



## BRIEFING

### Draft Cabinet paper: Revised MIQ Network Transition Approach

<b>Date:</b>	2 March 2022	<b>Priority:</b>	Urgent
<b>Security classification:</b>		<b>Tracking number:</b>	2122-3838

Action sought		
	Action sought	Deadline
Hon Chris Hipkins <b>Minister for COVID-19 Response</b>	<b>Agree</b> to Ministerial consultation and lodgement of the Cabinet paper for consideration by Cabinet on Monday 7 March 2022	4 March 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Chris Bunny	Deputy Secretary, MIQ	Privacy of natural persons	
Andrew Milne	Associate Deputy Secretary, MIQ		✓
Kara Isaac	Policy Director		

The following departments/agencies have been consulted
Ministry of Health, the Department of Prime Minister and Cabinet, New Zealand Police, Treasury The Aviation Security Service

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



# BRIEFING

## Options for accelerating the MIQ network transition, for Ministerial consultation

<b>Date:</b>	2 March 2022	<b>Priority:</b>	Urgent
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### Purpose

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This briefing provides the draft Cabinet paper: *Options for accelerating the MIQ network transition* for ministerial consultation and seeks your agreement to lodge the final Cabinet paper on Friday 4 March for consideration by Cabinet on Monday 7 March.

### Recommended action

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

- a **Note** that there have been substantial changes in policy settings related to MIQ intake from the border and the community since Cabinet agreed to the Moderate Transition Approach in December 2021, and that as a result almost all demand for MIQ is expected to disappear as of the 4 March, leaving most facilities empty from 6 March.

*Noted*
- b **Note** that in-line with the previously agreed Moderate Transition Approach, you have already agreed to decommission eight facilities from the network (one choosing to exit, seven others have had 90 day notice periods issued).

*Noted*
- c **Note** that you directed officials to provide advice on expediting a further reduction in the MIQ network from the parameters previously agreed by Cabinet in December last year.

*Noted*
- d **Note** that that attached Cabinet paper proposes a further 13 facilities be decommissioned as soon as possible, and presents three options for the size of the remaining MIQ network from 1 July 2022 (retain 11 facilities, retain four facilities, or retain no facilities).

*Noted*
- e **Agree** to circulate the draft Cabinet paper to the Prime Minister, Minister of Finance, and Minister of Health for consultation on an abbreviated timeframe.

*Agree / Disagree*
- f **Note** that we are expecting some agency feedback to be provided concurrent with Ministerial consultation for the final paper.

*Agree / Disagree*
- g **Agree** to lodge the final paper on Friday 4 March for consideration by Cabinet on Monday 7 March.

*Agree / Disagree*

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

*Agree / Disagree*



Kara Isaac  
**General Manager Policy, MIQ**  
Managed Isolation and Quarantine, MBIE

2 / 3 / 2022

Hon Chris Hipkins  
**Minister for COVID-19 Response**

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## Background

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1. On Tuesday, 20 February 2022, you met with officials to discuss the future of the MIQ network [2122-2742 refers]. In this discussion you directed officials to:
  - a. reduce the size of the MIQ network by at least two thirds by the end of June 2022
  - b. consider the viability of paying out the 90 day notice period for facilities rather than having them sit empty
  - c. prioritise the exit of facilities in central business districts
  - d. consider whether to withdraw the network to Auckland and Christchurch.
2. Officials have agreed with your office that the Cabinet paper will go directly to Cabinet on Monday, 7 March. This will result in a very short Ministerial consultation period (during which period we will also be consulting further with agencies, particularly the Treasury), ahead of lodging on Friday 4 March.

## **Draft Cabinet paper: Options for accelerating the MIQ network transition**

3. The enclosed Cabinet paper (attached at **Annex One**) describes the substantial changes in policy settings related to MIQ intake from the border and the community since Cabinet agreed to the Moderate Transition Approach in December 2021. As a result almost all demand for MIQ is expected to disappear as of the 4 March, leaving most facilities empty.
4. The paper proposes an immediate and aggressive reduction in the MIQ network, and presents three options for the size of the remaining MIQ network from 1 July 2022.

### **Proposals for Cabinet consideration**

#### *Agreement to decommission two thirds of the MIQ network by 30 June 2022*

5. In addition to the seven facilities you have already agreed to decommission in line with the transition approach agreed last December, the Cabinet paper recommends that a further 13 facilities be decommissioned as soon as possible.
6. Combined with the eight facilities already leaving the network, this means that MIQ network as a whole could be reduced by 21 facilities (66%) by the end of June 2022.
7. Although not specifically named in the Cabinet paper, the facilities that would be decommissioned as part of this process are set out below:

	<b>Facility</b>	<b>Rooms</b>	<b>Comment</b>
1	Grand Millennium Auckland	375	Already agreed
2	SO Auckland	122	Already agreed
3	Stamford Plaza Auckland	266	Already agreed
4	Ibis Hamilton	118	Already agreed
5	Rydges Rotorua	126	Already agreed
6	Distinction Christchurch	167	Already agreed
7	Crowne Plaza Christchurch	191	Already agreed

	Facility	Rooms	Comment
8	Ridges Auckland	250	Commercial information
9	Four Points Auckland	227	
10	Grand Mercure Auckland	194	
11	Novotel/Ibis Ellerslie Auckland	246	
12	Sebel Auckland	142	
13	Sudima Airport Auckland	143	
14	Distinction Hamilton	138	
15	Chateau Christchurch	180	
16	Novotel Airport Christchurch	187	
17	Sudima Airport Christchurch	230	
18	Pullman Auckland	258	
19	Ibis Rotorua	136	
20	Ramada Auckland	39	
21	Crowne Plaza Auckland	330	
	<b>Total rooms</b>	<b>4,050</b>	

*Options around the desired network size beyond 1 July 2022*

8. This accelerated decommissioning will leave eleven facilities within the network until the end of their current contracts at the end of June 2022, supporting any residual demand for MIQ from the border and community.
9. The paper sets out choices around the treatment of the network beyond the end of June, given the need to re-negotiate contracts with any facilities that are to be kept beyond this time:
  - a. **Option One:** Retaining a distributed presence across the country by extending the contracts of up to 11 facilities over a staggered period of September-December 2022, while retaining clauses which enable the early exit through a notice period.
  - b. **Option Two:** Consolidating the network into three or four facilities in Auckland and Christchurch, extending contracts until December 2022, while retaining clauses which enable the early exit through a notice period.
  - c. **Option Three:** Decommissioning all facilities by 30 June 2022. To allow for the decommissioning process, this would mean facilities will cease taking either border arrivals or community cases by the end of May, at the latest.
10. Choices made by Cabinet will have a range of impact on the MIQ workforce, and the suppliers that work with MBIE to deliver elements of MIQ. The scale of these impacts is currently unknown, but are likely to require the issuing of contract notice periods and workforce change processes.

### *Financial implications*

11. Given the reduction in the scale of MIQ proposed in this paper, it is expected that some funding allocated by Cabinet for 2021/22 and a significant proportion of the funding allocated for 2022/23 will be able to be returned to the centre in due course.
12. However, due to the substantial uncertainty about the scale and duration of the current MIQ network, and the potential costs associated with workforce change, while there is an intention to return unspent funding to the centre, estimated costs for all policy changes proposed in this paper have not been included in this paper.
13. The paper seeks to return \$169.1 in estimated underspends for 2021/22, and \$154.7 million in estimated underspends for 2022/23 to the centre now. It notes that the remaining anticipated but uncertain underspends will be worked through over the coming weeks and returned at a later date via standard processes (ie October Baseline Update process).

### *Process for ongoing management of the MIQ network in the future*

14. While MIQ at one point was a large and core element of our response to managing COVID-19, it now has a much smaller and more marginal role. Changes will need to be made rapidly to respond to changes in demand, and I anticipate we will need to be in a position to close further facilities.
15. The paper therefore proposes that future decisions around the scale and duration of the network, within the funding allocation provided by Cabinet, are delegated to the Minister for COVID-19 Response.

### *Next steps for the National Quarantine Service*

16. Alongside decision on the Moderate Transition Approach Cabinet also agreed to the development of two Detailed Business Cases (DBC) to progress work on a National Quarantine Service:
  - a. DBC 1 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
  - b. DBC 2 would focus on securing quarantine capacity for future pandemics via Confidentiality
17. The Cabinet paper notes as a result of the network reduction proposed in this paper and the uncertainty in demand for MIQ over the coming months, and in-light of direction from the gateway review process, DBC1 is no longer required contracts and upgrades for the coming year can be funded through the existing MIQ appropriation for 2022/23. The gateway review also recommended that the project go back to the PBC stage to ensure that it aligns with a broader national pandemic plan.
18. MBIE officials will be engaging with agencies across the pandemic response and emergency management systems to ensure the National Quarantine Service design work can enable the greatest benefit from our future preparedness investment.
19. The paper notes that longer-term work on the National Quarantine Service is progressing, subject to the scope of this project being confirmed by the Ministers of Finance, Health, and COVID-19 Response, with a revised anticipated delivery date of Q3, 2022.

## Next steps

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20. We will continue to work with cross-agency partners to finalise details in the Cabinet paper, including final financial implications and police details.
21. We will provide you with further advice on the outcome of the gateway review of Detailed Business Review by Friday 4 March.
22. It is recommended that Cabinet's decision on Monday is publicly announced on Monday afternoon. MBIE will notified of Cabinet's decision as soon as possible so that staff can be communicated with alongside the public announcement.
23. We will also commence the decommissioning process and contracts negotiations with hotels following Cabinet decisions and provide you with updates on progress through weekly reports.

## Annexes

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Annex One: Draft Cabinet paper: *Options for accelerating the MIQ network transition*

***Annex One: Options for accelerating the MIQ network transition***

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