



BRIEFING

Budget 2022 initiative submission letter – Maintaining reduced MIQ capacity in 2023/24

Date:	14 December 2021	Priority:	High
Security classification:		Tracking number:	2122-2193

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	Sign the attached letter to the Minister of Finance submitting the MIQ initiative for consideration as part of the Budget 2022 process.	17 December 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, Systems and Strategy, MIQ		

The following departments/agencies have been consulted
The Treasury

Minister's office to complete:

Approved

Noted

Seen

See Minister's Notes

Declined

Needs change

Overtaken by Events

Withdrawn

Comments



BRIEFING

Budget 2022 initiative submission letter – Maintaining reduced MIQ capacity in 2023/24

Date:	14 December 2021	Priority:	High
Security classification:		Tracking number:	2122-2193

Purpose

This briefing provides you with a letter to the Minister of Finance submitting the budget initiative 'Maintaining reduced Managed Isolation and Quarantine capacity' for consideration as part of the Budget 2022 process. The initiative seeks an additional \$180.1m in funding for the Financial year 2023/24 to operate Managed Isolation and Quarantine services as per the Moderate Transition Approach agreed by Cabinet on 13 December [SWC-21-MIN-0215 and CAB-21-MIN-0525 refers].

Recommended action

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

- a **Note** that on 22 October 2021 the Minister of Finance wrote to you confirming the COVID-19 response initiatives that are invited for submission through Budget 2022.

Noted
- b **Note** that on 13 December 2021 Cabinet:
 - a approved funding to deliver a reduced MIQ network until the end of June 2023 [SWC-21-MIN-0215] and
 - b agreed to establish tagged contingencies to support the development of detailed business cases for a National Quarantine System to support the ongoing COVID-19 response and future pandemic preparedness [SWC-21-MIN-0214].

Noted
- c **Note** that the MIQ network capacity at the end of June 2023, according to the Moderate Transition Approach agreed by Cabinet, will be 1,300 rooms with some of this capacity exceeding the planned capacity of those facilities earmarked for longer-term acquisition as part of the recent National Quarantine System Programme Business Case.

Noted
- d **Note** that consequently there is an estimated \$180.1 million funding gap for 2023/24 between the contingency put aside to progress the outcomes of the National Quarantine System Programme Business Case and the planned network according to the current Moderate Transition Approach.

Noted
- e **Note** that while there is significant uncertainty about the funding that will be needed to maintain MIQ in 2023/24 as a result of unknown demand and work to be undertaken on the National Quarantine System, we consider that signalling potential additional costs involved in maintaining MIQ capacity through the Budget 2022 process reflects best-practice transparency.

Noted

f **Note** that if funding is not provided through Budget 2022 for MIQ operating costs in 2023/24, an out of cycle budget bid will be required, as occurred in December 2020 and December 2021.

Noted

g **Agree** to submit the initiative 'Maintaining reduced Managed Isolation and Quarantine capacity' seeking \$180.1 million for the financial year 2023/34 for consideration as part of the Budget 2022 process.

Agree / Disagree

h **Sign** the attached letter (Annex 1) to the Minister of Finance.

i **Agree** that this briefing will not be proactively released as it is Budget Sensitive.

Agree / Disagree



Kara Isaac
General Manager, MIQ Policy
MBIE

15/12/2021



Hon Chris Hipkins
Minister for COVID-19 Response

19 / 12 / 2021
..... / /

Background

1. On 22 October 2021 the Minister of Finance wrote to you inviting you to submit COVID-19 Response initiatives through the Budget 2022 process. This includes a number of MIQ initiatives.
2. On 13 December 2021, Cabinet agreed to fund MIQ in the short term at a reduced network capacity until the end of June 2023. Cabinet also agreed to a transition approach (the Moderate Transition Approach) to scale down the MIQ network [SWC-21-MIN-0215].
3. Cabinet also agreed to establish tagged contingencies associated with the potential development of a National Quarantine System [SWC-21-MIN-0214]. Subject to future Ministerial decisions, these tagged contingencies would fund a smaller network of quarantine facilities beyond July 2023.

Maintaining reduced MIQ capacity in 2023/24

4. Based on the Moderate Transition Approach agreed by Cabinet, there will be approximately seven MIQ facilities providing an operational capacity of 1,300 rooms at the end of June 2023. The operational tagged contingency agreed to by Cabinet provides funding for three facilities (two from the existing network) for the financial year 2023/24, with exact capacity to be confirmed.
5. Assuming no changes are made to the Moderate Transition Approach, this leaves a gap in funding for five facilities as of July 2023, reducing to three facilities by the end of 2023/24. The cost of this gap is \$180.1 million.

Uncertainty about the MIQ capacity needed beyond June 2023

6. The exact scale and timing of the reduction and the capacity needed beyond June 2023 is currently unknown. Depending on international and local developments, the scale of the MIQ network needed beyond June 2023 could be greater or less than that currently funded.
7. Given the level of uncertainty, one option is to seeking funding in 2022 outside the regular budget cycle. While this may yet be the approach Government decides to take, our preference is to signal the potential funding needs through the Budget 2022 process for transparency, given we anticipate there will be some costs associated with MIQ in 2023/24.
8. We are proposing to seek \$180.1 million in funding for 2023/24 through the Budget 2022 process. The initiative 'Maintaining reduced MIQ capacity' seeks funding to deliver managed isolation and managed quarantine arrangements at a reduced capacity and provides funding for:
 - a. contracts with some facilities and transportation providers
 - b. workforce costs (for MBIE), including workforce adjacent costs (i.e. IT)
 - c. Funding for MCA categories required for the fee's regime.
9. This funding request is consistent with the Moderate Transition Approach agreed by Cabinet but does not reflect any of the changes or adjustments which may be made to the MIQ network in coming months. We are due to provide you with an update on the trajectory of the Moderate Transition Approach in April next year, following the initial implementation of this decommissioning approach, and the first steps for the reopening of borders.

Next steps

10. If you agree to include this initiative in the Budget 2022 package, we recommend that you sign and send the letter 'MIQ Budget Initiative Submission Letter' attached in (Annex One) to the Minister of Finance.
11. Subject to your agreement, officials will submit the initiative through formal channels.
12. Treasury will assess Budget 2022 initiatives by the end of January 2022. This will be followed by Budget Ministers' consideration in February and March 2022. Final Cabinet decisions on Budget 2022 are expected in April 2022.

Annexes

Annex One: MIQ Budget Initiative Submission Letter

Annex One: MIQ Budget Initiative Submission Letter

Hon Chris Hipkins

MP for Remutaka

Minister for COVID-19 Response
Minister of Education
Minister for the Public Service
Leader of the House



Hon Grant Robertson
Minister of Finance
Parliament Buildings
WELLINGTON

Dear Minister,

I am submitting the initiative outlined below for the COVID-19 Response portfolio for consideration as part of the Budget 2022 process. I confirm that you have invited me to submit the following initiative.

Total amount of funding sought for this portfolio

Operating Funding Sought (\$m)	2020/21		2021/22		2022/23		2023/24		2024/25 & outyears		Total
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	
Vote Building and Construction	-	-	-	-	-	-	-	180.084	-	-	180.084
Capital Funding Sought (\$m)	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total

- Maintaining reduced Managed Isolation and Quarantine capacity

Yours sincerely,

Hon Chris Hipkins
Minister COVID-19 Response