



BRIEFING

Decommissioning the Commodore Hotel Christchurch as an MIQ facility

Date:	25 May 2022	Priority:	Urgent
Security classification:		Tracking number:	2122-4588

Action sought		
	Action sought	Deadline
Hon Chris Hipkins Minister for COVID-19 Response	<p>Note that you have previously agreed in principle to decommission the remaining four MIQ facilities in Auckland (3) and Christchurch (1) at the end of August 2022.</p> <p>Note that while there continues to be limited demand for the three remaining Auckland facilities due to arrivals from Afghanistan and refugees, and community cases, there is now no demand for the Christchurch facility.</p> <p>Agree to bring forward the decommissioning of the Commodore Hotel Christchurch given lack of demand for the facility and the cost of continuing to retain it in the MIQ network until the end of August.</p> <p>Agree to consult with the Prime Minister, Minister of Finance, and Minister of Health on this decision.</p>	27 May 2022

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

The following departments/agencies have been consulted

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 Withdrawn |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



Decommissioning the Commodore Hotel Christchurch as an MIQ facility

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Purpose

The purpose of this briefing is to seek your agreement to decommission the Commodore Hotel Christchurch as an MIQ facility given the lack of demand and the cost of continuing to retain it in the network until the end of August.

Three options are provided for your decision: either decommissioning the facility at the end of July 2022, decommissioning the facility as soon as possible, or continuing with contract negotiations to retain the facility until the end of August.

Recommended action

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

- a **Note** that on 25 April 2022 you agreed to bring forward the closing of the four remaining MIQ facilities to the end of August 2022 [BN 2122-4081 refers]. *Noted*
- b **Note** that occupancy levels in the Commodore have been extremely low for the last six weeks and the facility has been empty since Friday, 20 May. *Noted*
- c **Note** that contract negotiations with the Commodore to extend their contract beyond 30 June are still in progress. *Noted*
- d **Agree** to either
- a. **Option One [recommended option]:** Bring forward the decommissioning of the Commodore Hotel Christchurch from 31 August to 31 July 2022, with the facility being deactivated by 30 June 2022. Agree / **Disagree**
- OR
- b. **Option Two:** Bring forward the decommissioning of the Commodore Hotel Christchurch from 30 August to as soon as possible, with community cases ceasing to be accepted from the day after your decision is received and deactivation occurring either immediately or as soon as any remaining community cases depart. **Agree** / Disagree
- OR
- c. **Option Three [status quo]:** Conclude contract negotiations with the aim of retaining the Commodore in the MIQ network until 31 August 2022. Agree / **Disagree**

e **Agree** to consult with the Prime Minister, Minister of Finance, and Minister of Health on this decision.

Agree / Disagree

f **Note** that MBIE's National Alternative Accommodation Service can meet any residual demand for accommodation from community cases through winter, if needed.

Noted

g **Agree** to proactively release this briefing with appropriate withholdings under the Official Information Act 1982

Agree / Disagree



Andrew Milne
Associate Deputy Secretary
MIQ, MBIE

25 / 05 / 2022



Hon Chris Hipkins
Minister for COVID-19 Response

25 / 05 / 2022

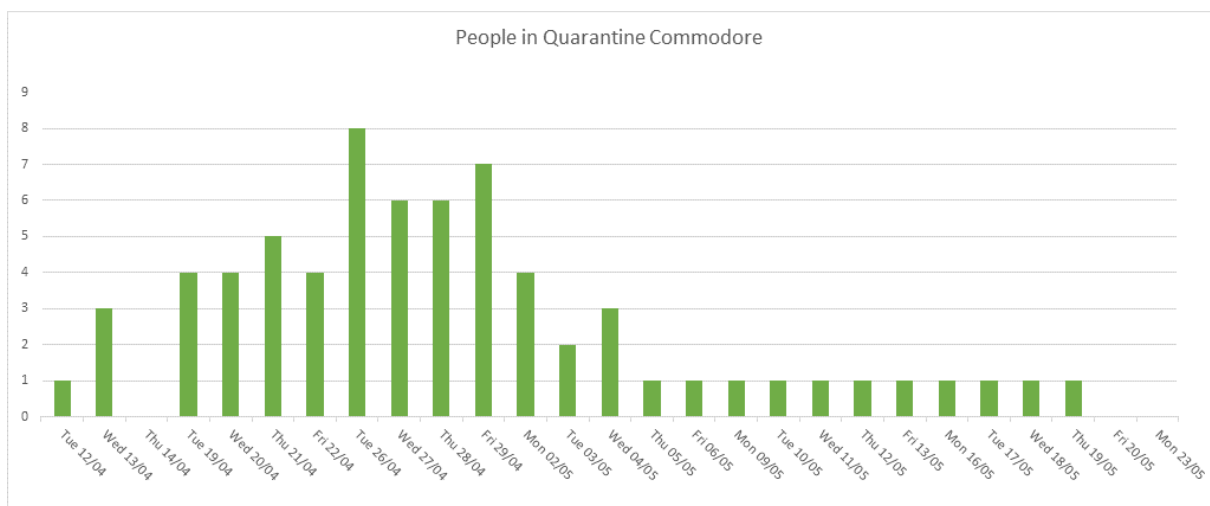
Background

1. There are currently four facilities in the Managed Isolation and Quarantine (MIQ) network. Three in Auckland and one in Christchurch. On 25 April you agreed to bring forward the decommissioning of these facilities to the end of August [BN 2122-4081 refers].
2. There continues to be limited but steady demand for the three Auckland facilities from a combination of arrivals of refugees and people from Afghanistan at the border along with a small number of community cases. As of Tuesday, 24 May, there were 50 people in MIQ facilities in Auckland.
3. Conversely, there is now no demand from the border for a facility in Christchurch and the last six weeks has seen a steady decline in demand from the community. As of Wednesday, 25 May, the Commodore facility is empty and has been for the last six days.
4. This briefing seeks your agreement to bring forward further the decommissioning of the Commodore Hotel in Christchurch given there is almost no demand for it, any residual demand through winter can be accommodated by MBIE's alternative accommodation service, and the cost of retaining it in the network until the end of August.

There is now virtually no demand for managed isolation or quarantine in Canterbury

Occupancy levels at the Commodore have been low for the last six weeks

5. With recent changes to the Maritime Border Order, the Commodore now only accommodates community cases.
6. There have been no community cases being accommodated in the Commodore since Friday, 20 May. Over the last six weeks average occupancy has been 2.5 community cases per week. However, over the last two weeks average occupancy has decreased to 0.82 cases per week.



7.

Graph 1: Quarantine rooms used in Commodore Hotel Christchurch 12/4 – 23/5

[Commercial in Confidence] The costs of retaining the Commodore outweigh the benefits

- 8. The facility cost of retaining the Commodore in the network is approximately [Commercial Information] day.
- 9. In addition, there are currently a further 36 MBIE employed roles at the Commodore, predominantly security officers. The cost of these roles is approximately [Commercial Information] a month allowing for salary, personnel related costs, and overheads.
- 10. These staff are all currently subject to a formal change process which had provided 31 August as the proposed disestablishment date for their roles. Any cost savings in MBIE employed staff salaries prior to 31 August will be dependent on earlier redeployment or alternative employment opportunities being confirmed.

We recommend that the decommissioning of the Commodore Hotel Christchurch be brought forward further

- 11. Due to there being virtually no demand for MIQ in Canterbury and the costs associated with retaining the Commodore until the end of August, we propose bringing forward its decommissioning to either the end of July (recommended) or as soon as possible.

Option One: Bring forward decommissioning of the Commodore to the end of July

- 12. Given the almost non-existent demand for MIQ for facility cases in Canterbury we recommend bringing forward the decommissioning of the Commodore Hotel to the end of July.
- 13. This will allow any community cases to be accommodated until late June and provide time to communicate with stakeholders, work through final details with the Commodore, and the orderly deactivation and decommissioning of the facility. This option is expected to save the Crown approximately \$1.3m.

14. Commercial information [Redacted]

15. Commercial information [Redacted]

16. Legal professional privilege [Redacted]

17. Commercial information [Redacted]

Option Two: Bring forward decommissioning to as soon as possible

- 18. Option Two would result in the facility no longer accepting community cases from the day after your decision is received with the deactivation and decommissioning process proceeding immediately.
- 19. This option is expected to save the Crown approximately \$2.6m but would also bring with it a number of risks given where we are currently at with our staff change process, contract negotiations, and the good faith expectations the hotel has of receiving a contract extension.

20. Legal professional privilege



21.

22. Free and frank opinions



Option Three: Conclude contract negotiations to retain the Commodore until the end of August

- 23. Option three is the status quo option. This would see MBIE continue our negotiations with the Commodore with the intention of retaining the facility in the network until the end of August. However, as noted below there continue to be matters still to be resolved.

Current status of contract negotiations

24. Commercial information



Alternative accommodation remains available for community cases

- 25. As with when we decommissioned the last facilities in Hamilton, Rotorua, and Wellington, MBIE's National Alternative Accommodation Service can meet any residual demand for accommodation from community cases, as needed.

Iwi and DHBs have been advised about the possible earlier decommissioning of the Commodore

26. Canterbury District Health Board support Option One of deactivating the Commodore in late June as this will allow them to redeploy two health staff into other roles a month earlier than currently planned. Ngai Tahu have indicated that they are comfortable to take MIQ's lead on the appropriate time to decommission the facility.

Next steps

27. As this paper recommends that you revisit the previous in principle decision to close all four of the remaining facilities at the end of August if you wish to proceed with either Option One or Option Two consultation with the Prime Minister, Minister of Finance, and Minister of Health is required.
28. Should you direct us to proceed with either Option One or Option Two we will notify the Commodore immediately and proceed with the deactivation and decommissioning process.
29. Should you select Option Three (status quo) we will continue with our contact negotiations to retain the Commodore in the MIQ network until the end of August.