



## AIDE MEMOIRE

### Updated managed isolation and quarantine (MIQ) operating model and funding Cabinet paper and talking points

<b>Date:</b>	3 December 2020	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2021-1667

<b>Information for Minister</b>
Hon Chris Hipkins <b>Minister for COVID-19 Response</b>

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Privacy of natural persons	Policy Director, Managed Isolation and Quarantine Unit, MBIE	Privacy of natural persons	✓
Privacy of natural persons	Senior Policy Advisor		

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments:



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### Purpose

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To provide you with the updated MIQ operating model and funding Cabinet paper and talking points to support you at Cabinet on 7 December.

Privacy of natural persons

**Policy Director, Managed Isolation and Quarantine Unit**

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## Background

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1. You are going to Cabinet on Monday 7 December 2020 to present the *Managed Isolation and Quarantine operating model and funding* Cabinet paper. This paper is part of a suite of five COVID-19 Response papers that have been collated through the Public Services Commission (PSC). PSC will provide you with generic talking points across all five papers.
2. You took the paper to Cabinet Business Committee (CBC) on Tuesday 2 December. CBC requested that the funding for MIQ policy full time equivalents (FTEs) be reduced by 20 percent. The paper is updated to reflect this feedback (Annex one).
3. MIQ can meet this policy FTE reduction by not filling vacancies. This may create some pressure on our policy work programme in the short term whilst we respond to urgent work relating to fees, allocations, safe travel zones, and exploring a shorter stay MIQ model.
4. Also attached is updated talking points on the reduction in MIQ policy FTEs (Annex two). This will supplement the generic talking points provided to you by the PSC.

## Annexes

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Annex one: Updated MIQ operating model and funding Cabinet paper

Annex two: Talking points on the reduction in MIQ policy FTEs

**Annex one: Updated MIQ operating model and funding Cabinet paper**

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## In Confidence

Office of the Minister for COVID-19 Response  
Chair, Cabinet Business Committee

## COVID-19 Response Paper 5 – Managed Isolation and Quarantine (MIQ) operating model and funding

### Proposal

- 1 This paper:
  - outlines the current MIQ operating model in the Ministry of Business Innovation and Employment (MBIE) and the operating implications for the New Zealand Defence Force (NZDF), New Zealand Police (Police), Ministry of Health (MOH), Aviation Security Service (Avsec) and the New Zealand Customs Service (Customs); and,
  - seeks funding to support the ongoing delivery of the model.
- 2 This is Paper 5 in a suite of papers that address the governance and funding arrangements for our COVID-19 response more broadly.

### Relation to government priorities

- 3 This paper relates to the Government's response to COVID-19 and strategy of elimination.

### Executive Summary

- 4 End-to-end management of our borders is an essential component of our COVID-19 response, and the Government needs to ensure that New Zealand has a MIQ system fit to manage COVID-19 in an effective way over the next two years. This includes secure funding for the continued operation of MIQ.
- 5 Over recent months, MIQ has improved and now includes:
  - operation of the facilities, up to 6,169 rooms
  - a booking and allocation system
  - processes to consider waivers of fees
  - clear exemptions process to a full stay in MIQ
  - emphasis on pastoral care for staff and residents.
- 6 The current operating model underpins the joint-agency delivery of MIQ. However, it is not currently fully operational due to funding constraints. MBIE is responsible for the overall delivery of the MIQ operating model in line with MOH public health guidelines. Agency collaboration will be further supported by the proposal to establish a Border Executive Board as discussed in an accompanying paper.

- 7 The MIQ model (including governance and delivery) will help suppress transmission of COVID-19 in New Zealand through strong border control processes, ensuring facilities are resourced and equipped appropriately, better decision making, and enhancing flexibility of the MIQ system.
- 8 I am seeking funding to ensure the MIQ operating model is fully resourced, including costs of accommodation, transport, food, security, and health and wellbeing services. At present, the MIQ operating model is only funded until December 2020.
- 9 I am recommending MIQ be funded for 18 months, at a cost of \$1,741 million, which includes additional funding for all agencies involved. Alternatively, Cabinet could opt to fund MIQ for 12 months (\$1,179 million). I am recommending the longer timeframe to enable service planning, and ensure New Zealand can cope with the range of more likely scenarios.

## Background

- 10 MIQ is an important part of New Zealand's elimination strategy. Since 9 April 2020, all air arrivals to New Zealand are required to stay in MIQ for 14 days with very limited exceptions. This is required by an order made under the COVID-19 Public Health Response Act 2020 to protect the health and wellbeing of people in New Zealand and reduce the risk of COVID-19 entering the community.
- 11 MIQ ensures cases that enter through the border are detected early and isolated from the community. MIQ enables continued, albeit limited, international mobility which supports economic, social and cultural outcomes.
- 12 This paper outlines the MIQ operating model and funding requirements. I am also proposing to establish a Border Executive Board as discussed in the accompanying paper *COVID-19 Response Paper 4 - Collective responsibility for an integrated border system and our COVID-19 border defences*. The proposed Board will oversee the border system to ensure there are no gaps in the overall border defences, including oversight of MIQ and its role in our COVID-19 response.
- 13 The MIQ model was developed to resource and operate MIQ facilities and the wrap around services. Currently, there are 32 MIQ facilities in Auckland, Hamilton, Rotorua, Wellington and Christchurch, with a total operational capacity of 6,261 people. In addition, there is capacity reserved for quarantine, air crew, deportees, transit passengers and onsite staff. Selection of MIQ facilities takes into account a range of factors, including access to adequate local health services, and ability to meet MIQ rules. Public health considerations remain at the centre of decision making for MIQ in order to ensure that the model remains lawful and proportionate.
- 14 MIQ was established under urgency as part of the all-of-government response to COVID-19. The responsibility for managing international arrivals through MIQ was initially shared across a number of agencies operating under the leadership of the Operations Command Centre. In June 2020, Cabinet agreed

that MBIE would be responsible for the overall MIQ operating model, including a corresponding transfer of the remaining appropriated MIQ funding; and requested a report back on the MIQ model [CAB-20-MIN-0284].

- 15 A significant work programme was implemented from June 2020 to consolidate the MIQ system and effectively manage public health risks, including:
- strengthening the service delivery arrangements
  - addressing capacity constraints, increasing capacity from approximately 3,500 rooms in early June to 6,200 by late July
  - demand management mechanisms
  - standard operating procedures across facilities.
- 16 The MIQ operating model is not operating fully due to funding constraints. The delivery of the MIQ model relies on the support of five other main agencies.
- NZDF is responsible for providing personnel to help with facility operations and site security functions.
  - Police staff provide assurance and enforcement support.
  - MOH, together with DHBs, are responsible for COVID-19 testing at the facilities, providing health and wellbeing support, and isolation of cases, and their close contacts
  - Avsec support NZDF with security at the facilities, and secure the transit of arrivals through air bridges.
  - Customs is responsible for managing maritime border processes.

**The MIQ model was established quickly and was funded on a short term basis**

- 17 The MIQ model was quickly established to help stop COVID-19 coming through the border and to respond to the high demand for MIQ services. As such, funding for the MIQ model to date has been reactive.
- 18 Agencies have individually requested funding for their MIQ responsibilities and some MIQ services are funded through existing agency baselines. Agencies have received a total \$584 million in funding for the MIQ model to date, of which \$513 million was for contracting and managing MIQ facilities (including accommodation, meals, transport to and from facilities, and health testing of residents), as detailed in Annex One.
- 19 Further funding is needed to operate the current MIQ model beyond December 2020.<sup>1</sup>

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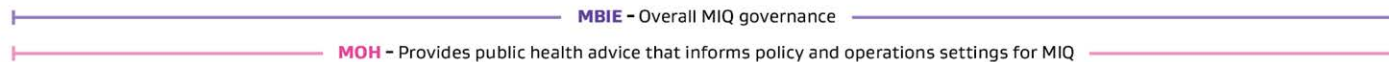
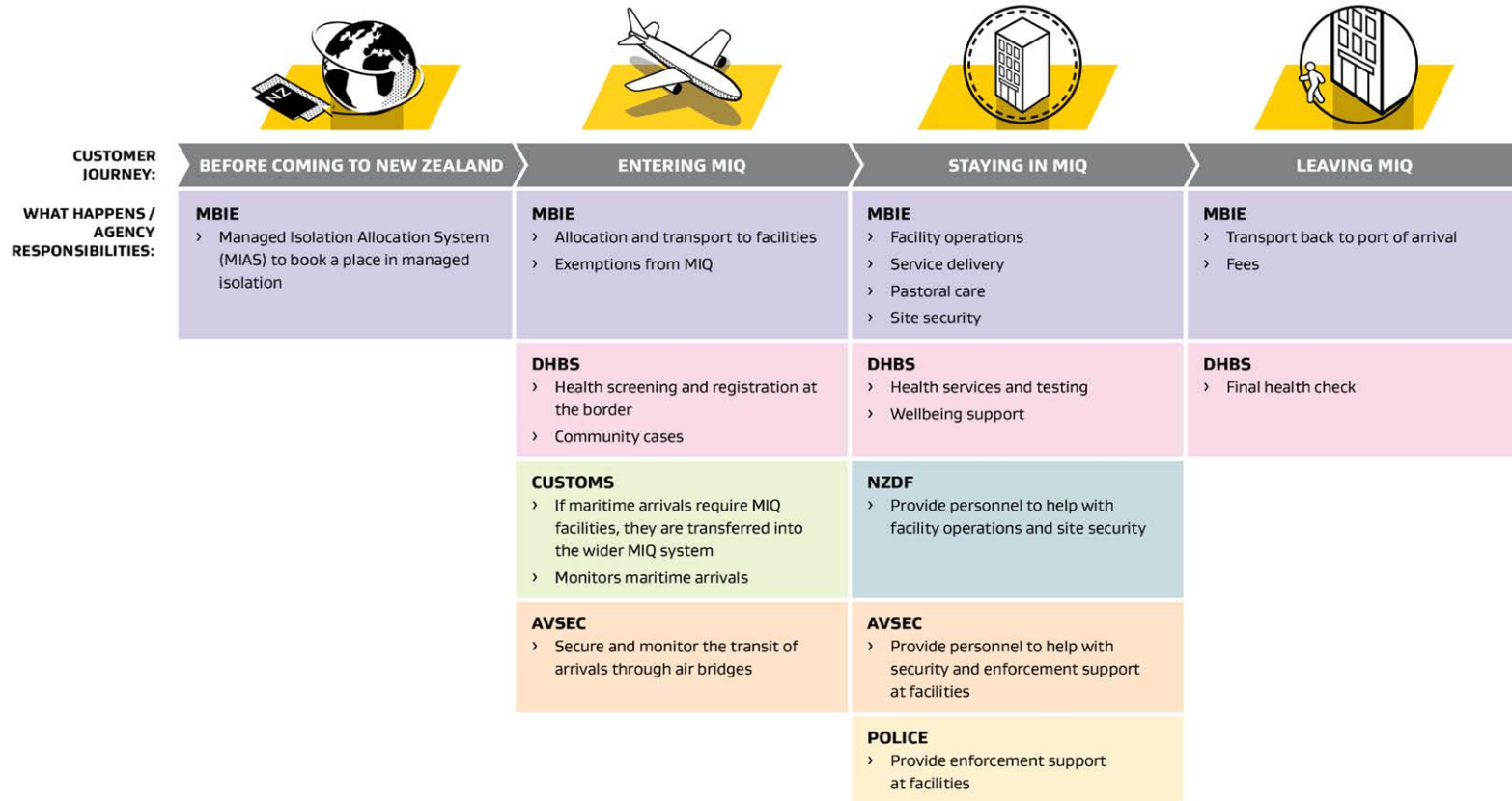
<sup>1</sup> The estimated MBIE cost of the MIQ model including technical fees appropriation will be around \$78 million per month moving forward as MIQ services expand. As at the end of October, officials estimated there was around \$120 million left in the MBIE appropriation for the MIQ model which is expected to last until December 2020.

- 20 The approach to MIQ operating model is designed to support:
- **Suppression of transmission of COVID-19 in New Zealand** as strong border control processes are maintained
  - **Appropriate resourcing of facilities**, with the security, pastoral care and wrap around services necessary to ensure residents' stays are comfortable and compliant with the New Zealand Bill of Rights Act 1990
  - **Better informed decision making** through coordination of all agencies involved and establishment of clear lines of accountability.
- 21 A high level view of the MIQ operating model is in the diagram below. A comparison of the agency responsibilities and roles between the previous and current MIQ model is found in Annex Two.
- 22 Since the MIQ model was moved into MBIE, a number of changes were made to strengthen existing practices and new functions have been added where needed. For example, the introduction of the MIQ fees regime, an online allocation system, increased security processes, the introduction of staff testing and consideration of technology based tracing for residents and staff.
- 23 The MIQ operating model has continued to evolve. For example, officials are in the final stages of ensuring there are standard operating models across all 32 facilities, and that the customer facing elements of the model are effective and timely with simple complaints and feedback processes.
- 24 The MIQ operating model leverages the expertise and capability of other agencies to support public health outcomes. NZDF, Avsec, Police and Customs provide highly skilled services with a level of confidence that cannot easily be duplicated. MOH and DHBs are critical partners in the delivery of MIQ health services. This collaborative approach ensures MIQ residents have a safe and comprehensive end to end MIQ experience that New Zealanders can have confidence in.



MANAGED ISOLATION  
AND QUARANTINE

# MIQ Operating Model



**I recommend funding MIQ for an additional 18 months for \$1,741 million**

25 Agencies require further funding in order to fully deliver the MIQ operating model. Any remaining funds will be returned to the Crown if the MIQ model is no longer required.

26 I am seeking funding for either:

**Option 1** - 12 months (to 31 December 2021) totalling \$1,179.095 million

OR

**Option 2** - 18 months (to 30 June 2022) totalling \$1,741.377 million (recommended).

27 A longer funding timeframe will ensure the MIQ model can continue to operate in a cost effective manner regardless of future scenarios (for example, if a vaccine roll out is slower or proves less effective). The Treasury's Pre-election Economic and Fiscal Update conservative assumption is that MIQ will likely be needed to 1 January 2022 until border restrictions are lifted. As this is a conservative assumption, a longer funding period adds certainty to the delivery of MIQ. The MIQ model may require further funding if MIQ is needed longer than June 2022.

28 Option 2 will allow officials to negotiate better contracts and discounts with facilities and personnel for the ongoing delivery of the MIQ model, which will help reduce the overall cost of MIQ. Option 1 limits the ability to secure cost savings. If directed by Cabinet, officials will report to the Minister for COVID-19 Response and Minister of Finance on progress on MIQ accommodation cost savings by early 2021.

29 Option 2 also allows for up to three months to 'wind down' the MIQ operating model due to existing booking commitments through the Managed Isolation Allocation System (MIAS). If demand for MIQ places reduces or if there is a significant policy change, the wind down period could happen faster.

30 Both options will not 'lock in' the current facilities, as MIQ has unilateral contract termination with the providers which means officials can give 20 business days' notice at any time to end the arrangements. This provision will be retained during current contract negotiations. Below is a table showing the indicative timeframe to wind down MIQ.

RIQ and MIF Frontline	Month 1	Month 2	Month 3	Monthly cost
Hotels				\$49.2m
Transport				\$3.6m
Frontline Staff & costs				\$8m
HQ Function				\$4m
Residual & Exit				\$3m

31 The MIQ model is operating in an uncertain domestic and international environment and is subject to change. As such, the funding options is based on a number of assumptions, which are listed in Annex Three. One of the main baseline assumptions is that MIQ will be required to service around 6,169 rooms per day until the end of June 2022 regardless of any policy changes, including introducing alternative accommodation models, or if border restrictions are eased.<sup>2</sup> If Cabinet wishes to substantially alter certain parts of the current MIQ model or increase MIQ supply, further funding will be required.

34 The following sections set out the details of agency activity and funding requirements. These are summarised in the following table.

Agency	Option 1 (12 months)	Option 2 (18 months)	Purpose
MBIE	\$1,009.305 million	\$1,481.695 million	To fund the MIQ operating model, including facilities and associated costs
NZDF	To be determined later in 2020/21		NZDF has quantified marginal costs of MIQ support at \$98.300 million. Funding requirements in excess of current baseline will be determined later in 2020/21
Police	\$25.660 million	\$43.972 million	To account for increased allowances, leave, travel and accommodation for 227 personnel supporting MIQ, and fund all costs associated with MIQ resourcing
MOH	\$127.750 million	\$191.100 million	To deliver MIQ health and wellbeing services via District Health Boards (DHBs)

<sup>2</sup> There are around 6,169 rooms across the 32 MIQ facilities, with approximately 5,236 rooms available for occupation at any one time after removing rooms for contingency planning and cleaning.

Avsec (Via Ministry of Transport)	\$16.380 million	\$24.610 million	To fund all costs associated with MIQ resourcing
<b>Total:</b>	<b>\$1,179.095 million</b>	<b>\$1,741.377 million</b>	

### MBIE functions and funding requirements

- 32 MBIE is responsible for the overall MIQ model, including responsibility and accountability for day to day management and operation of the MIQ facilities. MBIE reports to the Minister for COVID-19 Response, who holds ultimate accountability for the MIQ model.
- 33 MBIE provides a range of MIQ functions which seeks to enhance the resilience of the MIQ operating model. MBIE seeks either \$1,009.305 million (option 1) or \$1,481.695 million (option 2) to deliver the MIQ operating model.
- 34 Key MBIE functions are as follows.
- Operations of facilities and management of residents (includes food, accommodation and pastoral care)
  - Managing the fees scheme
  - System development, including technological solutions such as MIAS (see below) and CCTV. I am recommending capital funding of \$13.423 million for equipment and operating systems
  - Policy development, strategic planning and business systems, communication (including contact centre), awareness raising and stakeholder engagement, quality and assurance, and business support (including supporting frontline workers, and building data and insights)
  - MBIE also funds private security to supplement the functions provided by NZDF and Avsec.

### Enhancements MBIE is making to the MIQ operating model

- 35 There are a number of specific enhancements to the MIQ operating model that have evolved during the transitional phase. These are included within both options for MBIE’s funding request and are summarised below.

Managed Isolation Allocation System (MIAS)	MIAS is an online tool that issues vouchers for accommodation. Since 3 November 2020, travellers are required to have a MIAS voucher before flying if they are arriving in New Zealand. MBIE is working on enhancements to prioritise returning New Zealanders (included in funding request)
Managing supply and considering the hotel	There is significant demand for MIQ, as well as potential changes to border settings over the next 12-18 months. MBIE is exploring how MIQ supply can continue to meet demand, taking account of public health requirements; cost

I N C O N F I D E N C E

<p>provider model</p>	<p>and sustainability; economic, social and cultural considerations; and an evolving context.</p> <p>The funding request in this paper is for the current MIQ model which is hotel-based. An initial high level assessment of alternative supply options against Ministry of Health quarantine requirements has been done, and a range of feasibility issues and health consideration (e.g. workforce impacts and quality/risk trade-offs) were identified that need to be considered further. Officials are developing options and preparing advice for early next year on alternative supply options, include the feasibility of motels, self-contained apartments and purpose built facilities as well as consideration of private-sector proposals to accommodate specific groups and operate commercial facilities.</p>
<p>Managing the demand for bespoke arrangements</p>	<p>Since September 2020, MIQ has accommodated bespoke arrangements to support the Bledisloe Cup, the Taini Jamison Trophy and the New Zealand Summer of Cricket. Bespoke arrangements involve existing facilities to accommodate groups with buffers between them and the wider community, as well as secured transport to appropriate training venues and other services as required.</p> <p>A forward programme is evolving, with varied requirement for groups. These bespoke arrangements sit outside of the MIQ core operating model, Cabinet will receive a report back separately if additional funding is needed.</p>
<p>Changes to the fees settings and wider fees framework</p>	<p>The MIQ fees regime came into force in August 2020 to partly offset costs. There are some unintended consequences that should be addressed, in particular the ability to:</p> <ul style="list-style-type: none"> <li>• invoice employers, and fee variations for RSE workers</li> <li>• exempt critical health workers</li> <li>• implement Cabinet decisions varying charges and payment mechanism for RSE workers</li> <li>• Debt management and collection processes</li> </ul> <p>Cabinet will receive a report back on addressing these matters in December including draft regulations to change the fee levels for critical workers. Further advice will be provided in early 2021 on the results from a broader fees review.</p>
<p>Trialling and deploying new</p>	<p>Technology innovations are being developed across the world to address problems relating to COVID-19. The Government Chief Digital Officer (GCDO), MOH and other agencies are co-ordinating efforts and sharing information</p>

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technology solutions	as it emerges. A trial of a Bluetooth enabled contact tracing card within a facility is currently in development. Costs of full implementation have not been included in the funding request in this paper.
Technical financial changes needed to support the MIQ fees regime	The MIQ fees regime defers the payment of invoices for 90 days, and therefore under the Public Finance Act 1989, the receivable for the fee scheme is recorded in MBIE's (the Crown's) accounts as a loan asset. Accounting rules require that the loan asset is measured at fair value. Any write-down does not affect the cash position, but does require an appropriation. This cost has been included in the funding request.

**Breakdown of MBIE funding requirements**

37 MBIE is seeking either \$1,009.305 (option 1) or \$1,481.695 million (option 2) as detailed below to deliver the MIQ operating model.

Activity area	New activity to be funded	Previous funding approved \$million	Option 1 (funding to end of December 2021) \$million	Option 2 - (funding to end of June 2022) Cumulative \$million
<b>Service Delivery*</b>				
Hotel and Facility Costs	External supplier costs for provision of 32 MIQ facilities	221.300	580.729	854.812
Transportation Costs	External supplier costs for transportation (land and air) of guests between arrival point and facilities		31.367	74.740
<b>Operations Support</b>				
Operations Service Delivery	Personnel and support to operate MIQ facilities and regional operations	20.000	98.702	132.728
National Operations Support	Personnel and support to operate national services including fees, waivers, exemptions, allocations, management and governance, communications, policy, legal, finance, health & safety and risk assurance		107.456	150.591
Operational Systems	Establish digital platforms (e.g. MIAS, Release & Waivers forms, Case Management System and Workforce Planning Tools) and transition to ongoing operations		28.053	35.952
<b>Capital Expenditure</b>				
Operational Systems	Equipment & fit-out required for new personnel, and ICT development of digital operating platforms	0.000	9.423	13.423
<b>Technical Appropriation for Fees Regime</b>				
Lending	Appropriation required for loans invoiced	8.000	112.156	160.519
Fair Value of Loans	Recognition of concessionary value of loans	0.300	40.221	56.531
Loan Impairment	Recognition loan impairments	2.400	1.200	2.400
<b>Total funding sought</b>			<b>1,009.305</b>	<b>1,481.695</b>

### **MBIE cannot meet the costs from within existing baseline funding**

- 38 MBIE has suffered a decline in third party revenue which will limit its ability to absorb new functions and costs and maintain its overall financial sustainability. Pre COVID-19, 50 percent of MBIE's departmental revenue was from third-party sources. The remainder is Crown revenue. Third party revenue has dropped to 37 percent this year, principally as a result of a significant fall in revenue from immigration fees. While revenue has decreased, MBIE's workload has remained at similar levels due to regulatory requirements and new activity (border exemptions process for example). In the absence of new Crown funding, the current shortfall will need to be funded through changes in service levels or investment across MBIE.
- 39 COVID-19 has had a structural impact on MBIE's funding. For example, the current fee and levy structure will not support a viable immigration system in the foreseeable future. Departmental funding covers a number of portfolios, making a cross-portfolio approach to prioritisation essential. However, there are limits to MBIE's ability to reprioritise as third party funding can only be used for the purpose that it was collected. For example, revenue from the building levy can only be used to fund activities under the Building Act.
- 40 Uncertainty around MBIE's third party revenue is forecast to remain for the next few years. Looking ahead, a more sustainable funding model, which facilitates greater cross portfolio prioritisation, will be required to maintain existing services and ensure that MBIE can continue to contribute effectively to the COVID-19 response and recovery.

### **Functions and FTEs within the MBIE funding request**

- 41 MIQ was stood up in MBIE quickly and has delivered the services with limited resources to date. FTEs have predominantly been sourced via secondments (within and from outside of MBIE) or as fixed term roles to deliver the core functions. Since the unit has been created there have been a number of changes and additions to how MIQ operates, for example the increases in security provisions. Continuing at this level is not sustainable.
- 42 The nature of the work and scale of MIQ has meant creating new roles to deliver all of the functions at a level that provides a robust and safe programme of operations.
- 43 Additional FTEs are needed to support national office operations functions including the allocations process, requests for exemptions and waivers and processing of fees. The nature and scale of MIQ has also meant that the core corporate functions such as legal, HR, communications, risk and governance cannot be met from the centre. For example, MIQ has an ongoing need for legal support to be provided at short notice. MBIE continues to support wider COVID-19 response work across other business units.
- 44 MIQ remains heavily reliant on seconded staff from within MBIE and across the public service, but many of those secondments are now coming to an end. If MBIE are unable to renew these roles and bring additional capacity on board it will face a significant resourcing issue and also lose key MIQ



knowledge. Funding to date has not allowed for any resilience in the system and relies on individuals carrying significant loads.

- 45 In order to build a sustainable model commensurate to the risk tolerance of the activities MIQ undertakes, the following FTEs are required. The greatest increase in MBIE FTEs are the frontline security staff replacing third party security contractors. The table below shows the breakdown of FTEs by organisation and by frontline facing versus HQ roles. 95 percent of the 4,349 staff needed to run MIQ support frontline services.

MIQ Personnel	FTE	%
NZDF	1200	28%
AvSec	155	4%
Police	210	5%
Hotel Staff*	1672	38%
Health (MoH, DHB, other providers)*	242	6%
MBIE frontline staff	422	10%
<b>RIQ &amp; MIF Frontline</b>	<b>3901</b>	<b>90%</b>
National frontline operations	232	5%
<b>Total Frontline</b>	<b>4133</b>	<b>95%</b>
MBIE Central Functions	216	5%
<b>Total FTE to deliver MIQ</b>	<b>4349</b>	<b>100%</b>

*\*indicative only*

- 46 It is challenging to make FTE reductions that would not affect our ability to deliver MIQ services as the majority of FTEs are focussed on frontline support. There is some scope for reductions in the MBIE Central functions as summarised in Annex Four.

### **Use of NZDF personnel and costs to support compliance and enforcement**

- 47 NZDF is an integral part of delivering the current MIQ model. Due to established command and control and support functions, NZDF was swiftly deployed to MIQ facilities in large numbers, and provided a well-trained and pragmatic supplement to MIQ operations at the request of the Prime Minister. A total of 990 full time equivalents (FTE) provide site management and coordination, including support to site security, in designated facilities.
- 48 The size and possible duration of the deployment may require some trade-offs across Defence, and/or affect its readiness to respond to other unplanned, non-discretionary events within New Zealand and the near region, and it is possible that Ministers may need to make short-notice prioritisations.
- 49 Given NZDF's high level of involvement and its knowledge and experience in delivering MIQ operations to date, a reduction in support, be that full or partial, without planned replacement would have implications for the ongoing delivery of MIQ services. Due to the large numbers of NZDF personnel currently deployed, any substantive redeployment (such as half of current NZDF staff

or above), could require a six to twelve month lead time for a managed transition; would require additional MBIE funding; and carries downside risk.

- 50 Defence will provide advice to Cabinet in early 2021 with further information regarding the impacts on force readiness, capabilities, and the ability to meet outputs as a result of the large scale support to MIQ.
- 51 NZDF is also anticipating an underspend of its budget, resulting from delays to, or cancellation of, planned activities unable to be undertaken due to the impact of COVID-19, including MIQ support. However, as this largely relates to training and exercises, this represents deferred expenditure, rather than a saving. NZDF is unable to quantify the financial impact of this until later in the 2020/21 year.
- 52 The forecast marginal operating costs of NZDF’s support for the MIQ model is \$98.300 million for the period October 2020 to June 2022. The salaries of Regular Force personnel providing MIQ support are funded from within baseline.
- 53 As the balance of these costs is not yet clear, NZDF will address any funding requirement as part of Budget 2021. No funding for NZDF is being sought through this paper.

**Use of NZ Police personnel and funding required**

- 54 Police provide enforcement support to the MIQ facilities, including an important communication and reassurance role to guests, liaising with other agencies, and assisting with the arrival and departure of guests. Police can also detain and arrest where the graduated enforcement warrants this. Since the MIQ facilities were stood up, the commitment of Police staff has increased to 227 personnel, with 212 located in MIQ and 15 in supporting coordination, intelligence and management roles.
- 55 Police is seeking either \$25.660 million (option 1) or \$43.972 million (option 2) for personnel and associated support costs for dedicated MIQ resources as detailed in the table below.

Activity area	New activity to be funded	Previous funding approved \$million	Option 1 (funding to 31 December 2021) \$million	Option 2 - (funding to 30 June 2022) Cumulative \$million
<b>Operations</b>				
MIQ Operations Support	Police personnel and associated support costs for dedicated MIQ resources.	No funding received	25.660	43.972

- 56 The direct additional costs arising from the commitment of the 227 Police staff includes increases in allowances, leave, travel and accommodation.

- 57 However, there are challenges in meeting this scale of deployment. In the 2020/21 financial year, Police were funded for one year for an additional 160 FTEs, which were subsequently allocated to MIQ. To avoid impacts on frontline services, Police are seeking additional funding for 50 staff in 2020/21 and 227 in 2021/22.
- 58 The scale of funding required is predicated on a consistent scale of MIQ service delivery. Any increase in MIQ demand would create a consequent cost pressure for Police. Any decrease up to the end of the 2021/22 financial year would reduce pressure and staff could be reallocated to frontline service delivery, or their impact on total staffing numbers be managed by slowing growth recruitment.
- 59 In future financial years, assuming MIQ demand stops, the increased staffing for Police funded via MIQ would be absorbed into the growth in staffing funded by pre-existing Government investment or managed by slowing or halting recruitment.
- 60 In the case of unforeseen events, such as a significant natural disaster or mass casualty event, Police may need to make short-notice decisions on reprioritising Police resources. This may potentially include those currently committed to supporting MIQ. Police remains committed to supporting the MIQ operating model as the only agency with the full suite of enforcement powers.
- 61 Police could move to a 'response' model, where Police attend when required. However, this approach is sub-optimal from both a public health / public safety perspective (the ability to respond to absconders or breaches immediately) and in terms of the reassurance that a Police presence can provide.

### **Health services in the MIQ model and funding required**

- 62 MIQ is a public health intervention, therefore the health sector is a critical partner in the delivery of MIQ services. Their ongoing support is fundamental for the duration of MIQ. The health support under the MIQ model falls into four key areas:
- Health screening and registration at the border, including the joining up of arrivals with the National Health Index
  - Health, wellbeing and psychosocial support for residents 24/7
  - Testing of residents and workers, including the health check sign out
  - Infection prevention and control to underpin the end to end system, including the provision of PPE.
- 63 MOH is seeking either \$127.750 million (option 1) or \$191.100 million (option 2) to run these MIQ health services as detailed in the box below.

Activity area	New activity to be funded	Previous funding approved \$million	Option 1 (funding to 31 December 2021) \$million	Option 2 - (funding to 30 June 2022) Cumulative \$million
<b>Service Delivery</b>				
Health and wellbeing services delivered in MIQ facilities	Health screening delivered at the border and health services delivered in MIQ facilities including daily health checks and swabbing of guests and staff	208.000 <sup>3</sup>	127.750	191.100

- 64 The indicative cost of health and wellbeing services in MIQ is approximately \$50 per person per day based on a planning assumption of 7,000 residents. This funding request covers MIQ health services only. An additional request will be brought to Cabinet to cover other elements of the COVID-19 health system response such as the processing of tests (including MIQ tests) by laboratories.
- 65 The health workforce model within MIQ facilities is heavily reliant on nursing staff and due to the concentrated nature of facilities into a small number of DHBs, there are workforce capacity constraints. If there is a future increase in capacity, a lead in time of three to six months will be required to safely scale the health workforce.

**Use of Aviation Security Service (Avsec) personnel and funding required**

- 66 Avsec Officers provides around one third of the security personnel at MIQ facilities, alongside NZDF and secure transit of arrivals through air bridges.
- 67 To enable Avsec to commit around 155 FTE to support MIQ operations, I am seeking either \$16.380 million (option 1) or \$24.610 million (option 2).

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<sup>3</sup> \$208.000 million was funding previously approved in 2020/21 financial year only, for MIQ facilities as well as the health services delivered in MIQ. All previously approved funding for 2019/20 and 2020/21 financial years comes to \$266.000 million.

Activity area	New activity to be funded	Previous funding approved \$million	Option 1 (funding to 31 December 2021) \$million	Option 2 - (funding to 30 June 2022) Cumulative \$million
<b>Operations support</b>				
MIQ Operations Service Delivery	Personnel and support to operate facilities	No direct funding received <sup>4</sup>	16.380	24.610

- 68 To ensure transparency, enable inter-agency co-ordination, and manage future Avsec business-as-usual requirements, I recommend direct funding through Vote Transport.
- 69 Avsec will also continue to seek reimbursement of its marginal costs from MBIE until 31 December 2020, which is factored into MBIE’s funding request in this paper. Marginal costs arise from things such as overtime, travel and accommodation.
- 70 As domestic and eventually international travel increases with the introduction of Safe Travel Zones, Avsec will need to transition Avsec Officers back to airport duties. Such a transition is difficult to plan in advance, but will be managed as the situation requires.
- 71 With the significant downturn in travel due to COVID-19, Avsec’s revenue has been significantly impacted. Avsec is currently mostly funded through a Crown liquidity facility administered by MoT. Wider Avsec funding issues are being addressed separately.

**Wider support services**

- 72 There is an ongoing need to connect MIQ residents with wider support services. In addition to the health need, many have not been resident in New Zealand for some time and need support to access services such as employment, housing, registering for tax and other key services.
- 73 The first point of support for people arriving into a facility is the welcome pack that provides a range of information including how to access support as a returnee to New Zealand or as a new migrant. In some areas where there has been demand for additional support this has been contracted through local social service providers or through the DHBs.

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<sup>4</sup> The cost of Avsec’s staff contribution to MIQ has come from a general Crown ‘liquidity facility’ appropriation provided to maintain the delivery of Avsec’s core functions, and other incremental costs (such as travel to facilities and additional overtime) has been reimbursed by MoH and MBIE.

## Customs and the maritime border

- 74 Customs is responsible for implementing the COVID-19 Public Health Response (Maritime Border) Order 2020 at seaports to reduce the risk of COVID-19 entering New Zealand via the maritime border.
- 75 Customs is tasked to maintain a high level of visible presence at seaports and hold ships' masters and individual crew members and passengers accountable for meeting their obligations, particularly in relation to isolation requirements. Customs ensures that people who are permitted to leave or work around vessels do so safely, by maintaining hygiene, physical distancing and personal protective equipment requirements.
- 76 To enable these operations, Cabinet funded Customs up to \$50 million in operating funding and \$1 million in capital funding to hire up to 337 staff [CAB-20-MIN-0433]. Customs sought funding in advance of this broader MIQ operating model funding paper as they had an urgent and immediate need to employ the additional staff required to implement the maritime border order. This funding is expected to last until the end of December 2021.
- 77 No additional funding is sought through this paper.

## Implementation

- 78 Ongoing implementation updates will be made through officials' engagement with the responsible Minister. Any changes in implementation that require a change in policy will be brought to Cabinet for decisions.

## Risks

- 79 The highly dynamic and constantly evolving nature of the COVID-19 pandemic makes the future particularly uncertain and leads to key risks for the MIQ model.

### *Re-tasking of Personnel*

- 80 One of the main risks in the model is that some current MIQ staff could be re-tasked to deliver their core roles, particularly for unexpected events such as natural disasters.

- 81 The workforce required to mitigate an NZDF and/or Avsec partial or complete withdrawal is potentially significant and the response time may be short (particularly for NZDF). MBIE is currently developing a contingency plan to identify key roles that could be filled by civilians. However, the scale and uncertainty means that MBIE has not accounted for any large scale change in personnel in its current funding model and would likely need to come back to Cabinet to address this.

### *Capacity risks*

- 82 MIQ is a capacity driven system that relies on its Managed Isolation Allocation System to balance demand. There will be times when demand will peak and

MIQ may not have the capacity in the short term to address this, resulting in some people unable to return to or enter New Zealand on their preferred date.

- 83 There are also limitations on the total number of community cases that can be safely accommodated in MIQ, and variable capacity differences in parts of the country.

#### *International impacts*

- 84 MIQ delivery is also impacted by the evolving response to COVID-19. This includes decisions on safe travel bubbles, increased demand for non-New Zealanders to enter the country, and likely roll out of an effective vaccine. These uncertainties are mostly beyond our immediate control. However, the current MIQ model is nimble and there are processes in place to monitor and adapt. MIQ continues to work with the Ministry of Foreign Affairs and Trade to understand and plan for any changes needed to accommodate safe travel zones.

#### **Legislative Implications**

- 85 There are no immediate legislative implications from the recommendations in this paper. Any future changes, for example to the MIQ fees regime, will be brought to Cabinet for a decision.

#### **Impact Analysis**

- 86 The Regulatory Quality team at the Treasury has determined that this paper does not require a Regulatory Impact Statement (RIS) as it does not propose any regulatory change. While a RIS is not required, the operation of MIQ facilities should be included in comprehensive analysis of the suite of border settings responding to COVID-19 to be developed by Government agencies.

#### **Population implications**

- 87 The health impact of COVID-19 on priority groups such as older people, Māori, Pasifika, and ethnic communities is clear. It is known that some groups are more at risk of severe illness from COVID-19 due to age or underlying health conditions. The expectation that positive COVID-19 cases from the community will isolate in MIQ facilities has impacts on population groups.
- 88 A key design principle in developing the operating model is that there should be a strong emphasis on pastoral care for residents. This will include consideration of the impacts for these populations groups and how relevant wrap around services can be provided.
- 89 The ongoing requirements for arrivals to New Zealand to undergo 14 days quarantine or managed isolation primarily impacts New Zealanders living abroad who wish to return home, and their families. There is no discrepancy with how the policy is applied to populations within the general cohort of arriving New Zealanders.

## Human Rights

- 90 The current model for MIQ places limitations on rights guaranteed by the New Zealand Bill of Rights Act 1990 (BORA), including the right to:
- freedom of movement, including the right to movement within NZ, and the right of citizens to enter NZ (s 18(2))
  - freedom of association (s 17)
  - be secure against unreasonable search and seizure (s 21)
  - liberty of the person, which entails the right not to be arbitrarily detained (s 22)
  - the rights of persons detained, which includes the right to be treated with humanity and respect for the inherent dignity of the person (s 23)
  - freedom from discrimination (s 19).
- 91 Any limitations on rights guaranteed by BORA may be subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society. MIQ is one of New Zealand's most effective interventions available to prevent the entry of COVID-19 into the community through the border. The decision to move positive COVID-19 cases from the community into MIQ facilities also has BORA implications. The limitations the current MIQ model imposes on rights have been considered justified on the basis that the objective of protecting the public health of New Zealand from COVID-19 is sufficiently important, and that the MIQ model is rationally connected to that objective, is proportionate and goes no further than is reasonably necessary.
- 92 The current MIQ model will have ongoing monitoring, review and, where necessary, revision to ensure that MIQ and the operating model continue to meet the public health objective and remains justified.

## Te Tiriti o Waitangi considerations

- 93 It is known that the impact of COVID-19 on Māori is likely to be significant due to underlying health conditions and existing health and socio-economic inequities. New Zealand's border settings (including MIQ) also have impacts on Māori; directly for Māori returning from overseas and indirectly through the entry of non-Māori in to New Zealand.
- 94 MIQ needs to meet Māori-Crown relationship expectations and Treaty responsibilities, and is guided by Treaty principles particularly tino rangatiratanga (self-determination), active protection, equity and partnership.
- 95 Some iwi have welcomed and supported MIQ facilities at the local and regional level. This is an important part of MIQ success and is necessary for continued success in future. Others have expressed concerns about the lack of engagement on both high level decisions such as where facilities are located, and operational decisions. Some are particularly concerned to ensure the safety of people working in facilities, given the potential for the virus to reach their communities through that route.



- 96 MBIE has engaged with most iwi within regions of MIQ facilities, including Waikato-Tainui in Hamilton, Te Arawa in Rotorua and Ngāi Tahu in Christchurch.
- 97 Officials anticipate that engagement will consider how Māori can participate in the ongoing functioning of MIQ, including how tino rangatiratanga may be exercised and how specific health, social and cultural needs of Māori in MIQ can be met. Officials also expect that there will be ongoing monitoring and review of the MIQ operating model to ensure that Te Tiriti obligations are upheld in the long-term. This should include engagement on future changes to MIQ settings or the operating model.

### Consultation

- 98 This paper was prepared by MBIE and has input from MOH, NZDF, Police, Avsec and Customs. The following agencies were consulted and their views taken into account during the development of the paper: The Treasury, the Civil Aviation Authority, the Department of the Prime Minister and Cabinet, the Ministry of Transport, and the Ministry of Defence.

### Communications

- 99 No formal communications are planned as this paper relates to operational matters.

### Proactive Release

- 100 This Cabinet paper will not be proactively released.

### Recommendations

The Minister for COVID-19 Response recommend that Cabinet:

- 1 **Note** that this paper relates to a report back request from Cabinet on the current MIQ operating model which transferred to MBIE in June 2020 [CAB-20-MIN-0284];
- 2 **Note** that the benefits of the MIQ model include a clear structure of accountabilities, improvements to joint agency collaboration, and a strong emphasis on pastoral care for staff and residents;
- 3 **Note** that further funding is needed to operate the current MIQ operating model beyond December 2020;
- 4 **Note** that delivering the MIQ model is complex as it needs to manage health outcomes alongside demands from people wishing to cross the border for personal or economic reasons;
- 5 **Note** that there are around 6,169 rooms across the 32 MIQ facilities;
- 6 **Note** that officials recommend Cabinet agree to fund MIQ for 18 months (option 2) to ensure the MIQ model can continue to operate in a cost effective manner;

- 7 **Agree** to fund MIQ for 18 months (to end of June 2022) totalling \$1,741.377 million (preferred option);
- 8 **Note** that MBIE, in conjunction with other agencies, will look to develop a plan for further normalisation of MIQ operations; in particular to reduce the support required from other agencies where possible;

**Recommendations for 18 months funding below**

**MBIE– financial recommendations**

- 9 **Note** that MBIE is seeking \$1,481.695 million funding in total for delivering the MIQ operating model until the end of June 2022;
- 10 **Approve** the following changes to appropriations and capital injections to MBIE to provide for and give effect to the recommendation above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase /(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Vote Building and Construction</b>					
<b>Minister of COVID-19 Response</b>					
Multi-Category Expenses and Capital Expenditure:					
Isolation and Quarantine Management MCA					
Departmental Output Expenses:					
Operational Support (funded by revenue Crown)	149.152	170.118	-	-	-
Non-departmental Output Expenses:					
Delivery of Services	294.637	634.915	-	-	-
Non-departmental Other Expenses:					
Managed Isolation and Quarantine loans – fair value write-down	23.911	32.620	-	-	-

IN CONFIDENCE

	\$m – increase /(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-departmental Other Expenses: Managed Isolation and Quarantine loans – Impairment of debt	-	2.400	-	-	-
Non-departmental Capital Expenditure: Managed Isolation and Quarantine loans	63.792	96.727	-	-	-
<b>Vote Business, Science &amp; Innovation Minister for Economic and Regional Development</b> Ministry of Business, Innovation and Employment – Capital Injection	5.423	8.000	-	-	-
<b>Total Operating</b>	<b>531.492</b>	<b>936.780</b>	-	-	-
<b>Total Capital</b>	<b>5.423</b>	<b>8.000</b>	-	-	-

- 11 **Agree** that any under-expenditure in the *Isolation and Quarantine Management* multi-category appropriation for MIQ be carried forward to the following financial year to recognise the uncertain timing of subsequent expenditure, with the final amount to be transferred confirmed as part of the baseline update process following the presentation of MBIE’s audited financial statements;
- 12 **Note** that funding is ring-fenced to MIQ and cannot be transferred to other appropriations, and that once MIQ winds down, any remaining funding is to be returned to the Crown;
- 13 **Note** that MBIE has a programme of ongoing enhancements to the MIQ operating model, including improvements to the MIQ fees regime;
- 14 **Note** that MBIE has made progress in driving cost savings in MIQ accommodation, and will continue to do so;
- 15 **Direct** MBIE officials to report to the Minister for COVID-19 Response and Minister of Finance on progress on MIQ accommodation cost savings by early 2021;

**NZDF– financial recommendations**

- 16 **Note** that up to 990 FTE from NZDF are deployed to support MIQ services;
- 17 **Note** that while alternatives to NZDF resourcing could be secured to support MIQ, a transition period of 6 to 12 months would be needed to develop the new workforce and that this alternative workforce may come with additional costs and operational risks;
- 18 **Note** that the salary costs of Regular Force personnel is funded within current Vote Defence Force baseline;
- 19 **Note** that the forecast marginal costs of NZDF support to the MIQ model from 2 October 2020 to 30 June 2022 are \$42.500 million for 2020/21 and \$55.800 million for 2021/22 financial year;
- 20 **Note** that NZDF will determine the extent to which MIQ support is unable to be funded within current baseline with greater certainty later in 2020/21 and submit any funding requirements for consideration as part of Budget 2021;
- 21 **Note** that NZDF will provide advice to Cabinet in early 2021 with further information regarding the impacts on force readiness, capabilities, and the ability to meet outputs as a result of the large scale support to MIQ;

**Police – financial recommendations**

- 22 **Note** that Police provide 227 Police staff for reassurance and enforcement support to the MIQ facilities, including the ability to detain and arrest;
- 23 **Note** that Police seeks \$43.972 million funding for Police support for the MIQ model until the end of June 2022;
- 24 **Approve** the following changes to appropriations to provide Vote Police with Managed Isolation and Quarantine costs, with a corresponding impact on the operating balance and net core Crown debt:

<b>Vote Police Minister of Police</b>	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure:					
Policing Services MCA Departmental Output Expenses:					
Primary Response Management (funded by revenue Crown)	7.300	36.600	-	-	-

**MOH – financial recommendations**

- 25 **Note** that MOH seeks \$191.100 million funding to cover the costs of health services for the MIQ system until end of June 2022, including \$63.350 million funding for the six months until end of June 2021 and \$127.750 million funding for 2021/22;
- 26 **Approve** the following changes to appropriations to provide Vote Health with Managed Isolation and Quarantine costs, with a corresponding impact on the operating balance and net core Crown debt:

Vote Health Minister of Health	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Multi-Category Expenses and Capital Expenditure:</b> National response to COVID-19 across the health sector					
<b>MCA Non-Departmental Output Expense:</b>					
Public Health Service Purchasing	63.350	127.750	-	-	-
<b>Total Operating</b>	<b>63.350</b>	<b>127.750</b>	-	-	-

- 27 **Note** that the estimated costs of providing health services in MIQ are highly indicative and that MOH will monitor the costs closely;
- 28 **Direct** MOH officials to report to the Minister of Finance and the Minister of COVID-19 Response by June 2021 on the costs of providing health services in MIQ and how these are tracking against available funding;

**Avsec – financial recommendations**

- 29 **Note** that the MIQ operating model relies on Avsec to support NZDF with security and Avsec Officers represent around one-third of security personnel at MIQ facilities;
- 30 **Note** that additional funding of \$24.610 million is sought through Vote Transport to meet the full cost of providing 155 Avsec personnel to MIQ from 1 January 2021 to 30 June 2022;
- 31 **Approve** the following changes to appropriations to provide Vote Transport with Managed Isolation and Quarantine costs, with a corresponding impact on the operating balance and net core Crown debt:

IN CONFIDENCE

	\$m – increase/(decrease)
<b>Vote Transport Minister of Transport</b>	<b>2020/21 to 2021/22</b>
<b>Non-Departmental Output Expense:</b>	24.610
Protection of Transport Sector Agency Core Functions	

- 32 **Note** that the indicative spending profile for the multi-year appropriation described in the recommendation above is as follows:

	\$m – increase/(decrease)				
Indicative annual spending profile	2020/21	2021/22	2022/23	2023/24	2024/25 & Out years
	8.150	16.460	-	-	-

- 33 **Note** that this funding will be treated as a separate component within the existing Protection of Transport Sector Agency Core Functions multi-year appropriation, to provide transparency;

**Recommendations in relation to all above appropriation changes**

- 34 **Agree** that the proposed changes to all appropriations and the proposed departmental capital injection above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 35 **Agree** that the changes to all appropriations and capital expenditure in the recommendations above be charged to the COVID-19 Response and Recovery Fund established as part of Budget 2020;

Authorised for lodgement

Hon Chris Hipkins

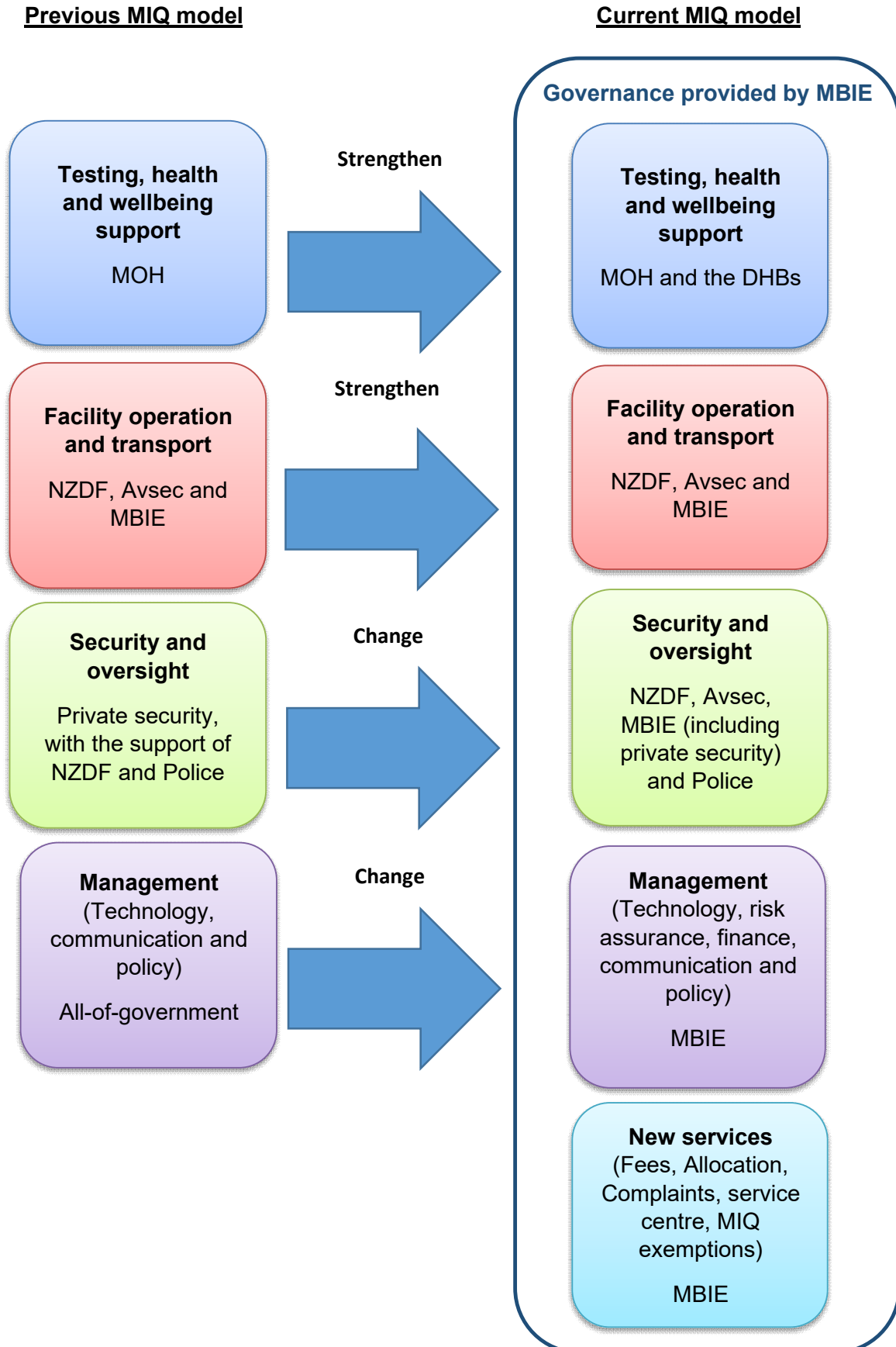
Minister for COVID-19 Response

**Annex One: MIQ funding received to date by agency**

<b>Agency</b>	<b>Funding received</b>	<b>Purpose of funding</b>	<b>Date (2020)</b>
MBIE	\$20 million	Fund MIQ implementation and operation support [CAB-20-MIN-0317]	29 June
	\$100 million	Fund MIQ facilities (Health Report 20201119)	15 July
MOH	\$58 million	Fund MIQ facilities (Health Report 20200614)	4 May
	\$20 million	Support Plan for COVID-19 Cases and Close Contacts in the Community under Alert Levels 2 and 1 [CAB-20-MIN-0301]	5 June
	\$298 million <sup>5</sup>	Fund MIQ facilities [CAB-20-MIN-0284]	15 June
	\$15 million	COVID-19 testing including in MIQ facilities [CAB-20-MIN-0301]	22 June
	\$22 million	Recovery of the 2019/20 cost over and above the \$58 million appropriated [CAB-20-MIN-0460]	5 October
NZDF	NIL	Services funded through NZDF's baselines	N/A
Police	NIL	Services funded through Police's baselines	N/A
Customs	\$51 million (of which \$10 million is contingency)	Additional staff to monitor and enforce compliance with managed isolation and security requirements at the maritime border	7 September
Avsec	NIL	Services funded through Avsec's baselines	N/A
Total funding for MIQ delivery to date:	\$584 million	Note that funding received across 19/20 and 20/21 financial years	

<sup>5</sup> On 5 September, \$132 million of the \$298 million was transferred from MOH to MBIE to reflect the transfer of MIQ responsibility. This is after making provisions of \$110 million for MIQ related costs incurred in July and August against the \$298 million. MOH retained \$56 million to fund health services at MIQ facilities until the end of December 2020.

**Annex Two: Summary comparison of the agency responsibilities and roles between the previous and current MIQ model**





### **Annex Three: Key assumptions applied to the cost of the MIQ operating model**

The key assumptions underpinning the MIQ operating model are:

- a. There are 32 facilities in total, including both Managed Isolation Facilities (MIF) and Quarantine Isolation Facilities (QIF), with nine QIF facilities available (one QF only, eight mixed).
- b. MIQ will be required to service around 6,169 rooms per day until the end of June 2022 regardless of any policy changes.<sup>6</sup>
- c. The facilities are available for people arriving through both the air and maritime borders. In situations where there are cases in the community, there is an expectation that cases of COVID-19 arising in the community (and in some circumstances close household contacts of those cases) will be accommodated in quarantine facilities under the direction of the Director-General of Health.
- d. Hotels used as MIFs and QIFs must meet the required health and safety standards.
- e. Residents will stay in a MIF or QIF for 14 days and are tested for COVID-19 on or about day three and day 12 of their stay.
- f. MIQ ongoing operations will operate as a group within MBIE and is heavily dependent on other agencies, including MOH, NZDF, Customs, DPMC, Police, and Avsec. This is preferable as it allows MIQ to leverage off existing policies, technologies and resources and reduces the cost relative to a standalone entity.
- g. MIQ staff will be sourced on mostly fixed term contracts and some permanent contracts due to the required pace of appointments and the short term nature of funding.
- h. Currently there is wide range of MIF sizes, this model assumes the average size of a MIF based on the average staffing of existing MIFs.
- i. Composition of MIFs varies across New Zealand. This model has assumed a standardised model based on advice from current operations.
- j. MOH and Police will continue to staff key roles that are within their scope of operations such as the Police presence and COVID-19 testing.
- k. Customs assumes the maritime border order will stay in effect until 31 December 2021 and that 24/7 coverage at major ports (and 24/7 on-call coverage at smaller, less used ports), is required. As such, Customs will maintain a constant physical presence at seaports for at least 15 months.
- l. There will be a level of cost recovery for the MIQ operating model via the fees regime.

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<sup>6</sup> There are around 6,169 rooms across the 32 MIQ facilities, with approximately 5,236 rooms available for occupation at any one time after removing rooms for contingency planning and cleaning.

**Annex Four: Possible FTE reductions in MBIE Central functions**

<b>Business Unit and core functions</b>	<b>Needed FTE</b>	<b>Annual FTE cost (\$)</b>	<b>Saving with 20% FTE cut</b>	<b>Implications of changes (assume 20% reduction from needed level)</b>
<b>DCE Governance and Government services</b> <ul style="list-style-type: none"> <li>• Ministerial services</li> <li>• Liaison with Minister's office</li> <li>• Leading governance</li> <li>• Business planning and reporting</li> </ul>	20	\$2.9 million	\$0.5 million	<b>Reduction of 4 FTEs</b> Reduced levels of support to support Ministerial, OIAs and broader Ministerial Support functions resulting in more support needed from other parts of the business. Governance support would be reduced resulting in less frequent oversight Business planning process improvements not implemented impacting on reporting quality
<b>Delivery support and system improvements</b> <ul style="list-style-type: none"> <li>• Integrated business systems</li> <li>• Legal, Finance, HR</li> <li>• Programme delivery</li> <li>• Procurement and supplier relationship</li> <li>• Evidence and data</li> </ul>	116	\$16.7 million	\$3.5 million	<b>Reduction of 23 FTEs</b> Reduced level of evidence and data capacity means a focus short to medium term with no resources for longer term analysis of trends. Key elements of the system improvement work programme would be put on hold for example not progressing improvements to MIAS.
<b>Engagement and Service Design</b> <ul style="list-style-type: none"> <li>• Stakeholder engagement</li> <li>• Communications</li> <li>• Guest experience feedback and improvements</li> </ul>	43	\$5.8 million	\$1.2 million	<b>Reduction of 9 FTE</b> Scaled stakeholder engagement, prioritised to key groups. Limited ability to progress continuous improvement work (that responds to guests experience feedback). Scaled proactive communications, focusing in the main on reactive work. Prioritised information and education work programme.
<b>MIQ Health Service</b> <ul style="list-style-type: none"> <li>• Supporting MIF and DHB interface</li> <li>• Advising on standards and practices</li> </ul>	5	\$0.8 million	-	<b>No change proposed.</b> Limited resource which was created to alleviate pressure on the MIQ / health system interface.
<b>Policy</b> <ul style="list-style-type: none"> <li>• Core policy functions including advice, legislation changes, regulation advice and assessment, Cabinet advice on ongoing policy settings and changes.</li> </ul>	33 <sup>7</sup>	\$5.3 million	Savings reflected in paper	<b>Reduction of 8 FTEs</b> Scaling reduces our capacity to deliver the Minister's policy agenda, and input into other portfolios' policy proposals. Policy settings are being developed, often from scratch and there is a broad work programme including ongoing changes to border orders, establishing an emergency allocation process, fees settings.

<sup>7</sup> Includes 20 percent reduction agreed by the Cabinet Business Committee on Tuesday 1 December.

## **Annex two: Talking points on the reduction in MIQ policy FTEs**

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The Talking Points in this section are about MIQ policy FTEs which were prepared and offered by MBIE/MIQ, but they do not necessarily represent messages that the Minister for Covid-19 Response accepted or ever used.

