



BRIEFING

Scope of work for future isolation and quarantine capability Programme Business Case

Date:	12 April 2022	Priority:	Medium
Security classification:		Tracking number:	2122-3105

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	Note that before work can progress on a Programme Business Case for future isolation and quarantine capability, joint approval of the scope of this work by the Minister for COVID-19 response and the Ministers of Health and Finance is required. Approve the proposed scope for a Programme Business Case on isolation and quarantine capability.	19 April 2022
Hon Andrew Little Minister of Health		19 April 2022
Hon Grant Robertson Minister of Finance		19 April 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	Policy Director, MIQ		

The following departments/agencies have been consulted
Interim Health New Zealand, Ministry of Health, the Treasury, the Department of Prime Minister and Cabinet, Public Service Commission, Policy Advisory Group. The Ministry of Foreign Affairs and Trade and the Interim Māori Health Authority were also given an opportunity to comment on the paper.

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Withdrawn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

Following a Gateway Review and recent Cabinet decisions, the work programme associated with the Programme Business Case (PBC) for a national quarantine capability needs to be reconfirmed. This advice sets out a proposed scope of work for a PBC on future isolation and quarantine interventions.

Recommended action

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

- a **Note** that Cabinet has noted that the Programme Business Case (PBC) for a national quarantine capability (NQC) needs to be reconfirmed as a result of the outcomes of a recent Gateway Review and the rapidly changing context of New Zealand’s response to COVID-19 [SWC-22-MIN-0032]. *Noted*
- b **Note** that the scope of the PBC on isolation and quarantine interventions needs to be agreed by the Ministers of Finance, Health, and the Minister for COVID-19 Response before detailed work can progress. *Noted*
- c **Note** that MBIE expects to deliver a PBC in October on future isolation and quarantine interventions. *Noted*
- d **Agree** to the proposed scope of the PBC, as set out in Annex One, to include:
 - i. the development of enduring isolation and quarantine interventions to address the threats posed to New Zealand by infectious diseases, including self-managed approaches, that will enable containment, to support buying time for other measures and to reduce load on domestic public health responses; and
 - ii. the full range of options, including those requiring capital and operational investment

Minister for COVID-19 Response	<input checked="" type="checkbox"/> <i>Agree</i> / <i>Disagree</i> / <i>Discuss</i>
Minister of Health	<i>Agree</i> / <i>Disagree</i> / <i>Discuss</i>
Minister of Finance	<input checked="" type="checkbox"/> <i>Agree</i> / <i>Disagree</i> / <i>Discuss</i>
- e **Note** that the development of interventions to respond to the current COVID-19 outbreak are out of scope. *Noted*

f **Note** that alongside the PBC, MBIE will also provide advice to Cabinet on enduring structural arrangements for responsibility for these isolation and quarantine interventions.

Noted

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

Minister for COVID-19 Response

Agree / Disagree

Minister of Health

Agree / Disagree

Minister of Finance

Agree / Disagree



Andrew Milne
Associate Deputy Secretary
Managed Isolation and Quarantine, MBIE

12 / 04 / 2022



Hon Chris Hipkins
Minister for COVID-19 Response

13 / 4 / 2022

Hon Andrew Little
Minister of Health

..... / /



Hon Grant Robertson
Minister of Finance

18 / 04 / 2022

Re paras 36 and 37, the problem I have with this approach is we potentially lose an opportunity. Once existing facilities return to being normal hotels (after potential refurbishment in some cases) there will be less opportunity to potentially purchase them or enter longer-term contingency arrangements. I'm concerned about the length of time this is taking. Oct 2021 was NOT the first time Ministers asked for work to be done on this! CH

Background

A first Programme Business Case was undertaken and considered in late 2021

1. In September 2021 you commissioned a Programme Business Case (PBC) focused on establishing a legacy operating model and infrastructure for a national quarantine system. This system was to comprise of:
 - a. a core of up to 1,000 Q-standard rooms on Crown-controlled sites, serving as North and South Island hubs;
 - b. a skilled, ready and resilient core workforce providing purpose-designed quarantine, wellbeing and response services; and
 - c. knowhow and expertise in service design, rapid mobilisation and adaptation, capitalising on New Zealand's world-leading COVID-19 response.
2. This initial PBC considered both problems with the ability of the current MIQ model to respond to COVID-19, and with the lack of epidemic and pandemic preparedness in New Zealand more generally. It was based around three key problem statements:
 - a. Lack of preparedness and capacity to undertake long-term planning: MIQ was not set up with planning or resourcing for the future. This limits the ability of MIQ to plan for and respond to environmental changes, including the ability to scale up and scale down quickly according to demand.
 - b. Limitations on infrastructure and related operating model: Our current infrastructure arrangements rely on hotels which have a number of limitations (below), and a workforce which operates to a variety of operating models, rather than as a single coherent and responsive workforce.
 - c. Lack of security of supply of facilities and workforce: While short-term commercial arrangements have enabled some upgrades in ventilation and security equipment, they do not cater for significant re-design of the physical environment required to ensure they are at appropriate Q-standard.
3. This initial PBC recommended the development of distinct solutions for the medium and long-term, supporting the development of a fit for purpose quarantine solution in the long-term for future threats (potentially through greenfields development), alongside improved stability and quality in the network for the remainder of the COVID-19 response through longer-term contracting and investment in existing facilities.
4. Following Cabinet decisions in December 2021, work was to be progressed in 2022 through two detailed business cases (SWC-21-MIN-0214):
 - a. The first detailed business case (focused on medium term solutions such as longer-term contracting of existing facilities) was progressed in early 2022. Cabinet agreed (SWC-22-MIN-0032) that this business case was no longer required given the reduction in the MIQ network, uncertainty in demand for MIQ over coming months, and in-light of direction from the Gateway Review process (more detail below).
 - b. The second detailed business case was to focus on the use of greenfields developments in the long-term and was to be progressed after the scope was confirmed by the Minister for COVID-19 Response and the Ministers of Finance and Health.

The rapidly changing context and outcome of a Gateway Review mean the scope of this work must be reconfirmed

5. Since Cabinet considered the initial PBC in December 2021, New Zealand's approach to managing COVID-19 has changed substantially. Under the current Omicron response, a much greater focus is placed on the management of COVID-19 within the community. People are now isolating or quarantining in their home in almost all cases, and isolation requirements for international travellers have largely been removed.
6. These policy changes have seen demand for MIQ reduce dramatically, and Cabinet has recently agreed to accelerate the transition of the MIQ network (SWC-22-MIN-0032). This will see the network reduce to no more than four facilities in Auckland and Christchurch by June 2022, to service any residual demand for MIQ and provide as a contingency. These facilities may be contracted until December 2022, with the ability to exit sooner.
7. These changes in policy settings around the management of COVID-19, and the related acceleration of the network transition, means that work focused on addressing problems related to the current MIQ network and COVID-19 response have been largely overtaken.
8. This was reflected in the outcome of the recently conducted Gateway Review. The Gateway Review Team found that the PBC was developed to meet the intent as agreed by Ministers at the time and congratulated MBIE for being able to stand up the programme and deliver the PBC in a tight timeframe.
9. However, the Gateway Review Team also found that the dynamic nature of the Covid pandemic since December 2021 and the Government's response mean that the approach to scope, problem identification, benefits and governance contained in the initial PBC may lead to sub-optimal outcomes and regretful spend. This resulted in an assessment of delivery confidence at RED – successful delivery appears to be unachievable. This rating necessitates a re-consideration of the PBC for the work. [Related advice in MBIE 2122-2943].

Reconfirmation of the National Quarantine Capability programme of work is required

Consideration of the future of isolation and quarantine interventions is still needed

10. While the rationale to progress work to invest substantially in improvements to the MIQ system to respond to COVID-19 no longer exists, there is still a clear rationale to consider investment in isolation and quarantine interventions in the future, to support New Zealand's response to future epidemics or pandemics. Cabinet noted in March 2022 [SWC-22-MIN-0032] that work on longer-term dedicated quarantine capability is still progressing, subject to the scope of this work being confirmed.
11. In the context of the Gateway Review, there was general agreement by the interviewees that a programme of work, focused on the question of whether there is a long-term need for pandemic-scale quarantine accommodation, was required.
12. Recent discussions with the Minister for COVID-19 Response have also confirmed the need for consideration of an entity of some kind, with a range of levers or interventions available at its disposal, and a specific focus on readiness to deploy these in an epidemic or pandemic.
13. MBIE proposes to progress a PBC with a focus on developing options for the future delivery of isolation and quarantine interventions, including but not limited to pandemic-scale quarantine accommodation on greenfields sites, self-managed interventions, and associated dedicated skilled workforce and operations capability.

14. Much of the strategic case from the initial PBC related to the pre-COVID-19 readiness of New Zealand for the emergence of new diseases or disease outbreaks, which continue to pose a threat to the overall social and economic wellbeing of New Zealand. This strategic rationale is still critical, particularly given the disproportionate impact of Covid-19 on our Māori and Pasifika communities.
15. Highly interconnected economies and rapid international transport will almost certainly continue to provide the vehicle for localised epidemics to become global pandemics. New Zealand's geographical and industrial profile relies heavily on trading with other nations. Future infectious disease outbreaks may occur closer to New Zealand shores, with less time to learn from other countries about risks and transmission, or for preparation of relevant interventions.
16. As an island nation, closures or limitations to the border will remain a key lever available to government, if warranted by a serious pandemic threat, to minimise and manage resultant health, economic and social impacts. Considered and coherent approaches to quarantine and isolation will provide a key pathway of entry into New Zealand in such circumstances, particularly for New Zealand citizens who have a right of entry into the country. Border closures or limitations interact closely with isolation and quarantine interventions, and policy options and trade-offs between the two exist.

A PBC on future isolation and quarantine capability will be delivered to Cabinet by October

Function

17. The function of the PBC will be to clearly articulate the purpose and parameters of a proposed programme of change for isolation and quarantine interventions, providing a decision-point on whether to invest further in progressing a programme of work and to what extent. It will provide optionality for isolation- and quarantine-based solutions which mitigate the risk of severe public health impacts from future human infectious diseases, working in tandem with other emergency response and health system interventions.
18. The PBC will deliver:
 - a. the proposed investment objectives and outcomes of a future work programme related to isolation and quarantine;
 - b. recommendations for a preferred way forward to develop an investment proposal, which could include the development of further business cases or tranches of work;
 - c. an outline of the time and cost associated with proposed further work.

Timeframe

19. We anticipate delivering the PBC and recommendations on a way forward for the future of isolation and quarantine interventions to Cabinet by the end of October 2022 (SWC-22-MIN-0032). If Cabinet agrees to further work, funding for this could be considered as a matter for Budget 2023.
20. Assuming that the PBC recommends further work be undertaken, we expect that further work will be progressed in late 2022 and during 2023. To use the initial PBC as an example, the PBC recommended that two further detailed business cases be undertaken prior to final decisions on long-term leases or capital investment were made.

Cross-agency governance and engagement

21. We intend to establish strong cross-agency governance to address the recommendation of the Gateway Review to structure the programme such that it can deliver a multi-agency programme of work. An interim Sponsor's Group has been established to provide senior-level governance of this work, comprised of DPMC, Ministry of Health and MBIE. We are also seeking to extend membership to include representatives from Interim Health New Zealand and the Māori Health Authority, and one or more of the Border agencies. The Sponsor's Group will be formalised following agreement of the scope of the programme. MBIE will consult with the Public Service Commission Te Kawa Mataaho on any system-design changes that will result.
22. In parallel, we will also be working with core agencies across the public health, border and emergency management systems to explore options for physical, operational and workforce solutions to gaps or risks requiring new or different management to provide adequate insurance for Aotearoa New Zealand in the face of significant infectious disease threats in the longer term.

Approach

23. As a first step, we will then proceed with the development of a Strategic Case (the first of five business cases within a PBC). This Strategic Case will articulate the problems to be addressed through the proposed programme of work, and the investment objectives which will underpin the development of options. We anticipate that we will be able to share our initial thinking around the Strategic Case with Ministers in June 2022. We will also provide advice to Ministers at this point as to whether the scope of the PBC should be further refined, following the development of infectious disease scenarios.

Funding

24. We have estimated that the completion of the PBC will cost approximately \$5.9 million. We are confident that these costs can be met from underspends within the existing MIQ appropriation¹.

Proposed direction of work

Context of work within broader pandemic response

25. Managed isolation and quarantine are one set of interventions within a wider suite available to government when responding to pandemics. Isolation and quarantine sit alongside other approaches to minimising harm, including, for example, border controls and screening approaches. In order for isolation and quarantine to be effective, these interventions need to operate alongside others, and proposals on future quarantine and isolation interventions will need to sit within wider work on pandemic response planning.
26. Given that relevant agencies are understandably focussed on the current COVID-19 Response, this wider cross-government pandemic preparedness work is yet to commence. This presents a risk that proceeding with the PBC now could ultimately result in a disjointed approach.

¹ Cabinet agreed to return the tagged contingency relating to the development of the detailed business case for longer-term dedicated quarantine capacity to the Covid Response and Recovery Fund (CRRF), on the basis that the business case work could be met within baseline [SWC-22-MIN-0032 refers].

27. We consider, however, that this risk is well mitigated by the revised governance arrangements for this programme (see paragraph 21) and the fact that a PBC is just a first step in establishing the need for, requirements and options for future isolation and quarantine provision.
28. We expect to work closely with system leaders like DPMC on system reviews and national planning, and our operational thinking can be both a catalyst and spearhead for much of that work. We anticipate that the progress of wider pandemic preparedness work will be able to be incorporated into any forward programme of work recommended by the PBC.
29. Conceivably the commencement of the PBC could be deferred so as to allow for broader cross-government work to progress, but we consider this would create unnecessary delays. MIQ is uniquely placed at this point in time to take the work forward, given the considerable institutional knowledge and learnings held from the current COVID-19 Response. The Waitangi Tribunal has recently provided² valuable insights and recommendations about involving Māori and other communities in the design and delivery of interventions. MIQ has also built a strong partnership approach with Iwi that we can build on for active Māori participation in the options design and assessment for the PBC. Such knowledge, resources and relationships may not be in place in 6-8 months' time, when MIQ will have most likely ceased to operate. Delaying would also risk losing the momentum to support this work.

Outline of scope of revised PBC

30. The proposed scope of the PBC is set out in [Annex One](#).
31. In summary, the scope is proposed to encompass the development of enduring isolation and quarantine interventions to address the threats posed to New Zealand by infectious diseases of concern.
32. The PBC is to consider the full range of options, including those requiring capital and operational investment. This will include exploring physical assets (such as purpose-built quarantine facilities and e.g. options to use of Defence land for quarantine purposes), as well as self-managed approaches, and traditional, as well as public private partnership delivery arrangements. Interventions to support the response to the current COVID-19 outbreak are out of scope.
33. Interventions for both border and community subjects will be explored in the strategic case, but subject to its findings, we expect to ultimately refine the scope to focus primarily on border defence interventions, with a view to any alignment that may have with the community.
34. It is anticipated that a preferred option will include a mixture of solutions that will enable a range of responses, dependent on the scenario of quarantine capabilities required. This will likely include some standing organisational capability to put in place and steward any agreed plans, arrangements, contracts and facilities, and to maintain a certain readiness capacity to identify and respond to threats as they emerge. Higher levels of investment will likely be required to achieve greater levels of preparedness. Smaller investments are likely to see longer timeframes to stand up any required quarantine capability. The PBC will examine the need for, costs and trade-offs between different levels of provision and preparation.
35. Alongside the revised PBC, we will provide recommendations as to the structural arrangements for responsibility for these interventions.

² <https://waitangitribunal.govt.nz/assets/Documents/Publications/Covid-Priority-W.pdf>

Relationship with medium-term response and MIQ network transition

Re-establishment of MIQ

36. The use of the current Managed Isolation and Quarantine network and operating model in the near-term as part of the current response to COVID-19 or near-future variants is proposed to be out of scope of the revised PBC.
37. This means that consideration of leveraging current contracts with facilities to provide a basis for a future quarantine system is also out of scope of the PBC. This is to retain the focus of the PBC on fit for purpose isolation and quarantine interventions of the future, rather than the focus being narrowed by the constraints of the current MIQ network. Depending on the recommended way forward identified in the PBC, it may be that the use of the current network could be considered in any subsequent business cases.
38. A readiness project, considering how to best re-establish MIQ, if it is needed, is currently underway. At some point in the future, this project could be merged with the national quarantine capability programme, to offer a single custodian of isolation and quarantine provision and readiness protection for New Zealand, with further layers and maturity built up over time.

MIQ legacy

39. A project is currently underway to capture learnings and insights from the current MIQ operating model. These learnings will inform the development of the PBC.

Decommissioning facilities as part of accelerated network transition

40. Work is progressing to decommission 28 of the 32 facilities in the MIQ network, consistent with Cabinet's decisions in February 2022 [SWC-22-MIN-0032]. As of 12 April, there are currently eight facilities in active use across the MIQ network.

Next steps

41. Following your agreement to the direction and purpose of this work, we will work with Treasury to proceed with the development of the PBC, in-line with the Better Business Case process, including Gateway Reviews.
42. We will implement key engagement activity with a range of agencies and partners. Critical to the successful delivery of the PBC will be the active participation of those agencies involved in the strategic design and operation of public health and emergency management systems. To address inequitable impacts of future epidemic and pandemic threats on Māori and other communities, we will need to ensure that Iwi and Pasifika agencies, leaders and organisations are involved in our options design and analysis. We will also explore innovation and opportunities with the private sector.
43. We will continue to provide updates to all involved Ministers as the work progresses, including seeking further decisions as required. This will include regular updates as key milestones are passed (for example, Gateway Reviews), and updates in the context of the broader MIQ network transition where relevant.
44. We anticipate that the next substantive engagement with Ministers will be in June 2022 to test our initial thinking around the Strategic Case. This update will also provide advice on whether the scope of the PBC should be refined following the development disease scenarios to inform the Strategic Case.

Annexes

Annex One: Revised scope of work for Programme Business Case on isolation and quarantine

Annex One: Revised scope of work for Programme Business Case (PBC) on isolation and quarantine

The PBC will articulate the potential options for future isolation and quarantine interventions.

1. Connection to the current Managed Isolation and Quarantine network

We propose that the transition from current network to future isolation and quarantine arrangements is outside the scope of the PBC. We will separately provide you with updates on medium term options, including for the use in the Covid-19 response.

In scope	Out of scope
<p>Where relevant, insights and learnings from MIQ to inform development of PBC and any future business cases.</p> <p>Areas where insights of use to future quarantine and isolation interventions will be available include working in partnership with iwi and Pacific communities, data-sharing, invoicing and compliance.</p>	<p>Transition from current network and operating model to any future isolation or quarantine intervention.</p> <p>Leveraging any current commercial or workforce arrangements to provide basis for future options.</p> <p>(Separate project underway on re-deployment of current MIQ operating model, if required)</p>
<p>Rationale</p> <ul style="list-style-type: none"> Trajectory of current MIQ network will not require new investment. In addition, any future changes to MIQ will need to be responsive to rapidly changing context—this is unsuitable to be dealt with through the PBC. Focus on leveraging current solution (MIQ) will unreasonably limit scope and hinder identification of enduring solution for the long-term. 	

2. Diseases

In scope	Out of scope
<p>Infectious diseases of concern to New Zealand that pose a public health risk, and where isolation or quarantine are considered appropriate interventions (whether from a clinical perspective or one based on slowing outbreak trajectories).</p> <p>May include highly infectious diseases (e.g. measles), that are not novel, but have significant impacts when they do present in the community, and where isolation or quarantine would fill a system gap or opportunity.</p>	<p>Diseases commonly present in New Zealand community, including the current COVID-19 outbreak.</p> <p>Diseases where isolation or quarantine are not of utility.</p>
<p>Rationale</p> <ul style="list-style-type: none"> Application of isolation and quarantine interventions is only relevant where clinically appropriate. Highly infectious (but not novel) diseases like measles/pertussis can have significant financial, social and equity impacts. For out of scope and commonly present diseases, current intervention approaches remain, e.g. treatment within community settings. 	

3. Timeframe

In scope	Out of scope
Focus is on development of long-term enduring options for isolation and quarantine interventions.	Immediate term, providing solution for current COVID-19 outbreak separate project underway on re-deployment of current MIQ operating model, if required.
Rationale <ul style="list-style-type: none"> • A gap in provision of isolation and quarantine interventions has been identified as part of the response to COVID-19, and for future pandemics • Current COVID-19 outbreak is the focus of other work. Prioritising this this will unreasonably limit scope and hinder identification of enduring solution for the long-term. 	

4. Form of intervention

In scope	Out of scope
Full spectrum of isolation and quarantine interventions, including self-managed options. Logistical arrangements to move people who need to quarantine around the country. Some clinical level of care will be in scope, but not to the extent that it is specialist or ICU level.	Specialist/ICU level care Processes to identify people who need to isolate or quarantine (this would remain the responsibility of Medical Officers of Health and their employing agency). Process to repatriate people from outside of New Zealand. Complementary social supports that have been delivered by the Ministry of Health and social sector agencies as part of care in the community (e.g. welfare support)
Rationale <ul style="list-style-type: none"> • Isolation and quarantine interventions include self and externally managed services, or combinations of the two. Considering only externally managed services (such as the current MIQ model) unnecessarily excludes light-touch options, or options which combine the two forms. Broadening intervention options to include these things provides opportunity for Māori and Pasifika to incorporate tikanga and kaupapa Māori into the design of interventions. • Although the current MIQ model does not provide hospital level care, the PBC should look to consider isolation and quarantine options that provide higher levels of care where appropriate. 	

5. Expected subjects of intervention

In scope	Out of scope
<p>People overseas seeking to travel to New Zealand (who may or may not yet be confirmed as having an infectious disease in-scope of the project). People in New Zealand with novel infectious diseases in-scope of the project.</p> <p>Subjects may be identified as border arrivals (health screening at air or maritime border), or within a community context (e.g. primary care, hospital).</p>	<p>Possible future reciprocal arrangements with Australia and Pacific Island nations. This work, if progressed, could be considered in parallel as part of broader pandemic preparedness planning.</p>
<p>Rationale</p> <ul style="list-style-type: none"> • Focus is on meeting New Zealand sovereign needs, while balanced with meeting rights under the <i>New Zealand Bill of Rights Act 1990</i>, such as the right of New Zealanders to enter the country, and our obligations to realm countries. • Interventions for both border and community subjects will be explored in the strategic case, but subject to its findings, we expect to ultimately refine the scope to focus primarily on border defence interventions, with a view to any alignment that may have with the community. 	

6. Composition of interventions

In scope	Out of scope
<p>Interventions requiring capital investment (e.g. buildings or works to existing buildings).</p> <p>Interventions requiring operational investment (e.g. development of workforce, services, or technology use).</p> <p>Interventions provided by both the public and private sector.</p> <p>Kaupapa Māori interventions</p>	<p>The PBC will identify legislative, regulatory, or institutional considerations but detailed work on this will be carried out once a decision is made by Cabinet whether to progress the options identified in the PBC. The institutional arrangements required to support a future quarantine capability will be progressed in parallel to the PBC and will be included in the same Cabinet paper for October 2022.</p>
<p>Rationale</p> <ul style="list-style-type: none"> • All forms of investment are to be considered, to enable a sufficiently wide set of options. • The legislative framework required to support the recommended composition of interventions would be signalled in the PBC, but considered in depth as part of subsequent work. 	

7. Alternative or secondary uses

In scope	Out of scope
<p>Alternative uses which do not interfere with primary function (isolation and quarantine for anticipated subjects of intervention, in response to diseases in-scope).</p> <p>Alternative uses which leverage investment (such as the retention of workforce or use of any capital investment when empty).</p>	<p>Alternative uses which require significant compromises to the primary function (delivery of isolation or quarantine interventions).</p>
<p>Rationale</p> <ul style="list-style-type: none"> • While alternative uses can support better value for money for investment and potentially support the enduring nature of the options presented, such alternative uses should not detract from the primary focus of investment. 	