



BRIEFING

National Quarantine Service: Update on Gateway Review of Detailed Business Case on medium-term solution

Date:	3 March 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-2943

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	<p>Note that, following a Gateway Review of work to secure short / medium to long-term quarantine capability, the assessment of delivery confidence is RED– successful delivery appears to be unachievable. MBIE intends to undertake a revision of the Programme Business Case for this work to focus on the long-term interventions required.</p> <p>Note that Cabinet is making decisions related on the size and duration of the MIQ network in the near-term on 7 March 2022.</p> <p>Note this advice is sensitive and requires consultation with the Gateway Unit prior to any release.</p>	10 March 2022

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

The following departments/agencies have been consulted
No agencies have been consulted in the development of this advice, but a range of stakeholders were consulted as part of the Gateway Review process.

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 Withdrawn |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



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Purpose

To update you on the outcomes of a Gateway Review of the work to secure short / medium to long-term quarantine capability.

Recommended action

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

- a **Note** that, consistent with all of government business case processes, a Gateway Review has been undertaken on the National Quarantine Service.
Noted
- b **Note** the assessment of delivery confidence is RED – successful delivery appears to be unachievable. This requires a revision of the Programme Business Case for this work.
Noted
- c **Note** that MBIE intends to revise the Programme Business Case to focus on the question of whether there is a long-term need for pandemic-scale quarantine accommodation, with the medium-term future of MIQ to be resolved through Cabinet decisions currently underway.
Noted
- d **Note** that consultation with the Gateway Unit at Treasury is required before the release of either the Review Report or this advice on the Review, given the sensitivity of advice contained within these documents.
Noted
- e **Agree** to proactively release this briefing with any withholdings consistent with the Official Information Act 1982, following consultation with the Gateway Unit at Treasury, noting that this may mean substantial redactions.

Agree / Disagree

Andrew Milne
Associate Deputy Secretary
Managed Isolation and Quarantine, MBIE

3 / 3 / 2022.

Hon Chris Hipkins
Minister for COVID-19 Response

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Background

Development of Programme Business Case in late 2021

1. You requested the development of a Programme Business Case (PBC) in late 2021. The PBC was developed in a short timeframe and considered options for securing and sustaining a stable, flexible and enduring quarantine response, with a core capacity of 1000 rooms, in-line with your direction.
2. The PBC recommended a combination of medium and long-term interventions to achieve this, with further business cases focusing on each the medium-term and long-term interventions to be undertaken to progress this work.
3. On December 8 Cabinet considered the PBC and agreed to the development of two Detailed Business Cases (DBCs) [SWC-2021-Min-0214 refers]:
 - a. Medium-term intervention: DBC1 would focus on securing quarantine capacity for the tail-end of COVID-19 by using and improving existing infrastructure (including long-term contracts with two current facilities) and would be delivered in early 2022.
 - b. Long-term intervention: DBC2 would focus on securing quarantine capacity for future pandemics via purpose-built facilities on Greenfields sites. The scope of this project was to be confirmed by the Minister of Finance, Minister for COVID-19 Response, and Minister of Health prior to its commencement.

Gateway Review Process

4. Treasury coordinates the Gateway Review process, an independent and confidential peer review process that examines projects at key points and assesses and rates the likelihood of successful delivery.
5. While this work was identified as a high-risk project by both the project team and the Gateway Unit at the Treasury in September 2021, an initial Gateway review of the PBC was not undertaken due to time-constraints. This therefore means that the current Gateway 0/2 Review: Delivery Strategy (hereafter Gateway Review) is the first for this project.
6. This Gateway Review was undertaken in the week of 21 February, with a final report completed in late 24 February. A copy of this final report is provided at **Annex One**.
7. The Review Team interviewed around 20 individuals including members of the programme team, Advisory Group members and key stakeholders from other government agencies.
8. The Gateway Review recognised that the PBC was developed to meet the intent as agreed by Ministers at the time and that MBIE are to be congratulated for being able to stand up the programme and deliver the PBC in a tight timeframe.
9. During the course of the week, in-light of the changing context of the project (more below), the Gateway Review team determined that the scope of the Gateway Review should shift from a review of the delivery of the medium-term intervention (i.e. DBC1) to a strategic assessment of the long-term intervention (i.e. DBC2). The lack of opportunity to undertake an initial Gateway Review also contributed to this decision.

Further investigation has found that progressing DBC1 is not warranted

10. The PBC outlined the need for a medium-term solution which had flexibility to respond to changes of demand from variants of concern. To enable this, expansion via modular units on

existing hotel land was considered. Progressing options related to long-term contracts with facilities plus expansion through modular units was to be the focus of DBC1.

11. Further work undertaken this year indicates that additional modular capacity is likely to take approximately 18 months to plan, construct and operationalise on the existing hotel land. In the context of a three-year contract¹, MBIE would have a maximum of 18 months' use of the additional capacity before the expiry of the contract.
12. Given the relatively long lead-in time, this limits MBIE's flexibility to quickly expand its overall quarantine and isolation capacity. MBIE considers that meeting any changes in demand in the short to medium term would be better achieved by drawing on services within the existing network of hotels.
13. Recent changes in settings for the management of the risk of COVID-19 in the community and at the border have essentially eliminated all demand for MIQ, with plans currently underway to consolidate the network to reflect this reduced demand. As the Gateway Review notes, the number of rooms to be secured is now substantially less than that envisaged in the PBC.
14. The combination of the changing context of MIQ, and access to better information about the lead-time for modular capacity, therefore means that MBIE considers that DBC1 should not progress any further, and should instead be overtaken by imminent Cabinet decisions considering the near and medium-term future of MIQ.
15. Cabinet is due to consider an updated network transition approach and make choices on the size and duration of any residual network of hotels, on 7 March 2022 [2122-2838 refers]. Further work will be progressed with public health input to re-assess the need for MIQ in the medium-term.

Outcome of Gateway Review relative to DBC2

16. The Gateway Review's assessment of delivery confidence is RED – successful delivery appears to be unachievable. This necessitates a re-consideration of the PBC for the work. MBIE intends to progress this by undertaking a new PBC focused only on longer-term interventions.
17. The report makes four recommendations, all of which are critical to do in order to achieve a successful outcome. These recommendations are set out at **Annex Two**, and commentary has been included to update you on the actions underway to action these recommendations.
18. The Gateway Review Team found that the dynamic nature of the Covid pandemic since December 2021 and the Government's response mean that the current approach to scope, problem identification, benefits and governance may lead to sub-optimal outcomes and regretful spend.
19. While there was not a common understanding across interviewees of programme outcomes, there was general agreement that a programme of work, focused on the question of whether there is a long-term need for pandemic-scale quarantine accommodation, was required. Interviewees agreed that the programme solution will require multi-agency input, that MBIE is unlikely to be the final lead responsible agency and that the work needed to be completed in the context of a review of New Zealand's national pandemic plan.

¹ As per the medium-term solution in the Programme Business Case

Next steps

20. We will await Cabinet decisions anticipated for 7 March on the future scale and scope of the MIQ network to progress the medium-term approach for quarantine.
21. We will address the recommendations of the Gateway Review by strengthening governance arrangements and considering how multi-agency system sponsorship might be achieved. A suitably qualified Independent Quality Assurance (IQA) provider to support the programme has already been engaged.
22. We will revisit the problem definition to inform the scope of the work with a view to seeking joint-Ministerial endorsement of scope by the end of March from yourself and the Ministers of Health and Finance. This will inform the revision of the PBC.
23. With the PBC being revised to only focus on the longer-term, the next phase can take a more considered approach to options and detailed business case development. This will be done through
 - a. Gaining agreement for problem definition, programme outcomes and benefits across stakeholders including agencies, iwi and private sector partners
 - b. Ensuring that the programme can respond to environmental and political change, and that assumptions and options are evidence-based
24. The Review Team's advice was to allow adequate time for a more considered approach to options development. This would enable detailed analysis of options such as mixed-use of future facilities, shared workforce capability across agencies and the role of the private sector.

Next steps on the Gateway Review

25. An action plan to outline how the recommendations of the Gateway Review will be addressed is currently being developed. This is a requirement of projects with a Gateway Review outcome of RED. Officials are working with Treasury to developing this action plan.
26. We will provide you with provide regular status reports on the action plan through regular reporting mechanisms (i.e. the weekly report).
27. If Treasury deems a follow-up review is required, it will occur in approximately three months with two of the Gateway Review team members.

Annexes

Annex One: Gateway Review Final Report

Annex Two: Recommendation of the Gateway Review

Annex One: Gateway Review Final Report

Gateway Reports are confidential and provided under Free and Frank Advice. They are not intended for publication.

Annex Two: Recommendations of the Gateway Review

The Gateway Review Team makes recommendations are prioritised using the following definitions:

1. Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme should take action immediately.
2. Essential (Do By) – To increase the likelihood of a successful outcome the programme should take action in the near future.
3. Consider (Good Practice) – The programme should benefit from the uptake of this recommendation

Ref	Recommendation	Priority	MBIE comment
R1	Revise the Programme Business Case to ensure clarity and alignment of problem definition, scope and benefits	Do Now	We are in the process of sourcing a project director with significant experience in leading multi-agency programmes of work. We are also re-planning work to revise the original programme business case and timing to deliver this – including Cabinet report-back timings.
R2	Integrate a multi-agency Sponsors Group into the Governance framework as prescribed in best practice for Managing Successful Programmes (MSP)	Do Now	As this work focuses on a border response, we are considering using the Border Executive Board as the CE's Sponsor's Group. BEB's Terms of Reference set out its roles and responsibilities which include (among other things) strategic border system improvements and delivering joint initiatives to build a safer and smarter border.
R3	Revise the programme governance framework to: <ul style="list-style-type: none"> • Integrate key stakeholders from sponsorship through to design and delivery • Improve decision making effectiveness and efficiency • Ensure the Programme Advisory Group and Design Authority memberships reflects the changed scope of a revised PBC 	Do Now	The programme structure (including governance) will be reviewed and considered at the replanning work for the PBC revision in-light of direction from the Gateway Review
R4	Engage a suitably qualified IQA provider to support the programme	Do Now	We have commenced the process to bring an IQA provider on board to support the programme.