



COVERSHEET

Minister	Hon Chris Hipkins	Portfolio	COVID-19 Response
Title of Cabinet paper	Maintaining MIQ in the short-term A National Quarantine System: options for the ongoing COVID-19 Response and Future Pandemic Preparedness Options for Accelerating MIQ Network Transition	Date to be published	20 May 2022

List of documents that have been proactively released

Date	Title	Author
December 2021	Maintaining MIQ in the short-term	<i>Office of the Minister for COVID-19 response</i>
8 December 2021	Maintaining MIQ in the short-term SWC-21-MIN-0215	<i>Cabinet Office</i>
8 December 2021	A National Quarantine System: Options for the Ongoing COVID-19 Response and Future Pandemic Preparedness	<i>Office of the Minister for COVID-19 response</i>
8 December 2021	A National Quarantine System: Options for the Ongoing COVID-19 Response and Future Pandemic Preparedness SWC-21-MIN-0214	<i>Cabinet Office</i>
March 2022	Options for Accelerating MIQ Network Transition	<i>Office of the Minister for COVID-19 response</i>
9 March 2022	Options for Accelerating MIQ Network Transition SWC-22-MIN-0032	<i>Cabinet Office</i>

Information redacted**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the following reasons:

- Negotiations
- Commercial information
- Legal professional privilege
- Free and Frank Opinions

Please note, the funding request and transition approach agreed to in *Maintaining MIQ in the short-term* have been taken over by the paper considered in *Options for Accelerating MIQ Network Transition*. Some of the funding will be returned and this amount will be confirmed in the October baseline update.



Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Maintaining MIQ in the Short-Term

Portfolio **COVID-19 Response**

On 8 December 2021, the Cabinet Social Wellbeing Committee:

- 1 **noted** that a cautious and considered approach is needed to respond to the changing environment of COVID-19, given the need to remain responsive to emerging threats such as new variants;
- 2 **noted** that the cautious and considered approach will include regular review of demand, and scope to speed up the planned transition approach **Commercial information**
- 3 **noted** that although the implementation of the medium-risk pathway and evolving model of care for COVID-19 patients in the community are expected to significantly reduce demand for MIQ, the exact scale and timing of this reduction is currently unknown and the MIQ system requires sufficient flexibility to accommodate unexpected demand;
- 4 **agreed** that MIQ will have an ongoing but smaller role in the COVID-19 response over the next 18 months;
- 5 **noted** that the MIQ network is currently funded through until June 2022, **Negotiations**
- 6 **noted** that funding decisions are needed to secure the short-term stability of a reduced MIQ network, to ensure it can meet current and emerging needs;
- 7 **noted** the proposed Moderate Transition Approach outlined in the paper under SWC-21-SUB-0215, which would see:
 - 7.1 reduction to approximately 24 facilities and 4,400 rooms by July 2022;
 - 7.2 reduction to approximately seven facilities and about 1,300 rooms by June 2023;
- 8 **noted** that a total of \$653.389 million is required to deliver a scaled-down MIQ in 2022/23 according to the Moderate Transition Approach;
- 9 **agreed** to scale down MIQ capacity by June 2023 through the proposed Moderate Transition Approach;
- 10 **noted** that the Ministry of Business, Innovation and Employment (MBIE) will engage with facilities after funding is confirmed to progress the development of the transition plan;

- 11 **noted** that the Minister for COVID-19 Response (the Minister) will work with MBIE to finalise the operational detail of the transition plan early next year;
- 12 **noted** that an alternative transition approach, which would see an accelerated network reduction, has been developed but the Minister does not consider this approach will provide the flexibility needed to respond the emergence of new threats in 2022;
- 13 **noted** that Cabinet is also considering a companion paper *A National Quarantine System: Options for the ongoing COVID-19 Response and Future Pandemic Preparedness* [SWC-21-SUB-0214] setting out the steps required to develop a stable, flexible and enduring quarantine system;

Workforce

- 14 **noted** that in December 2020, Cabinet noted that MBIE, in conjunction with other partner agencies, would look to develop a plan for further normalisation of MIQ operations; in particular to reduce the support required from other agencies where possible [CAB-20-MIN-0511];
- 15 **noted** that the MIQ workforce is currently comprised of staff from MBIE, New Zealand Defence Force (NZDF), New Zealand Police (Police), Aviation Security (AvSec), and the Ministry of Health;
- 16 **noted** that the ongoing deployment to MIQ presents particular risks to NZDF, who have roughly 10 percent of their workforce tied up in MIQ at any one time;
- 17 **agreed** to a phased withdrawal of NZDF from MIQ;
- 18 **agreed** that NZDF's exit be prioritised over that of other agencies;
- 19 **noted** that to enable NZDF to transition out of MIQ, MBIE will need to incur additional costs to cover the recruitment of replacement personnel;
- 20 **agreed** to provide \$118.67 million to allow MBIE to recruit up to a workforce sufficient to staff 16 MIQ facilities across both managed isolation facility management and security workforces (the proposed December 2022 network size), with minimal uplift in private security;
- 21 **directed** officials to investigate and report back to the Minister on options (including certification options) for a security workforce within the wider public sector;
- 22 **noted** that the decision in paragraph 20 above will incur additional costs in 2021/22 of approximately \$36 million, which MBIE anticipates it will be able to absorb within its existing Multi-Category Appropriation (MCA);

Financial recommendations for the Moderate Transition Approach

MBIE

- 23 **noted** that MBIE is seeking \$569.462 million funding in total for delivering the MIQ operating model until the end of June 2023;
- 24 **noted** that the funding sought below includes \$118.67 million for the work agreed in paragraph 20 above;

25 **approved** the following changes to appropriations to provide for and give effect to the decisions above, with a corresponding impact on the operating balance and net core Crown debt;

	\$m – increase /(decrease)				
Vote Building and Construction Minister for COVID-19 Response	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Operating Balance and Net Core Crown Debt Impact		539.162			
Operating Balance Impact Only		20.300			
Net Core Crown Debt Impact Only		10.000			
No Impact		-			
Total		569.462			
Vote Building and Construction Minister for COVID-19 Response					
Multi-Category Expenses and Capital Expenditure:					
Isolation and Quarantine Management MCA					
Departmental Output Expenses:					
Operational Support (funded by revenue Crown)	-	228.927	-	-	-
Non-departmental Output Expenses:					
Delivery of Services	-	310.235	-	-	-
Non-departmental Other Expenses:					
Managed Isolation and Quarantine loans - fair value write-down	-	2.000	-	-	-
Non-departmental Other Expenses:					
Managed Isolation and Quarantine loans - Impairment of debt	-	18.300	-	-	-
Non-Departmental Capital Expenditure:					
Managed Isolation and Quarantine Loans	-	10.000	-	-	-
Total Operating	-	559.462	-	-	-
Total Capital	-	10.000	-	-	-

- 26 **agreed** that any under-expenditure in the Isolation and Quarantine Management MCA for MIQ be carried forward to the following financial year to recognise the uncertain timing of subsequent expenditure, with the final amount to be transferred confirmed as part of the baseline update process following the presentation of MBIE’s audited financial statements;
- 27 **noted** that the above funding is ring-fenced to MIQ and cannot be transferred to other appropriations, and that once MIQ winds down, any remaining funding is to be returned to the Crown;

NZDF

- 28 **noted** that the salary costs of Regular Force personnel are funded within current Vote Defence Force baseline;

Police

- 29 **noted** that Police seeks \$9.908 million in 2021/22 and \$23.838 million in 2022/23 to cover its deployment to MIQ;
- 30 **approved** the following changes to appropriations to provide Vote Police with MIQ costs, with a corresponding impact on the operating balance and net core Crown debt:

Vote Police Minister of Police	\$m - increase/(decrease)				2025/26 & Outyears
	2021/22	2022/23	2023/24	2024/25	
Multi-Category Expenses and Capital Expenditure: Policing Services (MCA) <i>Departmental Output Expenses</i>					
Crime Prevention (funded by Revenue Crown)	2.160	5.197	-	-	-
Primary Response Management (funded by Revenue Crown)	6.371	15.328	-	-	-
Investigations and Case Resolution (funded by Revenue Crown)	1.377	3.313	-	-	-
Total Multi-Category Expenses and Capital Expenditure: Policing Services (MCA)	9.908	23.838	-	-	-
Total Operating	9.908	23.838	-	-	-

- 31 **noted** that if the requirement for Police MIQ provisioning extends beyond 2023/24, an extension of funding will be sought;

Ministry of Health

- 32 **noted** that the Ministry of Health seeks \$43.199 million funding to cover the cost of Health services for the MIQ system until the end of June 2023;
- 33 **approved** the following changes to appropriations to provide Vote Health with MIQ costs, with a corresponding impact on the operating balance and net core Crown debt;

	\$m – increase /(decrease)				
Vote Health Minister for COVID-19 Response	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Multi-Category Expenses and Capital Expenditure: National response to COVID-19 across the health sector					
MCA Non-Departmental Output Expense: COVID-19 Public Health Response		43.199	-	-	-

AvSec

- 34 **noted** that additional funding of \$16.89 million is sought through Vote Transport to meet the full cost of providing 156 AvSec personnel to MIQ until the end of June 2023;
- 35 **approved** the following changes to appropriations to provide Vote Transport with MIQ costs, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase /(decrease)				
Vote Transport Minister of Transport	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non- Departmental Output Expense: Protection of Transport Sector Agency Core Functions	-	16.890			

- 36 **noted** that the above funding will be treated as a separate component within the existing Protection of Transport Sector Agency Core Functions multi-year appropriation, to provide transparency;

Recommendations in relation to all above appropriation changes

- 37 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 38 **agreed** that the changes to all appropriations and capital expenditure above be charged to the COVID-19 Response and Recovery Fund established as part of Budget 2021;

- 39 **directed** MBIE, Ministry of Transport, Police, and Ministry of Health to ensure they can separately report on how much of the above funding has been spent, forecast expenditure and progress against key milestones; at least quarterly;
- 40 **noted** that there are no legislative implications in the above proposals.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Jacinda Ardern
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni (Chair)
Hon Andrew Little
Hon Poto Williams
Hon Kris Faafoi
Hon Peeni Henare
Hon Jan Tinetti
Hon Dr Ayesha Verrall
Hon Aupito William Sio
Hon Meka Whaitiri
Hon Priyanca Radhakrishnan

Officials present from:

Office of the Prime Minister
Office of the Chair
Officials Committee for SWC