



## BRIEFING

### Draft Cabinet paper: *Securing funding to maintain MIQ in the short-term*

<b>Date:</b>	29 November 2021	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2122-1959

Action sought		
	Action sought	Deadline
Hon Chris Hipkins <b>Minister for COVID-19 Response</b>	<b>Agree</b> to Ministerial consultation and lodgement of the Cabinet paper for consideration by the Social Wellbeing Committee on 8 December and Cabinet on 13 December.	1 December 2021

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

The following departments/agencies have been consulted
Ministry of Health, New Zealand Police, New Zealand Defence Force, The Aviation Security Service, Ministry of Transport, Department of Prime Minister and Cabinet, 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 Withdrawn           |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



# BRIEFING

## Draft Cabinet Paper on short term MIQ funding

<b>Date:</b>	26 November 2021	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2122-1959

### Purpose

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This briefing provides the draft Cabinet paper: *Securing funding to maintain MIQ in the short-term* for ministerial consultation, and seeks your agreement to lodge the final Cabinet paper for consideration by the Social Wellbeing Committee on 8 December and Cabinet on 13 December.

### Recommended action

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

- a **Note** that the Reconnecting New Zealanders Strategy is clear that MIQ will have a reduced role at the border with the phased re-opening planned for early 2022. This includes continuing to provide a service for returnees on high and/or very high-risk pathways, unvaccinated New Zealand citizens, and providing care for community cases.

*Noted*
- b **Note** that this provides an opportunity to reduce the scale of MIQ, but also a need to support ongoing demand for isolation and quarantine of those that need it.

*Noted*
- c **Note** that officials also consider a need to remain agile to accommodate any changes which may occur either domestically or globally, including new variants of concern such as Omicron, which may shift the risk profile of higher volumes of travellers or coincide with other health issues arising during the winter months.

*Noted*
- d **Note** that the current MIQ operating model is funded until June 2022, and funding decisions are needed now to secure the short-term stability of a reduced MIQ network to ensure it can meet current and emerging needs.

*Noted*
- e **Note** that the draft Cabinet paper outlines two potential transition approaches to reduce the MIQ network to approximately 1,300 rooms within either eighteen months (the Moderate Transition Approach - recommended), or twelve months (the Accelerated Transition Approach).

*Noted*
- f **Note** that the Moderate Transition Approach is recommended in order to provide the flexibility to face current and emerging challenges over the coming year, and to provide for a careful and phased wind-down of facilities that are no longer required.

*Noted*
- g **Note** that the draft Cabinet paper seeks \$617.083 million for financial year 2022/23 to deliver the Moderate Transition Approach (includes MBIE costs as well as the workforce costs of cross agency partners).

*Noted*

h **Note** that the paper also seeks Cabinet agreement for a phased exit of the New Zealand Defence Force from MIQ by December 2022, and funding for MBIE to support this withdrawal (this funding is included in recommendation (g) above).

*Noted*

i **Agree** to circulate the draft Cabinet paper (attached in **Annex One**) to Reconnecting New Zealand Ministers ahead of your meeting on Friday 3 December, which will function as Ministerial consultation on the paper.

Agree / Disagree

j **Note** that we are expecting some agency feedback to be provided concurrent with Ministerial consultation, including from The Treasury.

*Noted*

k **Agree** to lodge the final paper for the Cabinet Social Wellbeing Committee on 8 December, ahead of Cabinet consideration on 13 December 2021.

Agree / Disagree

l **Note** that Cabinet decisions regarding the medium to long term future of MIQ are sought in a companion Cabinet paper: *A national quarantine system: decisions about quarantine options for the ongoing COVID-19 response and for future pandemic preparedness.*

*Noted*

m **Agree** to proactively release this briefing with appropriate withholdings consistent with the Official Information Act 1982.

Agree / Disagree



Andrew Milne  
**Associate Deputy Secretary**  
Managed Isolation and Quarantine, MBIE

29 / 11 / 2021



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

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

29 / 11 / 2021

## Background

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1. MIQ has played a key role in the response to COVID-19 to date. Along with preventing COVID-19 from entering the community across the border, MIQ has taken a leadership role in the government response following the pause and suspension of quarantine free travel with Australia, supporting the urgent evacuation of people from Afghanistan, and has also contributed to the management of community outbreaks. Facilities have rapidly transformed isolation rooms to quarantine rooms, adapting at pace to ensure that community cases could quarantine safely by providing increased wrap-around welfare support.
2. On Wednesday 24 November, the Cabinet Social Wellbeing Committee, having been authorised by Cabinet to have Power to Act [CAB-21-MIN-0498] endorsed a phased approach to opening the medium-risk pathway to travellers so they would not need to enter MIQ [SWC-21-MIN-0200 refers].
3. While the phased approach to the Reconnecting New Zealanders strategy (RNZ) means that the majority of travellers will no longer enter New Zealand through MIQ, a portion will continue to access managed isolation due to their risk, including unvaccinated citizens and exempted travellers or travellers from very high risk countries.
4. Similarly, although the 'COVID-19 care in the community' model provides for home isolation of positive cases, a critical component of the model is that rooms in MIQ are available for those who need them [CAB-MIN-21-0492 refers]. For example people living in accommodation that is unsuitable for safe self-isolation (such as some properties with shared bathroom or kitchen facilities), COVID-19 cases who are not compliant with self-isolation requirements, and those with additional health or other concerns that make the closer contact care provided in MIQ preferable.
5. There is, therefore, an opportunity to reduce the scale of MIQ, but also a need to support ongoing demand for isolation and quarantine services for those that need it.
6. We also need to remain agile to accommodate any changes which may occur either domestically or globally, including new variants of concern such as Omicron, which may shift the risk profile of higher volumes of travellers or coincide with other health issues arising during the winter months.

*The current MIQ network and operating model is funded until 30 June 2022.*

7. MBIE had previously contributed to DPMC's multi-agency omnibus bid for out of cycle funding for time-critical aspects of the COVID-19 Response. The Minister of Finance requested that further advice be provided on options around scaling MIQ capacity and funding in 2022/23. The MIQ-related elements of the bid were consequently removed from the Omnibus process so that decisions about MIQ could be considered by Ministers as a whole.
8. Funding decisions for 2022/23 are required now to enable MBIE to begin negotiating with hotels and transport services in early 2022 for the critical infrastructure and functions required for MIQ to continue to operate. These decisions will also enable MBIE to provide clarity for those hotels about their likely longevity within the MIQ network, enabling them to plan their own commercial futures and workforce planning.

*Companion Cabinet paper seeking decisions on the future state*

9. On 25 November we provided you with a companion Cabinet paper, *A national quarantine system: decisions about quarantine options for the ongoing COVID-19 response and for future pandemic preparedness*. It is intended that the two papers go to SWC and Cabinet together so that Ministers can consider them in tandem.

## **Draft Cabinet paper: Securing funding to maintain MIQ in the short-term**

10. The enclosed draft Cabinet paper seeks funding to secure and support the ongoing delivery of a scaled down MIQ over the next financial year. This paper is attached at **Annex One**.

### *Proposals for Cabinet consideration*

11. The Cabinet paper proposes taking a carefully managed, staged approach to reduce the MIQ network capacity. It outlines the rationale for the recommended Moderate Transition Approach (depicted in **Annex Two**), which would provide for MIQ to serve as an escalation point for future community and border demands, whilst retaining flexibility to scale MIQ up or down as our environment and context changes.
12. The Moderate Transition Approach would see:
- Reduction to approximately 24 facilities and 4,400 rooms by July 2022.
  - Reduction to approximately seven facilities and 1,300 rooms by July 2023.
13. The paper also presents the option of an Accelerated Transition Approach, should Cabinet desire a faster reduction in MIQ capacity. This option would see MIQ's capacity reduced to 1,300 rooms by December 2022. However, it carries with it significant risks in terms of any surge in demand for MIQ from June 2022, the economic and employment impact of a large number of hotels exiting within a very short period of time, and the feasibility of managing so many decommissioning processes at once.
14. The Cabinet paper also seeks agreement to exiting the New Zealand Defence Force (NZDF) from MIQ by December 2022, with funding provided to MBIE to support this withdrawal. Two options are presented around the scale of the replacement workforce.

### *Funding components*

15. In order to deliver the Moderate Transition Approach and preferred NZDF exit option, the paper seeks a total of \$617.083 million for 2022-2023.
16. The cost components of this funding ask are summarised in the table below:

<b>Cost component (\$m)</b>	<b>FY 2022 funding provided (\$ million)</b>	<b>Funding sought for FY 2023 (\$ million)</b>
Hotels and facility costs	616.038	267.073
Transportation costs	47.525	31.526
Ventilation maintenance and remediation costs	-	2.350
Workforce costs (including MBIE and partner agency costs)	293.964	244.674
Other costs including ICT systems, guest support, MIAS, legal	41.355	41.159
Technical appropriation for fees	131.747	30.300
<b>Total</b>	<b>\$1,130.629</b>	<b>\$617.083</b>

17. The workforce components of the above table are broken down as follows:

Agency	Funding approved for FY 2022	Funding sought for FY 2023
MBIE	\$145.604	\$160.747
AvSec	\$16.460	\$16.890 <sup>1</sup>
Police	\$4.150 (Police only received funding for MIQ staff allowances in 2021/22)	\$23.838*
Health	\$127.750	\$43.199
<b>Total</b>	<b>\$293.964</b>	<b>\$244.674</b>

\*Police is also seeking \$9.908 million for the 2021/22 financial year.

## Consultation

18. We consulted with the following agencies on aspects of the paper relevant to their MIQ workforce: Ministry of Health, New Zealand Police, NZDF, AvSec, Ministry of Transport.
19. The Treasury has received the draft Cabinet paper and is expected to provide consolidated feedback on Tuesday 30 November. Treasury officials will continue to work with the Minister of Finance's Office to incorporate feedback and comment through the Ministerial consultation period. We will continue to work with Treasury officials to resolve technical feedback. The Department of Prime Minister and Cabinet also received the draft Cabinet paper.

## Timing and next steps

20. Officials have agreed with your office than in lieu of a formal Ministerial consultation period, the draft Cabinet paper will be provided to Reconnecting New Zealand Ministers on 29 November and this will function as Ministerial consultation.
21. The proposed timeline is set out below.

Date	Action
Monday 29 November	Provide draft Cabinet Paper to Reconnecting New Zealand Ministers (this will function as Ministerial consultation)
Friday 3 December	Paper considered at Reconnecting New Zealand Ministers' meeting.
Friday 3 December – Monday 7 December	Ministerial feedback incorporated
Monday 7 December	Late lodgement for SWC
Wednesday 9 December	Cabinet paper considered by SWC
Monday 13 December	Cabinet paper considered by Cabinet

## Annexes

Annex One: Draft Cabinet Paper: *Securing funding to maintain MIQ in the short-term*

Annex Two: Proposed Moderate Transition Approach

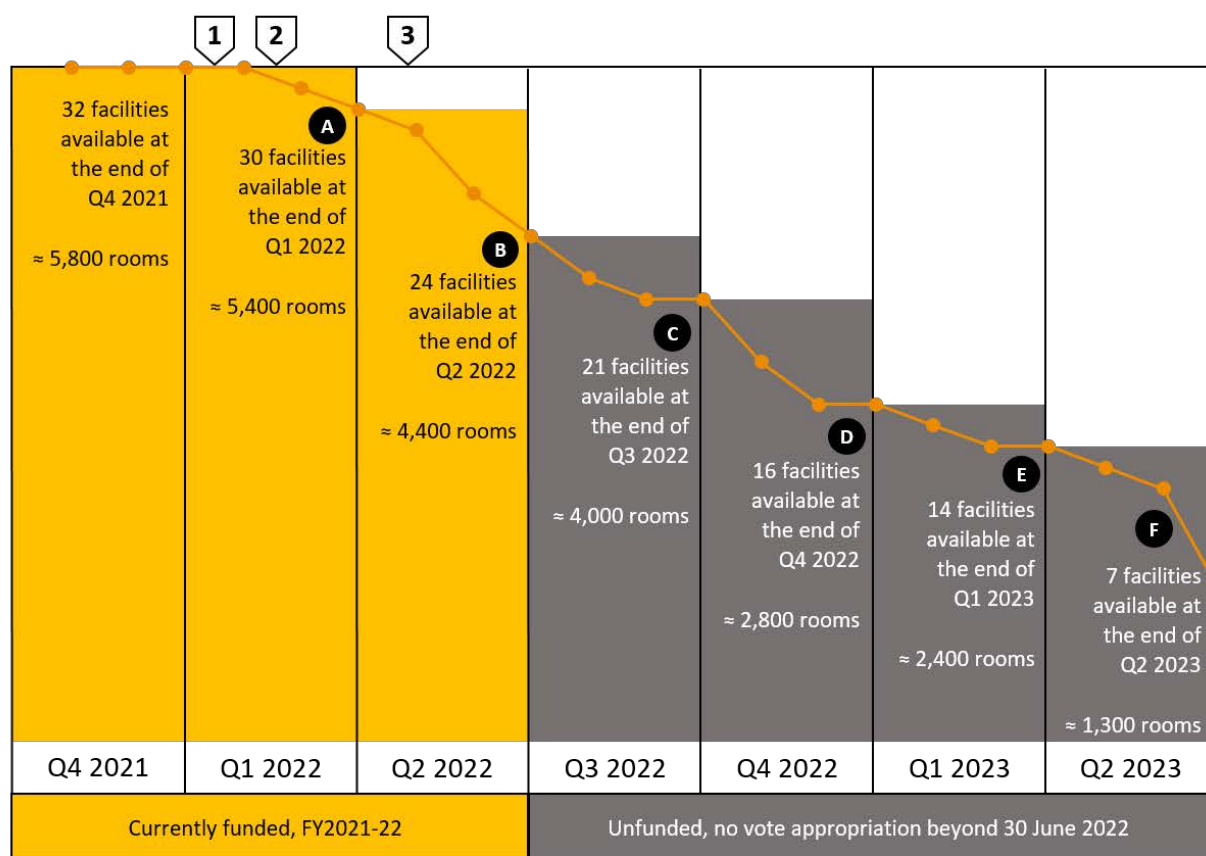
<sup>1</sup> Adjusted for CPI wage growth base at a rate of 2.6%

## **Annex One: Draft Cabinet Paper: *Securing funding to maintain MIQ in the short-term***

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Cabinet paper is available at this address: <https://www.mbie.govt.nz/dmsdocument/20301-maintaining-miq-in-the-short-term-proactiverelease-pdf>

## Annex Two: Proposed Moderate Transition Approach (recommended)



**1 16 January 2022:**  
 NZ citizens and residents, and other travellers eligible under current restrictive border settings, *arriving from Australia*.

**2 13 February 2022:**  
 NZ citizens and residents, and other travellers eligible under current restrictive border settings, *arriving from all but higher risk countries*

**3 30 April 2022 onwards:**  
 All other foreign nationals *arriving from all but higher risk countries*.

### Transition Approach

- Initial capacity reductions occur in early 2022 via one scheduled and one early exit.
- By the end of FY21/22, eight facilities have come offline, representing an initial withdrawal from all geographic locations and the impact of border settings (aircrew self-isolate).
- During Q3 2022, the MIQ footprint in Auckland and Christchurch CBDs is further reduced.
- By the end of the 2022 calendar year, the MIQ network is weighted towards facilities proximate to Auckland and Christchurch airports and maintaining regional coverage.
- Further reduction in Auckland and Christchurch capacity occurs, completing the exit from the Auckland CBD.
- By the end of FY22/23, the remaining network is made up of seven facilities with residual coverage across MIQ's original geographic footprint.