



BRIEFING

MIQ appropriation and returning the MIQ underspend

Date:	10 August 2022	Priority:	Medium
Security classification:		Tracking number:	2223-0295

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Note this briefing provides a report back on the wind-down of MIQ, including an update on expected returns to the centre.	17 August 2022
Hon Ayesha Verrall Minister for COVID-19 Response	Approve the immediate return of the 2022/23 MIQ underspend of \$229.158 million to the centre. Approve the return of the \$68.833 million underspend for 2021/22 and the capital injection underspend of \$10.601 million through the October Baseline Update following completion of the annual audit process.	17 August 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andrew Milne	Deputy Secretary Managed Isolation and Quarantine	Privacy of natural persons	✓
Privacy of natural persons	Senior Policy Advisor, MIQ Policy	n/a	

The following departments/agencies have been consulted
The Treasury has been consulted and have supplied input from Police, Aviation Security, and Ministry of Health.

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 Withdrawn |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



BRIEFING

MIQ appropriation and returning the MIQ underspend

Date:	10 August 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2223-0295

Purpose

This briefing provides an update on the wind-down of MIQ and identifies the underspend in the appropriation that can be returned to the Crown. This briefing fulfils the report back on MIQ funding requested by the Minister of Finance in April 2022.

Recommended action

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

- a **Note** Cabinet's previous decision to wind-down the MIQ network and return underspends to the centre [SWC-22-MIN-0032 refers]. Noted
- b **Note** that the Minister of Finance requested a report back on the wind-down of MIQ and an update on the expected returns to the centre in response to the Briefing *Scope of work for future isolation and quarantine capability Programme Business Case* [2122-3105]. Noted
- c **Note** that the three final MIQ facilities closed on 29 July 2022 and that under the new MIQ operating model the MIQ workforce will reduce from approximately 650 FTE in March 2022 to approximately 40 FTE. Noted
- d **Note** that the new MIQ work programme is focused on closing-down legacy MIQ functions, servicing enduring statutory and business obligations, and developing the MIQ Readiness Plan and the National Quarantine Capability Programme Business Case. Noted
- e **Note** that the MIQ Readiness Plan provides the ongoing capability to rapidly establish the hotel-based system of MIQ in response to a serious public health threat until the availability of any future interventions proposed by the National Quarantine Capability Programme Business Case. Noted
- f **Note** that MBIE is progressing IT enhancements to the Managed Isolation Allocation System (MIAS) and supporting work to align the allocation system with the findings of the Grounded Kiwis judgement should the Readiness Plan be activated, as per your decision [2223-0010]. Noted
- g **Note** that there is no funding for the MIQ Readiness Plan beyond 30 June 2023 and that decisions have not yet been made by Cabinet on the National Quarantine Capability Programme Business Case and will not be taken until November 2022. Noted

h **Note** that it is MBIE's intention that a small portion of the 2021/22 funding (up to \$5 million) should be retained as a fiscally neutral adjustment for the 2023/24 year to support the finalisation of the MIQ Readiness Plan and its transition.

Noted

i **Note** that the total approved MBIE appropriations for MIQ were \$789.674 million for 2020/21, \$1 billion for 2021/22, \$588.509 million for 2022/23 coming to a cumulative total of \$2.379 billion.

Noted

j **Note** that MBIE also received a capital injection of \$13.423 million for capital expenditure relating to MIQ under Vote Business, Science & Innovation [CAB-20-MIN-0511].

Noted

k **Note** that \$3.8 million from the MIQ appropriation has been allocated to the National Alternative Accommodation Service from July 2022 to 31 December 2022 [CAB-22-MIN-0241.01].

Noted

l **Note** that MBIE returned \$453.5 million in underspends across 2021/22 and 2022/23 as part of the Accelerating MIQ network transition decision in March 2022 [SWC-22-MIN-0032].

Noted

m **Note** that MBIE currently holds funding of \$853.378 million for 2021/22 and \$282.471 million for 2022/23, which is supporting the close-down of existing operations and delivery of activity under the new operating model and no new funding is being sought for these initiatives.

Noted

n **Note** MBIE currently estimates underspends of \$68.833 million 2021/22 and \$229.158 million in 2022/23 and an underspend of the capital injection of \$10.601 million.

Noted

o **Note** MBIE recommends returning the \$229.158 million underspend for 2022/23 to the Centre immediately and recommends returning the 2021/22 and capital injection underspends via the October Baseline Update following the completion of the annual audit process.

Noted

p **Agree** to return \$229.158 million in estimated underspends from the Isolation and Quarantine Management Multi Category Appropriation in 2022/23 to the centre.

Minister of Finance

Agree / Disagree / Discuss

Minister for COVID-19 Response

Agree / Disagree / Discuss

q **Agree** that MBIE returns the MIQ underspend of \$68.833 million (operating and capital expenditure) for 2021/22 in October 2022, subject to completion of the annual audit.

Minister of Finance

Agree / Disagree / Discuss

Minister for COVID-19 Response

Agree / Disagree / Discuss

r **Approve** the following changes to appropriations to give effect to the decision in recommendation p above, with the following impact on the operating balance.

Vote Building and Construction Minister for COVID-19 Response	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Multi-Category Expenses					
Isolation and Quarantine Management MCA					
Departmental Output Expenses:					
Operational Support	(200.342)				
Non-departmental Output Expenses:					
Delivery of Services	(28.816)				
Total Operating	(229.158)	-	-	-	-

Minister of Finance

Agree / Disagree / Discuss

Minister for COVID-19 Response

Agree / Disagree / Discuss

s **Agree** that all changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates.

Minister of Finance

Agree / Disagree / Discuss

Minister for COVID-19 Response

Agree / Disagree / Discuss

t **Agree** that this briefing be proactively released with appropriate withholdings under the Official Information Act 1982.

Agree / Disagree



Andrew Milne
Deputy Secretary Managed Isolation and Quarantine, MBIE

.10. / .08. / .2022.

Hon Grant Robertson
Minister of Finance

..... / /



Hon Ayesha Verrall
Minister for COVID-19 Response

10/8/22
..... / /

Background

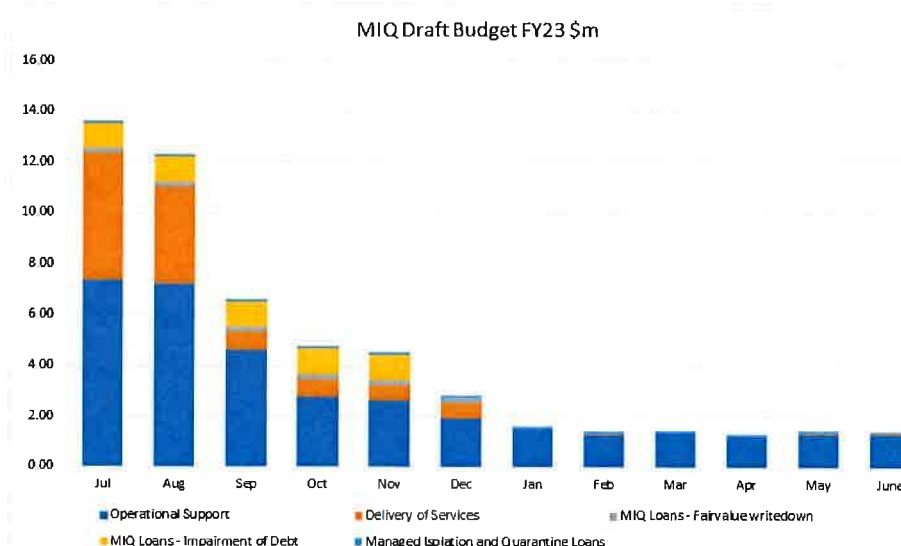
1. The total approved MBIE appropriations for MIQ were \$789.674 million for 2020/21, \$1 billion for 2021/22, \$588.509 million for 2022/23 coming to a cumulative total of \$2.379 billion. MBIE also received a capital injection of \$13.423 million into Vote Business, Science & Innovation for MIQ related capital expenditure. No funding is appropriated for MIQ beyond June 2023.
2. The Omicron outbreak has caused New Zealand to adapt its response with COVID-19 primarily managed in the community and the removal of isolation requirements for international arrivals. These policy changes have dramatically reduced demand for MIQ with Ministers approving the accelerated closure of all MIQ facilities by June 2022 [briefing 2122-4170 refers].
3. These recent policy decisions have also resulted in underspends for the Isolation and Quarantine Multi-Category Appropriation. MBIE returned \$453.5 million in underspends in 2021/22 and 2022/23 as part of the revised transition approach in March 2022 [SWC22-MIN-0032]. The bulk of this (\$353.5 million) had been costed for the delivery of services that would no longer be needed across 2021/22 and 2022/23. The remainder of the returned underspend was associated with MIQ loans.
4. This briefing provides a report back on the wind-down of MIQ and an update on the expected returns to the centre as requested by the Minister of Finance in response to Briefing *Scope of work for future isolation and quarantine capability Programme Business Case* [briefing 2122-3105 refers].
5. This briefing also links to the information that MBIE provided to the Ministerial Oversight Group on State Sector Employment Relations (MOGSSER). Recent information was provided on COVID-19 funding across MBIE, including MIQ, addressing funding that has not been returned to the Crown and the identification of areas which will continue beyond June 2022 and require funding and FTEs outside of baseline appropriation.
6. In addition to this, Cabinet has invited several departments, including MBIE, to report back on COVID-19 related underspends that could be freed up for other uses by the end of October [CAB-22-MIN-0241.01 refers]. Decisions made in this paper will be summarised in that cross-agency report back.
7. As part of the report back on MIQ underspend, The Treasury has also requested that Police, the Ministry of Health and Aviation Security Service, as agencies that received funding to support the delivery of MIQ, also include details on their underspend. The Treasury has collated and supplied this information for this briefing.

MIQ facilities are closed, and a new reduced staff MIQ operating model is being implemented

8. The final returnees in MIQ departed on the 27 June 2022, and the final three facilities have been decommissioned and were handed back on 29 July 2022. Decommissioning of the three regional offices is now underway and on track to be completed by mid-August 2022.
9. With no remaining facilities in operation, MIQ's workforce has significantly reduced. As a result of this, MBIE MIQ has recently completed a change process, resulting in a reduced structure consisting of less than 30 ongoing FTE positions (and less than 10 additional fixed term FTE positions to December 2022). This is from a peak of 650 FTE in March 2022.
10. There has been a significant transition of the work of MIQ as demonstrated in Figure one below, which shows the estimated budget for 2022/23. It shows that the costs for the delivery of service to run MIQ facilities will significantly reduce to almost zero after December 2022.

The funding for 2022/23 is dedicated towards the operational support to run MIQ, with these costs declining from September 2022.

Figure one – MIQ Draft budget for 2022/23



Staff under the new operating model are progressing work in three areas

11. There are four teams remaining under the new MIQ operating model, with further details provided below. The teams are progressing work in the following three areas:
 - MIQ Readiness Plan;
 - National Quarantine Capability Programme Business Case (NQCPBC) preparation; and
 - Supporting delivery of our government obligations (such as annual reporting, fee waivers, OIA requests, complaints, and Ombudsman enquiries).

MIQ Readiness Plan

12. The Minister of Finance agreed to the decommissioning of the MIQ network conditional on the development of a readiness plan to re-establish quarantine and isolation capability, to respond to a significant public health threat at the border [briefing 2122-4081 refers].
13. MBIE provided the first draft of the Readiness Plan to the Ministers of Finance and COVID-19 Response in May 2022 and an update to the Minister of COVID-19 in July 2022 [briefing 2223-0269]. The former Minister for COVID-19 Response authorised officials to commence negotiations with key suppliers for entering retention contracts to 30 June 2023 [briefing 2122-4550]. The final version of the Readiness Plan will be provided to the Minister of COVID-19 Response by September 2022.
14. The intent of the MIQ Readiness Plan is to bridge between the closure of the current MIQ network and the availability of any future interventions proposed by the NQC PBC. However, without any decisions on NQC, the Readiness Plan is the only response ready to provide quarantine and isolation capability.
15. The Readiness Plan, when activated, will rapidly stand-up quarantine and isolation capability within four weeks in response to a substantive health threat. As part of this, retention contracts with eight hotels have been arranged to provide up to 1,500 rooms of capacity in Auckland and Christchurch.

16. The Readiness Plan includes:

- Partnership arrangements with key suppliers (hotels, transport, and security services) and agencies that will enable rapid establishment of quarantine and isolation functions.
- A step-by-step guide for standing up each function across a phased implementation period.
- A repository of Standard Operating Procedures and blueprint of MIQ operating model.
- A directory of key suppliers and a talent directory of critical personnel.
- A Self-Quarantine framework that revisits the Reconnecting New Zealanders framework (agreed by government agencies in 2021).
- An Emergency Evacuation Accommodation plan.
- A model of care framework which supports planning for how health services could be delivered at quarantine and isolation facilities if required.
- A Resource Surge plan to support implementation.
- A Maintenance and Testing plan to support keeping the QIC Readiness Plan up to date.

17. Indicative costs associated with the Readiness Plan are approximately \$3.856 million to 30 June 2023. This includes costs for the readiness team of eight permanent FTEs (\$1.590 million) and costs associated with the MoU with Aviation Security Service (\$0.195 million) coming from the Isolation and Quarantine MCA. If Cabinet decides to activate the MIQ Readiness Plan, funding would be sought at the same time to provide up to 1,500 rooms of quarantine and isolation capacity.

18. There is no funding provided for the Readiness Plan beyond the end of June 2023. As Cabinet will not make decisions on the NQCPBC until November 2022, MBIE recommends that a small portion of the 2021/22 underspend (up to \$5 million) should be retained as a fiscally neutral adjustment for the 2023/24 year to support the ongoing MIQ Readiness Plan. Confirmation of this approach will be sought separately.

19. MBIE provided early indicative cost estimates associated with the Readiness Plan [briefing 2122-4550]. These costs have been updated to reflect the latest assumptions in table One below. The main change in the costings is related to the retention phase (previously based on 11 months) for a 12-month period to 30 June 2023.

Table One – MIQ Readiness Plan costs breakdown

(\$million)	Retention Phase (cost for 12 months)	Cost to stand up 1,500 rooms (4 weeks)	Cost to stand up 6,000 rooms (4 additional weeks)
Security	Commercial Information		
Facility costs	Commercial Information		
Transport costs	Commercial Information		
IT costs	Commercial Information		
Iwi	Commercial Information		
Legal costs	Commercial Information		
External Readiness Costs	1.237	15.163	52.240
Lead Agency Costs ¹	1.819		
Allocation enhancements	0.800		
Total Readiness Costs	3.856		

¹ Includes \$0.195 million in costs for Aviation Security Service to be funded via MIQ's MCA.

IT enhancements for the Readiness Plan to address the Grounded Kiwis Judgement

20. As part of the Readiness Plan, MBIE is progressing enhancements to the allocation system as per your agreement [briefing 2223-0010 refers]. This work ensures that if the Readiness Plan is activated, the allocation system will be able to prioritise New Zealand citizens facing unreasonable delays and protect the rights of Citizens under the Bill of Rights Act.
21. This work includes changes to how individuals are prioritised when using the MIAS online booking function and creating a new 'compassionate consideration' offline allocation. Changes are also being made to improve the operational efficiency of allocation processes, taking on findings from our past experience. \$800,000 has been allocated in the Readiness Plan for allocation enhancements (see table above). \$574,000 of this is costed for MIAS enhancements from the Grounded Kiwis findings and the remainder is for IT solutions in the form of a Bulk Planning Tool that could increase the effective management of MIQ capacity and increase room allocation efficiency.

National Quarantine Capability PBC preparation

22. The NQC is intended to build upon the continuation of the MIQ Readiness Plan. In September 2021, the Minister for COVID-19 Response commissioned a PBC focused on establishing a legacy operating model and infrastructure for a national quarantine system.
23. In February 2022, a Treasury-led Gateway review found that the context of the PBC had significantly changed and necessitated a reset of the PBC work. In April 2022, Ministers agreed to revise the NQCPBC to include the full range of options for the development of enduring quarantine and isolation interventions.
24. The NQCPBC will be considered by Cabinet in November 2022. MBIE is progressing work on the strategic, financial, economic, commercial and management cases in the NQCPBC. This will allow Ministers to choose from a range of options that vary in terms of quarantine and isolation capability, time-horizons for delivery and investment implications. The options presented in the November paper will likely range from continuation of the MIQ Readiness Plan beyond current funding timeframe (30 June 2023), to creating a portfolio of facility and service arrangements.
25. The funding requirements for the NQC are entirely dependent upon the decisions taken by Cabinet in November. A cost of \$4.084 million has been set aside to provide for the delivery of the PBC. All the work to seek a decision is currently funded from baseline. Once Cabinet decisions have been made, then new funding could then be sought via the Budget 23 process for the 2023/24 financial year.
26. The November paper will also make recommendations for the ongoing machinery of government arrangements for quarantine capability, including where in the Public Service it most appropriately fits.
27. Until future agency ownership, governance and accountability for quarantine and isolation are considered by Cabinet alongside the PBC in November, MBIE is taking responsibility for maintenance and stewardship of the Readiness Plan and work on the PBC for quarantine capability.

Completing and supporting delivery of our MIQ legacy and government obligations

28. As a Public Service agency there are ongoing machinery of government functions that MIQ is required to maintain alongside legacy MIQ work. Much of this work is prescribed under the COVID-19 Public Health Response Act 2020, the COVID-19 Public Health Response (Managed Isolation and Quarantine Charges) Regulations and MBIE's public sector obligations.
29. There are three teams involved in this legacy work. MIQ is continuing to collect fees and process fee waivers for MIQ stays, with the Invoicing team (4 FTE), the Fee Waivers team

(4.5 FTE) and the Resolutions team (4 FTE) responsible for delivering this work. MBIE is obliged to continue servicing these areas while MIQ charges are still being collected. These teams are all currently employed until December 2022.

30. In addition, work is required to exit MIQ facility contractual and employment relations obligations with hotels and staff. The decommissioning of the three regional offices is also underway and are on track to be decommissioned by mid-August 2022.
31. The new MIQ operating model also has an Enabling Services team that is responsible for supporting our statutory and business obligations. The Enabling Services Branch responsibilities include statutory requirements (e.g. annual report), complaints and resolutions, Ombudsman engagement, Ministerial Servicing (OIAs, Select Committees) and residual remaining MIQ business obligations (including but not limited to) CAMMS reporting, business risk and planning. This team has six permanent FTEs and six fixed term FTEs until end of December 2022.
32. In addition to this, there is an MIQ Policy team that delivers MIQ policy analysis, advice, and stewardship across the other teams. The focus on current work is on developing the NQC cabinet paper for November and the Readiness Plan. This is along with Minister's Office requests, OIAs, monitoring for amendments to regulatory changes that impact on MIQ. The team comprises of five permanent FTEs, along with a Fixed Term Private Secretary FTE while there is a COVID-19 Ministerial portfolio.

National Alternative Accommodation Service

33. MBIE has led work developing the National Alternative Accommodation Service (NAAS) to provide the primary mechanism for Care in the Community alternative accommodation. The NAAS is operating against a total budget of \$7 million Crown Opex within the 2021/22 financial year and \$0.5 million establishment costs. Initially \$5.5 million was approved by Cabinet in November 2021, with another \$2 million approved in March 2022 based on projected Omicron cases to 30 June 2022 [SWC-22-MIN-0036].
34. As at the end of June 2022, \$3.1 million has been spent on the National Alternative Accommodation Service. \$3.8 million of the underspend in 2021/22 has been budgeted for in 2022/23 to be spent by December 2022.
35. Cabinet agreed that MBIE would continue to deliver the NAAS past 30 June 2022 for COVID-19 cases and that a review of the National Alternative Accommodation Service, funding required, and ongoing agency ownership be completed by 30 September 2022 [SWC-22-MIN-0111 refers].

The COVID-19 response has substantially changed since when MBIE received funding for 2021/22 and 2022/23

36. The public health response to COVID-19 has shifted significantly since MBIE received funding for 2021/22 and 2022/23. Since late 2021, there was substantial uncertainty surrounding the closure of the MIQ network as the Government adapted its response to the changing public health threat. Consequently, a conservative amount of funding was returned to the centre when MBIE returned \$453.5 million in underspends across 2021/22 and 2022/23 in March 2022 [SWC22-MIN-0032].
37. The total appropriations approved for the Isolation and Quarantine Management MCA were \$789.674 million for 2020/21, \$1 billion for 2021/22, \$588.509 million for 2022/23, before any return of funding due to the acceleration of the network transition. This comes to a cumulative total of \$2.379 billion as shown in table four below.

38. An overview of the current appropriation across the financial years is provided in table two below and shows the significant decrease in spending for the delivery of services for 2022/23.

Table two – Isolation and Quarantine Management MCA appropriation over 2020 - 2023

Appropriation View (\$m)	2020/21	2021/22	2022/23	Total Appropriated
Operational Support	169.152	233.559	235.002	637.713
Delivery of Services	522.119	564.799	40.469	1,127.387
MIQ Loans - Fairvalue writedown	24.211	10.300	1.000	35.511
MIQ Loans - Impairment of Debt	2.400	24.720	5.000	32.120
Managed Isolation and Quarantine Loans	71.792	20.000	1.000	92.792
Total Isolation and Quarantine Management MCA	789.674	853.378	282.471	1,925.523

39. Funding is still required for MIQ to deliver the functions as discussed in this paper. The table below provides an estimated breakout of the activities to be delivered under the new MIQ operating model for 2022/23. This shows that, as a percentage, approximately 78 percent of MIQ future funding is required to support the delivery of MIQ legacy and ongoing government obligations. Only 15 percent of funding is allocated towards future pandemic planning work.

Table three – MIQ budget breakdown for 2022/23

FY23 Budget \$m	Operational Support	Delivery of Services	MIQ Loans - Fairvalue writedown	MIQ Loans - Impairment of Debt	MIQ Loans	Total MCA	%
MIQ Legacy exit	19.169	7.853				27.022	51%
NAAS		3.800				3.800	7%
Enabling Services	5.989					5.989	11%
Readiness	3.856					3.856	7%
Future Strategy	4.084					4.084	8%
Debt Management	1.563		1.000	5.000	1.000	8.563	16%
Total	34.659	11.653	1.000	5.000	1.000	53.313	100%

2021/22 underspend can be returned following Year End processes

40. On 9 March 2022. Cabinet authorised:
- the Minister of Finance and Minister for COVID-19 Response, in consultation with the Prime Minister and Minister of Health, to make future decisions on the MIQ Network Transition, subject to decisions having financial implications within the appropriation already agreed by Cabinet ; and
 - the Minister of Finance and relevant appropriation Minister to make future decisions on the management of returning further MIQ funding, including managing underspends against future Budget allowances, through baseline update processes [SWC-22-MIN-0032 refers].

41. Table four below provides details on the total funding approved, returned and the current estimates of the MIQ underspend. MBIE has identified that \$229.158 million can be returned for 2022/23 and an estimated underspend of \$68.8 million for 2021/22 in total across all appropriation categories. The 2021/22 figure of \$68.8 million is draft and still subject to audit. For this reason, MBIE intends to return any 2021/22 underspend through the October Baseline Update (OBU) process once the annual audit has been completed.

Table four – MIQ budget breakdown from 2020/21 to 2022/23

Funding status (\$m)	2020/21	2021/22	2022/23	Cumulative Total
Funding approved	789.674	1,000.869	588.509	2,379.052
Funding return - acceleration of network transition		(147.491)	(306.038)	(453.529)
Current Funding	789.674	853.378	282.471	1,925.523
Draft underspend / Proposed return of funds		(68.833)	(229.158)	(297.991)
Indicative final appropriation	789.674	784.545	53.313	1,627.532

Other agencies support delivery of MIQ

42. Police, the Ministry of Health Aviation Security Service were previously involved in the delivery of MIQ, through staffing and the provision of health services. These agencies no longer require funding for MIQ. The Treasury has collated the following details from these agencies, and they have indicated that they will return their underspend through OBU.

Police

43. The funding Police has received for their involvement in MIQ from 2021/22 onwards is outlined below, along with the underspends Police has already returned. Police has indicated that they will return the full amount appropriated for MIQ in 2022/23 and 2023/24 during the OBU, which totalled \$1.449 million of operating funding.

Vote Police funding for MIQ (\$ millions)						
Authority	2021/22		2022/23		2023/24	
	Opex	Capex	Opex	Capex	Opex	Capex
CAB-21-MIN-0116.23	4.150	-	-	-	-	-
SWC-21-MIN-0215	9.908	-	23.838	-	-	-
DEV-21-MIN-0235	0.600	1.650	0.787	-	0.662	-
SWC-22-MIN-0032 (returned to the CRRF)	-	-	(23.838)	-	-	-
6 April 2022 letter and Supplementary Estimates (returned to centre)	(1.624)	-	-	-	-	-
6 April 2022 letter and Supplementary Estimates (reprioritised to Operation Oversight)	(4.240)	-	-	-	-	-
Total currently appropriated	8.794	1.050	0.787	-	0.662	-

Total underspend to be returned at OBU	-	-	(0.787)	-	(0.662)	-
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Aviation Security Service

44. Funding for the Aviation Security Service's involvement in MIQ from 2021/22 onwards is outlined in the table below. The Civil Aviation Authority have indicated that the full \$16.890 million appropriated for 2022/23 will be returned at OBU.

Vote Transport funding for MIQ (\$ millions)		
	2021/22 (opex)	2022/23 (opex)
Total currently appropriated	16.460	16.890
Total underspends to be returned at OBU	0 (Indicative, to be confirmed at OBU)	(16.890)

Ministry of Health

45. The Ministry of Health's current funding for MIQ, unaudited spend, and indicative underspends to be returned at OBU are outlined in the table below. Total spend for 2021/22 is still subject to audit. DHBs (Te Whatu Ora/Health New Zealand) have until 31 December 2022 to complete their audits.

Vote Health funding for MIQ (\$ millions)		
	2021/22 (opex)	2022/23 (opex)
Total currently appropriated	130.348	45.015
Total spend (unaudited)	94.891	
Total underspends to be returned at OBU	(35.457)	TBC

46. The Ministry of Health has indicated that 2022/23 funding requirements are still being calculated (to incorporate technology requirements), which means that some of the \$45.015 million will be returned and some retained.

Next steps

47. Subject to your decisions, MBIE will action the return of the 2022/23 underspend immediately. Subject to the completion of the audit, MBIE will return any 2021/22 underspend and any unspent capital injection as part of the OBU process.
48. MBIE intends to seek agreement from Ministers separately to retain a small amount (up to \$5 million) of 2021/22 funding as a financially neutral adjustment for the 2023/24 year to support the finalisation of the Readiness Plan and its transition.
49. Police, the Aviation Security Service, and the Ministry of Health have indicated that they will return estimated underspends for their MIQ funding at OBU.
50. A summary of the information and decisions in this report will be included in the cross-agency report back to SWC in October 2022.