



## BRIEFING

### Outline of next steps for progressing future MIQ Infrastructure

<b>Date:</b>	23 September 2021	<b>Priority:</b>	Medium
<b>Security classification:</b>		<b>Tracking number:</b>	2122-1013

Action sought		
	Action sought	Deadline
Hon Chris Hipkins <b>Minister for COVID-19 Response</b>	<p><b>Note</b> the outcomes of the meeting on 10 September with the Prime Minister and Minister of Finance related to future MIQ infrastructure.</p> <p><b>Agree</b> to the proposed timeframe to take a Programme Business Case to Cabinet in November 2021.</p>	29 September 2021

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andrew Milne	Associate Deputy Secretary MIQ, MBIE	Privacy of natural persons	✓
Privacy of natural persons	Policy Director, MIQ		

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

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



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### Purpose

To confirm the next steps for the future Managed Isolation and Quarantine (MIQ) infrastructure workstream of Reconnecting New Zealanders, following a meeting between yourself, the Prime Minister, and the Minister of Finance on Friday 10 September.

### Recommended action

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

- a **Note** that MBIE and the Ministry of Health are currently progressing the four key pieces of work set out by you at the meeting on Friday 10 September:
- i. One: Build capacity in the short-term by bringing new facilities online
  - ii. Two: Support stability in the system by moving some facilities to an MIQ-owned rather than contracted model
  - iii. Three: Managing COVID-19 Care in the Community
  - iv. Four: Plan for the future isolation and quarantine workforce

*Noted*

- b **Note** that to progress the second of these key pieces of work—shifting some facilities to an MIQ-owned rather than contracted model—we are currently engaging external support to develop a Programme Business Case (PBC), and will seek funding through DPMC's omnibus November out of cycle budget bid to support the development of the PBC.

*Noted*

- c **Agree** to the following timeframe for the Programme Business Case and associated Cabinet paper:

- i. Send paper for Ministerial consultation between 22-30 November; and
- ii. Lodge paper and Programme Business Case on 2 December;
- iii. Social Wellbeing Committee on 8 December; and
- iv. Cabinet on 13 December

Agree  Disagree

- d **Agree** that this briefing not be proactively released at this time due to Budget sensitivities.

Agree  Disagree

Andrew Milne  
**Associate Deputy Secretary, MIQ**  
MBIE

23 / 09 / 2021

Hon Chris Hipkins  
**Minister for COVID-19 Response**

28 / 9 / 2021

## Background

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1. On Friday 10 September you attended a meeting with the Prime Minister and the Minister of Finance to discuss Reconnecting New Zealand, and the future of MIQ.
2. At Annex One is a copy of the document that was tabled at this meeting, which outlines the high-level plan for developing the future of MIQ infrastructure, workforce, and systems.

## You provided us with direction on four key pieces of work

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### One: Build capacity in the short-term by bringing new facilities online

#### *Christchurch*

3. On 10 September 2021 we provided you with a Cabinet paper [2122-0884 refers] seeking funding to bring online the Elms Hotel (the Elms) in Christchurch as a MIQ facility until June 2023.
4. The Social Wellbeing Committee considered this proposal on Wednesday 22 September, and agreed to fund the establishment and operation of the facility until the end of June 2023, at a cost of Commercial information in new operating funding [SWC-21-MIN-0133 refers].
5. This proposal is due to be considered by Cabinet on Monday 27 September.

#### *Rotorua*

6. You have asked for a plan to relieve the pressure and risk areas on the potential workforce (including security and health) for a new Rotorua facility. We will provide this advice on 23 September 2021, as well as new information on the onsite ventilation assessment of the potential Rotorua facility.
7. On 19 September 2021 you met with leaders from Rotorua iwi to listen to their concerns regarding additional MIQ capacity.

### Two: Support stability in the system by shifting some facilities to an MIQ-owned rather than contracted model

8. You have asked us to provide you with advice before the end of 2021 on facilities that you could consider purchasing. At the meeting on 10 September, you directed us to consider options from the existing network of MIQ facilities, or near-completed buildings/shells outside of the current network. Consistent with discussions, at this point we are not intending to consider options related to land only.
9. Based on discussions on 10 September, we are aiming to acquire a capacity of around 1,000 existing rooms, with sites chosen because of opportunities to build-on additional capacity and/or increase the level of fit-for-purpose quarantine design by adapting the existing buildings. We will focus on proximity to Auckland and Christchurch international airports.
10. We also intend to consider sites that may be available for long-term lease, where the terms of the lease will enable us to make physical adaptations and/or build additional facilities on the land, and where it makes sense to lease rather than attempt to purchase.

#### *Staging of decisions*

11. We consider this step to be the first in building stability in the system, and based on discussions with Treasury are working to develop a Programme Business Case (PBC) related to the identification of recommended sites (and related workforce and other costs e.g.

technology) to inform Cabinet before the end of the year. We expect the PBC by the end of the year would enable Cabinet to:

- a. understand the diversity of sites which have been considered, the criteria used to assess these options, and the outcome of the assessments undertaken;
  - b. have confidence that the recommended sites are viable options to host isolation or quarantine facilities, including the potential additional capacity which could be yielded should decisions be made later to build onto those sites;
  - c. understand the options available for sole ownership/funding and joint venture opportunities (e.g. with private sector, iwi etc.);
  - d. the feasibility of constructing additional capacity, depending on the sites and level of capacity required for the future network;
  - e. direct officials to commence the development of Detailed Business Case/s (DBC), in the event that any sites are recommended;
  - f. consider the provision of funding to undertake a DBC, if required;
  - g. make decisions related to the quantum of funding to be made available for the purchase of sites, and/or long-term lease opportunities;
  - h. understand the future operating model and dedicated workforce design options to support the creation of dedicated MIQ facilities; and
  - i. decide whether to delegate consideration of DBCs to nominated Ministers.
12. If a decision is made to proceed with any options, we would then undertake a DBC related to subsequent stages of this work. The DBC will involve a more detailed analysis of the costs, benefits and risks of the preferred option/s, including:
- a. detailed due-diligence to confirm assumptions in the PBC;
  - b. formal commercial engagement with prospective vendors or commercial partners for recommended sites;
  - c. site investigations and developed design to inform any work to build a higher standard into the sites that are purchased/leased by refurbishing;
  - d. next steps to ensuring a future proofed operating model and establishing a dedicated workforce, including supporting legislative framework.
13. Subject to Cabinet's agreement, we expect that we would return to Cabinet, or a delegated group of Ministers, in the first quarter of 2022 with the DBC that would enable the implementation of the direction provided in the proposed December Cabinet paper. This would be the point at which decisions around whether or not to purchase any sites would be made.
14. Since your meeting on 10 September, we are currently seeking approval from the Secretary for Business, Innovation & Employment and Chief Executive to appoint Commercial information [REDACTED] to provide advisory and support services for the IBC.
15. We are intending to engage EY due to their direct recent experience in undertaking a similar business case process for the Victorian Government to commit to build and operate a purpose-built quarantine facility and appoint a prime contractor rapidly. We expect that engaging an established team of experts will significantly reduce the time required to complete the requirements for the PBC without compromising quality.

16. Other external suppliers will be required to inform the assessment of options during the development of the PBC. This will include architecture, property and planning, design and engineering, quantity surveying, legal and probity services.
17. Initial estimates from EY based on their experience in supporting the Victorian Government to develop a business case for a greenfield purpose-built quarantine facility were approximately Commercial information
18. Given the more focussed scope of our work since this estimate was initially provided, we have worked with EY to develop an estimate of cost of approximately Commercial information for the PBC stage (not including MBIE or MIQ costs), including approximately Commercial information for EY services.
19. We are expecting to commence the project on 23 September.
20. Funding for this will be sought from Cabinet in the DPMC-led November omnibus out of cycle budget bid. We will seek further funding for the DBC stage at Cabinet in December. Initial indications are that the DBC will cost approximately Commercial information and will include design and site investigations.

#### *Options for timing of initial Cabinet decisions*

21. We have consulted with your office to confirm suitable timeframes to take the PBC to Cabinet.
22. We intend to seek time on the Social Wellbeing Committee agenda on 8 December and on the Cabinet agenda for 13 December. This will require:
  - a. your agreement to the briefing and draft Cabinet paper on 19 November;
  - b. Ministerial consultation between 22 to 30 November; and
  - c. lodgement of the paper on 2/3 December (if 3 December, you will need to seek late lodgement agreement from the Cabinet office).
23. The Cabinet meeting of 13 November is the currently the penultimate Cabinet meeting of the year.
24. There is high demand for Cabinet in December, but we also consider that the timeframes for the delivery of a PBC are ambitious, and that it would not be possible to engage Cabinet earlier.

### **Three: Managing COVID-19 Care in the Community**

25. The Ministry of Health's work programme 'Managing COVID-19 Care in the Community' is in its early stages. It is being developed in response to two potential scenarios; in the case of community transmission at scale of population and geography, and to support the development of sustainable long-term management strategies.
26. The programme is currently focused on the development of the strategic National Service Model for managing cases in the community in the medium term.
27. The National Service Model is a clinically-informed approach to clinical management, welfare and wellbeing, and management of public health risk of cases outside of the current MIQ facilities option. The National Service Model will provide a framework for all parties across the end-to-end system to engage and work effectively together for safe and equitable service.
28. The Ministry of Health and MBIE will stay connected on this work, including on the future role of MIQ in the context of the National Service Model, particularly for those for whom it is not feasible or safe to remain in the community.

29. The Ministry of Health will provide you with more information on this work as it is progressed.

#### **Four: Plan for the future isolation and quarantine workforce**

##### *MIQ Workforce Strategy*

30. We are already progressing an MIQ workforce strategy focussed on building sustainability into MIQ operational leadership, facility management and security roles, and working with employers across the MIQ system including the Ministry of Health on opportunities for retention and support strategies for MIQ workers. The strategy is intended to ensure we have a resilient and agile MIQ workforce that will enable us adapt and evolve as New Zealand's response to COVID-19 does.
31. As part of the overall MIQ workforce strategy work, we will be looking at the future MIQ operating model, and designing, alongside the Ministry of Health, what the workforce for an MIQ facility might need to look like in the future. This includes consideration of where the call upon existing specialised services (e.g Police and Health) might move to, and the wider work that DPMC is leading on future agency accountability for the MIQ system.
32. Once we have designed the future operating model for MIQ facilities, including the roles and functions that we anticipate will be needed, the next step will be to consider the legislative framework required to enable this dedicated workforce to carry out their functions. This will also include considering the specialist support that will be needed from other agencies where the level of care, specialism and enforcement goes beyond what the dedicated workforce can provide.
33. We are in the early stages of scoping this work with the Ministry of Health, and will provide you with an update in October to get directional endorsement ahead of including future MIQ workforce considerations in the indicative PBC related to Action Two, above.

##### *'Planning a sustainable health service operating model for the future'*

34. The Ministry of Health has commenced work to look at options for the health operating model, including health workforce capacity to provide a sustainable approach to COVID-19 throughout the system. In particular, the Ministry of Health are looking for greater national consistency of health services and to ensure sufficient resourcing is in place to meet service demand across the country.

#### **Next steps**

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35. Subject to your agreement to the timing of Cabinet consideration of the PBC, we will progress the development of Cabinet papers.
36. We will also continue to work with DPMC on the development of a November omnibus out of cycle budget bid. This bid will include a request for funding to support the development of business cases for future infrastructure.
37. Cabinet is due to consider the establishment of a new facility in Christchurch on Monday 27 September, after consideration by the Social Wellbeing Committee on Wednesday 22 September where the establishment of this facility was agreed.
38. We expect to provide you with advice on 23 September on progress in resolving key issues with the establishment of an additional facility in Rotorua.

#### **Annexes**

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Annex One: Future MIQ Infrastructure A3

**Annex One: Future MIQ Infrastructure A3**

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# Reconnecting New Zealand: *Developing the future MIQ for high-risk travellers*

To create an MIQ network that provides **stability** at the optimal level of **capacity**, **flexibility** of use, and meets the required health **standards**.

**In the first 12 months...**

**In the second 12-24 months...**

**So that a future network is achieved that is:**

## Infrastructure

Move from a network that is response-based to one that is integrated and sustainable

### 01 Build stability and capacity

- Purchase or long-term lease a number of existing facilities and commence onsite expansion / adaptation to increase capacity and improve IPC standards
- Extend existing facility contracts
- Business case into 'greenfield' build and/or buy-and-adapt existing non MIQ site

### 02 Increasing flexibility and responsiveness

- Purpose built / adapted capacity comes online
- Decommission facilities that do not meet increasing IP&C standards (replaced by new capacity)
- Continue to contract existing MIQ facilities and identify facilities (hotels / other) suitable for surge capacity

### 03 Stable, flexible and meets health standards

- Facilities are located in proximity to Auckland and Christchurch
- Higher IPC standards achieved at purpose built / adapted facilities
- Future-proofed for legacy health outcomes to cope with community-outbreaks of epidemic diseases

## Workforce

Move from a multi-agency approach to a dedicated workforce

### 01 Continue Sustainable Workforce Transition

- Progress NZDF transition of leadership roles and security workforce. Recruit MIQ security workforce
- Transition some existing staff as part of facility purchase
- Scope future MIQ Operating Model (direct-employment vs contract for services)
- Scope transition to a single accountable agency including a dedicated health workforce

### 02 New MIQ Operating Model

- NZDF fully transitioned out
- New MIQ operating model to support the blended infrastructure approach
- Start transition to dedicated health workforce, partnering where appropriate with new Health and Maori Health organisations
- Begin the transition to a single accountable agency

### 03 With a workforce that looks like

- Single accountable agency
- Agency staff specifically trained for MIQ purpose (management, welfare and security)
- Less reliance on external agencies (DHB / Police / AVSEC)
- Specialist expertise (clinical, enforcement) only where absolutely required

## Systems

Move to an integrated system of services for travellers and workforce and to ensure cost-effective service delivery

### 01 Identify technology "quick wins"

- Enhance MIAS but explore alternative systems
- Integration with other RNZ border work-stream
- Identify requirements for technology and system solutions and opportunities to use technology to reduce risk, operating costs and workforce costs

### 02 Building the long-term network functions

- Integrated systems to support a single-agency approach
- MIQ booking and journey integration, health data validation and integration
- Centralised services such as security monitoring and telehealth

### 03 And provides an improved user experience

- Continuous-improvement driven through innovation-led approach to all systems that provide opportunities for facility management and traveller care
- MIQ NZ is at the leading edge of pandemic response globally
- IPC expertise constantly keeps MIQ ready to deal with current border-related health risks

## Questions

- What is the appetite to invest in existing facilities or new purpose-built facilities?
- What is the future role of MIQ in a "post-Elimination Strategy" New Zealand?

Area	Impact: Total System Capacity 5,300
Total System Capacity	Commence onsite build to expand capacity to come online by the end of the first 12 months. Throughput starts to increase (reduced stay)
Blend of MIQ Facilities	Majority of the facilities are still contracted, and a small number owned
Workforce	Multi-agency, with an increase in MBIE frontline workforce. Transition to one agency is scoped
CAPEX	Between \$300m and \$500m
OPEX	Between \$1.4bn and \$1.6bn

**Strategic Choices**

Area	Impact: Total System Capacity 5,600
Total System Capacity	Throughput is increased (reduced stay). Additional capacity online from purpose-built or purpose-adapted
Facilities	Purpose-built / adapted facilities come online. Commence decommissioning of some contracted facilities. Core system capacity maintained unless demand reduces
Workforce	One agency with a number of supporting agencies
CAPEX	Between \$600m and \$1.3bn
OPEX	Between \$1.5bn and \$1.7bn

**Strategic Choices**

Area	Impact: Total System Capacity 5,700
Total System Capacity	Total capacity similar to current but more flexibility to take quarantine cases (incl community).
Facilities	Blended model of contracted facilities, purpose-built, bought and adapted, and surge capacity (via retainers). Remaining facilities decommissioned to achieve desired system in line with demand.
Workforce	One lead agency with dedicated workforce either directly employed or through contracted services with expertise brought in where required.
CAPEX	-
OPEX	Between \$1.3bn and \$1.5bn (increases with use of surge capacity)