



BRIEFING

Report back on progress against the critical worker target and powers to 'ring-fence' allocations

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|---------------------------------|--------------|-------------------------|-----------|
| Date: | 1 April 2021 | Priority: | Medium |
| Security classification: | | Tracking number: | 2021-2756 |

| Action sought | | |
|--|--|--------------|
| | Action sought | Deadline |
| Hon Chris Hipkins Minister for COVID-19 Response | Agree that officials continue to monitor the need for ring-fencing allocations in the online managed isolation allocation system, but that it not be established at this time | 8 April 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 | Manager, Allocation and Supply, MIQ Policy | | ✓ |

| The following departments/agencies have been consulted |
|--|
| Immigration Policy (MBIE) |

Minister's office to complete:

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 Withdrawn |

Comments



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Purpose

To report back on year-to-date progress against the 10 percent critical worker target and to provide advice on whether there is a need to 'ring-fence' managed isolation allocations.

Executive summary

The Government is achieving its 10 percent critical worker target in the first quarter of 2021, with critical workers making up an average of 15 percent of managed isolation occupants for the period.

Since the Managed Isolation Allocation System was introduced, New Zealand citizens and permanent residents have made up the bulk of allocations and arrivals into managed isolation, at an average of 71 percent of people entering managed isolation. The remaining 29 percent is made up of temporary 'critical purpose' visa holders including critical workers.

The managed isolation allocation system (MIAS) is a first-come, first served system that does not allow any prioritisation between classes of people seeking vouchers, which creates issues when there is high competing demand. This led to a Cabinet paper proposing improvements. The Cabinet Business Committee on 16 December 2021 agreed to establish a ring-fencing system with 75 percent of places initially to be reserved for New Zealanders once the necessary legal powers and IT infrastructure was in place.

From 10 April, when the relevant order commences, you will have explicit powers to ring-fence places within the online MIAS and the supporting IT will be ready to be activated.

Ring-fencing provides a tool for managing high competing demands for managed isolation spaces and involves reserving a proportion of managed isolation allocations for New Zealanders and the remaining proportion for critical purpose arrivals. As Minister, you have the power to determine the relevant proportions in consultation with the Minister for Immigration.

Due to the current availability of vouchers on MIAS, and the likely additional 'freed up' capacity following the commencing of Quarantine Free Travel (QFT) with Australia, officials do not recommend introducing ring-fencing at this time. The commencement of QFT also creates considerable uncertainty for demand on managed isolation, and 'locking in' any ring-fenced allocations may result in underutilised rooms.

If you agree, officials will continue to monitor whether 'ring-fencing' should be introduced, such as over periods with demand spikes, and will provide you regular updates alongside reporting on the 10 percent critical worker target.

Recommended action

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

- a **Note** that following the Cabinet Business Committee direction of 16 December 2021, this briefing reports back to you on year-to-date progress against the 10 percent critical worker target and your powers to 'ring-fence' managed isolation allocations [CBC-20-MIN-0137]. *Noted*
- b **Note** that critical workers' occupancy of managed isolation facilities has averaged 15 percent of total occupancy for the period 1 January to 21 March 2021, meeting the Government's 10 percent critical worker target for the period. *Noted*
- c **Note** that from 1 October 2020 to 28 February 2021:
- a. 71 percent of arrivals into managed isolation were New Zealand citizens and permanent residents (New Zealanders)
 - b. 29 percent of arrivals into managed isolation were visa holders with a critical purpose to enter, including critical workers.
- Noted*
- d **Note** that the *COVID-19 Public Health Response (Air Border and Isolation and Quarantine) Amendment Order 2021* provides you with powers to 'ring-fence' proportions of managed isolation allocations for New Zealanders and for other critical purpose arrivals. *Noted*
- e **Note** that supporting IT changes have been made so it is possible to introduce ring-fenced allocations in MIAS *Noted*
- f Privacy of natural persons *Noted*
- g **Note** for the following reasons officials do not recommend introducing ring-fencing at this time:
- a. There are MIAS vouchers available online – meaning New Zealanders are not facing extended delays
 - b. The balance of allocations has remained stable and continues to favour New Zealanders
 - c. The Government is achieving the critical worker target and critical workers are consistently securing allocations
 - d. Quarantine Free Travel with Australia will reduce demand for managed isolation allocations by around 30 percent, and will free up additional rooms for booking via MIAS
- Noted*
- h **Agree** that, on the basis of the above indications, a ring-fence should not be established within the online managed isolation allocation system at this time. *Agree / Disagree*
- i **Agree** that officials continue to monitor the need for ring-fencing and report-back to you. *Agree / Disagree*

j **Agree** to forward this briefing to the Minister of Immigration.

Agree / Disagree



Kara Isaac
General Manager, MIQ Policy
Managed Isolation and Quarantine, MBIE

1 / 4 / 21



Hon Chris Hipkins
Minister for COVID-19 Response

7 / 4 / 21

Background

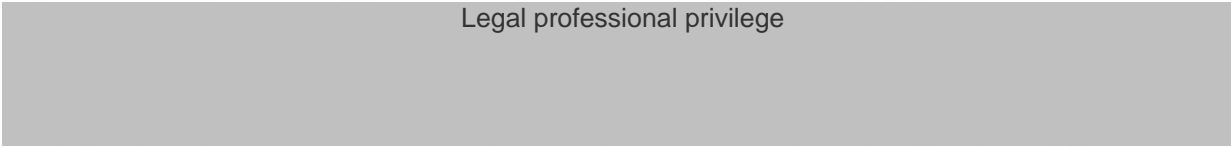
1. On 16 December 2020, the Cabinet Business Committee (CBC) considered the paper on *Improvements to the Allocation of Managed Isolation Rooms* and agreed proposals to:
 - Set a 10 percent target from 1 January 2021 for critical workers' occupancy of managed isolation rooms
 - Establish a system of ring-fencing a proportion of managed isolation allocations within the online allocation system to balance the legal right of New Zealand citizens and permanent residents to return home and the need for critical workers and other visas holder to support COVID-19 recovery
 - Progress an order providing a transparent legal framework for prioritising and allocating rooms to people entitled to enter New Zealand, including ring-fencing powers [CBC-20-MIN-0137 refers].
2. CBC agreed to initially reserve 75 percent for New Zealanders. The final percentage and its implementation are subject a decision by you in consultation with the Minister of Immigration. The decision needs to take into account current and forecast demand for MIQ spaces and the waiting times being experienced by New Zealanders, and the critical worker target.
3. The slides attached at **Annex One** support the advice and recommendations in this briefing.

The Government is meeting the 10 percent critical worker target and New Zealanders are making up 71 percent of arrivals

4. MBIE has analysed Immigration New Zealand and MIAS data which shows that:
 - From 1 January to 21 March 2021, critical workers and their families have averaged around 15 percent of managed isolation occupants.¹
 - From 1 October 2020 to 28 March 2021, New Zealand Citizens and Permanent Residents arrivals into New Zealand remained relatively steady averaging around 71 percent. The balance of 29 percent is made up by non-New Zealanders, i.e. people who have a critical purpose to travel to New Zealand.
5. There are a number of MIAS vouchers available for the April to July period. Uptake of these vouchers has been slower than for previous releases. Although it is too soon to identify a demand trend, the slower uptake could signal reduced demand due to the likely commencement of a QFT and that New Zealanders are not facing significant delays Legal professional privilege
Legal professional privilege
6. January to March 2021 was a period of high Group arrivals. For example, we estimate that Recognised Seasonal Employer scheme workers averaged around 10 percent of people in managed isolation facilities from late January to early March. The percentage of critical workers arriving could reduce in the second quarter, for example with fewer groups scheduled to arrive during the period.

¹ We have used Immigration New Zealand arrivals data as the most reliable proxy for managed isolation occupancy by categories of people. We have measured critical workers as a proportion of overall occupants rather than on a room basis. This provides more accurate data, as calculating rooms usage relies on assumptions about packing ratios which could result in skewed or misleading data

We recommend continuing to monitor flows, but not to establish a ring-fencing arrangement within the online allocation system at this time

7. The proposed *COVID-19 Public Health Response (Air Border and Isolation and Quarantine) Amendment Order 2021* (the Order) is due to commence, subject to your agreement, on 9 April 2021. The Order sets out a legal framework for managed isolation allocations. Under the Order, the Chief Executive of MBIE manages online and offline allocations in accordance with your decisions. Your decision-making powers will include powers to ring-fence places within the online and offline allocation systems. Ring-fences are already in place within the offline allocation system, with rooms held for the Emergency and Groups Allocations.
8.  Legal professional privilege
9. Ring-fencing is advantageous where there are sustained high levels of demand for managed isolation allocations and risks. It is tool for helping to protect New Zealanders' rights – ensuring that New Zealanders and critical purpose arrivals each have their own pool or rooms (and are not competing with each other for vouchers).
10. We recommend ring-fencing not be introduced at this time as:
 - The data indicates that the balance of online allocations has remained stable and continues to favour New Zealanders, and there are a number of vacancies during April to July
 - The Government is achieving the critical worker target and critical workers are consistently securing allocations (mostly online, but also through the groups process)
 - The Quarantine Fee Travel with Australia (QFT) will free up around 30 percent of managed isolation capacity and the Government's ability to respond to this significant change in demand for allocations could be limited by ring-fencing arrangements.²
11. The recommendation means the MIQ would continue to operate MIAS on a first come, first served basis.
12. The situation could change and will need to be kept under regular review. For example, any adjustment to the immigration settings that authorise more non-New Zealanders to enter New Zealand, along with evidence that the ability of New Zealanders to secure allocations is reduced as a result, may trigger the need to reconsider if a ring-fencing arrangement is required.
13. MBIE has progressed IT changes to the Managed Isolation Allocation System (MIAS) so that ring-fencing can be activated if required in the future. From 10 April, MIAS will also collect more information about the visa categories that non-New Zealanders will be travelling to New Zealand on to support monitoring.

Communications

14. MBIE intends to publish the critical worker result for the first quarter of 2021 on the MIQ website, and to update the information quarterly. We will work with your office to provide reactive communications material about the Order and to assist responding to any queries ring-fencing.

² Around 8 percent of the almost 5,000 critical workers accommodated in MIQ from 1 January to 22 March 2021 were Australian nationals. This group would no longer be counted under a QFT.

Next steps

15. If you agree, officials will continue to monitor progress against the Government's critical worker target and the make-up of actual and forecast arrivals for evidence of risks to the rights of New Zealanders and/or the ability of critical purpose arrivals to secure vouchers. We will report to you at least monthly, and reflect the data in further advice on managed isolation allocations as required. We will review the settings after two months of the QFT with Australia (or sooner if more urgent action is required).
16. You will receive separate advice about allocation and immigration options for using freed-up capacity from the QFT and in response to indications of reduced demand.
17. We recommend that you update Cabinet on this matter, noting that the recommendations in this paper differ from CBC's decision to establish a ring-fencing arrangement through the next available vehicle.
18. We recommend that you refer this briefing to the Minister of Immigration to consult on the recommendations.

Annexes

Annex One: Report back on progress against the critical worker target and powers to 'ring-fence' allocations – supporting slides

Annex One: Report back on progress against the critical worker target and powers to 'ring-fence' allocations – supporting slides



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

Annex one: Report back on progress against the critical worker target and powers to ‘ring-fence’ allocations – supporting slides

Managed Isolation and Quarantine Policy
MBIE

Tracking number: 2021-2756

A decorative graphic consisting of three overlapping trapezoidal shapes. The leftmost shape is blue, the middle one is green, and the rightmost one is dark blue. They are arranged in a row, overlapping from left to right.

Cabinet directed officials to report back to you

- **Context:** MIAS online is a first-come, first served system that does not allow any prioritisation between classes of people seeking vouchers. This creates issues when there is high competing demand.
 - MIAS online allocates around 4,000 of 4,500 rooms in managed isolation on a first-come, first-served basis.
- On 16 December 2020 CBC agreed to:
 - tentatively ring-fence 75% of managed isolation rooms for allocation to New Zealand citizens and permanent residents (NZers) and 25% for both NZers and non-NZers – while maintaining flexibility to respond to changes in demand.
 - set a 10% operational target from 1 January 2021 for critical workers' use of MIF rooms [CBC-20-MIN-0137 refers]
 - establish a legal framework for prioritising and allocating rooms.
- Officials were directed to report back to the Ministers of Covid-19 Response and Immigration on the ring-fencing % splits and implementation arrangements.



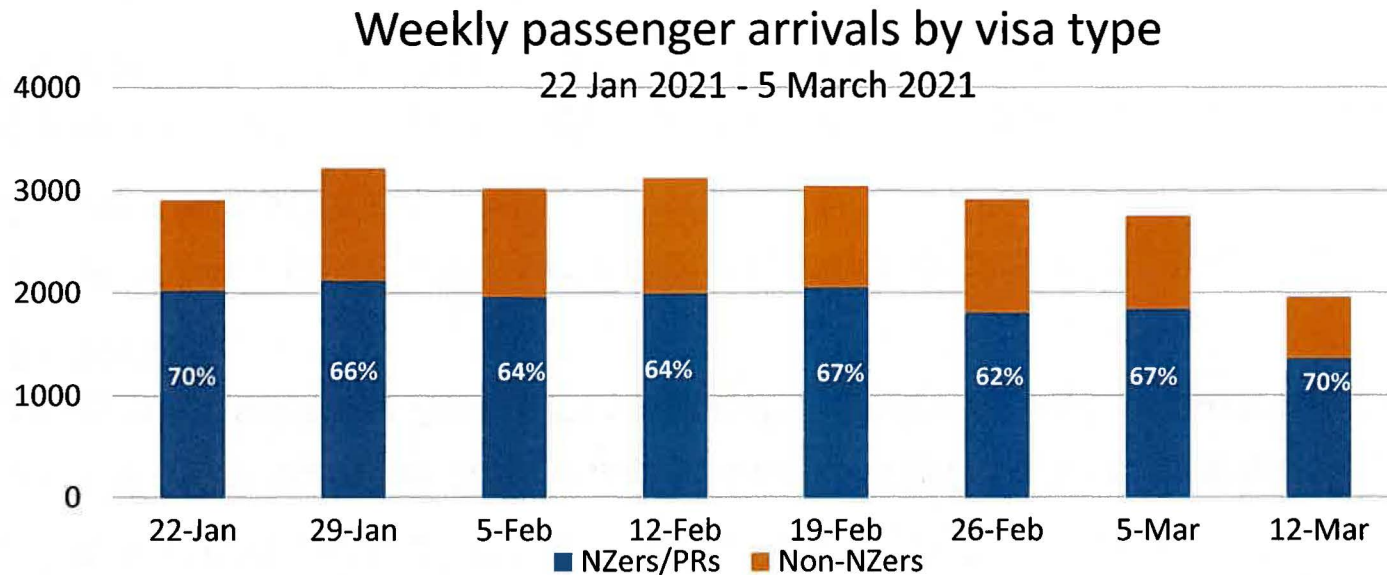
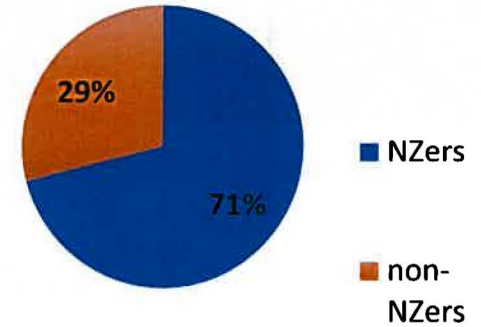
Objectives: balancing NZers' rights and COVID-19 recovery

- The managed isolation allocation settings seek to balance:
 - protecting NZers' right to enter New Zealand under NZBORA/Immigration Act
 - allowing others to enter New Zealand to mitigate economic and social impacts of COVID-19 response
- There are limitations and trade-offs between balancing the allocation, as we cannot increase overall capacity:
 - some evidence since MIAS was introduced of NZers overseas facing delayed entry, stress and uncertainty, resulting in legal risks for Government
 - businesses have concerns about delays securing critical skills
 - cross-border family separation remains an issue
- We seek your direction on whether to change current MIAS settings and introduce ring-fenced allocations for NZers and Non-NZers
- MIAS is one lever to influence arrivals. You have other more 'direct' levers through manual allocation processes (e.g. group arrivals)

Sources: Immigration New Zealand data

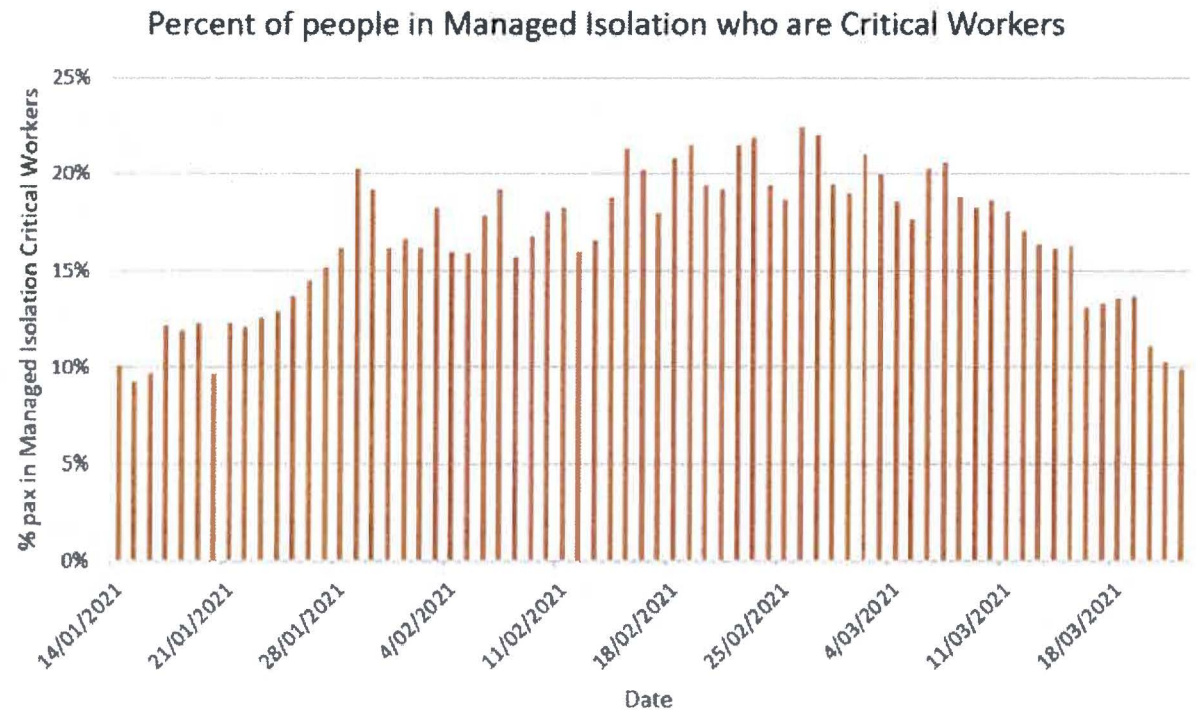
Context - arrival profile

- Arrivals data from 1 October 2020 to 29 February 2021:
 - 71% of arrivals into managed isolation were NZers
 - 29% of arrivals in to managed isolation were non-NZers, i.e. those with a “critical purpose” to travel to NZ, including “Critical Workers” (CWs)
- NZer arrivals remain relatively steady between 65-70% since 22 January 2021
- Arrival data provides a good proxy for MIQ occupancy (but it not 100% accurate)



Progress against Critical Worker target

- Critical Worker **definition** (for 10% target): workers who enter New Zealand:
 - under the economically critical worker border exception
 - as a critical health worker
 - as a temporary migrant worker who is normally resident in New Zealand
 - or as family accompanying one of these workers
- **Government is broadly achieving the 10% target**
- Numbers have trended about 15% from Jan-March 2021
- Note this was a period of high Group arrivals, e.g. RSE averaged around 10% of people in MIFs from late Jan-early March)



Ring-fencing on MIAS options

Online allocations

Offline allocations

Option A - Status Quo (no ring-fence)

10% critical worker target



Option B (ring-fence) – greater support for NZers



Option C (ring-fence)



Option D (ring-fence) – greater support for critical workers entry



Offline allocations are factored into the options, and are broadly evenly balanced. Emergency Allocations are mainly provided to NZers. Group Allocations are mainly provided to non-NZers (but NZ sports teams etc. have benefited)

Recommendation

- Officials recommend **Option A - Status Quo (no ring-fence)**
 - Allows us to assess impacts of Quarantine Free Travel ('locking-in' a balance now is risky, uncertain)
 - Little evidence of risks or pressures that would be addressed by ring-fencing; there are currently vouchers available on MIAS for booking
- Residual risks to NZers by not implementing ring-fence but on balance uncertainty of QFT impact means a ring-fence option may be less necessary
- Officials will continue to monitor demand and the critical worker target. Changes in the operating environment may trigger the need for use this lever, such as:
 - to protect NZers' rights if there is a demand spike from non-NZers and/or Cabinet agrees to widen immigration settings,
 - as a 'seasonal' lever – e.g. ensuring NZers can get home for the Christmas period during a period of high demand, or
 - if critical worker target is not being met
- CW numbers will be influenced by QFT arrangements e.g. Australian and Pacific (RSE) critical workers no longer counted



