

**ADDENDUM TWO OF THE TELECOMMUNICATIONS SERVICE OBLIGATIONS DEED FOR TELECOMMUNICATIONS RELAY SERVICES DATED 7 July 2011 ("the Variation")**

**DATED**                    *15* February, 2015

**BETWEEN**            **HER MAJESTY THE QUEEN**, in right of the Government of New Zealand acting by and through the Minister for Communications, ("the Crown");

**AND**                    **SPRINT INTERNATIONAL NEW ZEALAND**, having its registered office at C/- Hesketh Henry, Level 11, 41 Shortland Street, Auckland, New Zealand, ("the TRS Provider").

(the "Parties")

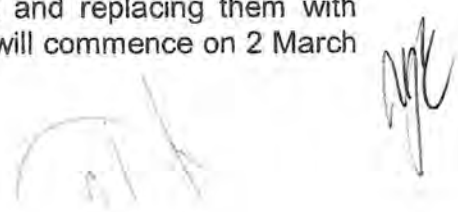
**BACKGROUND**

- A     This Variation sets out a variation to the Telecommunications Service Obligations (TSO) Deed for Telecommunications Relay Service (TRS) dated 7 July 2011 (the "Deed"). The Deed requires the TRS Provider to supply relay services under the terms and conditions set out in the Deed.
- B     The purpose of this Variation is to:
- i.     extend the hours of service for Captioned Telephony (CapTel) and increase the CapTel Annual Fixed Charges by 15% to reflect the extended hours of service;
  - ii.    change the Producer Price index used in the calculation of the Variable Charges Price Adjustment Formula to better reflect the dominant labour cost component for delivering relay services, with the replacement formula taking effect from 1 July 2015;
  - iii.   remove the constraint that the Outreach Manager be an employee of the TRS Provider; and
  - iv.    extend the Term of the Deed to 30 June 2019 ("Extended Term").

**VARIATION**

The Parties agree to vary the Deed in accordance with Clause 15.1 of the Deed, with effect from 16 February 2015 ("Effective Date"), by:

- a.     deleting the words "from 8.00am to 9.00pm daily" in Clause 3.3 on page 4 of the Deed (added in accordance with Addendum One of the Deed) and replacing them with "from 7:00am to 10:00pm daily". The modification in hours will commence on 2 March 2015;



- b. extending the Term of the Deed in accordance with clause 5.3 of the Deed to 30 June 2019 ("Extended Term");
- c. deleting clause 9. Outreach Manager on page 9 of the Deed in its entirety and replacing it with:

**"9. Promotions Manager**

- 9.1 The TRS Provider shall retain a person to undertake the role of Promotions Manager to coordinate the TRS Public Awareness Campaign and other promotional duties and activities (as described in section 5.8.6 of Schedule One of this Deed), which together shall be known as the "Promotions Programme".
- 9.2 The Promotions Manager shall reside in New Zealand and be delegated overall responsibility by the TRS provider for the Promotions Programme.
- 9.3 The Promotions Manager may be an employee, a contracted individual or a contracted marketing services company. The Promotions Manager may use resources from outside New Zealand to facilitate the Promotions Programme but must ensure that all outreach is appropriately orientated to New Zealand relay user communities.
- 9.4 The Promotions Manager shall:
  - 9.4.1 hold a tertiary marketing qualification befitting a professional undertaking this role;
  - 9.4.2 be experienced in, or capable of acquiring a thorough understanding of, the communications problems faced by the Deaf, deafblind, hard of hearing and speech impaired communities;
  - 9.4.3 be capable of effectively building relationships with non-governmental organisations that assist the user communities; and
  - 9.4.4 be capable of effectively designing and delivering relay promotional campaigns for each user community.
- 9.5 The Promotions Manager shall oversee any persons subcontracted to undertake promotional activities to ensure they are New Zealand residents and have specialist knowledge of, and empathy with, one or more of the following user communities:
  - 9.5.1 Deaf
  - 9.5.2 Deaf blind
  - 9.5.3 Hard of hearing
  - 9.5.4 Speech impaired
- 9.6 The Promotions Manager shall submit an annual marketing plan (including budget and Promotions Programme) to the Ministry by 1 May each year for review and input by the Ministry and the NZ Relay Advisory Group. The final

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annual marketing plan approved by the Ministry shall be disclosed on the Ministry website.

9.7 The Promotions Manager shall report on progress against the annual marketing plan through the monthly reports to the Ministry from the TRS provider.”

d. deleting the Table and Notes titled "Captioned Telephone Service" in Schedule 2 on page 74 of the Deed and replacing it with:

**"Captioned Telephone Service**

	Year 1 (to 30 June 2012)	Year 2 (1 July 2012 to 30 June 2013)	Year 3 (1 July 2013 to 30 June 2014)	Year 4 (1 July 2014 to 30 June 2015)	Year 5 (1 July 2015 to 30 June 2016)	Year 6 (1 July 2016 to 30 June 2017)	Year 7 (1 July 2017 to 31 June 2018)	Year 8 (1 July 2018 to 30 June 2019)
Fixed Charge	\$360,000	\$600,000  (unadjusted annual amount to be prorated for applying over 4 months, from 1 March 2013 to 30 June 2013)	\$615,000	\$630,375  (price unadjusted annual amount to be prorated for applying from 1 July 2014 to 14 December 2014)  \$724,931 (price adjusted annual amount to be prorated for applying from 2 March 2015 to 30 June 2015)	\$743,054	\$761,631	\$780,672	\$800,188

Notes:

1. The Annual Fixed Charge includes up to 12,500 minutes of use per month.
2. The launch date for the captioned telephone service was 1 March 2013. The Annual Fixed Charge for Year 2 was pro-rated for the actual number of months that the service was provided, (the 4 months from 1 March to 30 June 2013).
3. The Fixed Charge for Year 4 includes a 15% price increase adjustment with effect from 2 March 2015 that is pro-rated for the remaining months of the year, i.e. 4 months (from 2 March 2015 to 30 June 2015)."

e. adding a new sub-heading under the heading "Variable Charges Price Adjustment Formula" on page 75 of the Deed as follows:

"1. Variable Charges Price Adjustment Formula for Years 1 to 4 (ending 30 June 2015)"; and

f. adding a new sub-section 2 on pages 75 to 76 of the Deed above the heading "Activity Charges" as follows:

"2 Variable Charges Price Adjustment Formula for Year 5 (commencing 1 July 2015) and onwards

Each year, effective from 1 July 2015 the variable charge per call minute will be adjusted in accordance with the Statistics New Zealand Producer Price Index, Administrative Services, Series Ref SQUMN2100 or its successor.

The base index shall be that published for the March 2014 quarter = 1067. Annual adjustment will be made using the average index for the preceding June, September, December and March of the year of adjustment and the adjustment shall be applied from 1 July in that year. For example:

$$\text{Adjustment multiplier 2015} = \frac{(\text{June 2014} + \text{Sept 2014} + \text{Dec 2014} + \text{March 2015})/4}{\text{March 2014}}$$

The first adjustment will be applied from 1 July 2015."

The new base prices to which the adjustment will apply are those for the 2014/15 year calculated using the Variable Charges Price Adjustment Formula set out in the July 2011 Deed between the Parties:

Conventional relay minutes per month	Price per Minute
0-20,000	\$6.50
20,001 – 40,000	\$4.15
40,001 – 60,000	\$3.29
>60,000	\$3.00

Captioned Telephone Service	Price per minute
>12,500 minutes per month	\$1.71

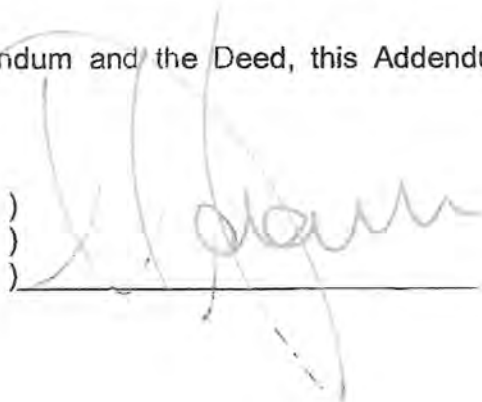
Prices Per Minute calculated using the Statistics New Zealand Producer Price Index, Administrative Services, Series Ref SQUMN2100 or its successor for the year commencing 1 July 2015 and any subsequent year shall not exceed the Prices Per Minute scheduled on page 75 of the Deed.

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**GENERAL**

1. In accordance with section 75 of the Act, the Parties agree that this variation forms part of the Deed and has full effect on and from the date of execution by the Parties to the Deed.
2. All other provisions of the Deed that are not amended by this Addendum remain unchanged in full force and effect.
3. If there is a conflict between this Addendum and the Deed, this Addendum will prevail.


Signed for and on behalf of  
**HER MAJESTY THE QUEEN** in right of New  
 Zealand by the **Minister for Communications**

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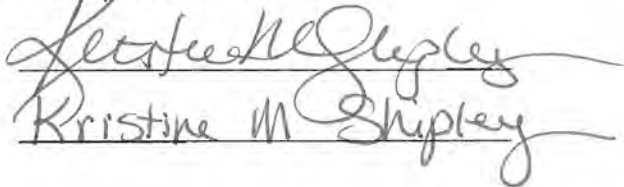
in the presence of:

Oliver Steele, public servant,  
Wellington

Signed for and on behalf of  
**SPRINT INTERNATIONAL NEW  
 ZEALAND** by **MICHAEL J ELLIS**, National  
 Director, Sprint Relay

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 M. Michael J. Ellis

in the presence of:

  
Kristine M Shipton