

In confidence

Office of the Minister of Police

Approval to delegate draw down and rephase the Next Generation Critical Communications (NGCC) tagged contingency to NGCC Joint Ministers

Proposal

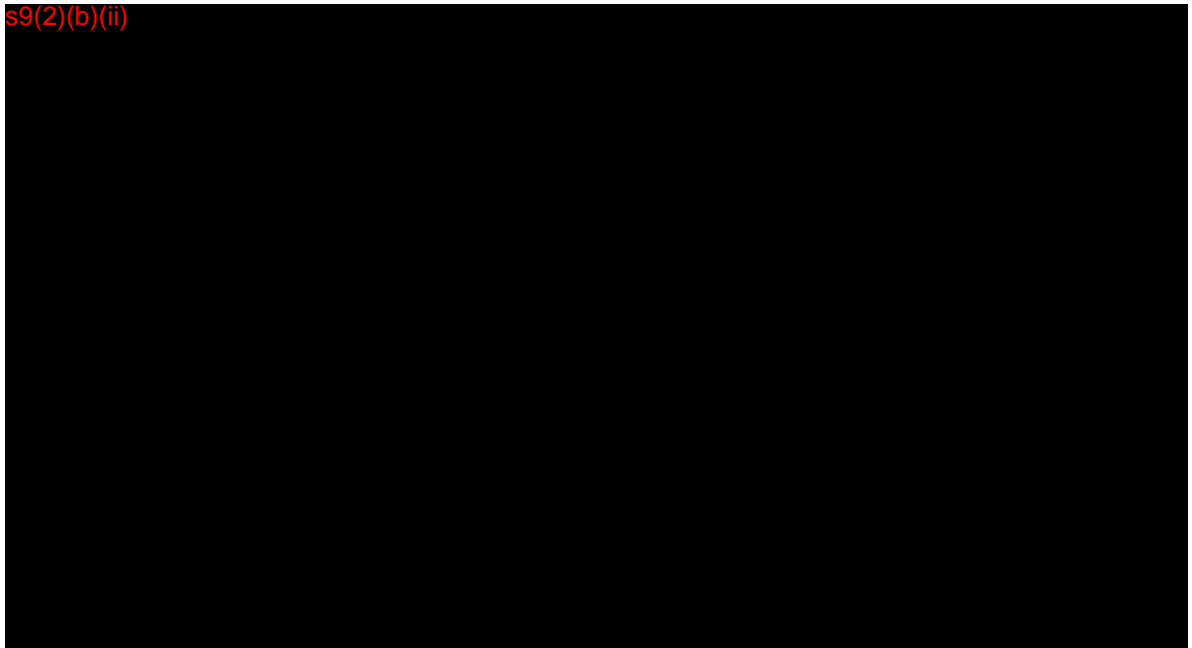
- 1 This paper seeks Cabinet approval to delegate the draw down of up to \$16 million for design work and completion of site assessment surveys and rephase the Next Generation Critical Communications (NGCC) tagged contingency to the NGCC Joint Ministers¹ to support the Public Safety Network (PSN) programme to replace emergency services critical communications (refer Appendix 1 for further detail). This work will allow for NGCC to complete vendor negotiations and confirm final pricing prior to Cabinet consideration of the final Implementation Business Case (ImBC).

Executive Summary

- 2 On 6 April 2020 Cabinet agreed [CAB-20-MIN-0155.26 refers] that:
 - 2.1 Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications contingency has been provided through initiative 12281, subject to further work on the draw down subject to Cabinet approval of an implementation business case
 - 2.2 **authorised** the Minister of Police and Minister of Finance to joint draw down up to \$4.000 million of operating contingency prior to Cabinet approval of the implementation business case, subject to their satisfaction that the costs are unavoidable.
 - 2.3 **agreed** to establish tagged operating contingency associated with the NZ Police portfolio of up to the following amounts to provide for Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications:

¹ The NGCC Joint Ministers are Minister of Police (Lead Minister) and the Minister of Finance.

s9(2)(b)(ii)



- 2.4 further draw downs from the NGCC: Replacing Emergency Services Critical Communications contingency are subject to Cabinet approval of an implementation business case (ImBC).
- 3 The NGCC Programme is currently in the final stages of:
 - 3.1 contract negotiations with vendors
 - 3.2 development of the NGCC Public Safety Network (PSN) ImBC.
- 4 To ensure final price certainty for Cabinet, the NGCC Programme will complete contractual negotiations and agree terms fully, prior to submission of the ImBC for Cabinet approval. This requires detailed design work and site assessment surveys. The likely date for seeking Cabinet approval of the ImBC is likely to be early to mid-July 2022.
- 5 This delay means Cabinet will not be approving the ImBC in time to secure full funding for NGCC to continue to progress the Programme.
- 6 The NGCC Oversight Ministers in the meeting of 16 March 2022, with support from the Minister for Finance and Minister of Police, confirmed that Treasury would support the Programme by finding a solution that maintains momentum of the Programme and provides a pathway for approval of the ImBC and full funding post Budget 22.
- 7 Treasury recommended a three-stage process to maintain momentum and ensure Ministers could take an informed investment decision once the final ImBC is submitted to Cabinet:
 - 7.1 Seek Cabinet authority to delegate rephasing and draw down of NGCC tagged contingency up to the amount required to undertake the design work, to Joint Ministers.

- 7.2 Once Cabinet authorises delegation, NZ Police / NGCC will request a partial drawdown of the NGCC tagged contingency ahead of the Budget 2022 moratorium, to complete design work on the land mobile radio and cellular network and the remaining 343 communications tower site assessments.
- 7.3 Once this required design work is completed, the final Cabinet Paper and ImBC will be submitted to Cabinet on a date to be confirmed with Minister of Finance.
- 8 A draw-down of additional funding to undertake this design work, is immediately needed to ensure the NGCC Programme can maintain momentum with vendor negotiations and carry out design work, site surveys and site selection analysis.
- 9 The NGCC Programme need flexibility with Joint Ministers approval to progress these elements prior to Cabinet approval of the ImBC and to minimise any delays to implementation that will create pressure and increase the risk of failure of the existing Police Land Mobile Radio network.

Cabinet previously approved the establishment of tagged contingency funding to provide for replacing emergency services critical communications

- 10 On 6 April 2020 Cabinet [CAB-20-MIN-0155.26 refers]:
- a. Agreed to the initiative for the Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications, subject to further work on completion of a business case
 - b. Agreed to establish tagged contingency in Vote Police to provide for replacing Emergency Services Critical Communications:
 - c. Authorised the Minister of Police and the Minister of Finance jointly to draw down up to \$4.000 million from the NGCC: Replacing Emergency Services Critical Communications operating contingency prior to Cabinet approval of an implementation business case, subject to their satisfaction that costs are unavoidable
 - d. Agreed that further draw downs from the NGCC: Replacing Emergency Services Critical Communications contingency are subject to Cabinet approval of an implementation business case

Sufficient funding is not available within NGCC Programme's current budget to continue funding design work to replace emergency services critical communications

- 11 There is insufficient funding available in the NGCC programme budget to fund the design components and retain key programme resource to plan for transition.
- 12 Table 1 below outlines the specific design work covered by the funding. This work is scheduled to begin prior to Cabinet approval of full funding for the NGCC ImBC in July 2022.

Table 1. Design work to be funded by the draw down

Vendor	Solution	Design work it funds
Tait Kordia	Land Mobile Radio design	Complete remaining 343 (of 460) site surveys and site selection analysis. Complete P25 network design leveraging the existing high-level design work. Commencement of detailed design leveraging the site condition assessments that have been completed. This will enable an accurate bill of materials to ensure pricing certainty for a fixed price.
Hourua (Spark and Vodafone)	Cellular design	Detailed solution and service design for Roaming and commencement of design for Quality of Service, Priority and Pre-emption.

- 13 The NGCC Programme forecast for 2021/22 is planned and committed for the remainder of this financial year. Appropriation for 2022/23 is forecast to be on budget based on payment of personnel and overheads.
- 14 Scaling down capability and capacity at this stage will delay downstream transition activities and create potential delays to vendor milestones requiring NGCC programme input.

Risk of not accessing tagged contingency funding

- 15 Without this funding vendors are likely to have to stand down key resources and delay work which will result in delays to the PSN implementation timeline, and increased risk of failure of the current radio network.

To maintain NGCC Programme momentum, I am seeking approval to delegate authority for a draw down of NGCC tagged contingency to Joint Ministers

- 16 Due to the delay in progressing the NGCC ImBC, and NGCC Programme FY22 funding being fully committed, to maintain momentum and avoid the risks noted above, I am seeking Cabinet's approval to delegate authority to Joint Ministers to draw down tagged contingency of up to \$16 million across FY2021/22 and FY2022/23, for preliminary design work, site surveys, and site selection analysis outlined in Table 1 above.
- 17 The NGCC Programme will also seek Joint Ministers approval to rephase the NGCC tagged contingency to ensure the funding currently not drawn down in FY2021/22 is moved into future years.

Financial Implications

Immediate access to tagged contingency funding will avoid significant delays and cost implications

- 18 Drawing down additional funding to meet costs will allow for NGCC to progress negotiations, confirm final pricing and maintain supplier engagement throughout what has been a prolonged market engagement exercise.
- 19 Funding will enable vendors to retain and mobilise design expertise in constrained labour markets and minimise delays, avoiding material and labour escalation risks due to deferred commencement dates.
- 20 Detailed network and solution design work is required before any potential network build work could commence.
- 21 The Programme confirms that no commitments will be made for implementation activities, materials spend or operational expenditure prior to Cabinet approval of full NGCC funding in July 2022.

Legislative Implications

- 22 No legislative implications have been identified with this proposal.

Impact Analysis

Regulatory Impact Statement

- 23 No regulatory impacts have been identified with this proposal.

Climate Implications of Policy Assessment

- 24 No climate implications have been identified with this proposal.

Population Implications

- 25 No population implications have been identified with this proposal.

Human Rights

- 26 No human rights implications have been identified with this proposal.

Consultation

- 27 Consultation on this approach has been carried out with The Treasury and NGCC Oversight Ministers including Office of the Minister of Finance, Office of Minister for Emergency Management, Minister of the Digital Economy and Communications.

Communications

- 28 The NGCC Programme will continue to engage with vendors.

Proactive Release

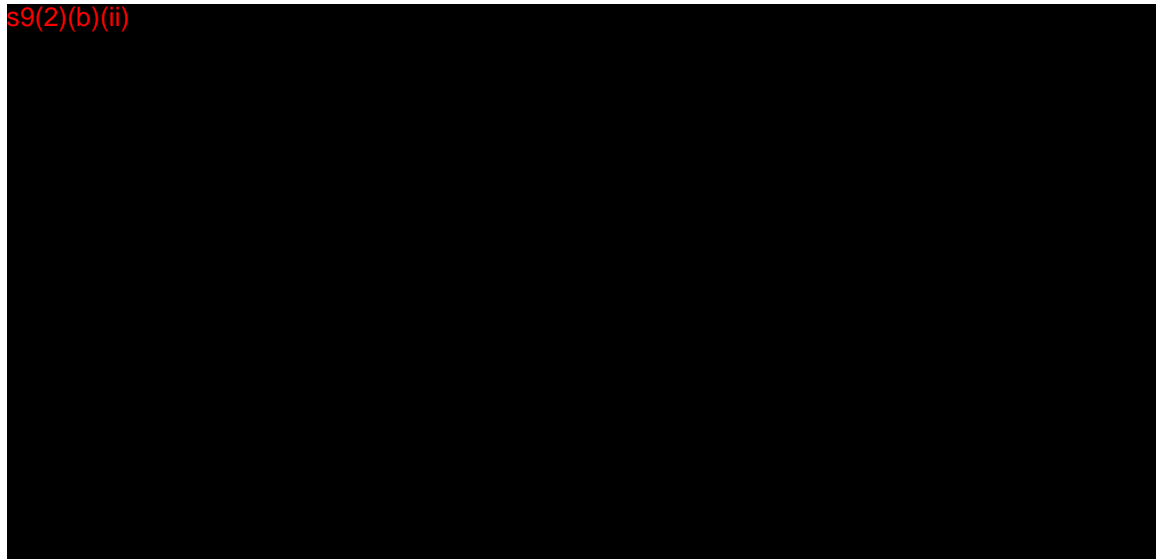
- 29 This paper will be proactively released with any appropriate redactions within 30 days following Cabinet approval.

Recommendations

The Minister for Police recommends that the Cabinet:

- 1 **note** on 6 April 2020 Cabinet [CAB-20-MIN-0155.26 refers]:
 - 1.1 **noted** the Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications contingency has been provided through initiative 12281, subject to further work on the draw down subject to Cabinet approval of an implementation business case.
 - 1.2 **authorised** the Minister of Police and the Minister of Finance to joint draw down up to \$4.000 million of operating contingency prior to Cabinet approval of the implementation business case, subject to their satisfaction that the costs are unavoidable.
 - 1.3 **agreed** to establish tagged operating contingency associated with the NZ Police portfolio of up to the following amounts to provide for Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications:

s9(2)(b)(ii)




- 2 **note** that unavoidable costs of \$4.000 million have previously been drawn down to complete 117 site assessment surveys to understand the overall condition of the assets;
- 3 **note** that additional funding is required to complete design work and 343 additional site assessment surveys, to meet the operating parameters needed by the Emergency Services, and that NGCC considers this cannot be met from within existing baseline funding;

- 4 **note** that completion of this design and assessment work will allow for NGCC to complete vendor negotiations and confirm final pricing prior to Cabinet consideration of the final Implementation Business Case (ImBC);
- 5 **note** no commitments, contractual or otherwise, will be made for implementation activities, materials spend or operational expenditure prior to Cabinet approval of full funding in July 2022;
- 6 **authorise** the Minister of Police and the Minister of Finance to jointly draw down up to \$16 million from the operating contingency of the NGCC Programme for completion of design work and site assessment surveys;
- 7 **agree** to an extension of the tagged operating contingency expiring on 30 June 2022 to 31 December 2022;
- 8 **authorise** the Minister of Police and the Minister of Finance to jointly approve the carry forward of any unused balance in FY22 to FY23 and re-phase the tagged contingency including any associated swap that is fiscally neutral between operating and capital over financial years; and
- 9 **note** that the Minister of Police will discuss with the Minister for Finance when the final ImBC and total investment could be submitted to Cabinet for approval after Budget 22 decisions.

Authorised for lodgement
Hon Poto Williams
Minister for Police

Appendix 1: The Public Safety Network (PSN)

- 1 The NGCC Public Safety Network (PSN) Programme is an important project for New Zealand and essential to ensure emergency services can continue to provide the service levels the community expects whilst minimising the risk to front line emergency services personnel.
- 2 The critical communications network which supports emergency services is over 30 years old and obsolete. Increasingly, replacement parts are no longer manufactured, and existing infrastructure (towers, foundations, and radio equipment) is at significant risk of failure.
- 3 The existing network must be replaced. Beyond 2025 existing communications networks will have degraded to an extent as to be unusable by emergency services. s9(2)(b)(ii)

- 4 For each year that passes:
 - 4.1 The risk to frontline responders' safety increases.
 - 4.2 Emergency services ability to respond to incidents is compromised.
 - 4.3 Obsolescence of technology means injecting additional capital into the existing operation cannot remediate the identified risks of failure.
- 5 First responders and agencies are unable to leverage data rich information to provide better outcomes to the New Zealand public and keep agency frontline people safe.

The Detailed Business Case (DBC) for this investment was approved in 2020, by Cabinet.

- 6 The DBC outlined the need for investment in a replacement critical communications capability which would allow Emergency Services to execute their responsibility to maintain law and order, keep people safe, protect life and property, and deal with medical events.
- 7 The DBC:
 - confirmed the case for change and the Preferred Option (the required solution to address the investment objectives)
 - directed the project to go to market to procure products and services
 - directed the project to finalise project management arrangements in preparation for implementation.

- 8 The following table provides the history of Cabinet decisions and approvals for this programme.

Table 1: Previous Government approvals

Decision	Minute
Funding for the Strategic Assessment, Programme Business Case (PBC) and DBC stages were approved by Cabinet in December 2016	EGI-16-MIN-0347
Cabinet approved the PBC	GOV-18-MIN-0015 CAB-18-MIN-0200
Budget 2019 – Initiate Phase – Approved: \$15.000 million	CAB-19-MIN-0174.32
Cabinet approved the DBC April 2020	GOV-20-MIN-0002 CAB-20-MIN-0032
Budget 2020 – Establish Phase – Bid: \$559.522 million of operating investment. Approved as follows: <ul style="list-style-type: none">• Approved and appropriated: \$57.873 million• Tagged Contingency: \$452.842 million• Agencies contribution \$160.9m (Starting FY 2024/25)	CAB-20-MIN-0155.26
Minister of Police and the Minister for Finance jointly approved to draw down of \$4.000 million in FY2021/22 from the NGCC: Replacing Emergency Services Critical Communications operating contingency, for unavoidable costs.	BR/21/107

**Note this funding was operating and there is a steady state.*

NGCC has engaged with suppliers for several months to determine the best solution. Contracts negotiations are due to complete in May 2022 and the ImBC submitted to Cabinet for its approval thereafter

- 9 Market engagement was undertaken in partnership with Crown Infrastructure Partners. This process refined the proposed solution and reshaped the previously proposed option in the DBC into a fit for purpose solution which is achievable and affordable.
- 10 The market has now been thoroughly tested for value and the ImBC proposal represents the best outcome achievable. This is the fifth market engagement since 2006, including two RFP's and two RFI's, resulting in significant vendor fatigue. Given the condition of existing assets, further market engagements will not result in better value for money and will significantly increase risk to the emergency services communication capability. Further delays will result in increased cost and risk.

- 11 Commercial terms and contracts are currently being negotiated with the preferred suppliers. Contracts will be executed on approval of the ImBC.

The proposed PSN solution has the full support of the four core Agencies and provides flexibility to allow the addition of other agencies in the future.

- 12 NZ Police, Fire and Emergency New Zealand, St John New Zealand and Wellington Free Ambulance have all worked together with NGCC to develop a solution suite that works for all four agencies and meets the investment objectives outlined in the DBC.

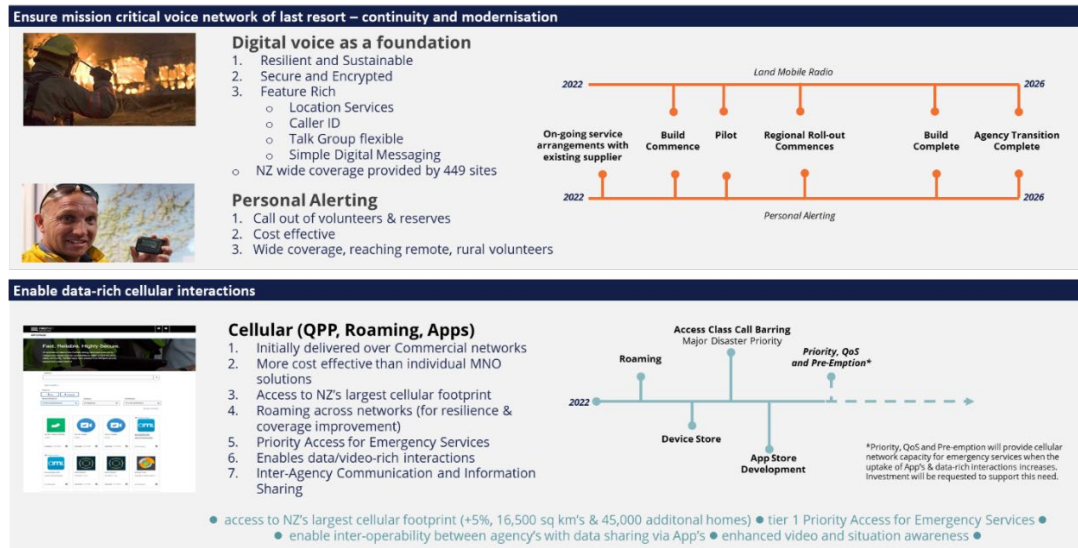


- 13 The PSN solution will also have the flexibility to allow the addition of other agencies in the future with appropriate investment. The PSN core infrastructure is being constructed in a way that allows more capacity to be added in the future with a lower level of investment that is required for the initial build.

- 14 All four agencies have pledged their full support and are ready to get underway, with teams being mobilised for implementation following the completion of vendor negotiations and Cabinet approval of the ImBC.

The proposed Public Safety Network solution

- 15 The proposed Public Safety Network solution incorporates three technology solution sets, and deliberately positions Digital Land Mobile Radio (LMR) as the network of last resort, supported by Priority Cellular and Personal Alerting.



(1) Digital LMR

- 16 Digital LMR is a proven, mature, and trusted technology that will form the backbone of the new critical communications platform. The primary purpose of LMR technology is to support push-to-talk (PTT) communications, which enables near instantaneous transmission of voice communications from one user to a group. This is used extensively by emergency services and allows them to both send and receive communications while remaining “eyes up” – focussed on the event they are responding to.
- 17 Moving from the current Analogue LMR technology to a modern Digital network, provides new features that enable better outcomes for New Zealanders and protect frontline staff from harm. For example, voice communications will be encrypted s9(2)(c) and location services will provide additional situational awareness where frontline are under stress and unable to communicate verbally.

(2) Priority Cellular and Roaming

- 18 Priority Cellular services, and the data-rich interactions they enable, will play an ever-increasing and evolving role in the Emergency Services communication landscape and is a key aspect of the PSN strategy.
- 19 The inclusion of cellular based services enables a significant step forward for Emergency Services, and follows international trends, enabling front line staff to share rich information via Mobile Applications (“apps”), and vastly improve cross-Agency collaboration at all levels to support better decision making and outcomes for New Zealanders.
- 20 Priority access to the cellular networks means PSN users can have confidence that their reliance on cellular communications will not be compromised when cellular networks become congested by consumers during significant events or major incidents.

(3) Personal Alerting

- 21 The third aspect of the PSN strategy is personal alerting services, provided over a new paging network. This provides a reliable, modern personal alerting

service which is critical for ensuring a response in communities supported by volunteers. Paging technology allows small amounts of data to be transferred over large distances.

- 22 Personal Alerting allows responders to be turned out to emergencies where they may not be in coverage of other networks, or where it may not be practical to supply more expensive equipment (such as digital LMR handsets) which would only be used occasionally. This is especially useful in rural areas, where there are small populations spread out over wider areas who may be supported by emergency service volunteers rather than permanent staff.