



## BRIEFING

### Cost of establishing a new sports-based managed isolation facility in Queenstown

<b>Date:</b>	17 February 2021	<b>Priority:</b>	Medium
<b>Security classification:</b>		<b>Tracking number:</b>	2021-2337

Action sought		
	Action sought	Deadline
Hon Chris Hipkins <b>Minister for COVID-19 Response</b>	<b>Note</b> the establishment (\$0.776m) and running costs (\$4.212m per month) of a new sports-based managed isolation facility in Queenstown.  <b>Forward</b> this briefing to the Minister for Sport and Recreation for information.	24 February 2021
Hon Grant Robertson <b>Minister for Sport and Recreation</b>	<b>Note</b> the establishment (\$0.776m) and running costs (\$4.212m per month) of a new sports-based managed isolation facility in Queenstown.	24 February 2021

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Privacy of natural persons	Policy Manager, Allocation & Supply, MIQ Policy	Privacy of natural persons	✓
Kara Isaac	General Manager, MIQ Policy		

The following departments/agencies have been consulted
MIQ Operations, Ministry of Health, MBIE Major Events

- 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 Withdrawn           |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**



# BRIEFING

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### Purpose

To provide you with information you have requested on the cost of establishing a new managed isolation facility (MIF) in Queenstown for sports teams as well as the feasibility of other locations.

### Executive summary

You and the Minister for Sports and Recreation have asked for advice on the establishment of a sports-based MIF in Queenstown that could be used by teams coming for the Women's Rugby World Cup and by other sports teams.

Officials examined the potential for establishing a sports-based MIF in Queenstown in August 2020 [Briefing 2021-0716 / HR20201592 refers]. Officials' advice at that time was supportive, if workforce constraints could be overcome. However, subsequent experience of the complexities of managing sports teams through managed isolation suggests that the operation of a sports-based MIF in Queenstown would cost significantly more than an equivalent facility in a regional centre, with one of the main costs being the need to recruit, relocate, and accommodate a sizeable health and security workforce from outside the area. MBIE has attempted to identify and quantify these costs where known, but actual set-up and operational costs will likely be higher than the cost estimates provided here.

In addition to the challenge of sourcing a new health and security workforce to staff the MIF, Queenstown lacks a sufficient number of suitable training facilities to enable multiple sports teams to train contemporaneously.

Queenstown also lacks tertiary health services. Ambulance services that connect Queenstown to secondary and tertiary health services in Invercargill or Dunedin would be necessary. Existing ambulance services are unlikely to be adequate and would require additional resourcing. This has not been costed.

A new MIF in Queenstown would only be able to accommodate up to two sports teams (approximately 30-50 players per team) per fortnight, due to hotel size and the need to keep teams separate. It is therefore not possible for a new dedicated sports facility to provide an MIQ solution for all teams coming for the Women's Rugby World Cup. A more cost effective option for the tournament might be to use existing MIFs in regional centres and to sequence the arrival of the eleven teams so as to minimise their overall impact on MIQ resources and capacity.

Initial conservative estimates are that a new sports-based MIF in Queenstown would cost approximately \$0.776m to establish (one off cost) and \$4.212m per month to operate. These costs cannot be met within existing baselines; Government would need to provide additional funding if it wished to proceed with this option. The cost of operating a sports-based MIF in Queenstown could, however, be off-set by any MIQ fees charged to sports teams (i.e. fees set on a per player basis to enable partial cost-recovery). While cost recovery options are possible, there is unlikely to be a steady flow of incoming sports teams, which would reduce the Government's ability to recover

costs. Taking off-line the bespoke MIF during a down period when there were no sports teams going through MIQ to save on cost, would also not be a viable option due to workforce issues.

Operational and logistical challenges, as well as health and security workforce constraints, would make the establishment of a new facility in Christchurch, Wellington or Hamilton equally difficult.

## Recommended action

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The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** there are limited health resources in the Queenstown area and workforce constraints which would make establishing a bespoke managed isolation facility in Queenstown for sports teams difficult. *Noted*
  
- b **Note** there are also practical considerations which make Queenstown an unsuitable location for a new MIF for sports teams, *Noted*  

Commercial information

  

Commercial information
  
- c **Note** costings are difficult to estimate accurately at this time, but initial conservative estimates suggest that setting up a new MIF in Queenstown could cost \$0.776 million, with ongoing running costs of \$4.212 million per month. *Noted*
  
- d **Note** that establishing a new sports-based MIF in Queenstown would likely increase overall MIQ costs for the Women's Rugby World Cup and would not provide an MIQ solution for all teams coming for the tournament. *Noted*
  
- e **Note** a new sports-based MIF in another regional centre such as Christchurch, Hamilton or Wellington, while likely to be less expensive to run, would for a number of operational reasons, be equally challenging to pursue. *Noted*
  
- f **Note** that MBIE is currently not funded to establish and run any new MIFs. *Noted*

Privacy of natural persons

**Policy Manager, Allocation & Supply**  
MIQ Policy, MBIE

17 / 02 / 2021



Hon Chris Hipkins  
**Minister for COVID-19 Response**

27 / 2 / 2021

## Background

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1. You and the Minister for Sports and Recreation have asked for advice on establishing a sports-based MIF in Queenstown to enable sports teams to train while they isolate. We have also included information on the feasibility of standing up a sports-based MIF in other locations.

## Establishing a new MIF in Queenstown

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2. A scoping visit was undertaken by MBIE to Queenstown in August last year to examine the potential for establishing a sports-based MIF. The visit identified two hotels as potentially meeting MIF requirements. Hotel size, however, meant that, at best, only two teams (approximately 30-50 players per team) could safely be accommodated in any new facility at once, given the need to keep teams separate [Briefing 2021-0716 / HR20201592 refers].

## Health system capability and security workforce constraints

3. The visit noted that limited local health services and the need to import a health workforce from Dunedin or Invercargill would be key impediments to the establishment of a new MIF in Queenstown. Queenstown's lack of a tertiary health facility, in particular, was highlighted as being problematic – any hospitalisation for COVID-19 related issues or serious injury would require transfer to Dunedin or Invercargill either by air or road.
4. The visit also highlighted a severe shortage of security workers in the Queenstown area. Similar to the health workforce, appropriate security personnel would need to be imported at greater cost from outside the district to staff a new MIF and to secure an off-site training facility.
5. Since the time of the scoping visit, pressures on the health and security workforces nationwide have worsened, casting doubt on whether sufficient new staffing resource could be sourced to stand-up a new MIF. The health workforce in particular is under immense pressure to provide support for existing MIQ facilities as well as continue with delivery of business as usual services to their communities. These resource pressures will only increase over the coming weeks due to the vaccine rollout and possible changes to testing requirements. The learning from facilitating sports teams through MIQ<sup>1</sup> and providing solutions for training have also shown that sports teams are a particularly high-needs cohort and resource intensive to manage, no less so for our health workforce, despite sports teams often travelling with their own team doctors.
6. MBIE has not consulted the Southern DHB about the feasibility of providing health services to a new sports-based MIF in Queenstown. If Ministers wished to proceed with establishing a new bespoke MIF in Queenstown, it would be necessary to work with Southern DHB to scope and cost the required services.

## Local sporting infrastructure

7.  Commercial information

Restricting access to large parts of the facility for a considerable period of time could be unpopular. Iwi and community appetite for this has yet to be tested. Engagement with key stakeholders is therefore required should Ministers wish to pursue this option.

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<sup>1</sup> MBIE has facilitated eight sports teams through MIQ since August last year.



## Costs

8. MBIE has attempted to identify and quantify all costs associated with setting up and running a new bespoke MIF in Queenstown, but actual costs are likely to be higher than the costs identified here. Where possible, these costs have been quantified in Table 1 (set-up costs) and Table 2 (ongoing running costs).

Facility set up (opex)	\$0.295
Facility set up (capex)	\$0.024
Recruitment/Staff set up	\$0.457
<b>Total</b>	<b>\$0.776</b>

Accommodation and Food	\$2.525
Transport	\$0.132
Staff (including security and support costs)	\$1.523
Training Facility	\$0.032
<b>Total</b>	<b>\$4.212</b>

9. Descriptions explaining how the cost estimates were derived are given below.

### Hotel-related costs

10. Room rates are expected to be similar in Queenstown compared to other centres, but room occupancy in a sports-based facility is lower than that of a standard facility. This is because sports-based MIFs require additional rooms to be set aside for treatment, kit storage and training purposes, as well as to provide more space between teams or team bubbles. The need to stagger team arrivals is also likely to mean that room use is less efficient than for a standard MIF, resulting in hotel costs which are higher on a per person basis.

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<sup>2</sup> This table includes MBIE costs only  
Includes a single training facility  
Occupancy is based on 70 rooms occupied per week i.e. 140 at a given time due to 14 day stay (58% occupancy)  
Assumes exclusive use of Hotel  
Single room occupancy  
Excludes RIQ costs  
Excludes allowance for aircrew and staff occupied rooms  
Excludes costs relating to airport set up  
Excludes additional training @ hotel e.g. marquee, gym equipment  
Excludes disestablishment costs  
Excludes legal costs  
Excludes laundry costs for laundering team kit

11. A managed isolation facility in Queenstown would require staff to be brought in from outside Queenstown. As noted above, this includes a large number of health and security personnel who would not be able to be sourced locally. These people would need to be accommodated while employed in Queenstown, adding to total accommodation costs.
12. Catering costs are higher for sports teams due to their higher nutritional requirements. MBIE has not investigated catering options in Queenstown, but it is likely that catering costs would be higher than for a standard facility.

### **Security**

13. Security costs are higher for sports teams where off-site training is required, due to the need to secure the training facility in addition to the hotel. Training facilities such as sports grounds and the Commerical information are large open facilities that need to be screened from public access.
14. Isolation facilities require closed-circuit television to enable monitoring of the movement of people in common areas. Existing hotel systems have not proved adequate for MIQ purposes and higher spec systems would need to be installed in any new facility in Queenstown, adding to set-up costs.

### **Health costs**

15. The difficulties in providing health services to a sports-based MIF in Queenstown have been discussed above. However, if Ministers wished to proceed with establishing a sports-based facility in Queenstown, health services would need to be provided. In practice, MIF health staff would most likely need to be seconded from the Southern District Health Board in Dunedin or Invercargill and accommodated while in Queenstown.
16. An air ambulance on 24 hour call would be necessary in case a member of a visiting sports team requires hospitalisation in Dunedin or Invercargill. Existing air ambulance services might or might not be adequate for this purpose. This service has not been costed.

### **Support costs**

17. Given the complexity and resources required to manage sports teams, consideration will need to be given to whether a new Regional Isolation and Quarantine (RIQ) centre would need to be established or whether these administrative services could be provided by national headquarters. It is anticipated that additional FTEs would also be needed in national headquarters as part of a dedicated Rugby World Cup project team to plan and coordinate the tournament's MIQ arrangements. Should the sports MIF become more than a temporary fixture, then some of these FTEs may be needed on an ongoing basis. These services have not been costed.

### **Recruitment and training**

18. Recruitment costs have been factored into our estimated costings. Given that this would, for the most part, be an entirely new workforce, substantial investment would be needed for staff recruitment and training.
19. Staff relocation costs have not been considered in the cost estimates below, but daily costs for accommodation and food have been included.

## Transport

20. Players and athletes would need to be transported from the hotel to training facilities in dedicated buses. This has been costed. An unknown transport cost is the set up cost to enable Queenstown Airport to handle red flights from overseas. If Ministers wished to progress the option of establishing a sports-based MIF in Queenstown, officials would open a dialogue with Queenstown Airport.

## Establishing a sports MIF in Hamilton, Christchurch or Wellington

21. The set-up costs for a new sports-based MIF in a regional centre such as Hamilton, Christchurch or Wellington, are likely to be similar to Queenstown (\$0.776m). Ongoing operational costs, however, are estimated to be considerably less at \$3.116m per month. This is because staff to stand-up the facilities could probably be sourced locally rather than brought in from outside the region, reducing overall monthly staffing costs. These estimated operational costs are given in Table 3 below.

Accommodation and Food	\$2.525
Transport	\$0.132
Staff (security and support staff)	\$0.427
Training Facility	\$0.032
<b>Total</b>	<b>\$3.116</b>

22. There are a number of operational and practical considerations, however, that would likely make Christchurch, Hamilton or Wellington unattractive options for a new sports-based MIF. Hotels in Hamilton, for example, are unlikely to meet the high-specifications of sports teams. While Wellington has greater potential in this regard, and a good selection of potential off-site training facilities to choose from, airport constraints mean it would be difficult to direct sports teams to this location, with Wellington Airport currently closed to international flights (although charter flights would be an option). Christchurch has also been ruled out previously for future MIF expansion due to considerable health workforce constraints and staff retention and recruitment issues.

## Timeframes

23. There are timing constraints for the establishment of a facility that are difficult to assess. The contracted hotel would need to clear its existing forward bookings. The timely recruitment of staff could also be a major constraint given that most staff would need to move from other centres.
24. The Ministry of Health has commented that health services could take some time to be developed and resourced for Queenstown. In light of the unknown factors, MBIE is unable to give a firm commitment as to how long it would take to open a new facility.

<sup>3</sup> Table includes MBIE costs only.



## **Funding**

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25. MBIE does not have funding to establish or operate new MIFs from existing baselines. Should Ministers wish to explore the option of setting up a new facility for sports teams, consideration would need to be given to funding options.
26. The cost of operating a sports-based MIF in Queenstown or another regional centre could be off-set by any MIQ fees charged (i.e. fees set on a per player basis to enable partial cost-recovery) [Briefing 2021-1598 refers]. There is unlikely, however, to be a steady flow of incoming sports teams, which would reduce the Government's overall ability to recover costs.

## **Women's Rugby World Cup (RWC) 2021**

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27. A new MIF in Queenstown will likely not provide the MIQ solution that New Zealand Rugby is looking for. As noted above, at best, any new facility in Queenstown would only be able to accommodate two rugby teams per fortnight. MIQ Operations would still need to allocate some of the eleven rugby teams coming for the RWC to other existing MIFs throughout the country in order to get all of the teams through MIQ in a reasonable timeframe prior to the start of the tournament.
28. Given the costs outlined in this briefing associated with setting up and running a new dedicated MIF for sports teams, and the likelihood that teams coming for the RWC will still need to be accommodated in multiple facilities throughout the regions, the more cost-effective option would be to use existing MIFs and to sequence the arrival of the teams so as to minimise the tournament's overall impact on MIQ resources and capacity [Briefing 2021-2012 refers].

## **Equity and other considerations**

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29. Officials continue to advise that the establishment of a dedicated sports MIF would pose considerable equity issues, given the demand from other sectors for similar arrangements. We would likely see an increase in requests from other sector bodies for dedicated facilities.
30. The proposal to establish a new dedicated MIF for sports teams would increase capacity across the MIQ system. However, work currently underway, if implemented, such as on cohort management, would likely reduce overall MIQ capacity.
31. If there are persistently underutilised rooms in the new facility or it sits empty for too long, we anticipate that we would receive demands from other sectors to use these rooms, meaning pressure would mount over time to make this a standard MIF rather than a dedicated facility for sports teams.

## **Next steps**

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32. You may wish to discuss this briefing with officials and/or the Minister for Sports and Recreation. MBIE can also provide you with more detailed advice on this issue should you wish, including exploring in more depth the option of setting up a new sports MIF in a regional centre such as Christchurch, Hamilton or Wellington.