



## BRIEFING

### Update on MIQ network transition ahead of discussion with officials

<b>Date:</b>	19 February 2022	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2122-2742

Action sought		
	Action sought	Deadline
Hon Chris Hipkins <b>Minister for COVID-19 Response</b>	<p><b>Note</b> the background advice contained in this briefing, ahead of meeting with officials to discuss a network transition strategy on Tuesday 22 February.</p> <p><b>Agree</b> to start the decommissioning process for the Grand Millennium Auckland, SO Auckland, Stamford Plaza Auckland, IBIS Hamilton, Rydges Rotorua, Distinction Christchurch, and Crowne Plaza Christchurch, so that these facilities can exit the MIQ network on or before 30 June 2022.</p> <p><b>Note</b> that this is consistent with Cabinet's agreement in December 2021 to a moderate approach to downscaling the MIQ network in 2022.</p> <p><b>Note</b> [REDACTED] Commercial Information [REDACTED].</p> <p><b>Note</b> that the upcoming reduction in demand for MIQ from the border has a range of significant operational implications for our workforce and the facilities and services we contract.</p>	24 February 2022

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

The following departments/agencies have been consulted
The Department of the Prime Minister and Cabinet, the Ministry of Health (Director General)

**Minister's office to complete:**

- Approved
- Noted
- Seen
- See Minister's Notes

- Declined
- Needs change
- Overtaken by Events
- Withdrawn

**Comments**



# BRIEFING

## Update on MIQ network transition ahead of discussion with officials

<b>Date:</b>	19 February 2022	<b>Priority:</b>	High
<b>Security classification:</b>		<b>Tracking number:</b>	2122-2742

### Purpose

To provide you with an update on the expected impact of Reconnecting New Zealanders on demand for MIQ ahead of a discussion with officials scheduled for Tuesday, 22 February 2022, and seek your agreement to commence the decommissioning of the first tranche of facilities.

### Recommended action

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

- a **Note** that in December 2021 Cabinet agreed to fund MIQ operations to a level which would see capacity reduce from the current 5,900 room capacity to around 4,400 rooms by July 2022, and then reduce further to 1,300 rooms by June 2023, but, in line with your direction in December 2021, no action has yet been taken to reduce capacity.  
*Noted*
- b **Note** that in December 2021 officials estimated demand of approximately 500 to 1,400 entries per week into MIQ from the border and community in 2022, but recent decisions on settings to manage the risk of COVID-19 in the community and for border arrivals suggest that demand will be much lower than this (a maximum of 200 entries per week).  
*Noted*
- c **Note** that in the 17 February 2022 lobby release, 952 people (representing 1,431 passengers) participated. 594 people (1,431 passengers) took the opportunity to secure vouchers (624 rooms, out of a total 2,530 rooms available), with 1,906 rooms unclaimed.  
*Noted*
- d **Note** that we are anticipating significant room wastage from 28 February as people who have acquired and retained vouchers just in case Reconnecting New Zealanders timeframes were further delayed utilise the self-isolation pathway.  
*Noted*
- e **Agree** to commence decommissioning the first tranche of eight facilities (a reduction in capacity of approximately 1,600 rooms), with these facilities to exit the MIQ network on or before 30 June 2022.

Agree  Disagree

f Commercial information [Redacted]

*Noted*

g **Note** that a reduction in demand for MIQ has a range of significant operational implications for our workforce and the facilities and services we contract.

*Noted*

h **Note** that we are scheduled to meet with you to discuss downscaling the network, and possible uses for MIQ facilities outside our current focus on border arrivals and the high-risk pathway on Tuesday, 22 February 2022.

*Noted*

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

Agree  Disagree

Andrew Milne  
**Associate Deputy Secretary MIQ, MBIE**

19 / 2 / 2022

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

21 / 2 / 2022

## Background

---

1. In December 2021 Cabinet agreed to fund MIQ operations to a level which would see capacity reduce from the current 5,900 rooms to around 4,400 rooms by July 2022, and then reduce further to 1,300 rooms by June 2023 (the 'moderate transition approach') [SWC-21-MIN-0215].
2. On 16 December 2021, you refrained from making decisions regarding the scaling down of the MIQ network and commencing the 90-day decommissioning period of some facilities due to uncertainty regarding the Omicron variant and its impact on community demand and plans to re-open borders [BR-2122-2192 refers].
3. On 21 December 2021 Cabinet deferred the implementation of Reconnecting New Zealanders (RNZ) in light of Omicron, extending the period where MIQ was required to enter New Zealand and also extending the duration of stay to 10 days. Revised timeframes for RNZ have now been decided, and the duration of MIQ stay has also been reduced back to seven days, in-line with Phase 2 of the Omicron strategy.
4. Based on current border settings we consider it likely that almost all demand for MIQ from the border will disappear by 14 March 2022 (Step 2 of RNZ).
5. In BR-2122-2192 we provided you with initial advice on the impact of RNZ on MIQ capacity for March 2022, and you agreed to meet with us to discuss the next steps of scaling down MIQ in future. This advice is provided in-advance of that discussion.

## We expect demand for MIQ from the border to almost totally disappear with the introduction of Step 2

---

6. We have recently advised you that we expect demand for managed isolation will reduce by approximately 33% at Step 1, and by approximately 95% at Step 2 of RNZ [BR-2122-2647].
7. At Step 1, fully vaccinated New Zealand citizens, residents, and people with border exceptions travelling from Australia become eligible to self-isolate (rather than enter MIQ). At Step 2, such people, travelling from the rest of the world, become eligible to do the same.
8. At Step 3, with the ability for some visa classes to enter New Zealand with vaccinations that do not meet the current criteria for the medium-risk pathway, it is possible that there may be a very small increase in demand for MIQ from the border. This is because as of 18 February, there are 33 vaccines recognised for eligibility for travel, but only 10 that make people eligible for the medium risk pathway. Therefore, there may be some vaccinated visa holders who are able to enter New Zealand but are still required to go into MIQ, if those settings do not change.
9. As the total scale of unmet demand to enter New Zealand is not known, these estimates cannot be used to calculate the total residual numbers of people we expect to enter MIQ, but we are anticipating that total numbers will be very small (a maximum of 200 people a week but likely fewer), and comprise:
  - a. Unvaccinated New Zealand citizens who will be supported to enter New Zealand through MIQ, noting that a number of key carriers to New Zealand require vaccination as a condition of carriage.
  - b. Any travellers from very high-risk countries, noting that there are currently no very high-risk countries identified.
  - c. Vaccinated travellers who have the right to enter New Zealand, but whose vaccination does not meet the requirements of the medium-risk pathway, from Step 3.

- d. Non-citizens coming from jurisdictions where there is limited access to a COVID-19 vaccine, who apply for - and are granted, an exemption by the Director-General of Health.
10. To this point in the pandemic, MIQ has functioned as a proportionate response to the risk of COVID-19 (including various variants of concern) entering New Zealand through the border and seeding in the community. Now that COVID-19 is becoming widespread in the community, this may change in future as the relative risk posed by international arrivals reduces. DPMC will be providing you with advice by the end of February on the role of MIQ as a border response, including the ongoing role of MIQ in the high-risk pathway. Any changes to the role of MIQ as part of the high-risk pathway will have implications for demand.

**MIQ is currently funded according to a moderate transition approach determined in December last year, which assumed a higher level of demand than we now consider likely**

11. In December 2021 Cabinet agreed to fund MIQ operations to a level which would see capacity reduce from the current 5,900 room capacity to around 4,400 rooms by July 2022, and then reduce further to 1,300 rooms by June 2023 [SWC-21-MIN-0215].
12. While Cabinet considered a more aggressive downscaling of MIQ at the time (the accelerated transition approach), a moderate approach to reducing capacity was taken. This reflected Cabinet’s desire to ensure that there was sufficient flexibility in the network to accommodate unexpected demand from the border or community, particularly through winter.
13. In coming to this decision, Cabinet was informed by the estimates of that time which indicated that once all RNZ steps were implemented, MIQ could need to accommodate up to approximately 500 to 1,400 entries per week from the border and community, which roughly translated to between approximately 400 to 1,000 rooms per week.<sup>1</sup> At the time, it was acknowledged that these numbers were very approximate and not a model of demand, with actual numbers heavily dependent on border and health settings and traveller volumes and airline route and capacity decisions.
14. With recent decisions on settings to manage COVID-19 in the community and the border, we are now in a better position to understand the extent to which these cohorts are sources of demand for MIQ:

Cohort	Possible demand for MIQ from 14 March
Travellers from very high-risk countries	Currently none as this category is not currently in use. However, it may be called upon if new variants of concerns start to emerge internationally with a different risk profile to Omicron.
Positive community cases or close contacts referred to MIQ	<p>The approach taken to the current Omicron outbreak is seeing a substantially smaller proportion of cases entering MIQ than under the Delta outbreak, particularly with the development of alternative supports for people to isolate in their community or home.</p> <p>The three phases of our response to Omicron include the provision of wrap-around supports and guidance for people to self-isolate and reduced periods of isolation and</p>

<sup>1</sup> Assuming average 1.35 people per room rate

Cohort	Possible demand for MIQ from 14 March
	<p>quarantine in phases two and three, alongside more developed alternative accommodation options.</p> <p>Whether this demand will increase as Omicron cases continue to grow is currently unknown.</p>
Travellers diverted to MIQ on arrival by a Medical Officer of Health under section 70 of the Health Act	The extent to which this may occur is still unclear.
Large and/or complex groups who are not able or willing to make their own self-isolation arrangements	<p>We have worked with the Ministry of Health to ensure that self-isolation requirements are sufficiently flexible for groups arriving in New Zealand.</p> <p>However, you recently agreed to provide MIQ space for some complex groups to support their entry to New Zealand in March during the transition to self-isolation and given the requirements had not yet been published.</p> <p>There are choices to make around the use of MIQ for groups beyond March, particularly where there is excess capacity in the network. There are commercial considerations around the distribution of potential custom from groups who need to self-isolate to hotels beyond those who have had arrangements with MIQ however, and so we will provide you with further advice on this, following the discussion on Tuesday 22 February 2022.</p>
New Zealand citizens who do not meet vaccination requirements (or other travellers who are exempt from vaccination requirements)	<p>A number of key airlines currently require adult passengers to be vaccinated as a condition of carriage: Qantas, Jetstar, Air NZ, Fiji Air and Air Vanuatu. Any unvaccinated adults are required to seek an exemption from the airline before they will be entitled to carriage. It is not known whether these 'no vax no fly' policies will soften overtime in line with international relaxation of Covid-related travel restrictions.</p> <p>DPMC is also developing advice for you on vaccination and the high-risk pathway including MIQ.</p>

15. In funding MIQ to the level of the moderate transition approach, Cabinet also considered their preference to retain flexibility to accommodate the emergence of variants of concern (including Omicron) and retain the ability to surge MIQ capacity if needed, acknowledging that there would be a degree of significant wastage in the system.
16. It is now clearer that the degree of under-utilisation across the network is likely to be extremely high if MIQ's current operating model continues, and there are no significant departures from current system settings.
17. In December, Cabinet also agreed that MBIE should progress work on an enduring National Quarantine Service (NQS), with purpose-designed facilities, operating model and core workforce. This work is continuing and there are options in terms of the implementation timeline that may inform and support future MIQ network capacity.

## Action needs to be taken imminently to reshape the MIQ network

---

### To adapt to disappearing demand, operational changes to the way MIQ functions need to be made imminently

18. For a number of months, MIQ has operated at almost total capacity across the network, fully utilising our cross-agency workforce (made up of NZDF, MBIE, Aviation Security, Ministry of Health, DHBs, Police, and contracted security workforce) and our contracts with hotels and transport operators.
19. The shift to substantially underutilised facilities in the next four weeks will require a number of significant changes to our operating model, informed by the decisions you make around decommissioning and any alternate uses for facilities.
20. These changes to the MIQ operating model will encompass:
  - a. **Workforce:** the demands on our cross-agency partners will substantially reduce as facilities are left empty due to lack of demand or decommissioned. Retaining these staff (including DHB, Police, and NZDF) in empty facilities when there are other demands on their time will become untenable immediately. Without clear, timely communication of MIQ's transition plan before the end of February, we will struggle to attract or retain staff to replace other agencies workforces who are withdrawing and maintain the desired network capacity and as a base for the future NQS workforce. Ambiguity on potential workforce impacts of the loss in demand is already having an impact on staff wellbeing.
  - b. **Suppliers:** including hotels and their staff and the transport providers who currently move people across the network via charter flights and buses. We are required to give these operators notice periods and will otherwise pay for extended periods of empty facilities or underutilised services.
  - c. **Entry into MIQ:** The eligibility of most people to go into self-isolation upon arrival at the border will have significant operational implications for how we identify, separate, and allocate to facilities those who are still required to go into MIQ
  - d. **Planning and distribution of demand:** future voucher releases as well as the current lobby mechanism for releasing them need to be considered in-light of the substantially reduced demand already being seen<sup>2</sup>. Current operational settings such as cohorting will also not be sustainable in an environment of very few entries. Operational decisions will need to be made in the next week to prepare the workforce and network for this upcoming period of underutilisation. It is critical that decisions on the network transition strategy are made as soon as possible and in-concert with these operational decisions to ensure consistency and clarity.
21. It is critical that decisions are reached and communicated as soon as possible so that these changes can be well-planned.

### We can begin to remove sites from the network while retaining substantial capacity to address unforeseen or new risks

22. Confirmation to begin decommissioning seven facilities, in-line with Cabinet's agreed transition approach, is a first step to begin this period of change. Releasing these facilities from the MIQ network will still leave substantial capacity across 24 facilities to respond to any change in demand.

---

<sup>2</sup> In the 17 February 2022 lobby release, 952 people (representing 1,431 passengers) participated. 594 people (1,431 passengers) took the opportunity to secure vouchers (624 rooms, out of a total 2,530 rooms available), with 1,906 rooms unclaimed.



23. These facilities are the strongest candidates to leave the network due to being located in central business districts, or in regions where it is difficult to fully utilise capacity. These facilities may also be unable or unwilling to accommodate people under quarantine conditions.
24. Beyond t **Commercial Information** , assuming contract termination notices are staggered over the next month, these facilities would exit the portfolio between 31 May and 30 June 2022, but any delay in decision-making will further delay this timeframe. We estimate the costs of these first seven facilities remaining on the network, but empty, would be \$5.4 million per month, or an average of \$764,000 per facility. Therefore, decisions are needed as soon as possible to begin decommissioning them to minimise costs to the Crown for empty facilities.
25. We also need to start decommissioning as soon as possible as the withdrawal of NZDF staff in particular is tied to the decommissioning of facilities. Delaying the commencement of the decommissioning process ultimately delays the withdrawal of NZDF, and potentially that of other cross-agency staff including Police. Removing these facilities from the network will allow the remaining workforces to consolidate into fewer facilities, mitigating workforce impacts due to Omicron and allowing remaining facilities to be used to be better utilised.
26. Due to the fall in demand, we anticipate that these facilities are unlikely to be operational beyond the end of April 2022 or potentially earlier. This will allow the early release of other agency staff across these and other facilities as staff are returned to their home agency or redeployed.
27. Below are the facilities we propose to decommission as part of tranche one, their room capacity, and the main rationale for seeking to decommission that particular facility at this point in time.

Facility	Number of rooms	Main rationale
<i>Rydges Auckland (already underway, exiting April 2022)</i>	250	Commercial information <b>Commercial Information</b>
Grand Millennium Auckland	375	Is located in Auckland CBD
SO Auckland	122	Is located in Auckland CBD
Stamford Plaza Auckland	266	Is located in Auckland CBD
IBIS Hamilton	118	Decommissioned to deliver a reduced regional presence
Rydges Rotorua	126	Decommissioned to deliver a reduced regional presence
Distinction Christchurch	167	Is located in Christchurch CBD
Crowne Plaza Christchurch	191	Is located in Christchurch CBD
<b>Total</b>	<b>1,615 rooms</b>	

## **Outside of the high-risk border pathway, there are a range of functions the remaining empty MIQ facilities could serve**

---

28. For a number of months, MIQ has operated at almost total capacity across the network, fully utilising our cross-agency workforce (made up of NZDF, MBIE, Aviation Security, Ministry of Health, DHBs, Police, hotel staff, and contracted security workforce) and our contracts with hotels and transport operators.
29. The shift to substantially underutilised facilities within the next five weeks will require a number of changes to how we operate, informed by the decisions you make around the decommissioning and/or alternate uses for facilities.
30. We will discuss possible alternate uses with you when we meet on Tuesday 22 February 2022, but we anticipate that excess MIQ capacity could support the wider COVID-19 health and welfare system response, particularly during the peak of the Omicron outbreak that is currently forecast for April.
31. Hotels have an appreciation of the changing landscape of MIQ and may be more open to discussions about alternative utilisation beyond border response given that need is quickly diminishing.

## **Next steps**

---

32. We will discuss the issues canvassed in this advice with you in more detail on Tuesday 22 February, including the options for the ongoing use of the remaining facilities in the MIQ network.
33. It is critical that we have some clarity about the future MIQ network in order to ensure staff are sufficiently supported and managed through change, and service contracts are concluded in a timely way.
34. Subject to your agreement to the decommissioning of the seven proposed facilities, we will undertake consultation with relevant stakeholders including Iwi, facility owners, and Mayors of impacted regions. We will progress the development of a decommissioning plan which will see these facilities removed from the network as proposed and inform you of the outcome of these discussions through weekly reports.
35. Informed by discussions on Tuesday 22 February, we will provide you with further advice in future related to the MIQ network.