



BRIEFING

Commissioning process and short term MIQ infrastructure needs

Date:	5 July 2021	Priority:	Medium
Security classification:		Tracking number:	2122-0037

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	<p>Agree that MIQ officials commence a formal process to identify and scope possible new MIQ facilities.</p> <p>Note that in August MIQ will commence work on a funding request for 2022-2024 for Cabinet consideration in November 2021.</p>	12 July 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	Senior Policy Advisor		

The following departments/agencies have been consulted
Ministry of Health, DPMC, Treasury

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 Withdrawn |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

The purpose of this briefing is to provide you with:

- An overview of the process for commissioning a new MIQ facility
- Advice and proposed next steps on MBIE's current limited ability to commission a new or replacement facility due to MIQ currently only being funded until June 2022.

Recommended action

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

Commissioning process

- a **Note** the high level MIQ commissioning process.

Noted

- b **Note** that our experience and understanding from the last 15 months of what makes a MIQ facility fit for purpose and the need for strengthened requirements, means that future commissioning will take 3-4 months per facility.

Noted

- c **Note** that in the short term there are a number of factors which could cause further facility exits from the MIQ network.

Noted

Short term MIQ infrastructure requirements

- d **Note** that without certainty of MIQ funding we are unable to enter into meaningful discussions or contract negotiations with existing or additional facilities for the post June 2022 period.

Noted

- e **Note** that our initial engagement with the hotel sector indicates that longer contracts of up to two years would be required to incentivise any more facilities to join the MIQ network.

Noted

- f **Agree** that MBIE officials commence a formal process to identify and scope possible additional MIQ facilities, using updated and strengthened MIQ facility criteria.

Agree / Disagree

- g **Note** that if you agree to officials commencing a formal process to identify and scope possible additional MIQ facilities we will report back to you by the end of August 2021 on progress.

Noted

- h **Note** that in August MIQ officials will commence work on a funding request for MIQ for 2022-2024 for Cabinet consideration in November 2021.

Noted

Proactive release

- i **Agree** that this briefing is proactively released with appropriate withholdings under the Official Information Act 1982.

Agree / Disagree



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

5/7/2021



Hon Chris Hipkins
Minister for COVID-19 Response

13 / 7 / 21

Please speed up the direct funding request.
I would like to see if we can speed up
the process and bring additional facilities
online before the Dec/Jan peak demand
period. This should align with future
planning to de-commission less suitable
facilities at such time as either demand
decreases or the strategy changes.
CH.

Background

1. The MIQ network was established urgently in 2020 as part of the emergency all-of government response to COVID-19. In the past 15 months we have adapted our operating procedures as we have learned more about the virus and how to mitigate the risk of this entering the community via MIQ.
2. The future approach to establishing a MIQ facility will be different to how the original MIQ facilities were established. This briefing responds to your request for advice on the general process required to commission a new MIQ facility.
3. This briefing is part of a suite of recent papers on the supply of MIQ infrastructure. We have recently provided advice on options for MIQ infrastructure within the next two to three years [2021-4107 refers]. This paper sits alongside this advice, focusing on the next two years, but also recognises any short term direction and decisions may flow into the longer term discussion.
4. We have also provided you with advice on the decommissioning process in general [2021-3907 refers], and will shortly advise how this process will work for the Bay Plaza Wellington.

Establishment of the MIQ network in 2020

5. The current 31 MIQ facilities were established between March-June 2020 under considerable time pressure. They were established using criteria set by the Ministry of Health (MoH) and the All-of-Government response team in April 2020. The criteria included a range of factors, placed into 'essential' and 'preferred – but not essential' groupings.
6. At the time of establishing the MIQ network the main considerations were:
 - The type of fire system that the facility had
 - Adequate space for the workforce and within the facility to undertake daily MIQ operations
 - Adequate exercise space and, if not available on-site, ability to access it off-site safely
 - Ability to secure the facility perimeter
 - Size of the facility.
7. The criteria was used to undertake an initial desktop review to identify suitable properties. Those properties were then visited and assessed before it was agreed they were suitable.

Lessons learnt that will change a future commissioning process

8. The past 15 months of operating MIQ facilities has provided experience that informs our understanding of what a fit for purpose MIQ facility is. We continue to learn and continuously improve the facilities and operational practice as our knowledge of COVID-19 increases.
9. Many of the commissioning criteria used in 2020 still hold true to the fundamentals of what MIQ facilities are trying to deliver to returnees. However, based on what we know now, particularly improvements in the scientific understanding of the virus and how it is transmitted, if we were to contract MIQ facilities, expanded and updated criteria will be required. In April 2020, considerations such as ventilation had not been identified and on-site exercise was not deemed essential if exercise could be safely accessed elsewhere.
10. We are currently developing (in partnership with the MoH) new strengthened MIQ facility criteria as part of a health check of the current network. These criteria will be applied to the

current infrastructure and future contracts. This will form a key element of the commissioning process. We expect this criteria to be ready for use in mid-late July 2021.

11. The April 2021 Rapid Assessment of MIQ highlighted how the speed of establishing MIQ facilities resulted in iwi relationships not being developed early enough in the process. This has been recognised, and work has been underway for some time to deepen relationships. Early engagement with iwi will be a key principle of any future commissioning processes.

Strategic considerations prior to undertaking the Commissioning Process

12. Prior to the initiation of any commissioning process, there will be a number of strategic issues that must be considered. These will be context dependent and may change over time, but will provide the framework for any commissioning. Examples include:
 - *What are the supply objectives for the MIQ network at that time?* This may include direction to maintain supply at a specific level and the stage at which the Reconnecting New Zealand is at
 - *Is there any mismatch between demand vs supply? Where is the demand for MIQ likely to come from based on border settings?*
 - *Alignment between MIQ infrastructure and knowledge of COVID-19 and IPC requirements*
 - *Is there is a need to replace a certain type of MIQ facility e.g. special/specific needs, quarantine capacity?*
 - *Ability to provide rooms for quarantine purposes (where outside of Auckland):* currently (due to iwi direction) neither Hamilton nor Rotorua facilities provide quarantine capacity. This means that returnees who test positive in these locations have to be transported back to Auckland
 - *What workforce capacity/constraints exist?* Specifically the ability for any new facilities to be supported by the required workforce, especially the health workforce. This would directly impact locations that could be considered for a new facility
 - *Value for money/financial considerations.*

Commissioning Process

13. If you direct officials to commence a commissioning process, the following high level stages will be followed (shown in **Annex 1**).
 - a) *Location and facility analysis/scoping* – this will use criteria (currently being developed) to analyse/scope the suitability of locations and individual facilities.

Location scoping will consider factors such as:

- the availability and skills of the workforce (both health and non-health)
- required wider infrastructure to support a MIQ facility (e.g. tertiary health care)
- transport (both air link and land transfers)
- proximity to international/domestic airports
- willingness of facilities to join the MIQ network; and
- the views of key stakeholders such as iwi and local government.

Facility scoping will consider factors such as:

- IPC standards
- operational and security requirements (such as facility configuration, availability of onsite catering),
- ventilation standard (because of the cost of a ventilation assessment, this would only be undertaken if a facility meets other criteria. Any review of a facility's ventilation systems will follow a similar process undertaken in the ventilation review across the whole portfolio [2021-4016 refers])
- returnee wellbeing (such as suitable space for onsite fresh air/exercise)
- costs of operating the facility; and
- contractual requirements (such as length of contract) that individual facilities may require.

- b) *Consultation with the Minister for COVID-19 Response to proceed with commissioning an individual MIQ facility*
- c) *Enter into agreement with chosen facility (contract length will be a key consideration, as it will depend on wider strategic objectives of the MIQ system and forecasts around ongoing demand for MIQ)*
- d) *Lead in time for facility to relocate future bookings/business (this could take 6 to 8 weeks)*
- e) *Upfront actions required to establish the MIQ facility, which include:*
 - ventilation remediation (this could take 5 to 8 weeks if the building owner is prepared to make that investment without a guaranteed MIQ contract – any remediation costs over a facility's original design specification would likely have to be met by the Crown)
 - establishment of workforce: including staff vaccination (at least 4 weeks required)
 - changes to the facility – CCTV, fencing etc. (at least 4 weeks required).

14. The timing of this process will be specific to each facility. There is a risk in any commissioning process that a suitable facility cannot be found. However, without encountering any significant issues we anticipate the end-to-end commissioning process will take 3 to 4 months to complete.
15. We will continue to refine the commissioning process, including identifying opportunities to shorten the process as much as possible.

The lack of confirmed MIQ funding post June 2022 creates difficulties in commissioning new facilities

16. The majority of MIQ facility contracts have recently been extended to June 2022. Both parties have the option to terminate the contract with a 90-day notice period.
17. The number of facilities within the MIQ network has been stable until recently. In recent months one MIQ facility (Ramada Auckland) has been decommissioned and another (Bay Plaza Wellington) will be decommissioned by the end of October 2021.

18. The Ramada Auckland was used as a MIQ facility for '501' deportees, with its notice of contract termination issued in April 2021 [2021-2503 refers]. The Bay Plaza Wellington will be the first general purpose MIQ facility to be decommissioned. This is because of the logistical challenges of operating in Wellington and the Commercial information
Commercial information The Bay Plaza will shortly receive its official contract termination.
19. MIQ is currently funded until end of June 2022. This limits how far we can progress any commissioning process at this stage.
20. As part of our ongoing engagement with the hotel sector we are already informally scoping potential new facilities. Of the small number of hotel facilities identified to date that could possibly meet strengthened criteria, the feedback we have received is that they would require two year contracts to incentivise them to join the MIQ network. This is because of the potential levels of remediation work required for facilities, the time to build and train the hotel workforce and to compensate for issues such as testing, vaccination, stigmatisation of their staff and possible damage to their hotel brand.
21. Longer term funding certainty from 2022-2024 is therefore likely required before MBIE can 'secure' any additional facilities, unless, as part of the commissioning process, we can identify suitable facilities comfortable with a short contract length. However, it is unlikely that we would be able to find facilities that would accept a short contract length and the upfront costs of establishing a MIQ facility make a short term contract relatively more expensive.
22. In the short term there are three key drivers which could mean further facility exits from the MIQ network:
 - *Our contracting arrangements with hotels are vulnerable to commercial interests:* The majority of current MIQ facilities are contracted until June 2022, but hotels can exit at any time by giving 90 days notice. The drivers for facilities wishing to exit the MIQ network will increase overtime as the country opens its borders and hotels pivot back towards tourism and/or business bookings
 - *Being a MIQ facility is becoming more difficult over time:* due to increased IPC and operational requirements (such as staff testing and vaccinations) being a MIQ facility is becoming harder. For example strengthened IPC requirements may require significant changes to some facilities – these may get to the point where some facility owners do not wish to remain as a MIQ facility or the financial cost of improving a specific facility becomes prohibitive
 - *Opportunities to improve and reconfigure the MIQ network:* the next contract cycle provides the opportunity for reconfiguration of the MIQ network. This could include changing the location and type of MIQ facilities or using this as a time to bring facilities into the network that better meet the strengthened MIQ facility criteria.
23. This could lead to some facilities trying to exit their contracts early, some not wishing to renew their contracts post June 2022 or others not being renewed by MBIE.

Required lead in time

24. We previously advised you of the process required to decommission a MIQ facility. This is currently being used as the basis for decommissioning the Bay Plaza in Wellington.
25. If facilities exit the MIQ network at the end of their June 2022 contract they would receive their last returnees in mid-May 2022. The final month of their contract would allow for the facility to be de-designated, deep cleaned and equipment removed.

26. As described above, a 3 to 4 month commissioning process is now required to bring a new facility online. If there was a need to immediately commission a facility, the limitation of longer term funding would mean that we could only offer contracts until June 2022.
27. To replace any gaps in the MIQ network or renew existing contracts by June 2022 we need to initiate discussions with facilities in the 4th quarter of 2021. We would only be able to progress these discussions to an early stage without confirmed government funding.
28. The lack of confirmed future funding poses a significant risk to maintaining our current supply of facilities and will limit our ability to commission new facilities.

Future programme of work

29. We recommend that a formal programme of work be established to address short term MIQ infrastructure needs.
30. This work will be directed by the short term objectives for MIQ infrastructure:
 - **Maintain our current operational capacity while responding to changing public health evidence.** You have previously expressed your preference to, where possible, maintain existing capacity subject to any changes through the Reconnecting New Zealand work (with the ability to scale down if required) or a need to reduce capacity because of changing IPC requirements
 - **MIQ is resilient.** To ensure we manage and design the current system in a way which minimises the impact of any sudden or unplanned changes.
 - **Maximise opportunities to improve the quality of our MIQ facilities:** Take opportunities to improve the MIQ network in the short term by using strengthened criteria to scope and possibly commission new facilities to replace those current weaker ones.
31. Even though these objectives are for the short term infrastructure needs of the MIQ network some of them also apply to the objectives of the longer term infrastructure needs. As part of the process for considering MIQ funding post June 2022, you may wish to reconsider the costs and benefits of the 'maintaining capacity' objective, and officials will provide you advice on this as part of the wider budget process.
32. The work programme would do the following:

Formally identify and scope possible new facilities (using strengthened criteria)

33. Undertaking this work meets all three objectives set for the short term MIQ infrastructure objectives. Specifically we will:
 - *Identify and scope possible new facilities:* this will identify both hotels and other facilities, working with a range of stakeholders, including iwi. A key partner will be the MoH, so the considerations of the health workforce are a key component of the scoping.

We will consider how we will undertake this process. For example through targeted engagement or a formal expression of interest process. We will provide further advice to you on how this scoping will occur, including if any communication messaging is required.

As MIQ funding is approved to June 2022 we will only be able to take the scoping exercise to a high level stage, and will not be having specific commercial discussions or committing any future government funding.

After this scoping has occurred we will provide advice to you on how many possible new facilities are available, whether some of these could replace current facilities or be left as 'back-ups' for future facility exits and the type of conditions that facilities may need (such as contract length) to join the MIQ network.

Future funding request to Cabinet

34. There is a risk that we may lose some facilities in June 2022 as we are not able to incentivise them to stay, and then not be in a position to immediately replace them because of having no confirmed ongoing funding for 2022/23 and 2023/24.
35. MIQ will shortly start the process of developing an in principle funding request for 2022-2024 for Cabinet consideration in November 2021.
36. The market research undertaken by MBIE indicates that we may require longer term funding to retain existing facilities or be able to incentivise new facilities to join the MIQ network. We would like to explore longer term funding options as part of the budget bid to address these infrastructure challenges.
37. The request will need to consider a number of strategic issues relating to the MIQ infrastructure supply, such as:
 - Alignment with the Reconnecting New Zealand work
 - Possible configuration of the MIQ network – locations, types of facilities, and size
 - The composition and structure of the MIQ workforce.
38. Based on the commissioning timeline noted above, and a requirement to have budget confirmed prior to MBIE starting commercial engagement with facilities, we would ideally need confirmation of post June 2022 funding by the end of the 2021 calendar year.
39. If you agree to this work being progressed, we will engage with Treasury and provide further advice on the key stages and timelines for a funding request.

Next steps

40. Officials would like to meet with you to discuss this briefing alongside the briefing on MIQ infrastructure within the next two to three years [2021-4107] after you have considered the recommendations in both papers.
41. If you agree to officials commencing a formal process to identify and scope possible new MIQ facilities we will report back to you by the end of August 2021 on progress.

Annexes

Annex One: Commissioning Process.

Annex 1 - MIQ Commissioning process

