



AIDE MEMOIRE

New Zealand's future quarantine and isolation capability: Programme Business Case, draft Cabinet paper, and briefing

Date:	16 September 2022	Priority:	Medium
Security classification:		Tracking number:	2223-1033

Information for Minister
Hon Dr Ayesha Verrall Minister for COVID-19 Response

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Stacey Munro-Flynn	General Manager, Programmes and Change, Labour, Science and Enterprise	Privacy of natural persons	✓
Privacy of natural persons	Principal Policy Advisor, MIQ		

The following departments/agencies have been consulted

Minister's office to complete:

Approved

Noted

Seen

See Minister's Notes

Declined

Needs change

Overtaken by Events

Withdrawn

Comments



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Purpose

This aide memoire provides an overview of three documents that we have provided to you:

1. A Programme Business Case (PBC) on New Zealand's future quarantine and isolation capability.
2. A draft Cabinet paper that seeks agreement to invest in a programme of work that gives effect to the PBC, and to transfer responsibility for this work from the Ministry of Business, Innovation and Employment (MBIE) back to the health system.
3. A briefing that seeks your and the Minister of Health's agreement to key matters for inclusion in the Cabinet paper.

We require your decisions on the briefing and feedback on the draft Cabinet paper by no later than 30 September 2022. We are seeking a meeting with you on this date to discuss your feedback.

Stacey Munro-Flynn
General Manager, Programmes and Change
Labour, Science and Enterprise, MBIE

16 / 09 / 2022

You have a PBC, draft Cabinet paper, and briefing to consider on New Zealand's future quarantine and isolation capability

1. On 16 September, we provided you with three documents: a PBC, a Cabinet paper, and a briefing.

The PBC supports investment in retaining and strengthening our future quarantine and isolation capability

2. Government agencies are required to develop business cases for all significant investment proposals.¹ The Treasury's *Better Business Cases* framework provides a common language and systematic process for developing investment proposals, which, in turn, provides decision makers with the information they need to invest with confidence.

¹Cabinet Office Circular CO(19)6: Investment Management and Asset Performance in the State Services

3. A PBC is comprised of five cases:
 - a. A Strategic Case – What is the compelling case for change? What are the benefits?
 - b. An Economic Case – What are the options? What is the best option for New Zealand?
 - c. A Commercial Case – Is the proposed procurement commercially viable? Can the market deliver?
 - d. A Financial Case – Is the investment proposal affordable? How will we fund it?
 - e. A Management Case – How will the project organise for successful delivery?
4. PBCs reflect an agency's independent analysis (as informed by key stakeholders, including other government agencies).

Cabinet considered an initial PBC in December 2021, which was overtaken by events

5. In December 2021, MBIE provided the Social Wellbeing Committee (SWC) with a PBC for strengthening New Zealand's future quarantine and isolation capability. At the time, Cabinet agreed to progress more detailed work on:
 - a. Securing quarantine and isolation capacity for the tail-end of COVID-19 by using and improving existing infrastructure (including long-term contracts with current facilities), and
 - b. Securing quarantine and isolation capacity for future pandemics via purpose-built facilities on greenfield sites [SWC-21-MIN-0214 refers].
6. In the same month, the Government decided to move from an elimination strategy to a minimisation and protection strategy. From then onward, most COVID-19 cases and contacts self-quarantined and self-isolated in the community. Consequently, demand for MIQ reduced significantly.
7. In February 2022, a Treasury-led Gateway Review found that the dynamic nature of the COVID-19 pandemic, and the Government's response to it, meant that the PBC, as originally scoped and endorsed by SWC, may lead to suboptimal outcomes and regretful spend.

A revised PBC scope was agreed in April 2022

8. In April 2022, the then Minister for COVID-19 Response and the Ministers of Health and Finance approved a revised scope for the PBC, which sought to identify opportunities to secure:
 - a. More effective capabilities to address future human infectious disease risks, and contribute to minimising health, economic, and social impacts,
 - b. Faster deployment of quarantine and isolation interventions to reduce infection spread, and allow time for other system responses – providing optionality and efficiency,
 - c. More quarantine and isolation options to meet differing needs and enable equitable outcomes, and
 - d. Greater trust and confidence in future epidemic and pandemic responses [BR 2122-3105 refers].

The PBC supports investment in retaining and strengthening our quarantine and isolation capability

9. The revised PBC on New Zealand's future quarantine and isolation capability was completed in September 2022. It supports investment in a programme of work to retain and strengthen our quarantine and isolation capability (Option 2 at page 49 of the PBC).

10. The PBC has been provided to you as an Appendix to the Cabinet paper. Whilst the PBC is MBIE's document, we would welcome any feedback you may have on it by 30 September 2022.

We seek your feedback on a draft Cabinet paper on New Zealand's future quarantine and isolation capability

11. The draft Cabinet paper seeks agreement to fund a programme of work to retain and strengthen our future quarantine and isolation capability (as supported by the PBC), and to transfer responsibility for this work from MBIE back to the health system.
12. We are seeking your feedback on the draft Cabinet paper by no later than 30 September 2022.

Agency feedback on the PBC and Cabinet paper

13. Agencies are broadly supportive of the Cabinet paper. We will likely receive further feedback from the Ministry of Health, Te Whatu Ora, and the Māori Health Authority by 30 September 2022, but we do not expect this to be significant.
14. The Treasury, however, has indicated that it cannot support the Cabinet paper at this stage. In particular, the out of cycle funding request. Treasury's strong preference is that funding is sought through Budget 23. It is seeking further justification as to why funding is required now, and why the costs of progressing the programme of work supported by the PBC cannot be funded from the health system's baseline.
15. We will continue to work with the Treasury to provide further information, as requested, prior to Ministerial consultation on the Cabinet paper. In the event the Treasury maintains its current position, we will insert a comment in the Cabinet paper noting the Treasury's opposing view, as is standard practice in these situations.
16. The Cabinet paper seeks agreement to the programme of work supported by the PBC. However, at the Ministry of Health's request, we have included a minimum option of only funding the continued maintenance, testing, and maturation of our Readiness Plan. Whilst the Ministry of Health supports the PBC's proposed way forward, it also considers this option to be credible, and arguably more proportionate to future risk. This option has significant drawbacks (hence why it is not recommended by the PBC), which are set out in the Cabinet paper.
17. The Ministry of Health and Te Whatu Ora are also concerned to make clear to Cabinet that any work on retaining and strengthening our future quarantine and isolation capability will cease in the absence of new funding.

We are seeking decisions from you and the Minister of Health now on key matters for inclusion in the Cabinet paper

18. We have provided you and the Minister of Health with a joint MBIE and Ministry of Health (Public Health Agency) briefing entitled *Transfer of quarantine and isolation functions to the health system* [BR 2223-0785], alongside the PBC and draft Cabinet paper.
19. We have provided this briefing to you and the Minister of Health now to confirm key matters that will be reflected in the next version of the Cabinet paper for Ministerial consultation.
20. Specifically, the briefing seeks:
 - a. Your and the Minister of Health's in-principle agreement to transfer responsibility for quarantine and isolation functions from MBIE back to the health system by 30 June 2023.

- b. Your agreement to seek Cabinet's agreement to two years of funding from the Between Budget Contingency to progress the programme of work supported by the PBC.
21. The Minister of Health's views are being sought now, ahead of Ministerial consultation, because the proposals in the draft Cabinet paper will affect the health system. You may wish to speak with the Minister of Health before providing us with your decisions on the briefing.
22. We are seeking decisions from you and the Minister of Health on this briefing by no later than 30 September.

Next steps

23. As noted, we are seeking your decisions on the briefing *Transfer of quarantine and isolation functions to the health system* [BR 2223-0785] and feedback on the draft Cabinet paper New Zealand's future quarantine and isolation capability by no later than 30 September 2022.
24. We are seeking a meeting with you on 30 September 2022 to discuss your decisions and feedback.
25. Subject to your feedback, we will provide your office with a revised draft of the Cabinet paper by 10 October to commence Ministerial consultation (to conclude on 24 October).
26. The Cabinet paper (with the PBC as an Appendix) will be lodged on 3 November for the Cabinet Social Wellbeing Committee's (SWC) consideration on 9 November 2022.
27. An indicative timeline is set out below.

Action	Date
Minister for COVID-19 Response and Minister of Health decisions on BR 2223-0785 required	30 September 2022
Minister of COVID-19 Response feedback on draft Cabinet paper and PBC required	30 September 2022
Office provided with revised Cabinet paper for Ministerial consultation	10 October 2022
Ministerial Consultation on Cabinet paper and PBC	10-24 October 2022
Revised Cabinet paper provided to Minister for COVID-19 Response following Ministerial consultation	31 October 2022
Cabinet paper and PBC lodged	3 November 2022
Cabinet paper and PBC considered by SWC	9 November 2022
Cabinet paper and PBC considered by Cabinet	14 November 2022