



BRIEFING

Updated advice on MIQ booking trends and ring-fencing vouchers in MIAS

Date:	16 July 2021	Priority:	Medium
Security classification:		Tracking number:	2021-4418

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	Agree to activate ring-fencing of Managed Isolation Allocation System vouchers for New Zealanders	23 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	Manager, Allocation and Supply Policy, MIQ		✓
	Senior Policy Advisor		

The following departments/agencies have been consulted

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Updated advice on MIQ booking trends and ring-fencing vouchers in MIAS

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Purpose

This briefing seeks your agreement to activate the “ring-fencing” of rooms in Managed Isolation Allocation System (MIAS) to give New Zealanders priority access to MIQ rooms.

In support of this, it provides information on the current drivers of high demand and booking trends for MIAS vouchers, set out as Annex One.

Recommended action

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

- a **Note** on 16 December 2020 the Cabinet Business Committee agreed to establish:
 - i. a framework to prioritise and allocate rooms to people entitled to enter New Zealand; and
 - ii. a system which ring-fences a proportion of MIF rooms, balancing the legal right of New Zealanders to return home and the need for critical workers and other non-New Zealanders to enter New Zealand

Noted
- b **Note** that in April you deferred activating the ring-fencing capability in MIAS, as there was not a pressing need to prioritise MIAS bookings between travellers [briefing 2021-2756 refers]

Noted
- c **Note** that officials now recommend activating ring-fencing due to three recent/upcoming changes to MIQ demand:
 - i. the expansion of immigration settings recently agreed by Cabinet, focused on migrants with greater-time flexibility, which will increase demand from non-New Zealanders for MIQ [CAB-21-MIN-0278 refers];
 - ii. the predicted travel peak over summer 2021/22, which officials anticipate will be a period of high demand for MIQ space; and
 - iii. generally increasing demand for MIQ rooms since mid-June 2021

Noted
- d **Note** that activating ring-fencing will help ensure New Zealanders retain priority access to MIQ rooms during periods of high demand and future-proof the booking system against unexpected fluctuations in demand

Noted
- e **Note** that vouchers for summer 2021/22 will begin to be released in late July

Noted

- f **Agree** to activate the ring-fencing of MIAS vouchers in August, to apply to future releases Agree / Disagree
- g **Indicate** the proportion of vouchers which should be ring-fenced for use by New Zealanders only (with New Zealanders still able to access vouchers in all travellers allocation):
- i. 80% for New Zealanders, 20% for all travellers [conservative approach] Agree / Disagree
 - ii. 70% for New Zealanders, 30% for all travellers [balanced approach - RECOMMENDED] Agree / Disagree
 - iii. 60% for New Zealanders, 40% for all travellers [flexible approach] Agree / Disagree
- h **Note** officials will continue to review whether the proportions are suitable, and this will take into account:
- i. Delay times faced by New Zealanders trying to access MIAS vouchers
 - ii. the Government's target to allocate 10% of MIQ rooms to critical workers; and
 - iii. any unused rooms due to these allocations
- Noted*
- i **Note** that further IT development could enable MIAS to give non-New Zealanders 'sole access' to a subset of vouchers if necessary, but would take about a month to implement (depending on other IT development priorities)
- Noted*
- j **Indicate** if you would like officials to progress IT work to enable MIAS to give non-New Zealanders sole access to a subset of vouchers Yes No
- k **Note** the booking data and insights set out at Annex One *Noted*
- l **Forward** this briefing to the Minister of Immigration to consult with him on proposals to activate ring-fencing and set the proportion of rooms ring-fenced Agree / Disagree
- m **Agree** to proactively release this briefing with appropriate redactions consistent with the Official Information Act 1982 Agree / Disagree



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

16.7.21



Hon Chris Hipkins
Minister for COVID-19 Response

21/7/21

Background

Context

Cabinet decision

1. On 16 December 2020, Cabinet agreed to create a ring-fencing framework for MIAS vouchers, balancing the legal right of New Zealanders¹ to return home and the social and economic need for critical workers and other non-New Zealanders to enter New Zealand.
2. Specifically, Cabinet agreed to a proportion of allocable rooms being reserved solely for New Zealanders, at an initial level of 75%. Cabinet also empowered the Minister for COVID-19 Response, in consultation with the Minister of Immigration, to change these settings [CBC-20-MIN-0137 refers].
3. This decision provided the regulatory power under the COVID-19 Public Health Response (Isolation and Quarantine) Order 2020 to implement ring-fencing of MIAS vouchers for New Zealanders – this power became available to use on 10 April 2021.
4. The ring-fence framework, as currently set up, **reserves a proportion of vouchers that can only be booked by New Zealanders**. The remaining vouchers are available to anyone. This guarantees New Zealanders priority access to a defined proportion of MIQ rooms.

Revised Crown Law advice

5.  Legal professional privilege

Report back and implementation of the ring-fencing

6. As per Cabinet's decision [CBC-20-MIN-0137] on 16 December 2020, MBIE provided a report back on the progress of the critical worker target and powers to ring-fence allocations [Briefing 2021-2756 refers]. At this time officials recommended against activating ring-fencing, because:
 - a. The availability of rooms on MIAS was increasing;
 - b. The balance of rooms used between New Zealanders and non-New Zealanders had remained relatively stable; and
 - c. The imminent establishment of quarantine-free travel with Australia was expected to free up considerable MIQ capacity and potentially change the profile of travellers entering MIQ.
7. This report also provided detailed figures on progress against the Government's critical work target, showing that critical workers were making up around 15% of the MIAS voucher allocations, which exceeded the 10% operational target.
8. These factors meant that, at the time, there was not a pressing need to activate ring-fencing. You agreed to not implement ring-fencing, and to continue monitoring the situation.

¹ New Zealanders includes citizens as well as permanent residents and other residence-class visa holders, who have similar legal rights to enter New Zealand and are treated as New Zealanders for the purposes of the COVID-19 border restrictions.

Upcoming border and immigration changes

9. On 12 July 2021, Cabinet agreed to a package of new border exceptions covering the following groups [CAB-21-MIN-0278 refers]:
 - a. Additional offshore families of temporary visa holders in New Zealand
 - b. A simpler definition of critical workers covering a wider range of skilled workers
 - c. Residence-class visa holders who are offshore and have not previously entered New Zealand.
10. These changes, when introduced, will result in a large increase in demand for MIQ spaces from non-New Zealanders. Legal professional privilege
Legal professional privilege
11. These new exceptions are targeted at groups that have greater flexibility in their travel dates, and so are more likely to be able to travel during periods of higher MIQ voucher availability. Once the exceptions are in place officials do not, however, have an ability to influence 'desired' travel dates aside from when MIAS spaces 'become available'.
12. Officials are currently preparing advice to the Minister for COVID-19 Response and Minister of Immigration on potential sequencing options for the commencement of these exceptions to manage their impact on MIQ capacity. This advice is expected to propose the new border exceptions be staged over late 2021/early 2022.
13. Whatever the final sequence adopted by Ministers, there is likely to be a significant differences in when these migrants seek to travel to New Zealand, for example between those who already hold/held visas and those who need to begin new and complex visa applications.

Recent trends in MIQ bookings

14. Annex One sets out trends in online bookings currently held in MIAS. There are three trends key trends in current booking patterns.
15. **New Zealanders currently dominate the MIAS voucher bookings**, with 79% of people holding a voucher to enter New Zealanders for the July-October 2021 period being New Zealanders – 55% New Zealand citizens and 24% residence-class visa holders.
16. **Non-New Zealanders exclusively occupy an average of 16% of rooms**, ranging from <10% for November bookings to between 20% and 25% over late September.
17. **Small changes in behaviour can produce a noticeable change in the proportion of rooms allocated to different groups**. This is illustrated by bookings held by deep-sea fishing crews from Russia, which are responsible for a 10% increase in the proportion of rooms currently allocated to non-New Zealanders in late September (see Figure 4 in Annex One).
18. This briefing is accompanied by the latest (July) update on critical workers arriving in New Zealand. This indicated that critical workers used 10.5% of occupied MIQ rooms in June. It also noted how changes in group allocations may alter the proportion of critical workers entering MIQ later in 2021 [aide memoire 2122-0077 refers].

Commencing ring-fencing of MIAS vouchers

19. Officials now recommend that ring-fencing should be activated due to three changes: new, expanded immigration settings to admit a wider range of temporary migrants; the predicted summer travel peak; and increasing demand for MIQ rooms.

Immigration changes will increase non-New Zealander demand

20. The wider immigration settings agreed to by Cabinet will create new demand from non-New Zealanders' newly eligible to travel to New Zealand seeking MIQ spaces.
21. While this increased demand will help improve MIQ utilisation during periods of lower demand, during periods of higher demand it creates a risk of non-New Zealanders displacing New Zealanders, or causing significant delays for New Zealanders trying to access MIAS vouchers.
22. Ring-fencing MIAS vouchers for New Zealanders will complement these immigration changes. It will give New Zealanders priority access to MIQ spaces during high demand periods by limiting the number of rooms non-New Zealanders are able to book, reducing the risk of displacement.
23. As the types of migrants targeted by the immigration changes are those with greater flexibility in their travel arrangements, ring-fencing will help to encourage them to travel during periods of lower MIQ demand.

24. Legal professional privilege

Officials anticipate a second summer/Christmas travel peak

25. Preliminary modelling by MBIE officials predicts that a summer demand peak is again likely, although of a smaller magnitude than occurred in summer 2020/21.
26. If this peak does occur, there will be increased pressure on MIQ bookings, as more travellers compete for vouchers. It is not possible to predict or control when those who qualify for a border exception and visa seek to travel to New Zealand.
27. New Zealander's own demand for travel – and their expectations of their ability to travel – are also higher during the Christmas/summer period, as New Zealanders seek to join family for the holiday period.
28. Activating ring-fencing ahead of summer 2021/22 will ensure that New Zealanders continue to occupy a large majority of MIQ rooms, irrespective of fluctuations in demand from non-New Zealanders.
29. It will also increase confidence in the Government's response, by acting as a proactive step by Government to address (and refute) the concern that non-New Zealanders are "crowding out" New Zealanders over this time.

Demand for MIQ vouchers has increased

30. In April the availability of MIAS vouchers appeared to be increasing, a trend which continued until mid-June. However, since late June, demand has increased considerably, with recently released MIAS vouchers being booked quickly, and little availability remaining.
31. While New Zealanders are currently securing a large majority of vouchers (holding approximately 85% of the rooms currently booked online – see Annex One), without ring-fencing MIQ has no tools to ensure that this continues during periods of high demand.

Timing

32. We recommend that ring-fencing of the MIAS vouchers be activated immediately following your decision.
33. While ring-fencing can be activated quickly, there is longer lead time for the framework to be fully effective. This is due to ring-fencing only controlling new bookings made after it is activated – it does not alter (cancel) existing bookings even if they breach the ring-fenced proportions. Because MIAS vouchers are released five to six months in advance of the travel date, ring-fencing must be activated before this time to produce the maximum effect.
34. While some of the changes discussed below will not change MIQ demand until late 2021, potentially early 2022, ring-fencing needs to be introduced early before vouchers are released. This will future-proof our booking system against expected changes, and give us the ability to manage unexpected changes in demand. Activating ring-fencing in August will mean that the ring-fencing framework will be applied to the majority of rooms released for the summer 2021/22 period.
35. As part of activating ring-fencing, officials will prepare appropriate communications material to help explain the change. In particular, this will include website content to explain why non-New Zealanders may be able to see that there are rooms available on the general (front page) calendar, but may be prevented from booking rooms on those days if they are already heavily subscribed by other non-New Zealanders.

Decisions to support the implementation of ring-fencing

Level of ring-fencing

36. While Cabinet agreed an initial level of 75% of rooms to be ring-fenced for New Zealanders, it empowered you (in consultation with the Minister of Immigration) to amend this as required. [CBC-20-MIN-0137 refers].
37. This level was recommended in late 2020. At the time, it reflected latest data that New Zealanders were consistently making up 70-75% of arrivals in MIQ.
38. The appropriate level of ring-fencing can be reconsidered in light of updated booking data (set out above, paragraph 12, and Annex One). The appropriate level of allocation will depend on how you wish to prioritise the availability of MIQ rooms:

Option	Only New Zealanders	All travellers	Priority
A	80%	20%	Conservative: Prioritises ensuring maximum access for New Zealanders, at the cost of restricting access for non-New Zealanders, and some risk of wasted rooms at times of lower demand.
B	70%	30%	Balanced: Balances between giving New Zealanders preferential access to a clear majority of MIQ rooms, while maintaining reasonable access (above current booking trends) for non-New Zealanders. Recommended
C	60%	40%	Flexible: Provides some additional certainty for New Zealanders while leaving greater access for non-New Zealanders (e.g. critical workers).

			Flexibility creates the lowest risk of wasted rooms due to fluctuations in demand.
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Figure 1: Ring-fencing allocation size options

39. These proportions apply to rooms booked via MIAS only – they do not include or constrain the manual allocation of rooms via groups or emergency allocations.
40. Figure 2, below, illustrates updated booking data (set out in full in Annex One), and shows how these three potential levels of ring-fencing align with rooms currently booked.

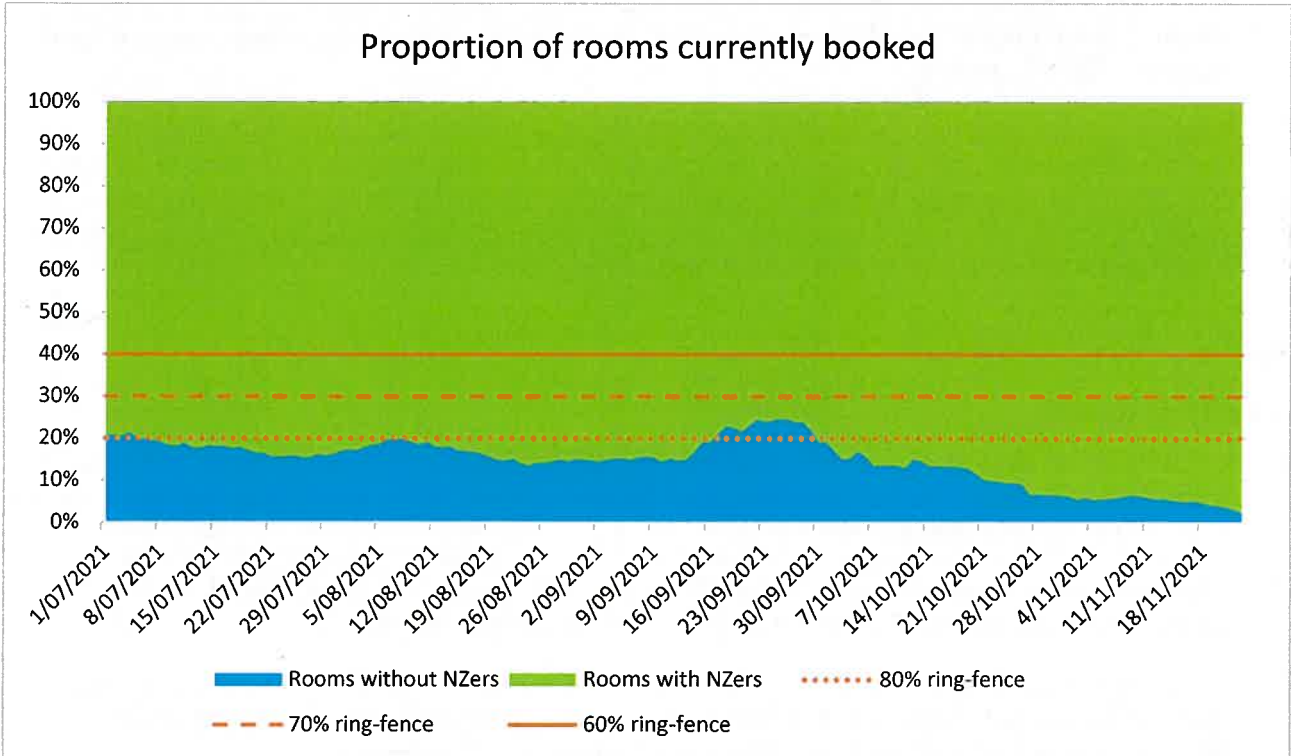


Figure 2: Proportion of MIQ rooms currently booked by traveller type

41. Figure 2 illustrates that non-New Zealanders (including critical workers and other border exceptions) are, on current booking trends, consistently using less than 20% of MIQ rooms, surpassing this level only once over this period (although unreleased rooms over August to November are likely to change the final occupancy proportions). The wider immigration settings recently agreed by Cabinet will result in higher demand from non-New Zealanders, and in particular an immediate surge of unmet demand from people newly eligible to enter the country
42. We recommend Option B – a balanced split – on the basis that it will:
 - a. Provide considerable certainty for New Zealanders wanting to return to New Zealand during times of high demand;
 - b. Maintain reasonable access for non-New Zealanders, including head-room above current booking levels; and
 - c. Provide a degree of flexibility in periods of lower demand by keeping approximately one third of rooms available on a first-come, first-served basis – thereby reducing the risk of unused rooms.

Review of ring-fencing

43. Officials will keep the proportions under review. In particular, officials will consider:
 - a. The delay times faced by new Zealanders trying to access MIAS vouchers;
 - b. The Government's target to allocate 10% of MIQ rooms to critical workers; and
 - c. Any unused rooms due to these allocations.
44. Should it become desirable, changes to the proportion of vouchers ring-fenced for New Zealanders can be made relatively quickly. This will allow changes to be made to reflect changes in booking trends and MIQ policy (in particular, as border restrictions change in line with the Reconnecting New Zealand strategy).
45. However, as noted above (paragraph 33), the five to six month MIAS booking window means that changes need to be made well in advance to have maximum effect, and so are suited to larger (strategic) shifts in booking policy and behaviour, rather than smaller (tactical) responses to immediate pressures or events.

Future considerations: ring-fencing for non-New Zealanders

46. As noted above, the current approach ring-fences a proportion of vouchers for New Zealanders, with the remainder of the vouchers available to any travellers. This approach favours New Zealanders in the process, as there is no limit to the number of vouchers they can book. It does not, however, address the risk that New Zealanders could 'crowd out' non-New Zealanders, which will negatively impact Government 10% critical worker target.
47. However, the ring-fencing framework could be altered to also guarantee a proportion of vouchers for non-New Zealanders. This would mean the vouchers are specifically split into New Zealander and non-New Zealander allocations.
48. The two approaches represent a trade-off in priorities:
 - a. The current approach, ring-fencing for New Zealanders only, prioritises New Zealander's right to enter the country at the cost of limiting access for non-New Zealanders. Because New Zealanders have access to 100% of the vouchers, it creates a lower risk of unused rooms;
 - b. A revised approach, a separate ring-fenced allocation for New Zealanders only and a separate allocation for non-New Zealanders only, prioritises giving foreign migrants certainty of access at the cost of denying New Zealanders access to a proportion of MIQ places. Because no group has access to 100% of the vouchers, it creates a higher risk of unused rooms, should booking patterns change rapidly.

49.

Legal professional privilege

50. In the short to medium term, particularly through summer 2021/22, we anticipate that ensuring New Zealanders' access to MIAS vouchers will be a higher priority.
51. However, in the longer term (as we move towards reopening the border), it may be more desirable to provide certainty for vouchers for non-New Zealanders, for example in support of broader social or economic decisions. In particular, creating a separate ring-fence for non-

New Zealanders would provide greater support for the Government's 10% target for critical workers by ensuring greater access to MIQ rooms.

52. To date, the critical workers coming through MIQ have exceeded this target, with the latest (July report) figures averaging 11.5% of occupancy. However, should the predicted levels of critical workers obtaining MIAS vouchers fall below 10%, then it may become desirable to implement a non-New Zealander ring-fence sooner.
53. If you would like a ring-fence for non-New Zealanders, then we recommend directing officials to undertake the work to complete this. We note that this work will incur costs, and will limit other MIAS improvements over that time.

Next steps

54. If you agree to activate ring-fencing, officials prepare supporting communications material to activate the functionality by the end of August We will provide your office with communications material to support this.
55. The Cabinet decision which agreed to the creation of ring-fencing empowered you to set the level of rooms ring-fenced for New Zealanders, in consultation with the Minister of Immigration, and we recommend you forward this briefing to him.

Annexes

Annex One: Current bookings trends

Annex One: Current booking trends

1. The following data covers bookings held in MIAS as of Friday 9 July, over the current (July to November) booking window.
2. It excludes rooms allocated manually (eg group and emergency allocations), and displays a 15-day rolling average (to mirror the operation of the MIAS ring-fencing functionality).
3. There are four key insights from this data:
 - a. The vast majority of bookings are held by New Zealanders;
 - b. Non-New Zealanders usually use less than 20% of MIQ rooms;
 - c. Small changes in booking behaviour can have a significant effect on the proportion of rooms allocated;
 - d. Most travellers are coming from a small number of countries.

The vast majority of bookings are held by New Zealanders

4. Bookings over the booking window are currently dominated by New Zealanders. Figure 3, below, illustrates the proportion of people booked to arrive each month by their visa status.

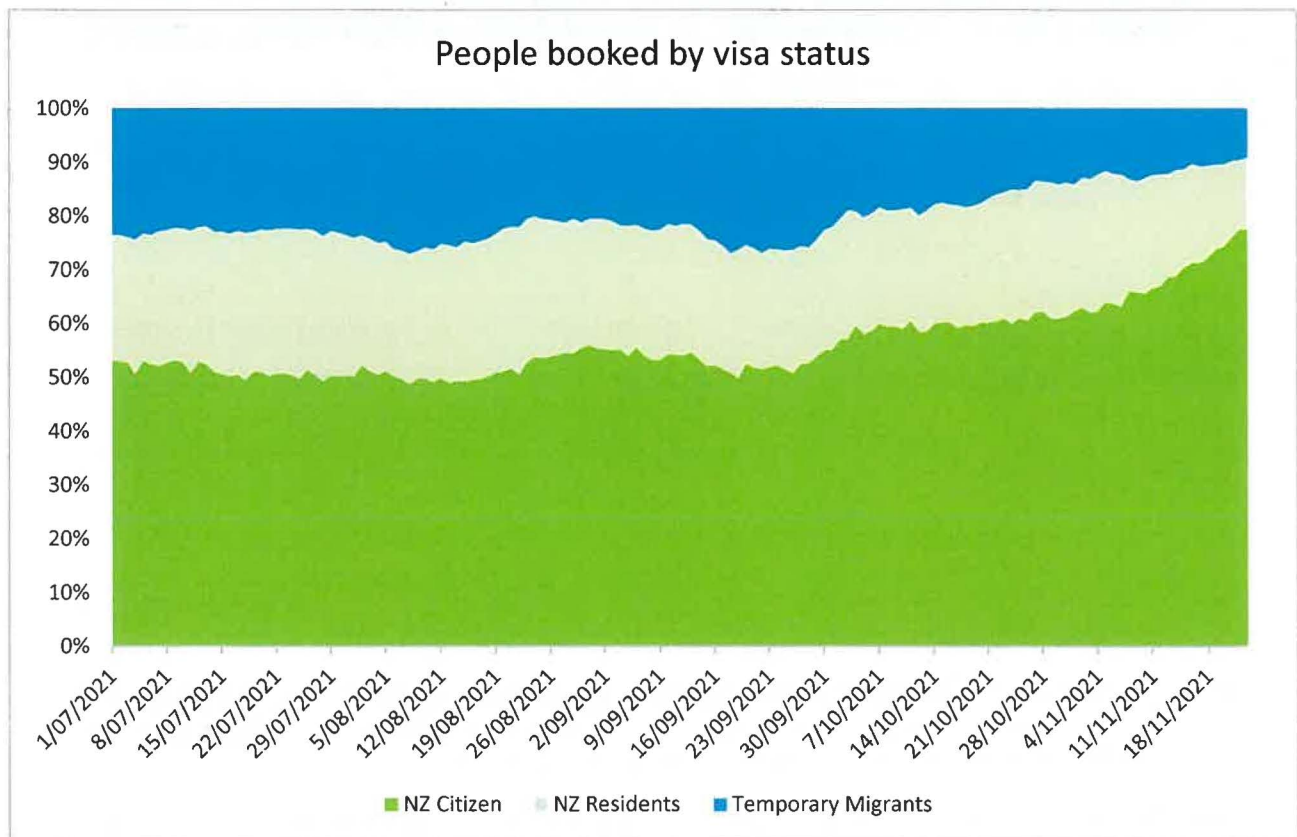


Figure 3: Current people booked in MIAS, by visa status

5. Figure three shows that:
 - a. New Zealanders make up 79% of the people booked to arrive during this time.
 - b. This includes 55% of booked travellers being New Zealand citizens and a further 24% being New Zealand residence-class visa holders.

Non-New Zealanders usually use less than 20% of MIQ rooms

6. Non-New Zealanders are currently using less than 20% of MIQ rooms over most of the current booking period.
7. Figure 2, repeated below, illustrates the proportion of rooms currently booked, split between those booked by New Zealanders (including mixed groups) and non-New Zealanders.

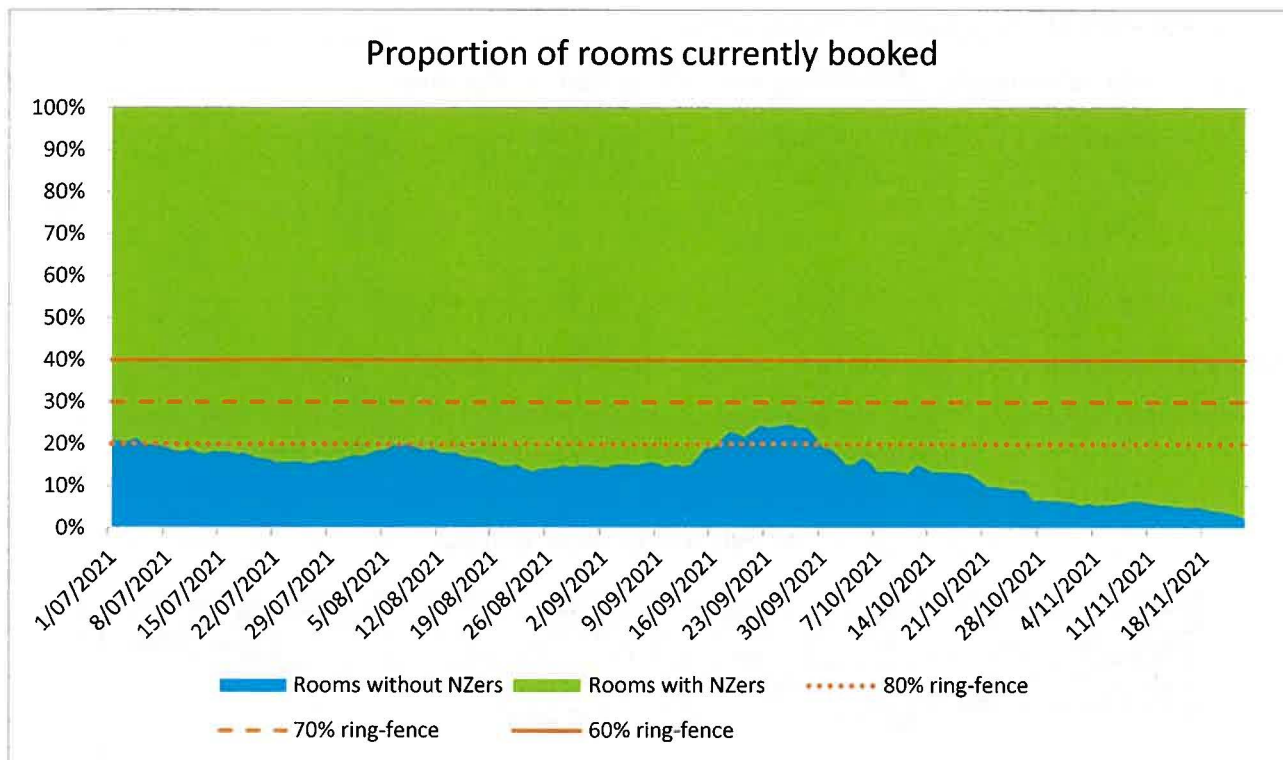


Figure 2: Proportion of MIQ rooms currently booked by traveller type

8. Figure 4 shows that:
 - a. New Zealanders hold bookings for 84% of the MIQ rooms currently booked over this time period;
 - b. 16% of rooms currently booked on MIAS are held by non-New Zealanders;
 - c. A balanced ring-fence, limiting non-New Zealanders to 30% of MIQ rooms, would not currently prevent non-New Zealanders from booking at any time;
 - d. While there is a period of higher bookings by non-New Zealanders in late September, this is largely bookings from Russian fishing crews, who have not yet been granted a border exception to enable them to enter New Zealand.
9. Note that a large number of rooms are yet to be released for this time period, in particular for later months. The final mix of travellers is likely to vary from current figures, depending on how many rooms are released and future booking behaviour.

Small changes in booking behaviour can have a noticeable effect on the proportion of rooms allocated

10. Changes in booking behaviour can have an outsized effect on the way MIQ rooms are distributed.

11. Figure 4, below, gives an example of how a single organised group can noticeably change the proportion of rooms held.

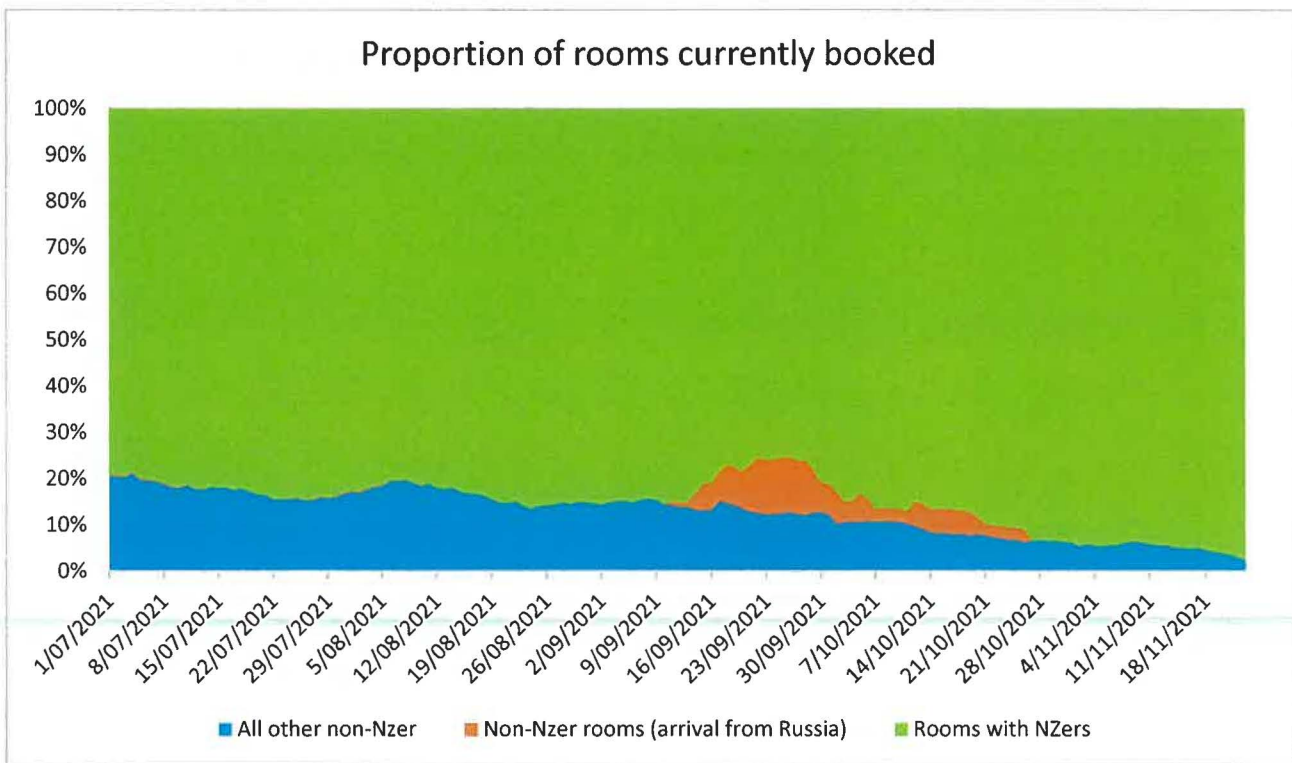


Figure 4: Current rooms booked in MIAS, by visa status of occupants

12. Figure 4 repeats Figure 2, but with rooms held by non-New Zealanders travelling from Russia separated out.
13. This clearly identifies the sudden increase in rooms held by these travellers, who hold almost 300 rooms between 18 September and 19 October. These bookings are for deep sea fishing crews, who booked rooms on MIAS in advance of requesting a border exception and group allocation. Officials are currently working to cancel these bookings (in preference for managing these arrivals via a group booking) [briefing 2021-4183 refers].
14. However, this instance illustrates the way that a well organised group or other change in booking behaviour can produce statistically significant changes in the proportion of rooms allocated to different groups.

Most travellers are coming from a small number of countries – mainly the UK & US

15. Travellers over the current booking period are disproportionately coming from a small number of countries, with the top five countries making up more than 50% of bookings.

16. Figure 6, below, illustrates the proportion of rooms each month booked by travellers from these countries.

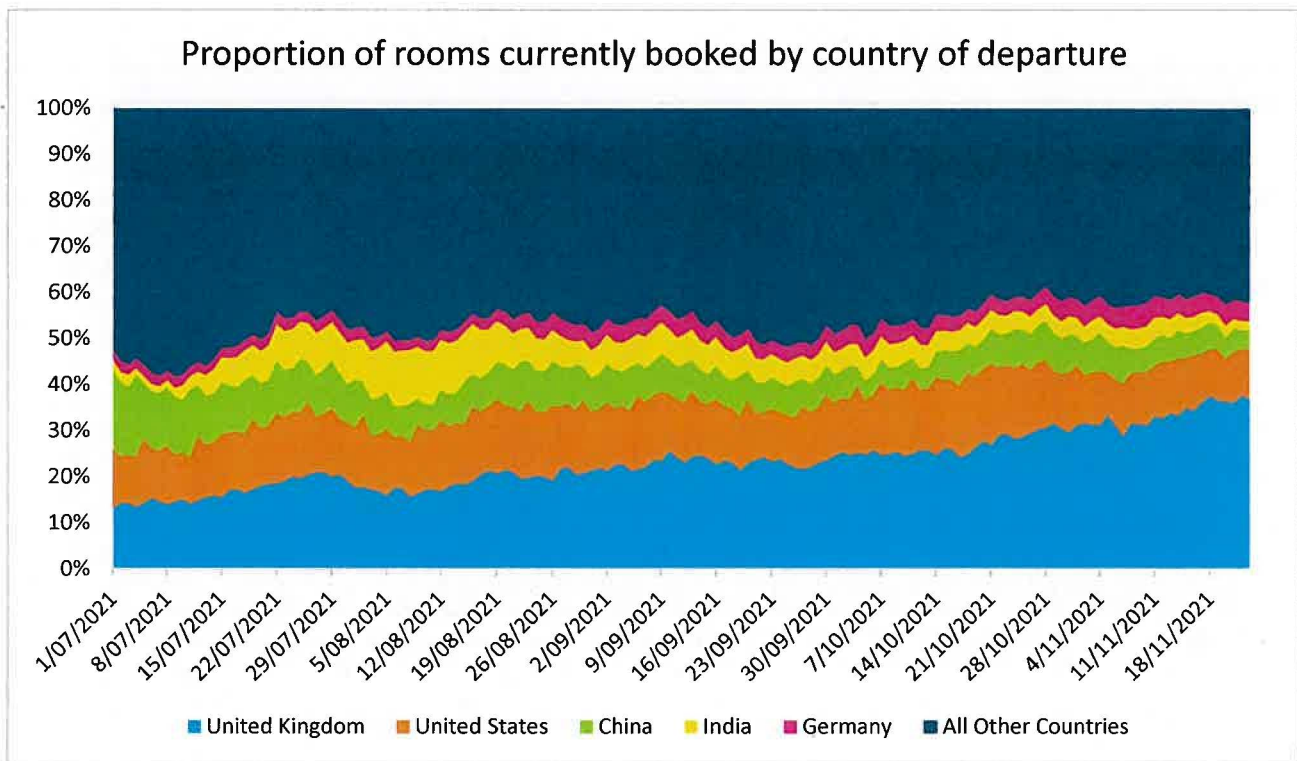


Figure 5: Current rooms booked in MIAS, by country of departure (Top 5)

17. These top five countries make up 52% of room bookings over this time, broken down between the five countries:
- The United Kingdom (22% of MIAS bookings – 3784 rooms);
 - The United States (13% of MIAS bookings – 2296 rooms);
 - China (8% of MIAS bookings – 1455 rooms);
 - India (6% of MIAS bookings – 1028 rooms);²
 - Germany (3% of MIAS bookings – 540 rooms).

² Owing to the current restrictions on travellers from India, this figure may under-represent the number of people seeking to travel from India. For example, there is a noticeable increase in people intending to travel from Dubai (a major hub for India-NZ travel) over July and August, which may represent people seeking to circumvent travel restrictions.