

Proactive Release

The following items have been proactively released by the Rt Hon Jacinda Ardern, Prime Minister:

Paper: A Sustainable Quarantine and Managed Isolation System

Minute of Decision: A Sustainable Quarantine and Managed Isolation System

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to redaction code:

- 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials
- 9(2)(h), to maintain legal professional privilege
- 9(2)(j), to enable negotiations to be carried on without prejudice or disadvantage

Commercial in Confidence

Office of the Minister of Housing

Office of the Minister of Health

Cabinet

A Sustainable Quarantine and Managed Isolation System

Proposal

- 1 This paper seeks agreement, as part of our wider COVID-19 response, for additional funding to support the on-going operation of the quarantine and managed isolation arrangements for arrivals into New Zealand.
- 2 The paper also outlines the work programme for ensuring the sustainability of quarantine and managed isolation arrangements and seeks agreement to the designation of the Minister of Housing as the accountable Minister, and the Ministry of Business, Innovation and Employment as the lead agency.
- 3 Two companion papers provide context for the issues covered in the present paper:
 - 3.1 The paper *Future Border Settings: People Movement and Reconnection with International Markets* provides the overarching framework for future border policy.
 - 3.2 The paper *Developing COVID-Safe Travel Zones* seeks agreement to core principles for Safe Travel Zones and sets direction for negotiations with Australia.

Relation to government priorities

- 4 This paper relates to the Government's response to COVID-19.

Executive Summary

- 5 Since 9 April 2020, all people arriving in New Zealand are required to enter quarantine or managed isolation for 14 days, prior to onward domestic travel. These arrangements are a critical pillar of our ongoing COVID-19 response and our best line of defence against further outbreaks in New Zealand. Until a vaccine is widely available or testing technology advances significantly, 14-day quarantine or managed isolation for arrivals will need to be an enduring feature of our border response to help realise the public health strategy of eliminating COVID-19.
- 6 The operational arrangements for quarantine and managed isolation were stood up under urgency as part of the all-of-government response. As we have now moved to Alert Level 1, a more sustainable approach including new Ministerial and lead agency arrangements is required. Additional funding of \$298 million over the next six months is also needed, as the numbers of New Zealanders returning home has significantly outstripped initial projections.

- 7 Officials have a number of work streams underway to update the regulatory and assurance settings for the quarantine and managed isolation arrangements and explore our options for introducing a cost recovery regime.

Background

Border restrictions

- 8 The Government's overall public health strategy for the COVID-19 pandemic response in New Zealand is elimination. Our Border measures have been used to minimise the risk of virus importation into New Zealand by preventing temporary visa holders from coming to New Zealand and by managing the health risks from New Zealanders returning home from abroad.
- 9 On 19 March 2020, Cabinet agreed to restrict entry to New Zealand from all persons from other countries to reduce the risk of importing cases of COVID-19 [CAB-20-MIN-0122 refers]. There are very limited exemptions for groups of people not subject to these entry restrictions, including currently:
- 9.1 New Zealand citizens and most residence class visa holders ;
 - 9.2 The partner, legal guardian or any dependent children travelling with a New Zealand citizen or residence class visa holder;
 - 9.3 Australian citizens and permanent residence class visa holders ordinarily resident in New Zealand; and
 - 9.4 People subject to regulation 25 of the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010, which includes air and marine crew.
- 10 Cabinet also agreed high-level parameters for case-by-case exceptions to the border entry restrictions, which include categories of exemptions for: humanitarian reasons, essential health workers, citizens of Samoa and Tonga for essential travel to New Zealand; partners or dependents of a temporary work or student visa holders who normally live in New Zealand; and any other essential workers identified by the group of COVID-19 Ministers with Power to Act (subsequently delegated to the Minister of Economic Development).
- 11 The effect of the restrictions has been a drop in people arrivals from a typical 20,000 people per day to an average of 239 people per day since 26 March, who enter managed isolation or quarantine on arrival.

Quarantine and Managed Isolation

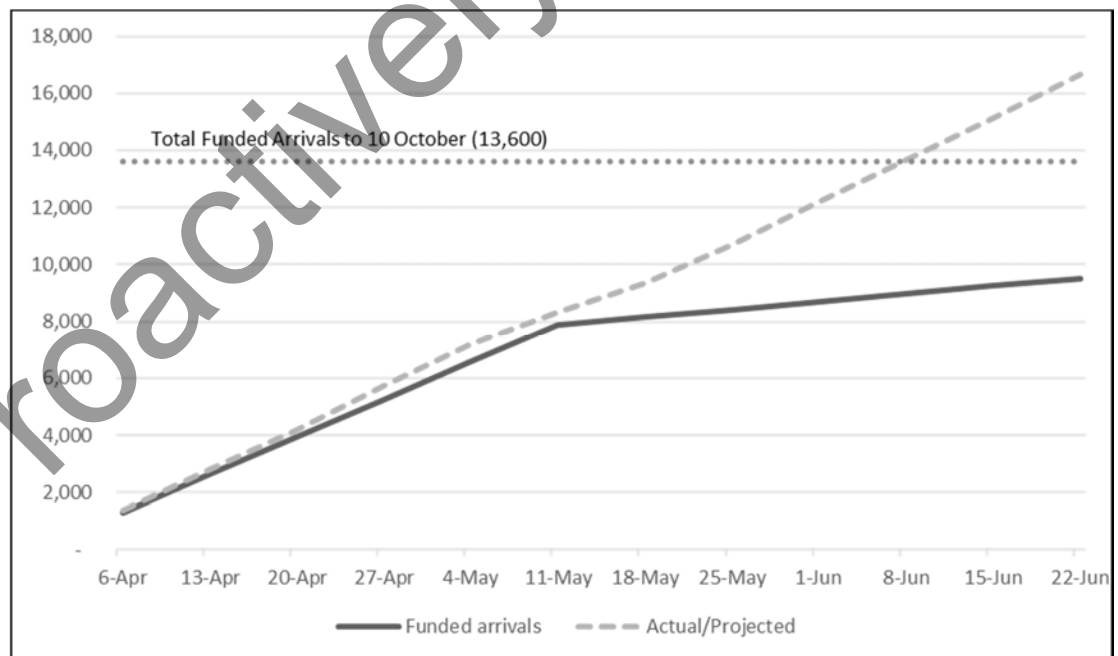
- 12 Under a notice originally made by the Director General of Health under section 70 of the Health Act 1956 on 9 April 2020, all people arriving in New Zealand (with limited exceptions) are required to enter managed isolation or quarantine (if symptomatic) for 14 days, prior to onward domestic travel. There is also a process in place for case-by-case exceptions from this requirement.
- 13 As a signatory to the Vienna Conventions on Diplomatic and Consular Relations, which are relevantly incorporated into New Zealand legislation, we are unable to

require diplomatic personnel allowed to enter New Zealand to enter quarantine or managed isolation. To maintain the integrity of New Zealand's public health measures, isolation requirements that diplomatic and consular personnel will be asked to fulfil have been submitted to the Ministers of Foreign Affairs and Health for their approval. These requirements have been developed with the Ministry of Health and are consistent with New Zealand's public health settings, international obligations and have regard to the reciprocal treatment of New Zealand diplomats overseas.

- 14 It is possible the global pandemic may subside as it runs its course, but this situation may take several years to resolve. A treatment or vaccine may be developed and widespread immunity achieved, but this is not certain. A best case scenario is for an immunisation programme to begin early-mid 2021 with population immunity achieved late-2021.
- 15 It is also possible that waves of illness continue and immunity is not obtained. Work is underway globally and in New Zealand to develop fast and reliable screening and testing measures to manage the COVID-19 risk at the border which could impact on the 14 day isolation requirement. This will also take time, and we will also need to put in place the domestic systems and processes, and secure the international protocols, reciprocal arrangements, and assurances necessary to support this approach. Until that time, our best line of defence against further outbreaks in New Zealand are robust and sustainable quarantine and managed isolation arrangements for all arrivals.
- 16 The current quarantine and managed isolation arrangements were established in an emergency, but have operated admirably in an uncertain and challenging environment. As at 1 June, facilities have been established in 15 hotels in Auckland and one in Wellington. As of 3 June there were 3,029 people staying in these facilities (2,911 in managed isolation and 118 in quarantine) and capacity currently exists to maintain an inflow of arrivals of 228 people per day in 3200 managed isolation hotel rooms. There are also currently 221 rooms in the quarantine facility. Up to four additional facilities are scheduled to be re-opened in Christchurch to meet the growing demand. Officials estimate across Auckland, Christchurch and Wellington a potential 30% to 40% increase in room capacity could be possible if funding and staffing resources were available and contractual arrangements can be reached.
- 17 The current managed isolation and quarantine building requirements were developed on the basis of the experience with the temporary facility set up for the people repatriated from Wuhan to Whangaparoa. These requirements include:
 - 17.1 all buildings, plant and equipment complies with relevant legislation;
 - 17.2 rooms have natural light;
 - 17.3 people have reasonable space to move around rooms; and
 - 17.4 separate toilet facilities are available in each room.
- 18 The building requirements ensure the environment is comfortable and conducive to good health and well-being, and are consistent with applicable New Zealand Health and Disability Service Standards (NZS 8134.1: 2008).

- 19 The responsibility for managing international arrivals through isolation and quarantine is currently shared across a number of Government agencies, operating under the leadership of the Operations Command Centre at the national level, coordinated locally through regional isolation and quarantine cells (originally hosted within CDEM Group Coordination Centres in Auckland, Wellington and Canterbury and currently transitioning) and delivered at each location by a facility support team. Between 300 and 500 officials from across the state sector (Ministry of Health, New Zealand Defence Force, Aviation Security (AVSEC), Customs and Immigration NZ) and contracted providers (management, security, food services, medical and nursing) support the management of the sites and the provision of wrap-around health and welfare services for people during their stay.
- 20 On 4 May 2020, the Ministers of Finance, Health, Police and Customs agreed, under a delegation from the group of Ministers with Power to Act on COVID-19 matters, to establish a \$58 million tagged contingency for the direct cost of providing quarantine and managed isolation facilities. As agreed with the Minister of Finance, this funding has been appropriated to Vote Health to cover the cost of operating the facilities in FY 2019/20.
- 21 Given the uncertainty in April around the volume of future arrivals, the initial amount of the contingency was set based on a volume assumption of approximately 13,600 arrivals over the six month period to 10 October 2020. This volume is expected to be significantly exceeded given the 10,700 arrivals that have entered quarantine or managed isolation between 9 April and 31 May, and as a result the funding set aside is forecast to be fully expended before the end of June.

Figure 1: Funded versus Actual arrivals – April to June 2020



- 22 Funding for direct contracting arrangements (hotels, food, laundry, travel, medical support) is currently managed through the Ministry of Health. To date, government

agencies have absorbed much of the cost of their staff members supporting the system.

- 23 Ninety-eight percent of arrivals who have progressed through the quarantine and managed isolation arrangements are New Zealanders and others who are exempt from entry restrictions. Foreign essential workers who receive specific exemptions to enter the country are streamed into self-funded arrangements, where the individuals or their employer is expected to cover the costs of their accommodation and food.

Pressures on Quarantine and Managed Isolation

Financial

- 24 When the modelling for setting the tagged contingency was undertaken in April, assumptions driven by the number of people expected to return to New Zealand by 10 October 2020 (six months from the 9 April decision) and require quarantine or managed isolation ranged from a low scenario estimated to cost \$58 million and high scenario estimated to cost \$144 million. These figures exclude indirect costs that are being borne by agencies through their baselines, estimated at over \$12 million in FY 2019/20.
- 25 The Ministry of Health currently estimates that the direct costs to 30 June 2020 will be over \$81 million. The Minister of Finance has agreed that the excess costs in FY 2019/20 will be managed through underspends in Vote Health which would have otherwise been transferred to FY 2020/21. There is a risk of unappropriated expenditure which would need to be managed through section 26c of the Public Finance Act. As appropriate, once the final costs for managed isolation in FY 2019/20 are known, cost pressure funding in FY 2020/21 for Vote Health will be sought from the COVID-19 Response and Recovery Fund established at Budget 2020.
- 26 For FY 2020/21, certainty of funding for the quarantine and managed isolation system is required to enable contracting to commence for facilities from 1 July and achieve the best financial outcome for the Crown. A six-month horizon for contracting has been recommended by officials, s9(2)(j) while allowing for the a time-bound check on the arrangements. Contracts with hotels cannot be signed without an appropriation in place and there is material risk that without new funding accommodation providers will begin to take public bookings especially as domestic travel has now opened, thus reducing the capacity to provide managed isolation to new arrivals. There are only a limited number of accommodation facilities that meet the requirements outlined in paragraph 17 for managed isolation and quarantine. We are seeking \$298 million to allow contracts to be negotiated for the period of 1 July 2020 and 31 December 2020, to lock in the capacity required for an average of 288 arrivals per day over this time period.
- 27 The \$298 million sought represents a mid-point scenario of arrival volumes and costs, which assumes:
- 27.1 growth in arrivals of 4 per cent per fortnight over the coming six months representing an indicative view of growing demand,

- 27.2 maintaining or improving on the favourable commercial arrangements with hotels that the Ministry have achieved since new contracts were put in place in mid-May, and
- 27.3 direct funding of some agency staffing and overhead costs currently being funded from baselines.
- 28 The recommended funding does not include provision for future cost sharing as the regulatory basis for adopting a cost recovery model is not currently in place.
s9(2)(f)(iv), s9(2)(j)

Operational

- 29 The current quarantine and managed isolation arrangements were established in response to an emergency. Agencies have contributed significant staff resources to ensure the quarantine and managed isolation system could fulfil its role in reducing the risk of importing COVID-19 into New Zealand. There are pressures for many to return to their home agencies, or be redeployed to other parts of the system. If decisions are not made very soon on what resource is needed over the next few months, we will lose the ability to utilise this staffing resource and institutional knowledge to run the facilities.
- 29.1 With a reduction in passenger volumes, Aviation Security (AVSEC) staff have performed a key role in management of isolation/quarantine hotels in Auckland, and Christchurch with currently 200 staff employed and more staff being requested. AVSEC has also coordinated the deployment of Customs and Immigration New Zealand staff to assist with these operations and provided data management. Regardless of the future management isolation accommodation model the kinds of security and assurance services AVSEC provides will be required, and the demand is likely to grow rather than reduce, until borders re-open fully.
- 29.2 s9(2)(j) If AVSEC staff were not available, it would be hard for the managed isolation system to operate, both as it would be difficult to get the staff to provide security for the system (especially as they have the ability to use police functions), but also they play a key role in coordination and data management. The added advantage of AVSEC providing a key role in relation to isolation accommodation, is that when these services are no longer needed, the border will be opening and AVSEC staff can transition back to their previous roles. AVSEC staff require 6 months or more of training depending on the role, so this will enable the border to gear up faster again and also save on costs of recruitment and training of new staff. I note these staff are already Crown funded until June 2021.
- 30 Current contracts with hotels which provide the quarantine and managed isolation facilities expire on 30 June 2020. The ability to negotiate new contracts, so as to

reserve capacity in a limited amount of fit-for-purpose facilities is essential to maintain the ongoing operation of the system. Contracts will be negotiated with hotels for the period 1 July 2020 to 31 December 2020 to ensure the best possible commercial rates. These contracts will have appropriate exit clauses that can be enacted if fewer facilities are required due to decreasing volumes.

- 31 The required information disclosure to manage the isolation and quarantine process was authorised under the Civil Defence National Emergencies (Information Sharing) Code 2013 (the Code) when the State of National Emergency came into force. The Code expired on 11 June 2020, being 20 working days after the State of National Emergency was lifted. An agreement made under the Customs and Excise Act 2018 is being put in place to ensure the current information flow can continue, but officials will need to consider what else may be required as agency arrangements evolve.

Demand for capacity

- 32 There is considerable uncertainty about how long border restrictions will need to be in place for and the number of people who would be required to be in quarantine or managed isolation over this period. Volumes are the primary driver of costs and there is significant uncertainty in any projections.

32.1 Under current border restrictions, it is anticipated that the numbers of New Zealanders returning home will continue to increase and more essential worker entry exemptions will be granted to foreign nationals in order to support our economic recovery. Since moving to Alert Level 2, we have seen a steady increase in passenger arrivals back into New Zealand, which is forecast to increase as restrictions ease further. We are reaching the limits of capacity in Auckland to provide accommodation for more arrivals and will be re-opening additional facilities in Christchurch in June to help relieve the pressure. There is scope to open more facilities in Christchurch and stand up some additional capacity in Wellington.

32.2 Future demand for additional exemptions to support our social and economic recovery are anticipated from non-eligible visa holders, international students, businesses, other high value visitors would also drive demand for additional capacity. A Trans-Tasman Travel Zone that allows us to safely exempt some arrivals from quarantine and managed isolation requirements could help mitigate this pressure, but will not negate the need for facilities to manage arrivals from higher risk countries. We will not be able to meet more than a fraction of the potential demand under the current arrangements, so new models will need to be developed if border restrictions are to be eased.

Leadership and sustainability

- 33 With the lowering of Alert Levels, the availability of National Crisis Management Centre and Civil Defence and Emergency Management staff to continue managing the quarantine and managed isolation facilities is also becoming a constraint as agencies seek to recall staff for business as usual activities. To date, a number of agencies have been involved in delivering quarantine and managed isolation as part of the COVID-19 response. A single point of co-ordination and accountability for quarantine and

managed isolation is important to ensure a cohesive, coherent and sustainable approach that can be in place over the next few years.

- 34 We recommend that the Minister of Housing is appointed as the accountable Minister for the quarantine and managed isolation system, and the Ministry of Business, Innovation and Employment (MBIE) is designated the lead agency. MBIE is standing up a new business unit to lead the managed isolation and quarantine function. Transition arrangements have been put in place at MBIE for senior officials to lead the establishment of this new function. These officials have been integral to date in setting up both the all-of-government policy and operational structures for the current managed isolation and quarantine model. MBIE is developing a transition plan jointly with the National Crisis Management Centre and Ministry of Health to support the timely transition of functions and operational continuity of the quarantine and managed isolation arrangements.
- 35 Support will continue to be required from a number of agencies to ensure the effective operation of the system, and an inter-agency oversight group that includes relevant agencies has been established. The Ministry of Health will continue to play an ongoing role in the development of the regulatory framework for quarantine and managed isolation and setting standards to provide assurance that facilities are operating appropriately.
- 36 By 1 September 2020, all contracts, operational staffing arrangements and residual approved quarantine and managed isolation related funding will be transferred to Vote Housing.

Implementation

- 37 Within the comprehensive Future Border work programme outlined in the companion paper *Future Border Settings: People Movement and Reconnection with International Markets* a number of work streams are under way in the *Public health considerations remain at the centre of border decisions* pillar relating to quarantine and managed isolation arrangements. s9(2)(f)(iv)
- [REDACTED]
- [REDACTED]

s9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

Financial Implications

38 We propose that the \$298 million sought for quarantine and managed isolation is appropriated to Vote Health until transition arrangements are agreed to move existing operational arrangements and contractual obligations to the Ministry of Business, Innovation and Employment. At that time, a fiscally neutral adjustment to transfer corresponding funding to Vote Housing will occur.

39 A transition plan will be developed by a joint team of Officials from the Ministry of Health, the Operations Command Centre and the Ministry of Business, Innovation and Employment. This will provide a detailed breakdown of the contractual arrangements in place and the appropriate apportioning of funding to agencies. The inter-agency Chief Executives group led by the New Zealand Customs Service will have oversight of the transition planning process.

40 Volumes of arrivals are the primary driver of costs and the main source of uncertainty as we have little control through current mechanisms over the volume of arrivals on a daily bases. The largest cost category in the quarantine and managed isolation arrangements is accommodation costs. Hotels are generally contracted on an “exclusive use” basis to minimize the interaction of arrivals during their 14-day isolation period with the general public. This means that even if rooms in a facility are not occupied there is a cost to the Crown to maintain exclusive use, which raises the overall cost per person. Due to the urgency of securing forward bookings, funding

is proposed now to come from the COVID-19 Response and Recovery Fund in advance of Budget Ministers consideration of further bids and proposals.

- 41 The funding requested represents a mid-point assumption of cost per person (\$5,700 per stay) and arrival volumes (288 per day). s9(2)(j) Any increase in the actual occupancy rate will drive a reduction in the average cost per person as the fixed costs will be spread over a larger cost base.
- 42 The following table outlines the breakdown of the estimated cost per person based on the current contractual and operational arrangements in place in Auckland.

Table 1: Breakdown of estimated costs per person – daily and over 14 days

Cost Category	Daily cost per person	14-day cost per person
Accommodation (occupied rooms)	s9(2)(j)	
Food		
Other facility costs (exclusive use overhead, additional security, laundry)		
Wrap around supports (health and welfare)		
Management and support teams		
Totals*	407	5700

* Totals differ due to rounding

Legislative Implications

- 43 Current isolation requirements are authorized by a Section 70(1)(f) Notice under the Health Act, 1956 originally issued on 9 April 2020. The requirements expire on 22 June 2020.
- 44 The Minister of Health is considering the issuance of a Notice under the COVID-19 Public Health Response Act, 2020 to require all new arrivals to complete their 14-days isolation in quarantine or managed isolation facilities.

Impact Analysis

Regulatory Impact Statement

- 45 Given that the proposals in this paper do not change legislation or regulations, and noting the urgency required for the Government's response to COVID-19, a Regulatory Impact Statement has not been prepared. The impacts will primarily fall to the New Zealanders arriving into the country each day and to the Crown, which currently meets the costs of managed isolation.

Climate Implications of Policy Assessment

- 46 A Climate Implications of Policy Assessment (CIPA) has not been prepared.

Population Implications

- 47 The ongoing requirements for arrivals to New Zealand to under 14 days quarantine or managed isolation will primarily impact on New Zealanders' living aboard who wish to return home, and their families. There will be no discrepancy with how the policy is applied to populations within the general cohort of arriving New Zealanders.
- 48 The health impact of COVID-19 on priority groups such as the elderly, Māori, Pacifica, and ethnic communities is clear. We know that some groups are more at risk of severe illness from COVID-19 due to age or underlying health conditions.
- 49 A decision to maintain 14 days quarantine or managed isolation will ensure that the risk of transmission of COVID-19 to these communities is effectively managed and support the ability of our healthcare systems to meet the ongoing health and disability needs of priority communities, especially in Māori, Pacifica and rural communities.

s9(2)(h)

[REDACTED]

[REDACTED]

Consultation

- 52 This paper was prepared by the National Crisis Management Centre. The following agencies were consulted: the Ministry of Health, the Ministry of Business, Innovation and Employment, (including Immigration New Zealand) the National Emergency Management Agency, the Ministry of Foreign Affairs, the Ministry of Transport, the Ministry of Education, the Treasury, the Crown Law Office, the State Services Commission, the New Zealand Customs Service, and the Department of the Prime Minister and Cabinet.

Communications

- 53 An announcement will be made by the Prime Minister on the designation of the Minister of Housing as the accountable Minister for quarantine and managed isolation.

Proactive Release

- 54 We intend to release the Cabinet paper proactively, withholding information that is commercially sensitive or that could disadvantage the Crown in commercial negotiations.


Recommendations

The Minister of Housing and the Minister of Health recommend that Cabinet:


- 1 **Note** that Cabinet is considering the companion paper *Future Border Settings: People Movement and Reconnection with International Markets* which outlines a multi-agency work programme that focuses on four pillars:
 - 1.1 *Putting health considerations at the centre of decisions on border measures*, by designing the health preconditions to be met and the health measures necessary to support safe cross-border people movement.
 - 1.2 *Establishing new health entry and exit policy and measures* to allow increasing people movement at our borders, increasing volumes as conditions allow and laying the groundwork for a full border re-opening.
 - 1.3 *Taking the opportunities and managing the risks around reconnection with global markets*, so we secure the connectivity benefits that support social and economic recovery, strengthen relationships with key trading hubs, attract investment, enable business travel, and reposition our export sectors.
 - 1.4 *Operationalising the world's smartest and safest border*, putting in place the people, technology, processes, and systems necessary for safe reconnection.
- 2 **Note** that while significant work is underway, currently our best line of defence against further outbreaks in New Zealand are robust and sustainable quarantine and managed isolation arrangements for all arrivals.
- 3 **Note** that the current arrangements for quarantine and managed isolation were stood up under significant urgency in March and April 2020 in response to an emergency and are no longer sustainable.
- 4 **Note** that the current system has significant capacity limitations based on the amount of appropriate accommodation in Auckland and Christchurch and staffing resources that can be provided by agencies, and is dependent on direct Crown funding and baseline expenditure from contributing agencies.
- 5 **Note** that the \$58 million in funding appropriated to Vote Health to cover the direct costs of the quarantine and managed isolation arrangements to October 2020, was set based on a low assumption of arrival volumes, and will run out before the end of June 2020 due to significantly higher actual arrival volumes.

- 6 **Note** that officials estimate the direct cost of quarantine and managed isolation arrangements will be over \$81 million in FY 2019/20.
- 7 **Note** that the excess costs in FY 2019/20 where possible will be managed through underspends in Vote Health which would have otherwise been transferred to FY 2020/21.
- 8 **Agree in principle** that once the quantum of costs is known for FY 2019/20 overspends, additional cost pressure funding in FY 2020/21 for Vote Health will be sought from the COVID-19 Response and Recovery Fund, established at Budget 2020.
- 9 **Note** that temporary staff resources on loan from agencies and funded from agency baselines are under pressure, creating a risk of losing capability in the quarantine and managed isolation system.
- 10 **Note** that current contracts with hotels which provide the quarantine and managed isolation facilities expire on 30 June 2020 and the ability to negotiate new contracts, so as to reserve capacity in a limited amount of fit-for-purpose facilities is essential to maintain the ongoing operation of the system.
- 11 **Note** that demand is increasing from the currently limited groups of people allowed through the border under COVID-19 controls which are putting pressure on current capacity.
- 12 **Note** that future demand for increased arrivals to support the social and economic recovery cannot be met under the current arrangements.
- 13 **Agree** that the capacity and geographic availability of managed isolation facilities should be expanded as needed to meet demand under current settings to support New Zealand's border management.
- 14 **Agree** to appropriate \$298 million to Vote Health to fund costs related to the delivery of quarantine and managed isolation arrangements for arrivals to New Zealand, to 31 December 2020.
- 15 **Approve** the following changes to appropriations to give effect to the policy decision in recommendation 13 above, with a corresponding impact on the operating balance

	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote: Health					
Minister of Health					
Non-Departmental					
Output Expense:					
Public Health Service		298.000	-	-	-
Purchasing					
Total Operating		298.000	-	-	-
Total Capital	-	-	-	-	-

- 16 **Agree** that the proposed change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply.
- 17 **Agree** that the expenses incurred under recommendation 13 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020.
- 18 **Note** that this funding will allow for a four per cent per fortnight increase in capacity to 288 arrivals per day on average between 1 July 2020 and 31 December 2020.
- 19 **Agree** to designate the Minister of Housing as the accountable Minister for quarantine and managed isolation provision, including for operational management of these services s9(2)(f)(iv), s9(2)(j)

- 20 **Note** the Minister of Health will continue to be responsible for settings the requirements for quarantine and isolation, including regulation made under the Health Act 1956 and COVID Public Health Response Act 2020, setting any requirements for health entry and exit measures, including for isolation of arrivals, and standards and assurance for isolation and quarantine facilities.
- 21 **Agree** that the Ministry of Business, Innovation and Employment will assume the role of lead agency for the provision of quarantine and managed isolation arrangements, with implementation to be transitioned from the National Crisis Management Centre and the Ministry of Health by 1 September 2020.
- 22 **Note** that a corresponding transfer of appropriations will be sought by Joint Ministers by 1 September 2020.
- 23 **Note** that the New Zealand Customs Service is convening an inter-agency Chief Executives group looking across all government activity at and beyond the border for people wanting to come into New Zealand, which will include oversight of the transition process.
- 24 **Invite** the Minister of Housing and Minister of Health to report back to Cabinet in July 2020 on work streams established within the comprehensive Future Border Settings work programme, to support the transition to a sustainable model of quarantine and managed isolation:

s9(2)(f)(iv)



Authorised for lodgement

Hon Megan Woods

Minister of Housing

Hon Dr David Clark

Minister of Health

Proactively Released



Cabinet

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.

A Sustainable Quarantine and Managed Isolation System

Portfolios Housing / Health

On 15 June 2020, Cabinet:

Background

- 1 **noted** that the separate paper on *Future Border Settings: People Movement and Reconnection with International Markets*, under CAB-20-SUB-0281, outlines a multi-agency work programme that focuses on four pillars:
 - 1.1 putting health considerations at the centre of decisions on border measures, by designing the health preconditions to be met and the health measures necessary to support safe cross-border people movement;
 - 1.2 establishing new health entry and exit policy and measures, to allow increasing people movement at the border, increasing volumes as conditions allow and laying the groundwork for a full border re-opening;
 - 1.3 taking the opportunities and managing the risks around reconnection with global markets, to secure the connectivity benefits that support social and economic recovery, strengthen relationships with key trading hubs, attract investment, enable business travel, and reposition our export sectors;
 - 1.4 operationalising the world's smartest and safest border, to put in place the people, technology, processes, and systems necessary for safe reconnection;
- 2 **noted** that while significant work is underway, currently the best lines of defence against further outbreaks in New Zealand are robust and sustainable quarantine and managed isolation arrangements for all arrivals;

Pressures on quarantine and managed isolation

- 3 **noted** that the current arrangements for quarantine and managed isolation were stood up under significant urgency in March and April 2020 in response to an emergency, and are no longer sustainable;
- 4 **noted** that the current system has significant capacity limitations based on the amount of appropriate accommodation in Auckland and Christchurch and staffing resources that can be provided by agencies, and is dependent on direct Crown funding and baseline expenditure from contributing agencies;

- 5 **noted** that the \$58 million in funding appropriated to Vote Health to cover the direct costs of the quarantine and managed isolation arrangements to October 2020 was set based on a low assumption of arrival volumes, and will run out before the end of June 2020 due to significantly higher actual arrival volumes;
- 6 **noted** that officials estimate the direct cost of quarantine and managed isolation arrangements will be over \$81 million in 2019/20;
- 7 **noted** that the excess costs in 2019/20 where possible will be managed through underspends in Vote Health, which would have otherwise been transferred to 2020/21;
- 8 **agreed in principle**, subject to Budget Ministers' decisions, that once the quantum of costs is known for 2019/20 overspends, additional cost pressure funding in 2020/21 for Vote Health will be sought from the COVID-19 Response and Recovery Fund, established at Budget 2020;
- 9 **noted** that temporary staff resources on loan from agencies and funded from agency baselines are under pressure, creating a risk of losing capability in the quarantine and managed isolation system;
- 10 **noted** that current contracts with hotels that provide the quarantine and managed isolation facilities expire on 30 June 2020, and that the ability to negotiate new contracts, so as to reserve capacity in a limited amount of fit-for-purpose facilities, is essential to maintain the ongoing operation of the system;
- 11 **noted** that demand is increasing from the currently limited groups of people allowed through the border under COVID-19 controls, which are putting pressure on current capacity;
- 12 **noted** that future demand for increased arrivals to support the social and economic recovery cannot be met under the current arrangements;
- 13 **agreed** that the capacity and geographic availability of managed isolation facilities should be expanded as needed to meet demand under current settings to support New Zealand's border management;

Financial implications

- 14 **agreed** to appropriate \$298 million to Vote Health to fund costs related to the delivery of quarantine and managed isolation arrangements for arrivals to New Zealand, to 31 December 2020;
- 15 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 14 above, with a corresponding impact on the operating balance:

	\$m - increase/(decrease)				
Vote: Health Minister of Health	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Non-Departmental Output Expense:					
Public Health Service Purchasing		298.000	-	-	-
Total Operating		298.000	-	-	-
Total Capital	-	-	-	-	-

- 16 **agreed** that the change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 17 **agreed** that the expenses incurred under paragraph 15 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;
- 18 **noted** that this funding will allow for a four percent per fortnight increase in capacity to 288 arrivals per day on average between 1 July 2020 and 31 December 2020;

Leadership and coordination

- 19 **noted** that the Prime Minister intends to designate the Minister of Housing as the accountable Minister for quarantine and managed isolation provision, including for operational management of these services, s9(2)(f)(iv), s9(2)(j)
- 20 **noted** that the Minister of Health will continue to be responsible for settings the requirements for quarantine and isolation, including regulation made under the Health Act 1956 and COVID Public Health Response Act 2020, setting any requirements for health entry and exit measures, including for isolation of arrivals, and standards and assurance for isolation and quarantine facilities;
- 21 **agreed** that the Ministry of Business, Innovation and Employment will assume the role of lead agency for the provision of quarantine and managed isolation arrangements, with implementation to be transitioned from the National Crisis Management Centre and the Ministry of Health by 1 September 2020;
- 22 **noted** that a corresponding transfer of appropriations will be sought by Joint Ministers by 1 September 2020;
- 23 **noted** that the New Zealand Customs Service is convening an inter-agency Chief Executives group looking across all government activity at and beyond the border for people wanting to come into New Zealand, which will include oversight of the transition process;

Further report

- 24 **invited** the Minister of Housing and Minister of Health to report back to Cabinet in July 2020 on workstreams established within the comprehensive Future Border Settings work programme, to support the transition to a sustainable model of quarantine and managed isolation:

24.1 s9(2)(f)(iv)

24.2

24.3

24.4

Michael Webster
Secretary of the Cabinet