



## AIDE MEMOIRE

### Final Cabinet paper covering note: New Zealand's future quarantine and isolation capability

<b>Date:</b>	23 November 2022	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2223-1925

<b>Information for Minister</b>
Hon Dr Ayesha Verrall <b>Minister for COVID-19 Response</b>

<b>Contact for telephone discussion (if required)</b>			
<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st contact</b>
Shayne Gray	GM, MIQ	Privacy of natural persons	
Privacy of natural persons	Policy Manager, MIQ		✓

<b>The following departments/agencies have been consulted</b>

**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Withdrawn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

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This aide memoire advises you of changes to the draft National Quarantine Capability Cabinet paper that the Ministry of Business, Innovation and Employment (MBIE) has made in response to your feedback on Monday 21 November 2022. The final Cabinet paper attached as Appendix A contains the changes you have requested.

We recommend you consult with your Ministerial colleagues before lodging the paper on Thursday, 1 December 2022.

Shayne Gray  
**General Manager, MIQ**  
Labour, Science and Enterprise, MBIE  
23 / 11 / 2022

#### The attached final Cabinet paper responds to your request for changes

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1. We have updated the NQC Cabinet paper following your discussion with officials on Monday 21 November 2022.
2. The key changes to the paper are that it:
  - a. recommends option three as per your request – that is, progressing investment in Crown-owned, purpose-designed quarantine and isolation facilities. To fund the first step of progressing this option, it proposes that a further \$5 million is transferred from MBIE's Isolation and Quarantine Management Appropriation within Vote Building and Construction, to fund a Detailed Business Case (DBC) following the completion of the inquiry into New Zealand's preparedness for a future pandemic. This is in addition to the \$7.4 million for option two, bringing the initial cost of progressing with option three to \$12.4 million.
  - b. reflects public health advice received from the Strategic COVID-19 Public Health Advisory Group to more clearly make the point that New Zealand needs to be prepared for a range of future human infectious disease threats.

- c. includes more information on the relative costs, risks, and benefits of option three. It notes that a DBC will be needed to better test the alternative uses of purpose-built facilities and understand the investment proposals to facilitate Cabinet's future decision making.

### **Agencies have indicated a preference of option two**

3. MBIE has noted to you that it prefers option two at this stage, as option two does not preclude purpose-built facilities in the future (under the evolving portfolio). Furthermore, as the DBC would not be progressed until after the inquiry into our COVID-19 Response, committing to a DBC at this stage may pre-emptively lock us into a work programme that is not appropriate in mid-2024 (when the inquiry expected to be complete).
4. However, should Cabinet decide to progress with option three, we can fund the DBC out of MBIE's current appropriation, so future funding decisions would not be required. Moreover, as option three only commits us to a DBC, it has a low opportunity cost.
5. Health agencies have indicated that they support option two. It is their view that investment into pandemic preparedness could be spent on services that directly address equity issues within New Zealand's health system – for example laboratory capacity and capability, upgrading and/or maintaining existing hospital infrastructure, health system infection prevention and control activities, and IT systems to support the surveillance and management of cases and contacts of notifiable infectious diseases (among others).
6. The Treasury has indicated that it does not support option three, due to the significant fiscal costs and risks, for uncertain marginal benefit over the other options. We understand the Minister of Finance is also keen to minimise spend below the initial \$11 million cost for option two that was included in the previous version of the paper.
7. Due to key agencies not supporting option three, we strongly recommend that Ministerial consultation is sought if option three is to be the recommended approach in the paper.

### **We anticipate you may be queried on recommending option three**

8. We anticipate you may be asked by your Ministerial colleagues to clarify and explain your decision to recommend option three in the paper.
9. We have prepared some key points you may wish to make in response:
  - a. There is more work to be investigated to mitigate the key risks of option three – that being that we may end up with expensive facilities, that sit empty and are unable to be otherwise utilised. The Programme Business Case (PBC) hasn't done enough to show the additional investment in Crown-owned, purpose-designed quarantine and isolation facilities would represent good value for money, especially when considered against other initiatives to improve New Zealand's pandemic preparedness.
  - b. While some work has been undertaken to date, the work was put on hold when Cabinet and joint Ministers agreed to go back to a 'first principles' PBC that looked at a wide range of quarantine and isolation options, rather than focussing solely on developing infrastructure solutions [SWC-22-MIN-0032 and MBIE briefing 2122-3105 refer].
  - c. Undertaking a DBC now will facilitate future Cabinet decision making by providing detailed investment proposals and operating models to consider. Therefore option two and option three are very similar at this point. The only difference in picking option three now is a commitment to a DBC, and transferring the funding to support its completion.
  - d. We could wait until after the inquiry onto our COVID-19 response is complete, and then decide whether or not to support option three, but if we commit to the funding now we can utilise MBIE's underspend, instead of requesting new money.

- e. The relative cost of a detailed business case for option three is very low (up to \$5 million) particularly in comparison to both ongoing health spending (over \$20 billion per year) and the potential costs of a future pandemic (which could be in the billions). Given this, Cabinet should invest in more detailed work on option three to ensure it has adequately explored the approach, especially considering the support from the Strategic COVID-19 Public Health Advisory Group.

## Next steps

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10. We recommend you consult with your Ministerial colleagues (in particular the Prime Minister, Minister of Finance, and Minister of Health) on the revised Cabinet paper as soon as possible. The paper will need to be lodged on Thursday 1 December 2022, for consideration at the Social Wellbeing Committee meeting on Wednesday 7 December 2022.

## Annexes

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### **Appendix A:** Final Cabinet paper: New Zealand's future quarantine and isolation capability

NB: Cabinet Paper not attached as  
being published under cover of  
associated cover briefing