul style="list-style-type: none"><li>• 596 (or 82 percent of) respondents considered themselves to be stranded overseas due to COVID-19.</li><li>• The remainder (131 respondents) said they were no longer stranded overseas (e.g. may have returned to New Zealand since we last received information from Customs, or had decided to reside abroad more permanently).<sup>4</sup></li></ul>
Almost half of the 596 respondents stranded abroad are in Australia	<ul style="list-style-type: none"><li>• 292 (or 49 percent of) respondents are in Australia.</li><li>• There were groupings of more than 15 clients in Asia (countries other than those listed), the United Kingdom, China, Europe, India and the United States.</li><li>• Smaller groupings of clients reported being located in various other countries across the globe.</li></ul>
Nearly all of the 596 clients stranded abroad said they intend to return home as soon as they are able to	<ul style="list-style-type: none"><li>• 561 (or 94 percent of) respondents stranded abroad intend to return to New Zealand as soon as they can.</li><li>• However, many clients' return is being disrupted by return flights being rebooked or cancelled by airlines – 334 (or 56 percent of) respondents stranded abroad have had flights rebooked or cancelled. Note that MSD cannot determine if return flights being rebooked or cancelled are original or subsequent flights.</li></ul>

<sup>3</sup> These are the clients MSD has email contact information for, and whose email did not bounce back when MSD sent the survey. These clients include NZS, VP and main beneficiary clients, either being paid under the Programme or statutory absence provisions.

<sup>4</sup> Note that survey responses were anonymously received to protect the privacy of respondents. As a result, MSD has not been able to action information provided in survey responses that suggest a respondent is no longer eligible to receive payments under the Programme. MSD did prompt survey participants to contact MSD if their circumstances had changes affecting their eligibility.

	<ul style="list-style-type: none"><li>• Only 133 survey respondents reported having an intended return date to New Zealand, with 118 of these clients intending to return prior to 20 October 2020 (the current expiry of the Programme).</li></ul>
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*Clients' needs/views broadly align with a decision to extend the Programme.*

***Impact on wider government***

*In addition to the above client information, MSD has also considered the impact of current travel and border restrictions. Flight availability and affordability is being heavily impacted by border restrictions across the globe. The Government is taking action to manage the number of flights coming in to New Zealand, by capping the number of inbound tickets airlines are able to sell. This helps to ensure that the number of people arriving in to New Zealand does not exceed the number of places available in MIQ facilities, but is also impacting the availability and affordability of flights.*

*Other Government agencies consulted are supportive of the proposal, with the exception of Treasury indicating a preference to extend the Programme to 31 March 2021, instead of MSD's proposed extension period to 27 April 2021. Treasury's preference was to align the end of the programme with the Annual General Adjustment. A 31 March 2020 expiry date is not practical from an MSD perspective, as our service delivery team is already under a lot of pressure at this time completing AGA-related activities, including manual processing of adjustment exceptions.*

*Iwi/hapū have not been directly consulted. No further consultation is planned, other than agency consultation on subsequent papers leading up to any potential programme extension.*

## Section 6: Implementation and operation

### 6.1 How will the new arrangements be given effect?

*Extending the Programme will require an extension to an existing Ministerial Welfare Programme. A fiscally neutral adjustment of \$29.989 million will be sought to fund this extension.*

*The new instrument – the extended Ministerial Welfare Programme – will be published on MSD's website, and on the New Zealand Gazette.*

*MSD will communicate with impacted clients directly, advising them of the status of their payments going forward. These communications will include reminders about informing MSD of any changes in circumstances, and reiterating eligibility criteria for payment (including being stranded abroad/unable to return to New Zealand because of COVID-19).*

*MSD will be responsible for ongoing implementation of the amended programme – i.e. payments made under the Programme, including activities to end/extend payments as needed.*

*The amended Programme will come into effect on 21 October 2020, immediately following the expiry of the current Programme. Clients will be sent communications about their payments continuing as soon as possible after MSD receives ministerial direction on this decision, earlier in October 2020. No transitional arrangements are required.*

*The risk that was previously mentioned relating to continued payments being made under the Programme for longer than a client is eligible to receive those clients will be mitigated by:*

- Communicating with clients receiving support under the Programme, reiterating eligibility for continued payment and the importance of informing MSD of any change in circumstance.*
- Ongoing data matching with Customs New Zealand to determine whether clients have managed to return to New Zealand, or remain overseas.*

## Section 7: Monitoring, evaluation and review

### 7.1 How will the impact of the new arrangements be monitored?

*MSD is carrying ongoing monitoring of:*

- *The number of MSD clients who are overseas*
- *The number of MSD clients receiving benefit and pension payments under existing provisions, and under the Programme*
- *When clients return to New Zealand – including by utilising information from Customs.*

*These are existing processes and can continue to be used following any extension to the Programme.*

*Additional client surveys may be issued in future, to determine current demand for support provided by the Programme. This option is especially likely to be utilised leading up to the expiry of any extended programme.*

### 7.2 When and how will the new arrangements be reviewed?

*The number of clients receiving payment/support under the Programme will be monitored on an ongoing basis.*

*MSD will review entitlement for continued payment under the Programme on an on-going basis, as clients make contact about changes in circumstances, travel arrangements and decisions not to return to New Zealand.*

*The review of the ongoing need for the Programme will be carried out at least one month prior to the expiry of the amended programme.*

*Clients can contact MSD at any time to raise concerns with the Programme, and also have an opportunity to seek a review of any decisions MSD makes relating to their benefit and pension payments.*