



COVERSHEET

Minister	Hon Kris Faafoi	Portfolio	Broadcasting, Communications and Digital Media
Title of Cabinet paper	Increased funding for the Telecommunications Relay Service	Date to be published	10 August 2020

List of documents that have been proactively released

Date	Title	Author
24 June 2020	<i>Increased funding for the Telecommunications Relay Service</i>	<i>Office of the Minister of Broadcasting, Communications and Digital Media</i>
24 June 2020	<i>DEV-20-MIN-0107</i>	<i>Cabinet Economic Development Committee</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 reasons of negotiations.

In Confidence

Office of the Minister of Broadcasting, Communications and Digital Media
Chair, Economic Development Committee

Increased funding for the Telecommunications Relay Service

Proposal

1. This paper seeks Cabinet approval to authorise an increase and transfer of funding to support the provision of an enhanced Telecommunications Relay Service, and ensure service continuity during the 2020/2021 financial year.

Executive Summary

2. The Telecommunications Relay Service (relay service) provides Deaf, deafblind, hearing-impaired and speech-impaired New Zealanders the ability to communicate with hearing people over the phone with the assistance of a relay assistant or New Zealand Sign Language interpreter.
3. A recent review of the relay service and competitive re-tender has revealed that there is insufficient funding in the current appropriations for service continuation and the enhancements (for example, increased video conferencing for Deaf users) necessary to adequately support the wellbeing of the user communities.
4. The Ministry of Business, Innovation and Employment (MBIE) has already identified and transferred uncommitted funding from within existing baselines to address the shortfall for the current financial year. The shortfall identified for the 2020/21 financial year is approximately \$2.056 million, Negotiations [REDACTED]
5. MBIE has identified areas of underspend in 2019/20 where funding can be reprioritised to meet the additional cost of the relay services in 2020/21. I am therefore seeking approval to transfer the identified underspend of \$2.025 million through an out-of-cycle In-Principal Expense Transfer. I also seek authorisation for a Fiscally Neutral Adjustment at the October Baseline update, to reprioritise the available funding into the relay service appropriation.

6. Negotiations [REDACTED]

Background

7. The relay service was established in 2004 as a Telecommunications Service Obligation (TSO) under the Telecommunications Act 2001 (the Act), to provide communication tools for users that cannot access traditional means of communication. It is an essential service for users who rely on it as their primary means of communication. This service has been delivered since 2004 by contracted providers Sprint International New Zealand (Sprint) and Communication Services for the Deaf (CSD).
8. The relay service receives funding from the Telecommunications Development Levy (TDL) under the Act, which is paid for by companies in the telecommunications industry that earn qualifying revenue of more than \$10 million per annum. The remainder is Crown funded from MBIE and the Ministries of Social Development, Education, and Health, and the Accident Compensation Corporation.
9. MBIE officials completed a review of the relay service ahead of a re-tender of the current Government contract. The review identified changes needed to help enhance the relay service, for example, new technologies to meet user communities' needs.
10. Following the review, MBIE completed a competitive procurement process, selecting Concentrix Services (New Zealand) Limited (Concentrix) as the new supplier. Additional funding of \$0.7 million was required in the 2019/20 financial year to conclude the procurement process and begin the transition to the service provider. These costs were met from uncommitted funding from within MBIE baseline.
11. At the time when relevant Ministers approved the \$0.7 million transfer for the 2019/20 financial year, it was noted that there was a \$1.8 million shortfall for the 2020/21 financial year. This previously advised shortfall of \$1.8 million has increased to \$2.056 million for 2020/21. This increase is due to the delay in the procurement process which means that transition to the new service, and therefore costs, will now be incurred in the 2020/21 financial year.
12. It is anticipated that Concentrix will provide enhanced services for the user communities from 1 February 2021. The contracts with the existing relay service providers, Sprint and CSD, have been extended to ensure continuity of service and support to users, while transitioning to the new service.

Increased funding will allow for service continuation and enhancements to the services provided to the user communities

13. Since the establishment of the relay service in 2004, there have been substantial advances in communications technologies that have the potential to improve the wellbeing of the broader user communities. However, the absence of dedicated funding to adapt to new technologies means that user communities have not been able capture the benefits of an increasingly digitised economy and society.
14. In the short term, I would like to see service enhancements focus on increasing the use of video conferencing so that the Deaf community can

communicate more easily via New Zealand Sign Language (NZSL). In addition to these kinds of service quality enhancements, I would like to explore how the relay service can meet the increasing access expectations from the user communities, such as 24/7 availability of services. These kinds of service enhancements are important to enable user communities to fully participate within New Zealand society irrespective of their disabilities.

15. Transitioning to the new service supplier and the proposed short and longer term service enhancements are unable to be accommodated within existing funding. To address the more immediate cost pressure for 2020/21, I am seeking Cabinet's authorisation to transfer up to \$2.025 million of 2019/20 underspends to meet the additional costs of the relay service transitional period (as detailed in the financial implications section below).

16. Negotiations [redacted] the current appropriation of \$4.519 million. Negotiations [redacted]

17. Negotiations [redacted]

Financial Implications

18. The total appropriation available for the relay service is \$4.519 million. This amount is made up of \$3 million in the *Telecommunications Development Levy Funded Procurement – Deaf Relay Service TSO* category, and \$1.519 million in the *Administrative Support Telecommunications Relay Equipment and Services* category of the MCA.
19. The costs expected to be incurred in the 2020/21 financial year are \$6.575 million. The costs in this financial year are higher due to the transition to the new provider and the need to retain the current provider to ensure continuity of service. This results in a \$2.056 million shortfall in funding for the 2020/21 financial year.
20. MBIE has identified up to \$2.025 million of underspend in 2019/20 where funding is able to be reprioritised to meet the additional costs of the service in 2020/21. MBIE will address the remaining funding gap (\$0.031 million) from within its 2020/21 baseline. I am therefore seeking agreement to reprioritise the identified funds (detailed in paragraph 22 below) for the relay service.
21. Subject to Cabinet's agreement, I propose to transfer up to \$2.025 million through an In-Principle Expense Transfer (IPET) for 2020/21, followed by a Fiscally Neutral Adjustment (FNA) at the October Baseline Update (OBU), to the Telecommunications Relay Service appropriation.

22. I propose an IPET from the following funding sources:
- I. \$50,000 from *Vote Business, Science and Innovation- Communications: Services for Deaf, Hearing Impaired and Speech Impaired People - Administrative Support for Telecommunications Relay Equipment and Services,*
 - II. \$150,000 from *Vote Building and Construction; Policy Advice and Related Outputs MCA – Related Services to Ministers – Building and Construction,*
 - III. \$250,000 from *Vote Business, Science and Innovation Policy Advice and Related Outputs MCA – Policy Advice – Economic Development,*
 - IV. \$465,000 from *Vote Business, Science and Innovation- Communications: Services for Deaf, Hearing Impaired and Speech Impaired People - Telecommunications Development Levy Funded Procurement - Deaf Relay Service TSO category,*
 - V. \$510,000 from *Vote Business, Science and Innovation Communications: Emergency Telecommunications Services, and*
 - VI. \$600,000 from *Vote Labour Market Policy Advice and Related Outputs MCA – Policy Advice – Immigration.*
23. I propose an FNA at OBU of up to \$1.510 million, to reprioritise the available funding into the relay service appropriation. Two proposed IPETs (\$50,000 and \$465,000) are already from the relay service appropriation and do not require an FNA.
24. The transfer of the above funds will not impact on MBIE's current ability to deliver work programme priorities.

Consultation

25. The Treasury, the Office of Disability Issues and the Ministry of Social Development have been consulted on this paper. The Department of the Prime Minister and Cabinet have been informed.
26. The paper's proposal was supported by agencies during consultation with no substantive changes made to the paper.

Legislative Implications

27. There are no legislative implications.

Impact Analysis

28. Impact analysis requirements do not apply.

Human Rights

29. The proposed change is consistent with the New Zealand Bill of Rights 1990, the Human Rights Act 1993 and the United Nations Convention on the Rights of Persons with Disabilities.

Gender Implications

30. There are no gender implications.

Disability Perspective

31. The proposed change meets Outcome 5 (Accessibility) of the New Zealand Disability Strategy, which sets out the goal that in the future, information and communications will be easy for disabled people to access in formats and languages that are right for them. It also meets the requirements listed under the Accessibility Charter for Government agencies on their commitment for how to increase accessibility to information through the use of inclusive language (i.e. NZSL), design and alternative formats.
32. NZSL is an official language of New Zealand, with approximately 20,000 users. The NZSL Strategy (2018-2023), specifies the use of current information and communication technology to provide access to government information and services. The relay service provides qualified NZSL interpreters for Deaf New Zealanders.

Publicity

33. No public announcements are planned on the increased funding proposed in this paper.

Proactive Release

34. This paper will be proactively released on MBIE's website within 30 business days after Cabinet makes its final decision and I have approved its release. The release of the information is subject to redactions consistent with the Official Information Act 1982.

Recommendations

The Minister of Broadcasting, Communications and Digital Media recommends that the Committee:

1. **note** that the Telecommunications Relay Service provides Deaf, deafblind, hearing-impaired and speech impaired New Zealanders the ability to communicate;
2. **note** the Ministry of Business, Innovation and Employment has now completed the competitive procurement process and has contracted Concentrix Services (New Zealand) Limited who to an enhanced relay service from 1 February 2021;

3. **note** that the current relay service providers, Sprint International New Zealand and Communication Services for the Deaf, will continue to provide the relay service throughout the transition period to ensure service continuity;

4. Negotiations

5. **note** relevant Ministers previously agreed to provide additional funding of \$0.7 million through a Fiscally Neutral Adjustment and this has been transferred to the relay service appropriation for the 2019/20 financial year;

6. **note** that there is a funding shortfall of \$2.056 million for the 2020/21 financial year due to the higher cost of transitioning to a new service while, retaining an existing service to ensure service continuity. This is an increase on the previously advised shortfall of \$1.8 million due to delays in essential work where costs will now be incurred in 2020/21;

7. **note** that the Ministry of Business, Innovation and Employment has identified areas of underspend in 2019/20 where funding could be reprioritised to meet the additional cost of services in 2020/21, if underspends are authorised to be reprioritised for the Telecommunications Relay Service (refer to recommendation 13 below);

8. **note** that Ministry of Business, Innovation and Employment seeks an In-Principal Expense Transfer in this paper for the delayed expense in essential work (in recommendation 6 above);

9. Negotiations

10. **approve** In-Principle Expense Transfers of up to the following maximum amounts of operating expenditure from 2019/20 to 2020/21;

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote Business, Science and Innovation Minister of Broadcasting, Communications and Digital Media Non-Departmental Output Expense: Communications; Emergency Communications Services Multi-Category Expenses and Capital Expenditure: Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA:	(0.510)	0.510	-	-	-

<i>Non-Departmental Other Expense:</i> Telecommunications Development Levy Funded Procurement - Deaf Relay Service TSO category	(0.465)	0.465	-	-	-
Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA: <i>Non-Departmental Output Expense:</i> Administrative Support for Telecommunications Relay Equipment and Services	(0.050)	0.050	-	-	-
Vote Business, Science and Innovation Minister for Economic Development Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs MCA <i>Departmental Output Expense:</i> Policy Advice - Economic Development (funded by revenue Crown)	(0.250)	0.250	-	-	-
Vote Labour Market Minister for Workplace Relations and Safety Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs MCA Departmental Output Expense: Policy Advice - Immigration (funded by revenue Crown)	(0.600)	0.600	-	-	-
Vote Building and Construction Minister for Building and Construction Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs MCA <i>Departmental Output Expense:</i> Related Services to Ministers – Building and Construction (funded by revenue Crown)	(0.150)	0.150	-	-	-
Total Operating	(2.025)	2.025	-	-	-

11. **authorise** the Minister of Finance and the relevant appropriation Minister, jointly to agree the final amount to be transferred, following completion of the 2019/20 audited financial statements, with no impact on the operating balance and/or net core Crown debt across the forecast period;
12. **note** that the requested In-Principal Expense Transfer of \$0.510 million from the Communications: Emergency Telecommunications Services appropriation is in addition to an In-Principal Expense Transfer request through the *June*

2020 Year End underspend Proposals Submission: Vote Business, Science and Innovation – Broadcasting, Communications and Digital Media, and Commerce and Consumer Affairs Portfolios briefing;

13. **authorise** the Minister of Finance and the relevant appropriation Ministers to make the following fiscally neutral adjustments of up to the following amounts, subject to the confirmed final In-Principle Expense Transfer amounts, through the October Baseline Update with no impact on the operating balance or debt;

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote Business, Science and Innovation Minister of Broadcasting, Communications and Digital Media Non-Departmental Output Expense: Communications: Emergency Telecommunications Services Multi-Category Expenses and Capital Expenditure: Communications: Services for Deaf, Hearing Impaired and Speech Impaired People MCA: <i>Non-Departmental Other Expense:</i> Telecommunications Development Levy Funded Procurement - Deaf Relay Service TSO category	-	(0.510)	-	-	-
Vote Business, Science and Innovation Minister for Economic Development Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs MCA <i>Departmental Output Expense:</i> Policy Advice - Economic Development (funded by revenue Crown)	-	(0.250)	-	-	-
Vote Labour Market Minister for Workplace Relations and Safety Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs MCA <i>Departmental Output Expense:</i> Policy Advice - Immigration (funded by revenue Crown)	-	(0.600)	-	-	-

Vote Building and Construction Minister for Building and Construction Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs MCA <i>Departmental Output Expense:</i> Related Services to Ministers – Building and Construction (funded by revenue Crown)	-	(0.150)	-	-	-
Total Operating	-	-	-	-	-

14. **agree** that the proposed changes 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.

Authorised for lodgement

Hon Kris Faafoi

Minister of Broadcasting, Communications and Digital Media