



BRIEFING

Establishing a new bespoke Managed Isolation Facility (MIF) for sport: options and cost breakdown

Date:	26 February 2021	Priority:	High
Security classification:		Tracking number:	2021-2578

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	Note the operating costs of a bespoke facility for sports teams in Queenstown, Rotorua or Wellington. Provide your preference on next steps. Forward this briefing to the Ministers for Sport and Recreation, Economic and Regional Development, and Immigration for information.	5 March 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	✓
	General Manager, MIQ Policy		

The following departments/agencies have been consulted
MBIE Major Events, Ministry of Health, Sport New Zealand

Minister's office to complete:

Approved

Noted

Seen

See Minister's Notes

Declined

Needs change

Overtaken by Events

Withdrawn

Comments



BRIEFING

Establishing a new bespoke managed isolation facility (MIF) for sport: options and cost breakdown

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Purpose

To provide you with more detailed cost information on establishing a new MIF in Queenstown as well as costings for standing up a new 'bespoke' MIF in either Wellington or Rotorua.

Executive summary

On 17 February, we advised you on the cost and feasibility of standing up a new sports-based MIF in Queenstown [briefing 2021-2337 refers]. At your request we have estimated the operating costs of a similar bespoke facility in two other regional centres – Rotorua and Wellington, which are assessed as being the most viable locations for a new sports-based MIF.

It is not likely that sports teams (with their seasonable timetables) would fill the facility at all times. Intermittent usage of a bespoke facility by sports teams alone would result in significant room wastage and costs to the Government. It is also unlikely that a new sports MIF would make a noticeable difference in terms of increasing our overall MIQ capacity, given the room wastage often associated with sports teams; sports team 'use' at least an additional 30 per cent of rooms above the rooms that are actually occupied.

As previously advised, a dedicated sports MIF will not provide an MIQ solution for the women's Rugby World Cup (RWC). At best, the facility would only be able to host four of the teams coming for the tournament, spread over a 4-6 week period. The remaining teams would still need to be accommodated in different MIFs.

A sports-based MIF might fuel the sentiment that sports groups are gaining preferential access to MIQ and special treatment. Other sectors such as education and construction have had proposals for similar types of MIFs, which have not been progressed.

The option of converting an existing MIF in Christchurch into a bespoke facility for the exclusive use of high-needs groups, including sports teams (rather than a standalone sports facility), is considered a more viable alternative, but has downsides. To offset any loss of capacity in Christchurch as a result, setting up an additional standard MIF in another location would likely be required if Government wished to maintain current MIQ capacity.

Each location considered in this briefing for a new MIF has considerable drawbacks. Further work is needed in order to assess whether any of these challenges could be overcome, including consulting the relevant DHBs to test their comfort levels with staffing a new MIQ facility in their areas.

MBIE cannot fund the establishment and operation of a new MIF, either standard or bespoke, within existing baselines. Additional funding would be needed should Ministers wish to pursue any of the options outlined in this briefing.

Recommended action

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

- a **Note** when assessing the potential of new locations for MIFs, MBIE considers the size and suitability of hotels in the area; distance to a tertiary health facility and/or quarantine facility, local community and iwi appetite to host a MIF; ease of transferring returnees from their entry arrival point to the MIF and local security and health workforce capacity.

Noted

- b **Note** MBIE considers that Rotorua and Wellington might be suitable locations to stand up a dedicated sports-based MIF, but that further consultation with local stakeholders would be necessary, including the relevant DHBs.

Noted

- c **Note** the below table, which shows the operating costs per month, and per annum, to run a sports-based MIF in either Queenstown, Rotorua or Wellington.

Location	\$m per month (NZDF)	\$m per month (private security)	\$m per year (NZDF)	\$m per year (private security)
Rotorua	3.124	3.589	37.488	43.068
Wellington	3.154	3.619	37.848	43.428
Queenstown	3.233	4.370	38.796	52.440

Noted

- d **Note** these costs cannot be funded from within MBIE's existing baselines and that additional funding would be necessary to stand up and run any new facility.

Noted

- e **Note** some of these costs could possibly be recovered from sports teams or any groups using the facility if a 'user-pays' approach is adopted.

Noted

- f **Note** converting an existing MIF in Christchurch into a dedicated facility for high-needs groups, including sports teams, and offsetting the expected loss in capacity in Christchurch by standing up a standard MIF elsewhere would likely be more feasible than establishing a new standalone sports MIF.

Noted

Either

- g **Direct** officials to do further work on the option of standing up a bespoke facility for sports teams in either:

Queenstown	Agree / Disagree
Rotorua	Agree / Disagree
Wellington	Agree / Disagree

Or

- h **Direct** officials to do further work on the option of converting an existing MIF in Christchurch into a facility which can be used by all high-needs groups.

Agree / Disagree

- i **Forward** this briefing to the Ministers of Economic and Regional Development, Sport and Recreation, and Immigration for their information.

Agree / Disagree



Kara Isaac
General Manager
Managed Isolation and Quarantine Policy, MBIE

26 / 2 / 2021



Hon Chris Hipkins
Minister for COVID-19 Response

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Without the RWC I don't think we will have the kind of numbers coming through to justify the establishment of a dedicated facility, particularly given the costs involved.

Background

1. After your meeting with the Minister of Immigration on 24 February, you requested additional information on the feasibility of setting up a dedicated sports MIF in different regions. Your office specifically asked for a more detailed breakdown of the costs associated with operating a bespoke managed isolation facility (MIF) for sports teams in Queenstown [further to the cost estimates provided in briefing 2021-2337] and cost estimates for a similar facility in the Hawkes Bay and the Wellington region.
2. MBIE has previously explored the feasibility of increasing our MIQ supply across the country by standing up new facilities [briefing 2021-0871 refers] as well as the option of standing up a bespoke MIF for sports teams [briefings 2021-0402, 2021-0716 and 2021-2337 refer]. These various scoping exercises have included looking at standing up additional MIFs in the main regional centres as well as smaller cities such as Queenstown, Nelson and Taupo.
3. Key considerations when standing up a new MIF include availability of suitable hotels which meet our standard MIF operating criteria; health and security workforce availability; ease of transferring returnees to the MIF; ability to quarantine individuals testing positive for COVID-19 and distance to a tertiary health facility. Additionally, sports teams have higher specifications for hotels than other travellers in terms of their security, catering and laundry needs and requirements to have access to onsite and offsite training facilities.
4. In order for a location to be treated as a viable option, the DHB covering that area would need to be able to cope with the increased workforce demands that come with a MIF. For example, a public health unit that is available to support the MIF as a 24/7 operation would be required. Laboratory capability would also be needed to support the testing, along with the timely turn around and back up of a hospital system in the event an individual becomes unwell or is injured. How each location stacked up against our criteria and key considerations is shown in Annex One.
5. As can be seen from the assessment, it is not easy finding a new city or location that can host a new MIF, with some locations failing to pass the first hurdle of having suitable hotel facilities that meet our strict criteria in the MIQ Operations Framework. Every centre has drawbacks or key constraints when it comes to establishing new facilities. Some of these constraints have worsened over time. Auckland, in particular, has been discounted as a location for future MIF expansion due to acute health workforce constraints and the advice from the Ministry of Health to avoid placing any additional health workforce pressures on the Auckland DHBs. This briefing therefore does not consider Auckland as an option.
6. Wellington, Rotorua and Christchurch are considered to be the most viable locations for a new dedicated sports MIF. But further work is needed in order to assess whether the challenges and constraints each region faces could be overcome. We have also not had sufficient time to consult the relevant DHBs to test their comfort levels with staffing and supporting a new MIQ facility in their areas.

Potential locations for a sports-based MIF and estimated cost

7. We have not provided costings for a MIF in the Hawkes Bay on the basis that there are no suitable hotel facilities in the area that would meet our standard MIF set-up requirements and the higher specifications required for sports teams. Although the Hawkes Bay has an international standard cricket ground, it does not have a suitably sized facility to host sports

teams, with the ideal facility able to host at least two teams at once¹. We have therefore provided running costs for a bespoke sports facility in Wellington or Rotorua.

8. NZDF personnel play a key role in the day-to-day operations of the MIF. We have costed two scenarios for each location based on the availability and non-availability of NZDF personnel (i.e. using private security). To date, as NZDF and NZ Police costs have been funded out of baselines, these costs have not been included in the costings below. Health sector costs (including the costs of health staff) associated with establishing and supporting a new sports MIF have not been calculated in the timeframes available and are similarly not included. Should Ministers wish to take forward the idea of establishing a sports MIF, health costs would be additional to those outlined below and would need to be costed.

Detailed costings for the option of a Queenstown sports-based MIF

9. The initial establishment cost of standing up a facility in Queenstown or another regional centre like Wellington or Rotorua is likely to be the same regardless of the location and is costed at \$0.76 million. As requested, a more detailed cost-breakdown of ongoing operational costs for a Queenstown facility per month is given below (Annex 2 outlines the key assumptions and cost exclusions underpinning these estimates).

Table 1: Sports MIF operating costs in Queenstown per month (\$m)

Cost Items	Using NZDF	Using Private Security
Accommodation	\$ 2.172	\$ 2.172
Food / Catering	\$ 0.353	\$ 0.353
Transport: charter flight	\$ 0.156	\$ 0.156
Transport: airport transfer	\$ 0.013	\$ 0.013
Transport: to training facility	\$ 0.119	\$ 0.119
MIF staff: MBIE	\$ 0.186	\$ 0.186
MIF staff: NZDF/Private Security	\$ -	\$ 0.842
Training facility staff: NZDF/Private Security	\$ -	\$ 0.295
Training facility staff: MBIE	\$ 0.146	\$ 0.146
Head office staff: MBIE	\$ 0.058	\$ 0.058
Lease: training facility	\$ 0.032	\$ 0.032
Total	\$ 3.233	\$ 4.370

Operating costs for a sports-based MIF in Rotorua

10. Hotels in Rotorua have the greatest potential to become bespoke sport MIFs, given outdoor space and onsite facilities and ability to service the needs of sports groups. There are two-three hotels in Rotorua that could meet MIF requirements. We would, however, need to test the workforce capacity in the city as well as iwi and community appetite and willingness to host another MIF in the area, given their previously expressed reluctance to increase the number of MIQ facilities. In terms of suitable off-site training facilities and grounds, the city has hosted RWC matches before.

¹ As previously noted [Briefing 2021-2337], sports teams use more rooms on a per person basis than other travellers entering MIQ, given their requirements to have extra rooms available for kit storage and treatment, as well as MIQ operational requirements to leave some rooms empty in a facility in order to manage team bubbles and to keep teams separate.

Table 2: Sports MIF operating costs in Rotorua per month (\$m)

Cost Items	Using NZDF	Using Private Security
Accommodation	\$ 2.172	\$ 2.172
Food / Catering	\$ 0.353	\$ 0.353
Transport: airport transfer	\$ 0.060	\$ 0.060
Transport: to training facility	\$ 0.119	\$ 0.119
MIF staff: MBIE	\$ 0.186	\$ 0.186
MIF staff: NZDF/Private Security	\$ -	\$ 0.364
Training facility staff: NZDF/Private Security	\$ -	\$ 0.101
Training facility staff: MBIE	\$ 0.146	\$ 0.146
Head office staff: MBIE	\$ 0.058	\$ 0.058
Lease: training facility	\$ 0.032	\$ 0.032
Total	\$ 3.124	\$ 3.589

Operating costs for a sports-based MIF in Wellington

11. Wellington has a tertiary hospital and a large health workforce. Adding additional MIQ capacity in Wellington is likely to be more sustainable from a health workforce perspective than other possible options. Wellington also has two or three hotels of suitable size that could be turned into possible sports MIFs. Only one of these hotels, however, has a large enough outdoor space for exercise.

12. Commercial information

Table 3: Sports MIF operating costs in Wellington per month (\$m)

Cost Items	Using NZDF	Using Private Security
Accommodation	\$ 2.172	\$ 2.172
Food / Catering	\$ 0.353	\$ 0.353
Transport: charter flight	\$ 0.077	\$ 0.077
Transport: airport transfer	\$ 0.013	\$ 0.013
Transport: to training facility	\$ 0.119	\$ 0.119
MIF staff: MBIE	\$ 0.186	\$ 0.186
MIF staff: NZDF/Private Security	\$ -	\$ 0.364
Training facility staff: NZDF/Private Security	\$ -	\$ 0.101
Training facility staff: MBIE	\$ 0.146	\$ 0.146
Head office staff: MBIE	\$ 0.058	\$ 0.058
Lease: training facility	\$ 0.032	\$ 0.032
Total	\$ 3.154	\$ 3.619

Further challenges of a sports-based MIF in Queenstown, Rotorua or Wellington

13. The options explored above would only result in a relatively modest increase in MIQ supply at a relatively high cost. At best, any new facility would only be able to accommodate two teams concurrently while facilitating only one team training off-site per seven day period due to the level of resourcing required to support off-site training. New Zealand Rugby has advised that the bulk of the teams (up to eleven) wish to enter MIQ over a four week period due to the COVID-19 precautions considerably extending the length of time non-professional players are away from their jobs and families. This means at best, only four of the teams coming for the RWC would be able to use the facility.
14. A key issue in standing up a new sports MIF would be the ability to maintain sufficient ongoing occupancy to manage costs. If there were long periods of underutilisation by sports teams, the ability of the Government to recover costs through MIQ fees would be greatly reduced.
15. We advise against standing up a facility to cope with one large peak of demand in July/ August. To cover the expenditure of standing up a bespoke sports facility, demand from sports teams would need to be sustained over the longer-term. At this stage it is unclear whether this level of demand exists and whether the sporting codes would be prepared to pay the higher MIQ costs associated with running such a facility. We have not had time to consult with Sport New Zealand and relevant sporting bodies on this point.
16. Inbound sports teams and other groups often present with complex needs for their stay in a managed isolation facility. However, introducing an additional facility solely dedicated to dealing with inbound sports teams would likely create an adverse response from the public due to the perception of preferential treatment.
17. Sports teams often come with a higher level of needs (e.g. ice baths, in-room exercise equipment, added measures of health and safety) and their expectations of what can be accommodated are often significantly greater than general returnees. This places a much higher burden on staff in all areas: RIQ, MIF, Health, MIQ, and security.

Converting an existing MIF in Christchurch into a bespoke facility for 'groups'

18. A more cost effective option might be to convert an existing MIF into a bespoke facility for high-need groups such as sports teams. The MIF would not be for the exclusive use of sports teams, but could be used by any groups that Ministers considered a priority (i.e. those approved by the Border Exceptions Ministerial Group) or for groups, which due to their characteristics or special needs, require additional wraparound services or planning to facilitate safely through MIQ (e.g. Recognised Seasonal Employer workers, deep sea fishing crew). Christchurch, which has experience dealing with high-needs and complex groups, having facilitated ten sports teams through managed isolation since November 2020, is considered the ideal location to trial such an option.
19. There are two current facilities that would be viable for a 'groups' MIF in Christchurch, being the Chateau (192 rooms) and the Commodore (137). The Chateau is currently used for sports teams and the Commodore was used for the Russian/Ukrainian mariners. These MIFs have multiple exit areas with different wings enabling multiple fresh air areas and the ability to keep cohorts separate. The Commodore rooms are balcony rooms enabling guests to smoke – an element that was crucial to the successful facilitation of the second tranche of Russian and Ukrainian fishermen. There is also capacity to install two marquees onsite (one per sports team) for gym use if required.
20. In order to avoid the perception that sports teams and/or other groups are displacing New Zealanders from MIQ, should Ministers wish to pursue the option of using an existing MIF in

Christchurch and converting it into one for exclusive use by groups, a new 'standard' MIF could be stood up in another regional centre to offset this loss of capacity.

Advantages

21. As noted above, having facilitated 10 sports teams through managed isolation since late last year, the RIQ, health staff and MIF staff are well experienced in managing the complex requirements of sports teams.
22. Another advantage of using either of these facilities, is that should an individual test positive during their stay at the MIF, they are able to be moved into a quarantine room either within the same MIF or in another facility nearby. This contrasts with some other locations explored in this paper for a sports MIF, such as Queenstown, where players testing positive for COVID-19 would need to be transferred to a separate region.
23. Christchurch airport receives international flights from countries such as Singapore and the USA allowing for more direct travel to a MIF in this location. In addition, the airport is set up to receive international charter flights. This allows for an ease of operational requirements through a reduced need for domestic transfers.

Disadvantages

24. The health workforce is constrained in Christchurch. Utilising one of the existing MIFs in Christchurch as a group facility would not decrease the demands on our health staff. This is due to the increased testing regimen often placed on sports teams in order to allow for training exemptions. It is anticipated that increased testing demands would result if more groups started going through one of our Christchurch facilities on an ongoing basis, placing further pressure on an already stretched workforce.
25. This option would also not make a large difference in terms of addressing the high demand from groups, particularly sports team, to enter MIQ. Sports teams use more rooms in a facility on a per head basis than other returnees. At best, a maximum of two teams/groups could be safely accommodated in a managed isolation facility at one time. This is also due to the nature of their requirements, including the need for separated fresh air spaces, on-site gyms, additional movements in/out of the MIF during the training periods, cleaning, security and health staff.
26. The facilities in Christchurch that would be most suitable to accommodate groups such as sports teams are also the ones where we currently like to place large families and those with mental health issues due to their large open spaces and balconies. We would therefore potentially reduce our ability to accommodate these types of returnees in Christchurch.

Next steps

27. Provide feedback on any further work to be undertaken on the options outlined.
28. On 4 March MBIE and the Ministry of Health will provide you with the a briefing [2021-2564] on the initial results of a desktop review of Managed Isolation and Quarantine Facilities, undertaken as a result of earlier advice on strengthening transmission risk management in MIQFs [briefing 2021-2085 refers]. This review may result in a strengthening of the criteria for the establishment of any new managed isolation facilities in the future.
29. Note we are yet to finalise cost recovery arrangements for bespoke MIQ [briefing 2021-1598 refers]. Officials are still waiting for final approval from the Minister of Finance for cost recovery arrangements.

Annexes




Annex One: 'Traffic light' assessment of potential locations for standing up a new MIF

Annex Two: Key assumptions and cost exclusions

Annex One: ‘Traffic light’ assessment of potential locations for a new MIF

Location	Suitable Hotels ²	DHB support?	Security workforce	Easy transfer option	Offsite training facilities	Tertiary health facility ³	Quarantine facilities?	Local support	NZDF staff availability
Auckland	Green	Red	Red	Green	Green	Green	Green	Red	Yellow
Queenstown	Green	Red	Red	Yellow	Yellow	Red	Yellow	Yellow	Red
Rotorua	Green	Red	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow
Wellington	Green	Yellow	Green	Yellow	Green	Green	Green	Green	Green
Hamilton	Red	Red	Yellow	Green	Green	Green	Green	Yellow	Yellow
Christchurch ⁴	Green	Red	Yellow	Green	Green	Green	Green	Green	Green
Hawkes Bay	Red	Green	Yellow	Red	Red	Yellow	Red	Yellow	Yellow
Taupo	Red	Red	Yellow	Yellow	Red	Red	Red	Yellow	Yellow
Nelson	Red	Yellow	Yellow	Red	Yellow	Red	Red	Yellow	Yellow
Dunedin	Red	Yellow	Yellow	Yellow	Green	Green	Red	Yellow	Yellow
Invercargill	Red	Yellow	Yellow	Red	Green	Green	Red	Yellow	Yellow

Key

	No/Extremely difficult or challenging to overcome constraints and only at significant cost
	Unknown or untested or some constraints/challenges exist that may be able to be overcome
	Yes. No known issues or constraints.

² Hotels must meet size and MIF criteria and be suitable for sports teams (e.g. have an outdoor exercise area).

³ Tertiary health facility within a one hour drive.

⁴ This assessment for Christchurch is based on standing up an additional new facility in Christchurch and not converting an existing one as proposed in this briefing.

Annex Two: Key assumptions and cost exclusions

Key assumptions:

- Accommodation and food / catering are the same in all three tables, assuming the same hotel size and rate although this may vary when an actual hotel is selected;
- Each hotel will host two teams of 30-40 per fortnight (four charter flights per month for Queenstown and Wellington) who share one training ground;
- With the Rotorua option, we assume transportation between Auckland airport and the MIF
- Exclusive use of hotel with single occupancy per room

Cost exclusions:

- Excludes potential RIQ cost for the Queenstown option
- Excludes additional training requirements at hotel e.g. gym equipment, marquee
- Excludes legal costs, additional laundry, disestablishment of the facility
- Excludes Health costs
- Excludes post-MIF stay transport
- NZDF costs (base salary + allowances) are incurred by NZDF, however the Queenstown scenario is likely to be higher, as they have no current MIQ presence in Queenstown