

Chair  
Cabinet COVID-19 Committee

## **FINANCIAL SUPPORT FOR NEW ZEALANDERS TEMPORARILY OVERSEAS OR DOMICILED IN AUSTRALIA WHO ARE IN FINANCIAL DISTRESS DUE TO THE COVID-19 PANDEMIC**

### **Proposal**

- 1 This paper gives a summary of the issues and seeks decisions on options to support New Zealanders temporarily overseas or domiciled in Australia who are in financial distress due to the COVID-19 pandemic. Key measures proposed here are to continue to: pay benefits to New Zealanders overseas; provide New Zealanders overseas with consular assistance; and advocate for Australia to extend further assistance to New Zealanders domiciled there. The paper does not propose any further measures at this stage.

### **Executive summary**

- 2 In the context of the COVID-19 pandemic and widespread border closures restricting international travel across the globe, some New Zealanders have been stranded overseas and are sheltering in place while they wait for an opportunity to return to New Zealand. These are New Zealanders who left New Zealand for less than twelve months for purposes such as a holiday, study or to take up a temporary work visa.
- 3 Due to the unexpected disruption to their travel, over time a proportion of this group may not be able to meet the additional costs of their prolonged stay overseas. In the first instance, New Zealanders in financial difficulty overseas as a result of COVID-19 are expected to call on their bank, insurance provider, and family and friends for assistance. The Ministry of Foreign Affairs and Trade (MFAT) provides consular support to New Zealanders overseas via a 24/7 call centre/consular duty phone in Wellington and through its network of overseas posts. This includes access to financial support, usually through an emergency loan after all other avenues have been exhausted. MFAT expects to provide more of these loans as a result of COVID-19, particularly for more vulnerable New Zealanders. The amount of the loans varies: s9(2)(g)(ii)  
  
Generally, the amounts are either smaller amounts to get by for a few days while waiting for an Emergency Travel Document, for example, or a larger amount to cover a flight home.
- 4 Some New Zealanders temporarily overseas may be in receipt of New Zealand Superannuation (NZS), Veteran's Pension (VP), a main benefit, Orphan's Benefit, Unsupported Childs Benefit and/or supplementary assistance such as Accommodation Supplement and Child Disability Allowance. Under ordinary circumstances these payments cease if their absence exceeds 26 weeks for NZS/VP or 28 days for benefits. There are 5,165 superannuitants overseas (including 764 with suspended payments), and 2,078 beneficiaries (including 1,871 with suspended payments) (further details are provided in Annex 1). We recommend that payments can be resumed from the date a person expected to return to New Zealand, with the flexibility to resume payments from an earlier date for people in severe hardship or not to resume payments where it is identified that people no longer qualify.

- 5 While most of the people stranded overseas will likely have financial resources to manage in the short term, they may run into financial difficulty if required to stay overseas for longer than expected. s9(2)(f)(iv)
- 6 New Zealanders living in Australia have been included in some Australian Government COVID-19 support measures, notably its “Job Keeper” wage subsidy scheme announced this week, a very welcome development. Officials are still assessing the impact of that decision, though it seems likely to help significant numbers of New Zealand workers. New Zealanders in Australia have also been allowed early access to their Australian superannuation savings if they are in financial difficulty due to COVID-19.
- 7 Some New Zealanders in Australia are still likely to lose work because of COVID-19, if their companies are ineligible for the subsidy, or choose to reduce staff regardless, or if they do not qualify for other reasons. Because of their visa status, many New Zealanders have little to no access to the Australian welfare system if they do become sick or unemployed. Officials recommend continuing to advocate that the Australian Government extend social security support to such New Zealanders. s6(a)
- Australia's Social Services Minister, Anne Ruston, has been granted the powers to enable s6(a) support to be offered to individuals and groups of visa holders (potentially including New Zealanders). Some support has previously been extended to New Zealanders during state emergencies, including during the recent major bushfires.
- 8 s9(2)(f)(iv)

## Background

- 9 MFAT's Consular Division and overseas posts are receiving an increasing number of calls for assistance from New Zealanders overseas as countries' border measures become stricter in response to COVID-19. Most calls relate to New Zealanders having difficulty returning to New Zealand. There have also been many calls from New Zealanders resident in Australia unable to access Australian Government support. Officials expect the needs of at least some of this group will be met through access to the wage subsidy scheme announced by the Australian government this week.
- 10 Due to border restrictions, it is not possible for every New Zealander temporarily overseas to return home as soon as they would like. Some New Zealanders who had intended to be absent from New Zealand for less than 12 months now find themselves needing to remain overseas. Normally around 80,000 New Zealanders will be overseas travelling at any point in time, but the group affected is likely to be much smaller now as many people returned to New Zealand as COVID-19 started to spread. People in this group include:
- travellers (a small portion of whom are MSD clients, including 5,165 NZS or VP recipients without portability and 2,078 people receiving a benefit)

- other New Zealanders overseas on temporary work visas such as working holiday visas.

**MFAT consular support (including financial support) remains the best mechanism for supporting New Zealanders stranded overseas**

- 11 We recommend that at this stage, New Zealanders in difficulty overseas as a result of COVID-19 continue to rely on consular support. MFAT currently provides consular support to New Zealanders overseas in the form of a 24/7 call centre/consular duty phone in Wellington and through its network of overseas posts.<sup>1</sup>
- 12 Current advice on the SafeTravel website to New Zealanders overseas is to not travel and, recognising that many will not be able to come home, for these people to take steps to stay safely where they are. The advice for New Zealanders staying safely where they are includes complying with local isolation or quarantine requirements, following the advice of the World Health Organization, and finding out how to access local healthcare in case it becomes necessary to do so. New Zealanders are also encouraged to find suitable accommodation, and to be prepared for logistical and financial disruption.
- 13 In extremely difficult situations, MFAT is also able to provide short term financial assistance by way of a loan to New Zealanders in distress overseas when all other avenues (banks, insurance provider, family and friends) have been exhausted. In the current circumstances, MFAT has instructed its consular officials to take a more open and flexible approach to the provision of this financial support, so that individuals are not prevented from returning to New Zealand quickly, or securing appropriate accommodation or health services, for example.

s9(2)(g)(ii)

Generally, the amounts are either smaller amounts to get by for a few days while waiting for an Emergency Travel Document, for example, or a larger amount to cover a flight home.

- 14 s9(2)(g)(ii)

- 15 MFAT will monitor and report the uptake of these forms of financial assistance, and may require additional funding s9(2)(g)(ii)

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<sup>1</sup> Consular support generally involves giving advice, with the aim of helping people to help themselves; helping with a lost or stolen passport; helping contact relatives or friends to request emergency funds; providing a list of English-speaking lawyers, and helping contact family and friends, if someone is detained or arrested; helping contact family and friends if someone is ill or injured; helping with arrangements following a death overseas; in certain circumstances, providing notarial services such as witnessing affidavits, statutory declarations and other documents for use under New Zealand law; helping during crises, such as civil unrest and natural disasters. In the case of particularly vulnerable New Zealanders, the support is likely to be more “hands-on”.

## **New Zealand superannuitants who were travelling overseas and are unable to return to New Zealand**

- 16 There are approximately 4,400 New Zealand Superannuation (NZS) or Veterans' Pension (VP) recipients currently overseas (and a further 764 superannuitants and veterans with suspended payments). We recommend that payments can be resumed from the date a person expected to return to New Zealand, with the flexibility to resume payments from an earlier date for people in severe hardship or not to resume payments where it is identified that people no longer qualify.
- 17 Generally, NZS and VP clients can receive payment for a maximum of 26 weeks while overseas, provided they return to New Zealand within 30 weeks. NZS and VP clients who intend to travel overseas for longer than 26 weeks, or whose return to New Zealand has been delayed for longer than 26 weeks, can apply for payment under the general portability provisions (or under a reciprocal social security agreement).
- 18 Under section 27 of the New Zealand Superannuation and Retirement Income Act 2001 (NZSRIA) superannuitants who are unable to return to New Zealand due to circumstances beyond their control are able to apply to be paid under the general portability provisions. There may be a gap in payment for clients who do not contact MSD until after their 26 weeks period has ended and the rate of payment is proportionate to the person's periods of residence between the ages of 20 and 65, so they may receive a reduced or nil rate and other supplementary payments are not payable overseas.

## **Beneficiaries who were travelling overseas and are unable to return to New Zealand**

- 19 There are 207 beneficiary clients (and 1,871 with suspended payments) receiving a main benefit, Orphan's Benefit, Unsupported Child's Benefit and/or supplementary assistance (eg Accommodation Supplement and Child Disability Allowance) currently overseas.
- 20 Some main benefit recipients (including Youth Payment recipients) can continue to receive payments for up to 28 days in a 52-week period if they notify MSD of their intended absence prior to departure. Main benefit clients with work obligations can continue to receive payments for up to 28 days with an approved travel reason. Supplementary assistance can also be paid for up to 28 days in a 52 week period. Where overseas absence has been notified and approved (if applicable) and a person's return to New Zealand has been prevented due to unforeseen circumstances outside of their control, MSD has discretion to extend that individual's payments.
- 21 Where the person was receiving payments prior to their departure, we recommend that the government pay a main benefit or Orphan's Benefit, Unsupported Child's Benefit and/or supplementary assistance for people who are absent from NZ and unable to return during the epidemic until it can reasonably be expected that they can return to New Zealand.
- 22 As noted above, in addition to the 207 beneficiaries currently in receipt of benefits and supplementary assistance overseas, there are also 1,871 beneficiaries offshore with suspended payments. We recommend that payments can be resumed from the date a person expected to return to New Zealand, with the flexibility to resume payments from an earlier date for people in severe hardship or not to resume payments where it is identified that people no longer qualify.

s9(2)(f)(iv)

- 23 Under normal circumstances, New Zealanders travelling overseas are expected to have sufficient funds and to take out travel insurance. The global COVID-19 pandemic has, however, led many insurers to invoke force majeure clauses leaving a number of travellers without insurance cover. While we expect most of these people will be able to meet the additional costs of remaining in country, some will struggle if they are forced to remain overseas for a prolonged period of time.
- 24 Officials will monitor this situation and will provide advice on additional interventions if this is needed at a later date. s9(2)(g)(i), s9(2)(f)(iv)

25 s9(2)(g)(i), s9(2)(f)(iv)

26 s9(2)(f)(iv), s9(2)(g)(i)

As at 29 March, MFAT currently has 23,331 New Zealanders registered on SafeTravel but this is only a portion of the number of New Zealanders offshore. 6,369 individuals or tours are registered as "travelling" or on a cruise (the remaining 16,962 are registered as "residing" in the country they are in). However, pre-COVID-19 estimates were that there were around 80,000 New Zealanders travelling offshore on a short-term basis and some 800,000 residing offshore. These numbers are likely to have reduced significantly, as many New Zealanders have made their way home in recent weeks. On 25 March 2020, there were 1,456 active consular cases in 57 countries of which 90 percent relate to New Zealanders experiencing difficulties returning home.

27 s9(2)(f)(iv), s9(2)(g)(i)

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## **New Zealanders domiciled in Australia**

- 30 The New Zealand diaspora in Australia is distinct because of its size (approximately 650,000 people), the fact that most New Zealanders in Australia have settled there permanently, and because of the highly variable access they have to Australian social security support.
- 31 In a very welcome development this week, Australia included New Zealanders employed in Australia in its COVID-19 wage subsidy scheme, which will provide eligible workers with A\$1500 gross per fortnight for up to six months. Officials are still assessing the impact of that decision, though it seems likely to help significant numbers of New Zealand workers. Australia has also allowed New Zealanders to access a portion of their Australian superannuation savings (up to A\$20,000 over two financial years) if they are facing financial hardship due to COVID-19.
- 32 It remains likely that some New Zealanders in Australia will lose work due to COVID-19, for example if their companies are ineligible for the subsidy, or choose to reduce staff regardless, or if their work does not qualify for other reasons. Many such New Zealanders are unable to access Australia's main unemployment or sickness benefit (the Jobseeker Payment), due to their Australian immigration status. Australians in New Zealand are eligible for such benefits after a two-year stand-down period.
- 33 s6(a), s9(2)(g)(i)
- Ministers and officials are
- engaging extensively with Australian counterparts to make this argument.
- 34 s6(a)
- 35 At present, access to Australian social security support for the estimated 650,000 New Zealanders in Australia varies considerably:
- Approximately 200,000 arrived in Australia before February 2001, are classed as "protected" Special Category Visa holders, and have the full social security entitlements available to Australian permanent residents.
  - An estimated 200,000-220,000 New Zealanders arrived after February 2001 but have lived in Australia for 10 years or more. Unless they have done so before, New Zealanders in this group are entitled to a once-only payment of Australia's main unemployment or sickness benefit (the Jobseeker Payment) for up to six months.
  - A further estimated 200,000-220,000 New Zealanders (who arrived after 2001 but have lived in Australia for fewer than 10 years) have no access to Australian social security support at present. Aside from early access to any Australian superannuation savings, the modest support they are eligible for is not likely to be adequate to cover the cost of day-to-day living during the COVID-19 pandemic. Some members of this group may receive New Zealand Superannuation or disability support payments.

- 36 Officials will continue to monitor the situation of New Zealanders in Australia and provide advice as needed.

### Capacity issues for MSD and MFAT

- 37 s9(2)(f)(iv), s9(2)(g)(i)

For MSD, these challenges principally relate to capacity. Officials advise that MSD's service delivery is currently under pressure, with the number of domestic claimants for support increasing each day. MSD is also administering the wage subsidy scheme and other COVID-19 response measures.

- 38 There would be significant operational constraints and wider system integrity risks associated with MSD administering any further payments. s9(2)(f)(iv), s9(2)(g)(i)

Although MSD has a current process for paying benefit support to an overseas bank account for known clients, this is far more complex and resource-intensive compared to making payments to a New Zealand bank account. s9(2)(f)(iv), s9(2)(g)(i)

Cross-agency support is likely required as there are currently significant operational constraints on MSD's Service Delivery group.

- 39 Capacity concerns are also relevant to MFAT. MFAT consular services are currently fully stretched in Wellington and at posts, with some posts operating with decreased numbers or having had to temporarily close. Staff are focused on responding to a record number of enquiries and requests from New Zealanders abroad. A spike in demand for emergency loans on the basis of an Undertaking to Repay would therefore pose operational challenges, including the challenge of consular staff getting the money to New Zealanders in a lock-down environment where it is not possible to use cash.

- 40 s9(2)(f)(iv), s9(2)(g)(i)

MFAT's role would need to be limited to providing advice based on information provided by MSD, linking New Zealanders with the appropriate MSD office or verifying documents in accordance with usual procedures. As travel restrictions and health risks mean that a face-to-face process is unlikely to be feasible, there would need to be a simplified process established for vetting documents.

### Consultation

- 41 The Department of Prime Minister and Cabinet (Policy Advisory Group) have been consulted.

### Financial implications

- 42 The decision to continue to pay current MSD beneficiaries while they are overseas and unable to return will have no impact on the fiscal position in the Crown accounts. This is because the forecasts did not anticipate people ceasing benefits due to COVID-19 travel restrictions and, without the influence of COVID-19, these beneficiaries would continue to be paid in New Zealand.

## Human rights implications

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

## Legislative implications

- 44 A domestic epidemic management notice was issued under section 8(1) of the Epidemic Preparedness Act 2006 on Monday 23 March 2020, and took effect from Wednesday 25 March 2020. This gives MSD the power to amend the legislative requirements relating to clients who are absent from New Zealand temporarily and unable to return.
- 45 In addition, Immediate Modification Orders (IMOs) under section 15 of the Epidemic Preparedness Act 2006 (through which restrictions or requirements in enactments can be modified by Order in Council) can now be made by the Governor-General. This may provide a mechanism to extend payments administered by MSD.

## Regulatory impact and compliance cost statement

- 46 Not applicable.

## Publicity

- 47 Officials will develop key messages on provision of assistance to MSD clients who are unable to return to New Zealand. Officials are also updating key messages to take account of the Australian announcement on a COVID-19 wage subsidy scheme.

## Proactive Release

- 48 MFAT and MSD will proactively publish this paper. Any redactions made will be consistent with the Official Information Act 1982.

## Recommendations

- 49 It is recommended that the Committee:

- 1 **note** that travel restrictions resulting from the global COVID-19 response mean a high likelihood of travelling New Zealanders being stranded offshore, who may lack access to financial or other resources to support themselves, with consequent health and welfare risks
- 2 **note** that MFAT consular advice is that New Zealanders who are not able to return home should take steps to ensure their safety in place, and contact their travel insurer, bank, family and friends in the first instance if they are facing financial difficulties
- 3 **agree** that stranded New Zealanders overseas should continue to follow the advice above, with consular support available including the possibility of an emergency loan s9(2)(g)(ii)
- 4 **note** that in the current circumstances, MFAT consular officials are taking a more flexible approach to the provision of financial support, so that individuals are not prevented from



returning to New Zealand quickly or sheltering safely in place by e.g. securing appropriate accommodation or health services

- 5 **note** that on 23 March 2020, the Prime Minister issued an Epidemic Notice, which took effect on 25 March 2020 and enables the use of special welfare powers under the Social Security Act 2018
- 6 **note** that Epidemic Management Notices issued with the written approval of Ministers have provided further tools for the delivery of financial assistance to stranded migrants, including broad emergency powers under the Social Security Act 2018
- 7 **agree** that the following payment arrangements be made for MSD clients stranded overseas:
  - 7.1 payments of New Zealand Superannuation and Veterans Pension can be resumed from the date a person expected to return to New Zealand, with the flexibility to resume payments from an earlier date for people in severe hardship or not to resume payments where it is identified that people no longer qualify
  - 7.2 payments of main benefits, Orphan's Benefit, Unsupported Childs Benefit and/or supplementary assistance: payments can be resumed from the date a person expected to return to New Zealand, with the flexibility to resume payments from an earlier date for people in severe hardship or not to resume payments where it is identified that people no longer qualify
- 8 **note** that emergency powers are needed to make some of the changes in recommendation 7 and that officials are working through the process to put in place the instruments that will authorise the changes, which may include Immediate Modification Orders under the Epidemic Preparedness Act 2006
- 9 **note** that there are no fiscal costs associated with the decisions in recommendation 7
- 10 s9(2)(f)(iv), s9(2)(g)(i)
- 11 s9(2)(f)(iv), s9(2)(g)(i)
- 12 **note** that New Zealanders are eligible for Australia's COVID-19 wage subsidy scheme and for early withdrawal of Australian Superannuation Guarantee funds, which may alleviate some of the financial pressures for New Zealanders domiciled in Australia
- 13 **agree** that advocating for the extension of Australia's social security support is the preferred option to support New Zealanders domiciled in Australia who require this assistance

## Annex 1

50 The following table summarises our recommended response for MSD clients who are stranded overseas.

New Zealanders stranded overseas currently receiving financial support from the New Zealand Government		
Type of assistance	Current policy settings	Recommendation
NZS or VP for people usually resident in NZ	<ul style="list-style-type: none"> <li>Entitled to payment for up to 26 weeks during absence from NZ.</li> <li>Lose entitlement from date of departure if unable to return to New Zealand within 30 weeks and debt established for this period</li> <li>May be eligible for payment under the general portability provisions if unable to return due to circumstances outside their control (or under a reciprocal social security agreement)</li> </ul>	<ul style="list-style-type: none"> <li>Continue NZS or VP payment until superannuitant or veteran is able to return to NZ</li> <li>Requires legal authority through an Immediate Modification Order under section 15 of the Epidemic Preparedness Act to continue payments for NZS/VP clients usually resident in NZ</li> </ul>
Main benefits	<ul style="list-style-type: none"> <li>Some main benefits can be paid for absence of up to 28 days in a 52-week period</li> <li>People with work obligations can continue to receive a main benefit for up to 28 days in a 52 week period if they have an approved reason for travel, e.g. to attend a job interview</li> <li>People receiving a main benefit must advise MSD of their absence prior to departure</li> <li>MSD has discretion to extend individuals' payments if they are prevented from returning to New Zealand due to circumstances outside of their control</li> </ul>	<ul style="list-style-type: none"> <li>Continue to use discretion to pay those people who notified MSD before they left New Zealand until they are able to return to New Zealand</li> <li>Pay main benefits to those who are unable to return to New Zealand but who didn't notify MSD before leaving New Zealand or did not have an approved reason for travel, until they are able to return to NZ.</li> <li>Requires legal authority through an Immediate Modification Order under section 15 of the Epidemic Preparedness Act to continue payments for main benefit clients usually resident in NZ</li> </ul>
Unsupported Child's Benefit, Orphan's Benefit and supplementary assistance: <ul style="list-style-type: none"> <li>Accommodation Supplement</li> <li>Child Disability Allowance</li> <li>Disability Allowance</li> <li>Temporary Accommodation Assistance</li> <li>Temporary Additional</li> </ul>	<ul style="list-style-type: none"> <li>Unsupported Child's Benefit, Orphan's Benefit and supplementary assistance can be paid for up to 28 days in a 52 week period</li> <li>People receiving these payments must advise MSD of their absence prior to departure</li> <li>MSD has discretion to extend individuals' payments beyond 28 days if they are prevented from returning to New Zealand due to circumstances outside of their control</li> </ul>	<ul style="list-style-type: none"> <li>Continue to use discretion to pay those people who notified MSD before they left New Zealand until they are able to return to New Zealand</li> <li>Pay Unsupported Child's Benefit, Orphan's Benefit and supplementary assistance to those who are unable to return to New Zealand but who didn't notify MSD before leaving New Zealand, until they are able to return.</li> <li>Requires legal authority through an Immediate Modification Order under section 15 of the Epidemic Preparedness Act to continue payments for Unsupported Child's Benefit, Orphan's Benefit and supplementary assistance clients</li> </ul>

Support • Winter Energy Payment <sup>2</sup>		usually resident in NZ
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Proactively Released

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<sup>2</sup> Winter Energy Payment will commence on 1 May 2020 and will be paid to people stranded overseas who are receiving NZS, VP, people receiving main benefits and those receiving Orphan's or Unsupported Child's Benefit.