



## BRIEFING

### Managed Isolation and Quarantine (MIQ) fees review – report back

<b>Date:</b>	5 May 2021	<b>Priority:</b>	Medium
<b>Security classification:</b>		<b>Tracking number:</b>	2021-3261

Action sought		
	Action sought	Deadline
Hon Chris Hipkins <b>Minister for COVID-19 Response</b>	<b>Indicate</b> your preferred options for potential changes to the MIQ fees settings.	12 May 2021

Contact for telephone discussion (if required)				
Name	Position	Telephone	1st contact	
Kara Isaac	General Manager, MIQ Policy	Privacy of natural persons		✓
Privacy of natural persons	Policy Manager, System and Strategy, MIQ			
	Principal Policy Advisor, System and Strategy, MIQ			

The following departments/agencies have been consulted
Crown Law Office, Ministry for Primary Industries, Ministry for Pacific Peoples, Ministry of Foreign Affairs and Trade, Ministry of Transport, Te Arawhiti, Ministry of Health, Te Puni Kōkiri, Ministry of Justice, The Treasury.

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



## BRIEFING

### Managed Isolation and Quarantine (MIQ) fees review– report back

<b>Date:</b>	5 May 2021	<b>Priority:</b>	Medium
<b>Security classification:</b>		<b>Tracking number:</b>	2021-3261

#### Purpose

To seek your direction on potential changes to the MIQ fees settings.

#### Executive Summary

As previously advised [briefing 2021-2360], we are undertaking a review of the MIQ fees system to ensure the settings remain fit for purpose and align with government objectives. This briefing seeks your direction on potential changes to:

- liability – namely whether all New Zealanders should now be liable for fees
- the level of government subsidy in the fee level for different groups
- how the fees are structured, and
- the terms of payment, namely when invoices should be issued, which groups should be eligible to apply for fee waivers, and how long people should have to pay.

An A3 summary of the options presented in this paper is provided in **Annex 1**. The options have been assessed against three main objectives:

1. recovering more of the costs of MIQ services to make the provision of MIQ services more financially sustainable (primary objective of the MIQ fees system)
2. reducing demand for MIQ relating to short-term travel (secondary objective of the system)
3. simplifying and streamlining the MIQ fees system (a new objective).

There are a number of other factors to bear in mind when considering any change to the fees regime. These include the impact of any changes on the ability of New Zealanders to return home, and the length of time MIQ is likely to be required relative to the time required to embed substantive change and any cost recovery gains.

This paper recommends the following changes to the fees settings:

- making all New Zealanders liable for fees (meaning that the length of return or whether a person left before/after the fees were introduced are no longer a consideration)
- moving critical health workers to the higher fee level – while still keeping a two-tiered approach of a higher and lower fee (this would streamline current settings so that liable New Zealanders, air and maritime crew would be the only groups on the lower fee)
- moving to a flat fee per adult / per child (for each tier) – regardless of room configuration
- enabling invoices to be issued any time after the point of entry to MIQ (currently can only invoice on or after departure)
- tightening fee waiver settings so that only New Zealanders and temporary entry class visa holders from Pacific nations are able to apply for waivers (currently critical health workers and other temporary entry class visa holders, such as students, can also apply)
- reducing the payment term to 30 days after the date of invoice for all (currently 90 days for all liable returnees, except for critical workers who must pay within 30 days).

If you are interested in moving to a per person charging structure, we will undertake further modelling and provide you with advice by the end of May, alongside recommendations on other minor and technical changes to support the smooth application and durability of the fees settings. Following that, we will draft a Cabinet Paper seeking agreement to the changes in policy to the fees Regulations, as per your preferences.



## Recommended action

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

- a **Note** that MBIE has undertaken a review of the MIQ fees system to ensure the settings remain fit for purpose and align with government objectives;

*Noted*

- b **Note** that the options below have been assessed against three main objectives:

- recovering some of the costs of MIQ services to make the provision of MIQ services more financially sustainable (the primary objective of the MIQ fees system)
- reducing demand for MIQ relating to short-term travel
- simplifying and streamlining the MIQ fees system (a new objective);

*Noted*

*Liability to pay MIQ fees - who should pay?*

- c **Indicate** your preferred option:

**Option 1** – (status quo) New Zealanders who left before 11 August 2020 and who are staying for more than 180 days (from 1 June 2021) are not liable for MIQ fees

Agree / disagree / discuss

**Option 2 (recommended)** - all New Zealanders are liable for MIQ fees. Length of return or whether a person left before/after the fees were introduced no longer matters

Agree / disagree / discuss

**Option 3** - retain 180 day exemption only

Agree / disagree / discuss

**Option 4** - retain 'left before 11 August 2020' exemption only;

Agree / disagree / discuss

*Level of government subsidy in MIQ fees - what is the appropriate level for different groups?*

- d **Indicate** your preferred option:

**Option 1**– (status quo) liable New Zealanders and liable ordinarily resident Australians, critical health workers, air and maritime crew pay a lower fee; everyone else pays a higher fee

Agree / disagree / discuss

**Option 2 (recommended)** - liable New Zealanders, liable ordinarily resident Australians, air and maritime crew pay a lower fee; everyone else pays a higher fee

Agree / disagree / discuss

**Option 3** – everyone liable for MIQ charges pays a higher fee;

Agree / disagree / discuss

*Fee structure – how should the fees be applied?*

- e **Indicate** your preferred option:

**Option 1**– (status quo) MIQ charges based on room configuration

Agree / disagree / discuss

**Option 2** - status quo but with the added discretion to charge fees to families on the basis of their travel group as registered in MIAS, irrespective of how many rooms they occupy

Agree / disagree / discuss

**Option 3 (recommended)** - flat per adult / per child fee, regardless of room configuration;

Agree / disagree / discuss

f **Note** that if you are interested in Option 3 (per person fee), we will undertake further modelling and provide you with advice as to the recommended fee level(s) by the end of May;

Noted

*Timing of invoicing – when should invoices be issued?*

g **Indicate** your preferred option:

**Option 1** – (status quo) issue invoices on or after the date a person leaves MIQ

Agree /  disagree / discuss

**Option 2 (recommended)** - issue invoices any time after the point of entry to MIQ

Agree / disagree / discuss

**Option 3** – invoices able to be issued before a person enters MIQ;

Agree /  disagree / discuss

*Fee waivers – which groups should be eligible to apply?*

h **Indicate** your preferred option:

**Option 1** – (status quo) everyone except critical workers

Agree / disagree / discuss

**Option 2** - everyone except critical workers and critical health workers

Agree /  disagree / discuss

**Option 3 (recommended)** – only New Zealanders and ordinarily resident Australians;

Agree /  disagree / discuss

*Time to pay – how long should people have?*

i **Indicate** your preferred option:

**Option 1** – (status quo) 90 days after the date of invoice

Agree /  disagree / discuss

**Option 2** – 60 days after the date of invoice

Agree /  disagree / discuss

**Option 3 (recommended)** - 30 days after the date of invoice;

Agree / disagree / discuss

j **Note** that MBIE will provide you with further advice by the end of May with recommendations on other minor and technical changes to support the smooth application and durability of the fees settings;

Noted

k **Agree** that this briefing will not be proactively released at this time as further advice is to be provided and decisions are still to be made by Cabinet.

Agree / disagree / discuss

Kara Isaac  
General Manager  
MIQ Policy, MBIE

5 / 5 / 21

Hon Chris Hipkins  
Minister for COVID-19 Response

17 / 5 / 2021



## Background

---

### *Context for the original fees settings*

1. At the time the COVID-19 Public Health Response (Managed Isolation and Quarantine Charges) Regulations 2020 (the Regulations) were introduced, New Zealand's border settings were more restrictive. The majority of people arriving were New Zealanders returning home, and it was uncertain how long MIQ would be required and what the ongoing cost to government would be. There was significant concern, particularly from a Māori perspective, that tangata whenua retain the right to return home.
2. This context meant that the COVID-19 Public Health Response Act 2020 (the Act) and the Regulations were designed so that groups of people who are liable to pay MIQ fees must be specified in the Regulations for MIQ charges to apply. It also meant that the fee level itself was set deliberately low, in order to balance the rights of New Zealanders to return home with having an economically sustainable COVID-19 response.

### *Changes to the Regulations to date*

3. To date, two significant changes have been made to the Regulations:
  - In December 2020, Cabinet agreed to set a higher fee for 'other critical workers', to make employers or supporting agencies liable for critical workers' MIQ costs where appropriate, and remove the ability of critical workers to apply for a fees waiver [CBC-20-MIN-0136]. These amendments came into effect on 1 January 2021.
  - In March 2021, Cabinet agreed to further amendments to the Regulations to ensure that temporary visa holders are liable to pay fees, and that this group (with the exception of air and maritime crew) be charged the higher fee [CAB-21-MIN-0016]. These amendments came into force on 25 March 2021. Cabinet also agreed that from 1 June 2021, returning New Zealanders must remain in the country for more than 180 days to not be liable for MIQ fees.

### *Scope of fees review*

4. In our February 2021 advice to you [briefing 2021-2360], we advised that we are undertaking a review of the MIQ fees system to ensure the settings remain fit for purpose and align with government objectives.
5. Our initial advice considered the performance of the fees system against its two objectives:
  - Primary objective: recovering some of the costs of MIQ services to make the provision of MIQ services more financially sustainable
  - Secondary objective: reducing demand for MIQ relating to short-term travel.
6. We considered that the original objectives of the fees system remain pertinent, but that the settings could be re-examined to simplify the system and better reflect global travel realities a year into the pandemic. We have therefore identified a new third objective of simplifying and streamlining the MIQ fees system.
7. In our February advice, we recommended an upfront change of amending the Act so that the default setting is that everyone is liable for fees (see paragraph 13 below), and undertook to provide you with future advice on key settings as part of the next phase of the fees review.
8. There are a number of factors to bear in mind when considering any change to the fees regime at this point in time. These include the length of time MIQ is likely to be required relative to the time required to imbed substantive change to the fees regime and any cost recovery gains.



9. Under the Act, you also need to be satisfied that charges are a justified limit on the right of citizens to enter New Zealand, protected by the New Zealand Bill of Rights Act 1990 (BORA).
10. This briefing seeks your direction on potential changes to:
  - liability – namely whether all New Zealanders<sup>1</sup> should now be liable for fees
  - the level of government subsidy in the fee level for different groups
  - how the fees are structured, and
  - the terms of payment, namely when invoices should be issued, how long people should have to pay, and which groups should be eligible to apply for fee waivers.
11. A number of options presented in this paper are interconnected. Consequently it is important to consider the fees settings, and their impact on the rights of New Zealanders to return home, as a cohesive package. An A3 summary of the options presented in this paper is set out in **Annex 1**. An overview of the current fees settings is provided in **Annex 2**.
12. We will provide you with further advice by the end of May with recommendations on other minor and technical changes to support the improved operation and durability of the fees system. We will also provide you with a separate briefing by 14 May 2021 with advice on options for intercepting people at the border when they have unpaid MIQ debts.

## **Liability for MIQ fees – who should pay?**

---

13. As part of the proposed COVID-19 Public Health Response Amendment Bill, you have agreed to introduce a proposal to reverse the default fee liability settings in the Act so that *everyone* who enters MIQ is liable for charges, unless they are specifically made exempt [briefing 2021-2360 refers].
14. Changing the starting position in the Act is an important first step to facilitate wider liability. It will result in a simpler and more durable charging model, and will support more efficient and equitable administration of the fees regime. To give effect to this change, the Regulations will also need to be amended to specify which groups (if any) should be exempt from MIQ fees.
15. This briefing seeks your direction as to whether, and in what cases, New Zealanders (specifically) should be liable to pay MIQ fees.
16. As part of the fees review, we are also assessing the list of special groups currently exempt from charges under regulation 8 (e.g. refugees, deportees). We are in the process of consulting with relevant agencies to ensure that the exemption reasons remain applicable and to determine whether there should be any changes to the list (i.e. any new groups or removal of current groups). We will provide you with a separate briefing that will seek your agreement to some minor changes to these provisions based on agency feedback.

### **Current circumstances where New Zealanders are not liable for MIQ fees**

17. Currently, New Zealanders are not liable for MIQ fees if they meet the following conditions:
  - they departed New Zealand *before* 11 August 2020 – the rationale for this carve out was to not penalise New Zealanders who left the country before the fees regime came into effect, and
  - they are visiting New Zealand for *more* than 90 days (180 days from 1 June 2021) – the rationale for this was to support New Zealanders to return home, and (implicitly) disincentivise short-term travel.

---

<sup>1</sup> Throughout this briefing, we use 'New Zealanders' to refer to New Zealand citizens, (including those in the Cook Islands, Niue and Tokelau), New Zealand residence class visa holders, and Australian citizens and permanent residents who are ordinarily resident in New Zealand.



## Potential changes to increase cost recovery and simplify the system

18. Under the current narrow liability settings, only 22 percent of returning New Zealanders have been found to be liable for MIQ fees, resulting in a high proportion of MIQ costs of New Zealanders being borne by the taxpayer.
19. We have identified the following options to increase the proportion of MIQ costs recovered, and simplify the fees system:
  - **Option 1** – status quo. New Zealanders who left before 11 August 2020 and who are returning home for more than 180 days are not liable for MIQ fees.
  - **Option 2 (recommended)** – all New Zealanders are liable for fees. Length of return or whether a person left before/after the fees were introduced no longer matters.
  - **Option 3 (not recommended)** – retain 180 day exemption only –
  - **Option 4 (not recommended)** – retain 'left before 11 August 2020' exemption only.
20. We view both Options 1 and 2 as having merit. Option 2 is preferable in terms of cost recovery and simplicity, however Option 1 (the status quo) continues to support New Zealanders to return.

### **Option 1 (status quo)**

21. The key advantage of the status quo is that it aligns with the first two objectives of the fees regime (recovery of some MIQ costs and disincentivising demand for MIQ relating to short term travel), and supports New Zealanders to return home without charge (if they are staying for more than 90/180 days). As such, it is the preferred option of a number of agencies that have provided feedback on this briefing. It also has the advantage of being broadly understood by the public, and having already been assessed in terms of BORA and viewed as placing no more than a reasonable limitation on BORA rights.
22. However requiring MIQ to know and check when someone last departed the country, and whether someone intends to stay for a certain length of time adds considerable complexity to the administration of the scheme. The latter not only requires an upfront declaration of a person's intended length of stay, but necessitates a downstream checking function as well.
23. We also view that in the context of New Zealand's economic recovery, there is less justification for preferential treatment of New Zealanders who have been living overseas, compared to other groups of New Zealanders, such as those travelling for business or for cultural and compassionate reasons.
24. Furthermore, one year into the life of MIQ, a person's length of return and whether they left before/after the fees were introduced may no longer be as relevant. It could be argued that managed isolation and its associated costs should now be seen as part of the price of travel in a COVID-19 world, with many countries, including Australia and Singapore, now adopting similar restrictions. There is also an argument that those caught overseas could be seen as having had adequate time to return home (noting there have been some limitations in terms of availability of flights, cost of flights, and the particular circumstances of returnees).

### **Option 2 (recommended) - all New Zealanders liable for fees**

25. This option would mean that New Zealanders would be treated in the same way as all other people entering the country (aside from the fee level itself if that remained lower – paragraph 46 refers). All New Zealanders would be liable for MIQ fees, unless they were exempted under regulation 8 (e.g. sharing a room with an excepted person, rescued at sea, etc).

26. Option 2 is our preferred option as it would increase the proportion of people liable for the costs of MIQ (an estimated potential increase of \$12 million per month / \$144 million per annum<sup>2</sup>) and thus contribute to the financial sustainability of the COVID-19 response (which is the primary objective of the fees system).
27. It would be more equitable (everyone entering MIQ would be liable for some form of fee) and reflect the reality of the cost of travel in a COVID-19 environment. It would also be simpler to implement from an invoicing perspective.
28. This option would however disadvantage those New Zealanders offshore who have not had the means or opportunity to come home due to the complexities and costs of international travel, and those for whom timing has not allowed a return sooner (e.g. health/dependent care reasons). It would also have financial implications for government departments that deploy staff offshore.

29. Legal professional privilege

30.

31. We consider that there are a range of measures that could Legal professional privilege  
Legal professional privilege These are:

- Payment terms - continuing to enable New Zealanders to apply to pay by instalment, defer their payments, or (if they meet the criteria) have their fees fully or partially waived.
- Easier access to payment options - we could make paying by instalment easier to access (e.g. promoting this option on our website and on the invoice).
- Retaining the lower fee level for returning New Zealanders (para 46 refers).
- Expanding the waiver process - to support people who have genuinely been unable to return for complex reasons.

**Options 3 and 4 (retain either the 180 day or 'left before 11 August' exemption)**

32. Options 3 and 4 would involve removing one of the current liability criterion, but this would not necessarily increase the number of people liable for fees.
33. Option 3 would mean that the only New Zealanders exempt from fees would be those who are visiting the country for more than 180 days. This option would make someone leaving the country on a holiday but returning for 180 days exempt from fees, whereas currently they would be liable as they are departing after 11 August 2020.
34. Option 4 would mean that the only New Zealanders exempt from fees would be those who last departed the country before 11 August 2020. This option could make someone entering New Zealand on a one day visit exempt from fees (whereas currently they would be liable unless they were staying for more than 180 days).
35. We do not recommend either option because both would recover less MIQ costs than Options 1 and 2, and could inadvertently incentivise short term travel, which would contradict the secondary objective of the fees system.

<sup>2</sup> This estimate does not account for people who might then apply for and receive a full or partial waiver, or require a debt-write-off.



## Level of government subsidy - what is appropriate?

36. The cost of accommodating people travelling to New Zealand while maintaining critical border defences is significant. The primary objective of MIQ is to recover some of the costs of MIQ services to make the provision of MIQ services more financially sustainable.
37. MBIE MIQ costs are estimated to be \$840 million for the 2021/22 financial year. Between 11 August 2020 and 25 April 2021, approximately \$34.66 million had been recovered in fees, or about 6 per cent of the likely costs over that same period.
38. There are currently two prescribed levels of fees (\$2,696 and \$4,800 – plus GST), with specified groups receiving greater or lesser degrees of government subsidy depending on visa status, length of stay, and the border exception they have travelled under.<sup>3</sup>
39. As part of this Review, we have considered the policy reasons for retaining the current fee levels against the possible alternatives, in light of the guiding principles of the MIQ fees regime.

### Latest MIQ costings

40. The Act requires that the prescribed MIQ charges recover no more than an estimate of the actual and reasonable MIQF costs incurred in relation to a class of persons (including both direct and indirect costs).
41. The table below shows the latest weighted average MBIE costs of running MIQ compared to the two fee levels in the current Regulations.

	<b>Current cost to government</b>	<b>Higher fee in current Regulations</b>	<b>Lower fee in current Regulations</b>
	<i>Based on latest average weighted MBIE per person costs between Sep-Feb 2021</i>	<i>Based on average weighted MBIE per person costs at November 2020</i>	<i>Based on the lowest possible food and accommodation costs only at July 2020</i>
First / only person in a room	\$4,895 + GST	\$4,800 + GST	\$2,696 + GST

42. The latest costing figure demonstrates that although the fee for critical workers and temporary entry class visa holders is higher, it is still below current MBIE MIQ costs.
43. Based on the latest costings, the lower fee represents only approximately 55 per cent of average MBIE MIQ costs. There is also the further level of government subsidy from the costs incurred by partner MIQ agencies<sup>4</sup>, which we do not attempt to recover through the fees. Although it is difficult to determine these costs on a per traveller basis, we estimate that MBIE MIQ costs make up approximately 70 per cent of total MIQ costs.

### Other considerations

44. Managed Isolation Facility (MIF) contracts are increasing due to the roll-out of the living wage for MIF workers. MIF contracts are currently under review and costs are expected to increase further. The number and make-up of facilities in the MIQ network could also change in the future by adding facilities or taking some existing facilities offline. These changes are likely to increase the 'weighted average cost' calculation in the future.

<sup>3</sup> In addition to the base fee, groups (such as sports teams and RSE workers) are subject to additional charges for bespoke services (e.g. training facilities, translation) they require over and above the standard MIQ offering.

<sup>4</sup> New Zealand Defence Force, Ministry of Health, Aviation Security Service, Customs, New Zealand Police.



## **Options to simplify the system and recover more of the costs associated with MIQ**

45. We have considered the level of government subsidy provided in the current fee levels. Given that the latest MIQ average weighted costs are broadly aligned with the current higher fee for critical workers and temporary entry class visa holders, we do not recommend introducing a new 'higher' fee figure at this point in time<sup>5</sup>.
46. However, the rationale as to why some groups pay the higher fee and others the lower fee is not always clear, and has resulted in a system with a high degree of complexity. We are therefore seeking your direction as to whether the level of government subsidy applied to MIQ fees should be reduced for some groups, in order to streamline the system and increase cost recovery. To achieve that, we have identified the following options:
- **Option 1** – status quo (liable New Zealanders, critical health workers and air and maritime crew pay a lower fee; everyone else pays a higher fee)
  - **Option 2 (recommended)** – liable New Zealanders and air and maritime crew pay a lower fee; everyone else pays a higher fee (including critical health workers)
  - **Option 3** – everyone liable for MIQ charges pays a higher fee.

### ***Option 1 (status quo) – current mixed approach***

47. This option has the advantage of already being assessed as posing no more than a reasonable limitation on New Zealanders' BORA rights. The higher level of subsidy for New Zealanders, critical health workers and air and maritime crew supports New Zealanders to return home, and minimises the impact of MIQ fees on the health, airline and maritime sectors.
48. A key drawback of the current differentiated settings is that they are complex for travellers to navigate and have proven challenging for MBIE to implement (i.e. they do not meet the third new objective).
49. It has also been difficult to justify why critical health workers are treated more favourably than other similar groups from struggling sectors who are also entering the country for economic or educational gain. The rationale for charging critical workers and temporary entry class visa holders the higher fee is that with MIQ costs increasing, non-New Zealanders (who do not have a protected right to enter the country) should contribute more to the costs of their MIQ stay, given that they and/or their employers receive the direct economic or personal benefit of being able to enter the country. This rationale could equally be applied to critical health workers.
50. A further consideration is that the lower fee rate significantly under-recovers MIQ costs to the Crown. Maintaining this level of subsidy for a large portion of travellers is less economically sustainable than other options.

### ***Option 2 (recommended) - liable New Zealanders and air and maritime crew pay a lower fee, everyone else pays a higher fee***

51. This option differs to the status quo in that it would move critical health workers to the higher fee bracket. Liable New Zealanders and air and maritime crew<sup>6</sup> would be the only groups receiving a higher degree of government subsidy offered by the lower fee.

---

<sup>5</sup> If you choose to move to a simpler 'per person' charging structure rather than one based on room configuration (next section refers), new fees would need to be established to ensure that we are not over-recovering under the new structure. However the new fees would be set at a level with a similar degree of government subsidy.

<sup>6</sup> Air and maritime crew are distinct from other groups of MIQ users. They generally only stay in MIQ for short periods (between 1-3 days), and sometimes have several stays per week. They pay MIQ fees on a pro rata basis. On 18 March 2021, Cabinet agreed to carve-out air and maritime crew from the higher fee for temporary entry class visa



52. This is our recommended option because it would recover more MIQ costs than the status quo, whilst still supporting New Zealanders to return home by giving them a higher degree of subsidy than other groups. It would also be more equitable than the current model, as the higher fee would be applied to all non-New Zealanders (with the exception of air and maritime crew). In this way it would streamline the current system by reducing the level of differentiation between groups.
53. The main disadvantage of this option is the potential implications for the health and disability system, which is heavily reliant on the international workforce. The health workforce is essential in the context of the COVID-19 response and increasing the fees for this group may have impacts on our ability to recruit overseas staff and scale up resources if required. There is also a concern that critical health workers (which encompass workers ranging from medical practitioners to home care and support workers) and/or their employers would have varying abilities to meet the increased costs of MIQ.
54. A key mitigation to these concerns would be to retain the ability of critical health workers to apply to pay by instalment or defer payment.
55. We also note that the introduction of Quarantine-free Travel with Australia will mean that a critical health workers coming from Australia will no longer be liable for MIQ costs at all.
56. Another consideration is that the lower fee rate significantly under-recovers MIQ costs. Maintaining this level of subsidy for liable New Zealanders and air and maritime crew is less economically sustainable than Option 3, which would lift everyone to the higher rate.

### ***Option 3 (everyone pays a higher fee)***

57. This option would mean that everyone liable for fees, regardless of whether they are a New Zealander or non-New Zealander, would pay the same, higher fee. This would mean that New Zealanders are treated the same as temporary entry visa holders and critical workers.
58. This option would result in a greater contribution towards the financial sustainability of MIQ by ensuring that people who benefit most directly from the MIQ bear a greater share of its costs, whilst not over recovering. It would be simpler to navigate and implement, and more equitable, as all groups entering MIQ would be liable for the same higher fee.
59. Legal professional privilege  
Legal professional privilege as increasing the fee for New Zealanders (in conjunction with other settings) could present a significant barrier to entry. It would also mean that New Zealanders no longer receive any differential treatment from other groups entering New Zealand (aside from the 180 day and 'left after 11 August 2020' exemptions if those were retained – see paragraph 18 above).
60. We are not recommending that everyone is liable to pay the lower fee as this would not improve any cost recovery objectives.

## **Fee structure – how should it be applied?**

---

### **Rationale for current room-based charging basis**

61. When design choices about the fees regime were made (at pace) in July/August 2020, the decision was made to structure the charges on the basis of one person occupying a room, with additional, lower fees, charged to persons sharing the same room. This approach was viewed as more closely aligned to the cost structure for MIQ facilities.

---

holders because of these factors and concerns that the higher fee for this group could have an adverse impact on the aviation and maritime sectors [LEG-21-MIN-0028].

62. MBIE considered setting the fee on a per person, or per family/household basis. However, these options were discarded due to concern that they would encourage people to request more rooms than necessary which would reduce the number of rooms available for MIQ<sup>7</sup>.
63. The current charges are:

	<b>Lower fee</b> <i>(liable New Zealanders, critical health workers, air and maritime crew)</i>	<b>Higher fee</b> <i>(critical workers and temporary entry class visa holders)</i>
First/only person in a room	\$2,696 + GST	\$4,800 + GST
Additional adult in the same room	\$826 + GST	\$2,600 + GST
Child (3-17 yrs) in the same room	\$413 + GST	\$1,400 + GST
Child under 3 in the same room	\$0	\$0

### Options to improve transparency and equity

64. Linking fees to room allocations has presented significant issues. It means that travellers do not have certainty of their MIQ fees until they have arrived at the hotel and completed initial health checks, and creates a requirement to confirm room allocations before invoices can be issued.
65. It also introduces equity issues, in that it penalises larger families and families with high health needs (e.g. when a family of four books a single room but only two double rooms can accommodate them at the MIF, or when a family is housed over several rooms for health and safety reasons, the family is charged more than what they would have been anticipating).
66. Charging based on room allocation has also contributed towards the thinking that MIFs are hotels rather than isolation and quarantine facilities, which has led to varying expectations and complaints (e.g. about the quality of food and hotel facilities on offer).
67. We have identified the following options to improve transparency and equity:
- **Option 1** – status quo (charges based on room configuration)
  - **Option 2** – status quo but with the ability to charge fees to families on the basis of their travel group as registered in MIAS, irrespective of how many rooms they occupy
  - **Option 3 (recommended)** - flat per adult / per child fee, regardless of room configuration or travel group (would require revisiting the current fee levels).

#### **Option 1 (status quo) – charges based on room configuration**

68. This advantage of this option is that the fee for New Zealanders associated with the room-based charging structure (\$3,100 incl GST) is broadly known and accepted. Moving to a per person fee (Option 3) could result in the fee being set at a new, lower, rate (in order to avoid over-recovery), which could cause confusion.
69. However as described in paragraph 64, linking fees to room allocations has created significant operational, equity and transparency challenges.

<sup>7</sup> This decision was made before MIAS was in place. MIAS only lets you book a certain number of rooms per group.



70. Data quality also continues to present challenges to operationalising this structure, and while improved systems and processes are being embedded to improve the timeliness of invoicing [briefing 2021-2242 refers] the room configuration element of the fees structure will continue to require manual reporting by facilities and reconciliation into the MIAS system.
71. Changes to this setting would also be necessary to allow for invoicing in advance of a person's MIQ stay (paragraph 88 refers).

***Option 2 – status quo but with the ability to charge fees to families on the basis of their travel group as registered in MIAS, irrespective of how many rooms they occupy***

72. Under this option there would still be first adult / additional adult / child charges, but if a family (of a specified limit) was spread over more than one room, MBIE would have the discretion to charge them on the basis of their travel group so that only one 'first adult' fee was incurred. The limit would be set at a number responsive to Māori and Pacific whānau.
73. It would mean (as an example), that a New Zealand family of four (two adults, two children over three) who were split into two rooms would be liable for a combined fee of \$4,348 + GST rather than \$6,218 + GST under current settings. As such it would result in a reduction in costs recovered, but any reduction would be minor in the overall scheme of MIQ, and outweighed by the equity benefits.
74. This option would introduce additional complexity to existing settings but would address the larger family equity issue described in paragraph 64. It is also likely that charging based on family groups that are registered in MIAS could result in families requesting a greater number of rooms on arrival at the facility, knowing that they will not be charged additional amounts for this.
75. There are two ways that we could operationally give effect to this option. One would be to give the Chief Executive of MBIE a new discretionary power in the Regulations. This path would likely require minor updates to MIAS in order to ensure that appropriate relational data is collected at the time of making a booking. However, it would remove the ability for MIQ to introduce straight-through invoicing as manual checks would be needed to identify whether the group was a related family group, and then manual calculation of invoices. It would also still be impossible to invoice in advance, as room configurations could not be confirmed until during or after a person has completed their stay in MIQ.
76. Alternatively the large families issue could be addressed via a new waiver category – families could apply for a waiver when they are allocated more rooms than requested for operational reasons. The waiver form already requests relational data, which would mean that no further information would need to be collected in MIAS. It could however increase the number of waiver applications.
77. If you are interested in this option we will provide you with more advice about how it could best be operationalised.

***Option 3 (recommended) – flat per person fee regardless of room configuration***

78. This option would mean that instead of basing MIQ charges on MIF room configuration, there would instead be an individual per person (or per adult / per child fee) applied to everyone who was liable for MIQ fees.
79. A per person fee would be more transparent and equitable than the current charging structure, significantly simpler to operationalise and navigate, and would enable invoicing in advance of a person's MIQ stay (if that was desired – see section below). As such it is our recommended option.



80. The simplest embodiment of this model would be to have a single per adult / per child fee for everyone liable for MIQ fees, however if you wished to retain a higher level of government subsidy for New Zealanders compared to other groups (paragraph 46 refers), you could set a (lower) per adult / per child rate for New Zealanders, and (higher) per adult / per child rates for other people.
81. The fees would likely need to be set at new, lower, rates in order to avoid over-recovery. There would also be winners and losers relative to the current charges, with two adults sharing a room likely to face an increased combined charge relative to the status quo.
82. Like Options 1 and 2, it could also have a negative impact on MIQ capacity as the financial incentive to share rooms would be removed, but this could be managed through communications with the facilities.
83. If you are interested in pursuing this option we will undertake detailed modelling and provide you with advice as to the recommended per person fee level(s) by the end of May.

## **Timing of invoicing – when should they be issued?**

---

### **Rationale for invoicing on or after departure (current setting)**

84. With the exception of critical workers, the Regulations currently specify that people can only be charged for MIQ on or after the date of their departure from MIQ. Effective 1 January 2021, critical workers have been able to be invoiced in advance of their MIQ stay, where appropriate and practicable.
85. At the time the fees were introduced, invoicing on departure (in conjunction with other measures such as the lower fee for New Zealanders, length of time available to pay and waivers provisions) was seen as important to counter any barriers the fees placed on the rights of New Zealanders to return home. Another driver was the way the fees are structured – per paragraph 64, linking fees to room allocations means that an invoice can only be issued after a traveller has arrived at a MIF and completed initial health checks (a key factor in determining how people are roomed).
86. Invoicing on departure has meant, however, that once a customer leaves MIQ, we are reliant on the veracity of contact details provided in order to invoice them. This has contributed to significant invoicing challenges.
87. As advised in our fees collection and debt recovery briefing [2021-2242 refers], a significant programme of work is underway to improve our fee collection processes around the existing settings to ensure more prompt and accurate invoicing. You have also agreed to introduce a requirement, as part of the proposed COVID-19 Act Amendment Bill package that people who enter MIQ must provide information on where they are staying after they leave and how to contact them for invoicing purposes.
88. In addition to work already underway, we have identified the following additional regulatory options to improve fees collection and incentivise earlier payment:
  - **Option 1** (status quo) – issue invoices on or after the date a person leaves MIQ
  - **Option 2 (recommended)** – issue invoices any time after the point of entry to MIQ
  - **Option 3** – invoices able to be issued before a person enters MIQ.

### ***Option 1 (status quo) – invoices issued on or after the date a person leaves MIQ***

89. This option has the advantage of being understood by the public and businesses, and has been assessed as posing no more than a reasonable limitation on BORA rights.
90. However, as outlined above, being limited to invoicing on or after the date of departure has contributed to significant invoicing challenges, and as such is not our recommended option.



### **Option 2 – invoices issued any time after the point a person enters MIQ (recommended)**

91. This option would enable MBIE, where practicable (e.g. where invoicing is not dependent on validation of visa or travel data from other agencies) to issue invoices to travellers during their MIQ stay.
92. It would be a significant improvement on the status quo, as we would not be reliant on the veracity of onwards travel details, and would enable any issues with the invoice and/or questions about waivers and instalment options to be identified and addressed while a person is in a MIF and their MIQ invoice is front of mind.
93. This option could be complemented by non-regulatory measures such as the addition of a simple online payment portal, or EFTPOS machines in a MIF, which could allow people to pay their invoices whilst in MIQ.

### **Option 3 – invoices able to be issued before a person enters MIQ**

94. Although this option would be likely to support earlier payment of MIQ fees, it would not be practicable so long as the fees are structured on the basis of room configuration. This option is also likely to be viewed as presenting (in conjunction with other settings) an unreasonable barrier to New Zealanders returning home, and as such, is not recommended.
95. Another consideration is that even if we moved to a per person fee structure (i.e. invoicing no longer dependent on confirming MIF room configuration), there are a number of people, who do not arrive to take up their MIAS booking as expected. In these instances, invoicing in advance would mean that a credit note and/or refund would need to be issued, which would add complexity to the system.

### **Fee waivers – who should be eligible to apply?**

---

96. Currently the Regulations allow the Chief Executive of MBIE to grant fees waivers on two grounds: 'undue financial hardship' and 'other special circumstances'.
97. When the fees were initially introduced, everyone entering MIQ was eligible to apply for a fee waiver. However when Cabinet approved the higher fee for critical workers (which came into effect on 1 January 2021), it also agreed that critical workers would no longer be eligible to apply for waivers. The rationale for this was that critical workers do not have a protected right to enter New Zealand, and that employers/supporting agencies and the critical workers themselves receive the direct and immediate economic benefits of the critical worker coming to New Zealand.

### **Options to tighten or streamline waivers settings**

98. The current waivers settings are functioning relatively well. A key pain point with the waivers system was addressed when Cabinet agreed to amend the Regulations to clarify the criteria for fee waivers on the grounds of 'undue financial hardship' [LEG-21-MIN-0028].
99. However New Zealand's waiver eligibility settings are quite generous relative to Australia and Singapore, where waivers, if they exist, are generally only available to citizens. We have therefore identified the following options if you wished to tighten current settings:
  - **Option 1** (status quo) – everyone except critical workers can apply for fee waivers
  - **Option 2** – everyone except critical workers and critical health workers can apply for fee waivers
  - **Option 3 (recommended)** – only New Zealanders and temporary entry visa class holders from specified Pacific nations<sup>8</sup> can apply for fee waivers.

---

<sup>8</sup> Cook Islands, Niue, Tokelau, Samoa and Tonga (this would be consistent with the Pacific Islands specified in the guidelines for assessing Time Dependent Travel applications).



***Option 1 (status quo) – everyone except critical workers can apply for fee waivers***

100. The advantage of keeping the ability to apply for fee waivers open to most groups of returnees is that even if the majority of people in a category would be unlikely to meet the criteria for a waiver, the settings are broad enough to support those few people who could have grounds, and whom the government may wish to support.
101. We would not recommend this option however, as the rationale applied to removing the ability of critical workers to apply for fee waivers (see paragraph 96 above) could equally be applied to critical health workers and most temporary entry class visa holders.
102. This option also has administrative costs, in terms of the time required to consider and process waiver applications.

***Option 2 – everyone except critical workers and critical health workers can apply for fee waivers***

103. This option would be similar to the status quo except that critical health workers would no longer be able to apply for waivers. Narrowing waiver application eligibility would reduce the administrative time involved in processing applications from critical health workers.
104. As noted above, critical health workers have varying abilities to meet the costs of MIQ, and keeping waivers open to them could therefore be seen as justified. The reality, however, is that applications for waivers on undue financial hardship grounds from critical health workers have not been granted to date. This is because even where there is financial hardship at the date of application, an applicant's circumstances, including their reason for travel, are also taken into account. In particular, the decision to immigrate to New Zealand during a pandemic, which incurs costs including travel and managed isolation charges. Critical health workers are however able to apply to pay by instalment (noting they will be able to find employment or already have employment).

***Option 3 (recommended) – only New Zealanders and temporary entry class visa holders from the Pacific can apply for fee waivers***

105. This option would mean that critical health workers and temporary entry class visa holders (broadly) would no longer be able to apply for fee waivers. It is our recommended option as it would recover more in MIQ costs than the status quo, simplify the system, and reduce the administrative time involved in processing applications.
106. Removing the ability of all temporary entry class visa holders from applying for a waiver could however particularly impact people from (non-realm) Pacific countries who would no longer be eligible to access support to, for example, visit a seriously ill or dying relative in New Zealand. In recognition of New Zealand's special relationship with and responsibilities to the Pacific, we would suggest a carve-out that would continue to allow temporary entry class visa holders from the specified Pacific countries to apply for fee waivers.

***New power for the responsible Minister to exempt classes of people from charges***

107. Irrespective of any other changes to the waivers scheme, we recommend amending the Regulations to create a new power for you to exempt classes of people from charges in certain circumstances. Section 32F(2) of the Act itself already allows for such a power, and including this provision in the Regulations would be a useful alternative to amending the Regulations in humanitarian situations (e.g. family members returning for the anniversary of the Christchurch mosque attacks). People in these sorts of situations would likely be eligible for a fees waiver on special circumstances grounds, but giving the responsible Minister the power to exempt them from fees would provide upfront clarity for travellers.
108. If agree to this option, we will provide you with advice as to what the criteria for this power might be, as part of the follow-up briefing on minor and technical changes by the end of May.



## **Time to pay – how long should people have?**

---

### **Rationale for current 90 day payment terms**

109. With the exception of critical workers, the Regulations specify that MIQ invoices are due *no later than* 90 days after the date of issue. In operationalising the Regulations, MBIE has allowed the maximum payment period (90 days), in recognition of the strained circumstances of some returnees.
110. At the time the fees were introduced, the 90 day payment period (in conjunction with other measures) was seen as important to counter any barriers the fees placed on the rights of New Zealanders to return home.

### **Options to improve fees collection and incentivise earlier payment**

111. To date, approximately 51 per cent of MIQ invoices have been paid, with most being paid just before the 90 day due date.
112. Reducing the payment period would incentivise earlier payment and likely improve fees collection. We have identified the following options
- **Option 1** (status quo) – payment due within 90 days after the date of invoice
  - **Option 2** – payment due within 60 days after the date of invoice
  - **Option 3 (recommended)** – payment due within 30 days after the date of invoice
113. None of these options would require regulatory change or decisions by Cabinet.

#### ***Option 1 (status quo) – payment due within 90 days after the date of invoice***

114. As described above, the current settings allow for the maximum payment period in recognition of the pressures many returnees are facing. However, the 90 day payment period creates a financial debt that requires a capital expenditure appropriation under the Public Finance Act that must be reflected in government accounts. Longer payment periods also increase the risk of non-payment and debt write-off, as well as enforcement costs and general appropriation management. Because of these challenges, we do not recommend continuing with the status quo.

#### ***Option 2 – payment due within 60 days after the date of invoice***

115. Option 2 would mean that travellers have 60 days to pay their MIQ invoice (unless they are approved to pay by instalment or have their payment deferred). It would incentivise earlier payment, whilst continuing to provide relatively generous payment terms, in recognition of the strained circumstances of many MIQ returnees.
116. This is not our recommended option, because by reducing the payment terms to 60 days will not definitively address the financial debt issue. This is because debt, as it relates to the Public Finance Act, starts the day a person enters MIQ. Therefore depending on how quickly we are able to verify liability and issue an invoice, even with a 60 day payment term (plus the 14 day MIQ period), we would be approaching the 90 day limit.

#### ***Option 3 (recommended) – payment due within 30 days after the date of invoice***

117. This option would mean that travellers have 30 days to pay their MIQ invoice. It is our recommended option, as it would address the issues outlined in paragraph 114, align with standard credit terms, and support much faster collection of MIQ fees. It would also be consistent with the payment period for critical workers, and the payment terms for managed isolation fees in Australian states.

118. The reduced time period may be seen as imposing a significant barrier on the rights of New Zealanders to return. To mitigate these concerns, New Zealanders would still be able to apply for fee waivers, to pay by instalment or for deferral of payment.

## Implications for Māori

---

119. Due to the pace of introducing the original fees regime, consultation was limited to Government agencies, the Human Rights Commission, a small group of iwi leaders and *Te Hunga Roia Māori o Aotearoa* - the Māori Law Society.
120. In our February briefing on the fees review we undertook to advise you on how the fees system has worked for Māori, including whether the system has been responsive to familial and financial structures of whānau, and whether it has mitigated the impacts of financial hardship.
121. We intend to undertake targeted engagement with Māori on your preferred options for changes to the regime. Feedback from this consultation will inform the development of Cabinet proposals.

## Next steps

---

122. If you are interested in moving to a per person fee (rather than a fee based on room configuration), we will undertake further modelling and provide you with advice as to the recommended per person fee level(s) by the end of May.
123. As part of this follow-up briefing we will also provide you with recommendations as to other minor and technical changes to support the smooth application and durability of the fees settings. This will include advice on:
- Expanding the definition of 'family member' in the exemptions provisions (currently very narrowly defined and not reflective of common New Zealand family configurations)
  - Clarifying that when people of different fee levels travel together, that for invoicing purposes, the 'first person in a room' will be the person on the lower fee level
  - Options to make paying by instalment easier to access (e.g. promoting this option on our website and on the invoice)
  - Adding / removing exempt groups in Regulation 8 (includes refugees, deportees etc)
  - Creating a new power for you to exempt classes of people from charges in certain circumstances.
124. We will also provide you with a separate briefing by 14 May 2021 with advice on options for intercepting people at the border when they have unpaid MIQ debts, and will undertake targeted engagement with Māori on your preferred options for changes to the fees regime.
125. Following this, we will draft a Cabinet Paper seeking agreement to the changes in policy to the fees Regulations, as per your preferences.
126. Adjustments to the Isolation and Quarantine Management appropriation may be required to provide MBIE with the authority to incur additional operating or capital expenditure. This will be considered post-moratorium.

## Annexes

---

Annex 1: Overview of decision points and options provided in this paper

Annex 2: Current fees settings

Annex 3: Crown Law opinion – BORA implications of proposed changes



## Annex 1: Overview of key decision points and options provided in this paper

All options assume that existing waiver and payment via instalment provisions are retained.

Decision point	Option 1 (status quo)	Option 2	Option 3	Option 4	Comments/rationale for preferred option
<p><b>Liability to pay MIQ fees – who should pay?</b></p> <p><i>New Zealanders who left before 11 August 2020 and who are returning home for more than 90/180 days are currently not liable for MIQ fees.</i></p> <p><i>One year into the life of MIQ, is a person's length of return and whether they left before/after the fees were introduced still relevant?</i></p>	Status quo - New Zealanders who left before 11 August 2020 and who are returning home for more than 90/180 days are currently not liable for MIQ fees.	All New Zealanders are liable for fees. Length of return or whether a person left before/after the fees were introduced no longer a factor.	Retain 90/180 day exemption only.	Retain 'left before 11 August 2020' exemption only.	<p><u>Option 2</u></p> <ul style="list-style-type: none"> <li>Would recover MIQ costs from more New Zealanders and thus contribute to the financial sustainability of the COVID-19 response (primary objective of the fees system).</li> <li>More equitable - <i>everyone</i> entering MIQ would be liable for some form of fee and simpler to implement</li> <li>Would however disadvantage those New Zealanders offshore who have not had the means or opportunity to come home due. Would also have financial implications for government departments that deploy staff offshore.</li> <li><b>Legal professional privilege</b> would be to retain the lower fee for New Zealanders (see next section below), continue to enable New Zealanders to pay by instalment, defer their payments, or (if they meet the criteria) have their fees fully or partially waived.</li> <li>Could also consider options to make it easier to pay by instalment, and potentially expand waiver provisions to support people unable to return due to complex reasons</li> </ul>
<p><b>Q2 – Level of government subsidy – what is appropriate?</b></p> <p><i>Currently there are two levels of fees (\$2,696 and \$4,800 – plus GST), with greater or lesser degrees of government subsidy depending on a person's visa status, prior travel, length of stay, and border exception.</i></p> <p><i>The rationale for the current differentiations is not always clear.</i></p>	Status quo - New Zealanders (incl. ordinarily resident Australians), critical health workers and air and maritime crew pay a lower fee; everyone else pays a higher fee	Liabile New Zealanders (incl. ordinarily resident Australians), air and maritime crew pay a lower fee; everyone else (including critical health workers) pays a higher fee	Everyone liable for MIQ charges pays a higher fee	n/a	<p><u>Option 2:</u></p> <ul style="list-style-type: none"> <li>Would bring critical health workers to the higher fee bracket and thus streamline the current system by reducing the level of differentiation between groups.</li> <li>Would recover more in MIQ costs than the status quo, whilst still supporting New Zealanders to return by giving them a higher degree of subsidy than other groups.</li> <li><b>Legal professional privilege</b> and would be more equitable than the current model, as the higher fee would be applied to all full stay non-New Zealanders, rather than some (e.g. critical workers) but not others (e.g. critical health workers).</li> <li>Could however have implications for the health workforce. Critical health workers would retain the ability to apply to pay by instalment or defer payment.</li> </ul>
<p><b>Fee structure – how should the fees be applied?</b></p> <p><i>Currently fees are based on room configuration. This creates a requirement to confirm room allocations before charges can be confirmed and invoices issued. It also introduces equity and transparency issues (e.g. when a family of four books one room but has to pay for two as no larger rooms are available at the MIF),</i></p>	Status quo – charges based on room configuration (i.e. diff fees for the first/only person in a room, additional adults and children in the same room)	Status quo but with the ability for MBIE to charge fees to families on the basis of their travel group in MIAS, irrespective of how they are roomed	Flat per person fee, regardless of room configuration	n/a	<p><u>Option 3:</u></p> <ul style="list-style-type: none"> <li>This option would mean that instead of basing MIQ charges on MIF room configuration, there would instead be an individual per person (or per adult / per child fee) applied to everyone who was liable for MIQ fees.</li> <li>Would be more transparent and equitable than the current charging structure, significantly simpler to operationalise and navigate, and would enable invoicing in advance of a person's MIQ stay.</li> <li>Fees would however likely need to be lower than status quo to avoid over recovery and there would be winners and losers in terms of configurations of groups coming through.</li> <li>If you are interested in per person charging, we will undertake further modelling and provide you with advice as to the recommended fee level(s) in mid-May.</li> </ul>
<p><b>Timing of invoicing – when should invoices be issued?</b></p>	Status quo – on or after the day a person leaves MIQ	Any time after the point of entry to a MIF	Before a person enters MIQ	n/a	<p><u>Option 2</u></p> <ul style="list-style-type: none"> <li>Improvement on the status quo, as once a traveller leaves MIQ, we are reliant on the veracity of contact details provided in order to invoice them, and are often unable to do so. Questions about waivers and instalment options to be identified and addressed while a person is in a MIF and their MIQ invoice is front of mind.</li> <li>The alternative (charging in advance) could be seen as presenting (in conjunction with other settings) an unreasonable barrier to NZers returning home. It would also be dependent on decisions as to how the fees are structured - if fees are based on room configuration– can't charge in advance.</li> </ul>
<p><b>Fee waivers – who should be eligible to apply?</b></p> <p><i>(Separate to the waiver grounds themselves)</i></p>	Status quo – everyone except critical workers	Everyone except critical workers and critical health workers	Only New Zealanders (incl. ordinarily resident Australians) and temporary entry visa holders from specified Pacific nations	n/a	<p><u>Option 3:</u></p> <ul style="list-style-type: none"> <li>Would recover more in MIQ costs than the status quo, simplify the system, and reduce the administrative time involved in processing applications.</li> <li>In recognition of New Zealand's special relationship with and responsibilities to the Pacific, we would suggest a carve-out that would continue to allow temporary entry class visa holders from the specified Pacific countries to apply for fee waivers.</li> </ul> <p>We also recommend amending the Regulations to create a new power for you to exempt classes of people from charges in certain (likely humanitarian) circumstances. The Act already allows for such a power.</p>
<p><b>Time to pay – how long should people have?</b></p> <p><i>The 90 day payment period creates a financial debt that has to be reflected in government accounts.</i></p>	Status quo – up to 90 days	Up to 60 days	Up to 30 days	n/a	<p><u>Option 3</u></p> <ul style="list-style-type: none"> <li>Would address the Public Finance Act financial debt issue and incentivise earlier payment of fees.</li> <li>Would also align with standard credit terms, be consistent with the payment period for critical workers, and the payment terms for managed isolation fees in Australian states.</li> </ul>



## Annex 2: Current fees settings

More Govt subsidy ←		→ Less Govt subsidy				
Tier	Tier #1 no fee	Tier #2 \$3,100, able to apply for waivers			Tier #3 \$5,520 able to apply for waivers	Tier #4 \$5,520 not eligible for waivers
Who?	NZ citizens/residents and ordinarily resident Australians	NZ citizens/residents and ordinarily resident Australians	Critical health workers	Air and maritime crew	Temporary entry class visa holders	Other critical workers
<b>Includes</b>	NZ citizens and residence class visa holders who: <ul style="list-style-type: none"> <li>left NZ <i>before</i> 11 Aug 2020</li> <li>return to NZ for <i>more</i> than 180 days (from 1 June).</li> </ul> Austrian citizens and residents who are ordinarily resident in NZ and who: <ul style="list-style-type: none"> <li>left NZ <i>before</i> 11 Aug 2020</li> <li>return to NZ for <i>more</i> than 180 days (from 1 June).</li> </ul> Diplomats, refugees, etc.	NZ citizens and residence class visa holders who: <ul style="list-style-type: none"> <li>left NZ <i>after</i> 11 Aug 2020</li> <li>return to NZ for <i>less</i> than 180 days (from 1 June).</li> </ul> Austrian citizens and residents who are ordinarily resident in NZ and who: <ul style="list-style-type: none"> <li>left NZ <i>after</i> 11 Aug 2020</li> <li>return to NZ for <i>less</i> than 180 days (from 1 June).</li> </ul>	Health workers in a variety of clinical and non-clinical roles, ranging from medical practitioners to medical technicians to home care and support workers.	Overseas-based air and maritime crew.	International students, visitor visa holders (including family members of NZ citizens), work visa holders.	People determined to have unique experience and technical or specialist skills that are not readily obtainable in NZ, or who are undertaking a time-critical role – eg RSE workers, shearers.
<b>Fee level</b>	n/a	\$2,696 + GST for the first/only person in a room \$826+ GST for an additional adult in the same room \$413 + GST for a child 3-17 yrs	\$2,696 + GST for the first/only person in a room \$826+ GST for an additional adult in the same room \$413 + GST for a child 3-17 yrs	\$2,696 + GST for the first/only person in a room ( <b>pro-rata</b> ) \$826+ GST for an additional adult in the room ( <b>pro-rata</b> )	\$4,800 + GST for the first/only person in a room \$2,600 + GST for an additional adult in the same room \$1,400 + GST for a child 3-17 yrs	\$4,800 + GST for the first/only person in a room \$2,600 + GST for an additional adult in the same room \$1,400 + GST for a child 3-17 yrs <b>PLUS:</b> additional charges for costs over and above the standard MIQ offering (e.g. significant interpreting requirements, training facilities)
<b>Charged to</b>	n/a	Individual (Legal guardian(s) where a child is staying alone)	Individual	Individual	Individual (Legal guardian(s) where a child is staying alone)	<b>Employer or supporting agency</b> or individual where there is no employer or supporting agency
<b>When invoiced</b>	n/a	On or after the day a person leaves MIQ	On or after the day a person leaves MIQ	On or after the day a person leaves MIQ	On or after the day a person leaves MIQ	Can be issued <b>before</b> a person enters MIQ.
<b>Fee waivers?</b>	n/a	Waivers available in cases of undue financial hardship and special circumstances	Waivers available in cases of undue financial hardship and special circumstances	Waivers available in cases of undue financial hardship and special circumstances	Waivers available in cases of undue financial hardship and special circumstances	n/a
<b>Payment period</b>	n/a	90 days from issue Instalment plans available	90 days from issue Instalment plans available	90 days from issue Instalment plans available	90 days from issue Instalment plans available	<b>30</b> days from issue Instalment plans available
<b>Rationale</b>	NZ citizens and residents returning home to live and contribute to the economic recovery should be able to do so without undue barriers.	Settings aim to reduce demand for MIQ relating to discretionary travel by NZers. More Govt. subsidy to ensure that the fees do not present an unjustified barrier on the rights of NZ citizens and residents to return to NZ.	More Govt. subsidy as NZ highly dependent on overseas health workforce. Responds to concerns that charging higher fees may have impacts on the health workforce and our ability to quickly scale up resources if required.	More Govt. subsidy, as air and maritime crew generally only stay in MIQ for short periods and sometimes have several stays per week. Responds to concerns that the higher fee could adversely impact the aviation and maritime sectors.	Less Govt. subsidy as temporary entry class visa holders don't have a protected right to enter NZ.	Less Govt. subsidy as critical workers don't have a protected right to enter NZ, and employers receive the direct benefits of them entering the country.



## **Annex 3: Crown Law opinion on BORA implications of proposed changes**

---

Legal professional privilege

