

# Managed isolation (MIQ) hotels and the hotel sector's recovery after COVID

Thirty-two hotels (comprising more than 6,000 guest rooms) in Auckland, Hamilton, Rotorua, Wellington and Christchurch are currently contracted by the Government to provide managed isolation stays. To put that into perspective, New Zealand has 40 public hospitals in total.

Hotels are key infrastructure with advantages over other accommodation types. Those advantages include scale, prime locations, systemised cleanliness and well-trained teams that are used to dealing with high volumes of occupants. The decision was taken that existing government-owned infrastructure – being schools, hospitals and military facilities – could not safely and comfortably provide MIQ stays.

## **MIQ hotels are the front line of New Zealand's fight against COVID.**

Selected hotels have, in effect, been repurposed and handed over to the government to assist in our border management programme. MIQ Hotels and their teams are helping to keep *all* New Zealanders safe from COVID. Most hotels in the programme answered an SOS call from government and agreed to provide assistance, even though border closures were originally anticipated to last for only 3-6 months.

**MIQ hotel teams are unsung heroes.** No hotel worker expected to be on the front line of New Zealand's health response to COVID – it's not what they trained for. MIQ hotel teams are heroes for the way they've adapted to the demands of their changed roles, including new security procedures, additional hygiene and sanitation, regular COVID testing and occasional anti-social behaviour or abuse from "guests". Not all New Zealanders have been kind, either. MIQ workers are worthy of the same appreciation we show our defence force and frontline medical workers.

**It's not a "hotel stay", it's isolation.** In normal times, international leisure and business travellers present the best opportunity for hotels to maximize room revenue and sell other hotel-curated experiences and benefits, such as room-service, minibar, on-property dining, spa treatments, laundry, etc. While MIQ hotels might be full, they are not generating revenue from typical hotel add-ons. For obvious reasons, restaurants, spas and function centres are all closed to outside guests, too. Hoteliers are trained to host and delight travellers. MIQ hotel teams have instead become "custodians" with limited opportunities to interact with guests.

**There are potential brand and reputational risks in carrying out MIQ work.** MIQ hotels are publicly scrutinised through the media.

Quarantining guests continue to post reviews on public websites and



## Talking Points MIQ Hotels

1

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2

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3

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social media, even though MIQ services are government-managed. MIQ hotels must turn away non-isolation domestic guests, who might instead form new relationships with competitor hotels. Hotels that signed up to the MIQ programme did so in order to assist New Zealand during what was anticipated by all to be a short-term period of border closures. Once borders do eventually reopen, it is hoped that New Zealanders *and* international guests will remember the contribution of MIQ hotels to our successful fight against COVID, rather than focusing on negative aspects of the MIQ programme.

**MIQ causes more wear and tear to guest rooms.** The nature of MIQ use (sustained occupancy for two-week periods with high load factors) and other related reasons mean that hotel guest rooms are experiencing higher levels of wear and tear, when compared with ordinary hotel operations. In normal times, hotel guests spend most daylight hours “out and about”, either attending business meetings/events or actively participating in the destination’s tourist economy. MIQ guests are largely confined to their guest rooms, including in-room consumption of meals. Once MIQ work ends, future guests will expect hospital-grade deep-cleaning together with appropriate repair/renovation of guest rooms and other affected spaces.

**MIQ work has become a financial lifeline for *some* hotels.** With borders remaining closed much longer than anyone originally anticipated, there is no doubt that hotels carrying out MIQ have avoided some of the pain being experienced by non-MIQ hotels. MIQ work is not a form of benevolent government support for the hotel sector. MIQ hotels are providing necessary services in NZ’s fight against COVID. Only those 32 hotels currently in the programme are benefiting. There are approximately 330 hotels in New Zealand having at least 30 guest rooms, or approximately 32,000 guest rooms in total. Just 6,000 guest rooms are currently in use for MIQ stays, or less than one-fifth of New Zealand’s aggregate hotel rooms supply. New Zealand is also home to many smaller lodges, motels and bed & breakfasts – these are suffering too.

**Nine out of every 10 hotels *are not* providing MIQ stays.** The hotel sector is on its knees. Normal operations are impossible when, through no fault of the sector, its highest value customers are prohibited from visiting. Domestic travel alone is not enough to support our hotel infrastructure and save hotel jobs – hoteliers have known that from the start. Only one in every ten New Zealand hotels is providing MIQ work. Remaining properties are trying everything they can to survive, but support will be essential if borders remain closed. As borders re-open, it is anticipated that MIQ rooms will return to general hotel use. In Auckland alone, 3,500 rooms will be added back to the region’s room supply when MIQ hotels return to normal use, placing even more market pressure on those non-MIQ hotels and making it harder for the sector to bounce back quickly.

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There are potential brand and reputational risks in carrying out MIQ work.

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7

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## Additional Resources

- [Isolation facilities | Managed isolation and quarantine \(miq.govt.nz\)](#)
- Operations Framework for Managed Isolation Hotels (Government document): [MIQ Operations Framework V3.3](#)

## Why are hotels important to New Zealand?

Hotels are key infrastructure in New Zealand's tourist economy, sitting alongside our airlines, airports and physical transport networks such as road and rail. Why is this infrastructure – our “tourism backbone” – so important?

The tourism backbone is comprised of large-scale, capital-intensive, network businesses and government-owned infrastructure. Consequently, these assets are sensitive to construction/labour costs, changes in interest rates, and weaknesses within the network. Very few countries can *quickly* add new airlines, airports, transport networks or hotels to their nation's tourist offering – development timelines are long and returns are typically generated over extended timeframes, not during one or two good seasons.

For an isolated island nation such as New Zealand, a thriving tourist economy requires us to first market and sell “the New Zealand experience” to high-value international tourists *while they are still overseas*. The tourism backbone is a central element of those offshore marketing and sales efforts, even if we sometimes take it for granted. In competition with other global destinations, we must (1) encourage high-value travellers to visit New Zealand, (2) convey them by air to our country, (3) process them through our borders, (4) ensure they have somewhere comfortable to stay, (5) facilitate their safe and efficient movement between accommodation and attractions. Once this “guest journey” has been completed, international tourists *are ready to be sold to on a local basis by New Zealand's myriad smaller tourism businesses*.

Tourist destinations around the world are consciously and subconsciously assessed and compared on the relative strengths of their tourism backbone. *What's the airline like? How safe and easy is it to get around? How good are the hotels?* New Zealand is blessed with fantastic scenery and natural resources. However, without the right kind of tourist backbone, we cannot leverage those natural advantages to attract high-value international tourism.

## About Hotel Council Aotearoa

Hotel Council Aotearoa (**HCA**) is an advocacy-focused organisation with a mission to educate and influence key decision-makers on matters of importance to the New Zealand hotel industry. HCA's target membership encompasses hotel owners, general managers, operators/brand companies, consultants, academics, advisors and other organisations and individuals having a close professional connection with the hotel industry. HCA currently represents over 140 New Zealand hotels, comprising over 15,600 guest rooms or 5.6 million available room-nights per annum.

To learn more about HCA or to become a member, please visit [www.hotelcouncilaotearoa.com](http://www.hotelcouncilaotearoa.com) or email [admin@hotelcouncilaotearoa.com](mailto:admin@hotelcouncilaotearoa.com).