



BRIEFING

Phase one of moderate transition approach for MIQ facilities

Date:	13 December 2021	Priority:	Urgent
Security classification:		Tracking number:	2122-2192

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	Endorse the commencement of the first phase of decommissioning MIQ facilities Agree to begin decommissioning IBIS Rotorua	15 December 2021

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andy Milne	Associate Deputy Chief Executive MIQ	Privacy of natural persons	✓
Privacy of natural persons	Director, MIQ Policy		
	Senior Policy Advisor		

The following departments/agencies have been consulted
The moderate transition plan was canvassed as part of the development of the relevant Cabinet paper, but this advice has not been developed in consultation with any other agencies.

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 Withdrawn |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

Phase One of moderate transition approach for MIQ facilities

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Purpose

This briefing seeks your endorsement to the commencement of Phase One of the moderate transition approach for MIQ facilities, and agreement to issue a 90-day notice period to the IBIS Rotorua before the end of the year (enabling the decommissioning process to conclude for this facility by the end of March 2022).

Recommended action

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

- a **Note** the Social Wellbeing Committee agreed to the Moderate Transition Approach for MIQ, scaling down MIQ capacity by June 2023. *Noted*
- b **Note** that 1,393 rooms in capacity will be removed from the MIQ network as part of Phase One, drawn from eight facilities by end of June 2022. *Noted*
- c **Agree** the implementation of Phase One, including:
 - a. IBIS Rotorua decommissioned by 31 March 2022 (136 rooms)
 - b. IBIS Hamilton decommissioned by 31 May 2022 (118 rooms)
 - c. Ramada decommissioned when no longer required for deportees (date to be confirmed)
 - d. Rydges Auckland decommissioned 30 April 2022 (previously agreed end of contract) (250 rooms)
 - e. Not renewing four facility contracts beyond 30 June 2022 (889 rooms)*Agree / Disagree*
- d **Note** that the majority of facilities in Phase One are due to be decommissioned or not have their contracts extended according to Phase One timeframes, except for the IBIS hotels in Rotorua and Hamilton *Noted*
- e **Agree** that this briefing be proactively released with appropriate withholdings under the Official Information Act 1982. *Agree / Disagree*

- f **Note** that MBIE will issue 90 days of notice to facilities, in-line with recommendation c, above, starting with IBIS Rotorua.

Noted



Andrew Milne
Associate DCE
Managed Isolation and Quarantine, MBIE

13 / 12 / 2021



Hon Chris Hipkins
Minister for COVID-19 Response

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All further work on decommissioning should be placed on hold until after the Reconnecting Ministers review meeting in early January. We need to better understand the Omicron risk before proceeding further here. CH.

Background

1. On 8 December, the Social Wellbeing Committee [SWC-21-MIN-0215 refers]:
 - a. agreed to scale down MIQ capacity by June 2023 through the proposed Moderate Transition Approach;
 - b. noted that the Ministry of Business, Innovation and Employment (MBIE) will engage with facilities after funding is confirmed to progress the development of the transition plan; and
 - c. noted that the Minister for COVID-19 Response (the Minister) will work with MBIE to finalise the operational detail of the transition plan early next year.
2. The Moderate Transition Approach includes decommissioning eight facilities by the end of June 2022 (Phase One) in line with the expected decrease in demand following the reopening steps of the Reconnecting New Zealanders framework from 17 January 2022.

Decommissioning objectives and criteria

3. You previously agreed to the following objectives for decommissioning MIQ facilities [2021-3907 refers]:
 - a. Supporting affected staff through the transition approach
 - b. Minimising the operational impact on the MIQF
 - c. Supporting the hotel to transition back to the commercial environment
 - d. Minimising the impact on the hotel sector, when returning hotels to the commercial environment
 - e. Maintaining strong relationships with the facilities, to preserve this for any future scenarios should this be needed.

Criteria for the moderate transition approach

4. Given that we do not yet have certainty of future demand for MIQ, we have developed the following criteria to inform which facilities to prioritise for decommissioning for all phases of the moderate transition approach.

Table 1: Criteria and rationale for decommissioning strategy

Criteria	Rationale
Hotel is unwilling or unable to accommodate people under quarantine conditions.	Under the Reconnecting New Zealanders framework, the balance of people going into MIQ will shift from travellers to community and the majority of cases will need to be in quarantine. As the future national quarantine system comes online, it will establish a network of rooms at Q-standard.
Hotel is located in a CBD.	Higher perceived risk of transmission given the proximity to the central city
Hotel has less than optimal outside space.	Less outside space increases the IPC risk (bubble breaches and smoking) and could limit the amount of time people get to go outside impacting on wellbeing.

Hotel is unwilling to continue with the commercial arrangement.	The hotel owner (or representative) may choose not to extend their contract beyond 30 June 2022
A residual regional presence is maintained.	As the balance of people going into MIQ shifts to community, maintain a footprint (albeit reduced) in the regions for quarantining community cases.
Hotel is a quality performer as a MIQF.	Performed well across various design, service, workforce and other metrics.

Phase One facilities to transition by end of June 2022

5. The proposed Phase One transition approach has been developed in-line with the criteria set out above, and following initial in-confidence engagement with the owners and operators of current MIQ facilities.
6. The approach leverages existing contract end-dates as much as possible, resulting in six of the proposed eight facilities identified to be part of Phase One due to exit the MIQ network in-line with their current contract.
7. To ensure we can smoothly transition Phase One facilities out of MIQ by end of June 2022, we need to confirm our intended approach with them, and in the case of two facilities, trigger the 90-day contract termination clause.
8. In the case of one facility, this needs to occur before the end of December in order for decommissioning to be completed by the end of March 2022.
9. The two additional facilities that require endorsement to issue contract terminations are:
 - a. IBIS Rotorua ending 31 March 2022 (see below)
 - b. IBIS Hamilton ending 31 May 2022.

Decisions on IBIS Rotorua are needed now

10. We intend to give notice to IBIS Rotorua (136 rooms) before the end of the year so that the facility will come offline in March. We are conscious that by the end of March, there will be reduced demand for MIQ, and it will be important to show that the network is moving in a downward trajectory.

Why IBIS Rotorua

11. We have a strategic aim to reduce the scale of our footprint in the smaller MIQ regions and focus on the main MIQ hubs of Auckland and Christchurch.
12. Regions like Rotorua, Hamilton and Wellington are logistically challenging to fill with border arrivals, involving coach or flight transfers, scheduled toilet stops and coordinated luggage management which have significant costs.
13. Additionally, having to take on a 4-hour coach ride to Rotorua is onerous for border arrivals, especially after long haul flights as well as being transferred back to Auckland again at the end of their stay.

Why IBIS Rotorua and not other Rotorua facilities

14. IBIS have been an excellent MIQ partner throughout the COVID19 response, however IBIS hotel rooms, while well appointed, are small and not designed for long periods of stay. The rooms also do not have opening windows, which we know people prefer.

15. Sudima Rotorua is currently ring-fenced to transition to provide community quarantine capacity should the need arise, and so we do not consider it a candidate for Phase One of the transition approach.
16. Rydges Rotorua will be decommissioned at the end of its current contract (30 June 2022) in line with the gradual withdrawal from the smaller regions. The Rydges Hotel Brand has indicated they are unable to be considered for Quarantine as this is an Australasian decision. Based on recent engagement with the Rydges Hotel Brand, this timeframe is consistent with their expectations.
17. Initial commercial discussions with the Accor hotel chain indicate they are comfortable with the proposed decommissioning timeframe for IBIS Rotorua exiting by 31 March 2022 and IBIS Hamilton exiting by 31 May 2022 as per table 2 below.

Endorsement of total facilities to decommission by 30 June 2022

18. Below are the proposed facilities to decommission by 30 June 2022 (1,393 rooms total not including Ramada and Bay Plaza), the date their contract will end and the rationale for decommissioning these in Phase One. As noted above, most facilities are already planned to come offline by 30 June 2022, but we seek your endorsement of the overall approach including decommissioning IBIS Hamilton by 31 May 2022.

Table 2: facilities to decommission by 30 June 2022

Facility	Number of rooms	Date contract will end	Main rationale
Ramada	39**	Date TBC, once 501s no longer require it	Is located in a CBD and will no longer be required once 501s no longer need to go into managed isolation.
Bay Plaza	70**	31 January 2022 (note: decommissioning already underway)	Is located in a CBD and decommission is already underway as per previous decisions
IBIS Rotorua	136	31 March 2022	As above. A residual regional presence is maintained
Rydges Auckland	250	30 April 2022*	Unwilling to continue with the commercial arrangement, has been previously negotiated
IBIS Hamilton	118	31 May 2022	A residual regional presence is maintained
Grand Millennium	375	30 June 2022*	Is located in a CBD
SO Auckland	122	30 June 2022*	Is located in a CBD
Stamford Plaza	266	30 June 2022*	Is located in a CBD

Rydges Rotorua	126	30 June 2022*	A residual regional presence is maintained
<p>* this is the commercially agreed end of contract</p> <p>** these rooms are not included in the total as they are already being decommissioned or are only used for deportees</p>			

19. Once notice of contract termination has been issued (90 days before the date the contract will end, where a contract needs to be exited prior to the current expiry), we expect facilities will stop taking returnees or cases around day 50 after notification. This enables around one month of the 90-day notice period for the facilities to be de-designated as an MIQF and to transition back to their prior use.

Implementation and impacts

20. We consider the objectives set out in paragraph 3 still hold and have taken further factors into account based on lessons from the Bay Plaza decommissioning process, and considerations for decommissioning multiple facilities concurrently.

Supporting affected staff through the transition approach

21. We may struggle to attract or retain staff to maintain the desired network as an uncertain environment becomes potentially more uncertain. MBIE is focused on opportunities to transfer experienced workers elsewhere in the system if the timing, location and terms and conditions work.
22. With the decommissioning of the IBIS Rotorua there will be a people impact to a recently recruited workforce. Where possible we will be looking to redeploy our workforce to other facilities replacing NZDF roles. Given there are limited other facilities in Rotorua this may result in some redundancies or fixed terms ending early. We will provide further advice on this in early 2022.
23. We will provide timely and clear communication to all stakeholders and agency partners. Care will need to be taken on any announcements and we do not recommend making announcements on specific facilities before the end of the year. We intend to inform the Mayor of Rotorua, the Chief Executive of the DHB and Iwi leaders in confidence of this decision before the end of the year.

Minimising the operational impact on the MIQF

24. Making decisions now on the transition approach will reduce any negative impacts on the MIQ facilities. This will allow hotels to plan for coming offline and make the transition smoother for both the facilities and the associated workforce.
25. We expect that reduced demand as a result of Reconnecting New Zealanders will reduce impacts on MIQFs and we will be able to manage cohorts, including closing the facility off for returnees about 50 days from notification of contract termination, or at least one month before the facility comes offline.

Supporting the hotel to transition back to the commercial environment

26. In our decommissioning planning, we intend to allow about one month to remediate facilities including cleaning, returning equipment, and any required facility remediation (such as return of CCTV camera and removal of fencing, putting rooms or walls back into place).

Process

27. The decommissioning process may look different for each MIQF as it depends on the size of the facility, structure of the workforce and specific employment agreements. The high-level stages for decommissioning are set out below and further detail is included in **Annex 1: Decommissioning overview**.
28. Decommissioning an MIQF is expected to take at least three months from notification to the hotel being ready to take guests.
29. Based on experience with the Bay Plaza Hotel, the following broad steps are required to support the successful decommissioning of a facility:
 - a. Provide notice of contract termination for individual MIQF
 - b. Establish a decommissioning project team and plan
 - c. Notify facility, workforce, stakeholders and partner agencies including District Health Boards, NZDF, Police, MBIE, Aviation Security Service and third party security contractors.
 - d. Communicate decision to public (optional)
 - e. De-designate MIQF once it is empty of residents – including cleaning, returning equipment, and any required facility remediation (such as return of CCTV camera and removal of fencing, putting rooms or walls back into place)

Next steps

30. Subject to your endorsement of the proposed Phase One approach, we will formally engage with facility owners to discuss the planned exit-date.
31. Following further engagement on the planned exit-date with the current owners and operators of identified facilities, we will provide you with an update on the impact of planned decommissioning. This will include any workforce considerations, or other issues or risks which emerge in the course of this engagement. We do not anticipate any substantial issues, as in-confidence discussions with facility owners have supported the development of this plan. We anticipate that we will provide this advice in early February.
32. Following the commencement of decommissioning (starting the with Ibis Rotorua) and the first stages of border re-opening, we will provide you with an update on whether we consider the planned trajectory as set out in this advice is still fit for purpose. This advice will be informed by any developments in demand from the border following re-opening, as well as demand from the community for MIQ through the summer period. We anticipate we will provide this advice in late March.

Annex 1: Decommissioning overview

Decommissioning Overview

Objectives

- Ensure hotel management and affected staff feel supported throughout the decommissioning process.
- Ensure timely and clear communication to all stakeholders and partners.
- Maintain public confidence in managed isolation and quarantine facilities.
- Ensure public confidence in the hotels that return to commercial operations.

	Phase 1: Before	Phase 2: During	Phase 3: After
Indicative timing	The lead-up to the start of the physical decommissioning - up to 120 days.	Between 3-5 months.	When the designation has officially been changed by MBIE.
Commercial	Provide formal notice to exit contract. OR Provide notice to not renew contract post contract end-date. Determine commercial other requirements.	Negotiate contracts for the hotel's retention of MBIE assets (e.g. CCTV). Negotiate 'retainer' for hotel to be used for surge capacity as and when required in the future.	Maintain commercial relationship for any hotel retained for surge capacity.
Site Requirements	Confirm final date of last cohort. Undertake a stocktake of fixtures and assets to be removed (e.g. fencing) or retained (e.g. CCTV). Agree requirements to 'make-good'	Removal of fixtures and assets as agreed in phase 1. Undertake a deep clean of the facility once last cohort leaves.	Officially de-designated a MIF and the hotel returns to commercial operations.
Workforce	Review roles to understand impacted workers. Engage with unions if necessary. <i>Note: Comms to employees needs to be aligned with wider comms strategy.</i>	Commence process for affected workers (which may include redeployment and release of workers workforce in line with Cabinet decision). Regular monitoring and tracking to enable a people-first approach adapting to network changes	Provide post-decommissioning workforce implications reviewed and lessons identified. Ensure hotel management (for surge) is kept up-to-date with training requirements / IPC.
IT / IM Requirements	Undertake a stocktake of MBIE's technology assets that need to be removed (eg mobile devices, Chromebooks, printers, routers). Commence closing WiFi circuit. Identify MIFs that may require MBIE assets to support increase in MBIE workforce.	Remove technology (routers and switches) and assets. Undertake a clean of MBIE assets to be returned to MBIE. Redeploy assets to other MIFs as MBIE workforce replaces other agencies.	Confirm all technology accesses have been closed down. Confirm all documentation is filed in accordance with the Public Records Act.
Comms and Engagement	Ministerial decision to decommission a facility. Verbal notification to relevant hotel representatives. Stakeholders identified and stakeholder engagement plan developed.	Regular updates to affected staff and MIQ workers generally. Regular updates to key stakeholders as per engagement plan.	Close-down event for staff / poroporoaki