



JOINT BRIEFING FOR THE MINISTER OF POLICE AND MINISTER OF FINANCE

Priority	<input type="checkbox"/> Urgent	<input checked="" type="checkbox"/> Time-Sensitive	<input type="checkbox"/> Routine
Title	Approve release of Tagged Contingency for Next Generation Critical Communications (NGCC): Replacing Emergency Critical Communications		
Date	5 April 2022	Ref	BR/22/30

Recommendations

It is recommended that the Minister of Police and the Minister of Finance:

1. **note** that on 6 April 2020 [CAB-20-MIN-0155.26], Cabinet:
 - 1.1. agreed to establish the Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications tagged operating contingency:

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
NGCC: Replacing Emergency Services Critical Communications – Tagged Operating Contingency	-	6.510	68.456	94.411	63.894
Total Operating	-	6.510	68.456	94.411	63.894
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
NGCC: Replacing Emergency Services Critical Communications – Tagged Operating Contingency	67.220	52.472	32.435	30.718	38.295
Total Operating	67.220	52.472	32.435	30.718	38.295
 - 1.2. authorised the Minister of Police and Minister of Finance jointly to draw down up to \$4.000 million from the tagged contingency prior to Cabinet approval of an implementation business case, subject to their satisfaction that costs are unavoidable
 - 1.3. agreed that further draw downs from the contingency are subject to Cabinet approval of an implementation business case.
2. **note** that on 23 February 2021 Joint Ministers approved the transfer of \$6.510 million of Tagged Contingency for NGCC from financial year 2020/21 to 2021/22 [BR/21/19 refers];
3. **note** that on 28 November 2021 [BR/21/107], Joint Ministers approved the draw down of \$4.000m from the tagged operating contingency which enabled NGCC to complete some initial investigative work to confirm the

state of the current radio network. This confirmed that the current radio network has deteriorated to a point where it cannot be reused. This has helped improve the accuracy of bid pricing that will be provided by Hourua and Tait Kordia New Zealand;

4. **note** that following the re-phasing of tagged contingency in recommendation 2 and draw down in recommendation 3, the balance of tagged contingency is as follows:

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
NGCC: Replacing Emergency Services Critical Communications – Tagged Operating Contingency	-	-	70.966	94.411	63.894
Total Operating	-	-	70.966	94.411	63.894
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
NGCC: Replacing Emergency Services Critical Communications – Tagged Operating Contingency	67.220	52.472	32.435	30.718	38.295
Total Operating	67.220	52.472	32.435	30.718	38.295

5. **note** that on 4 April 2022 Cabinet [CAB-22-MIN-0109]:
- 5.1. authorised 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;
 - 5.2. agreed to an extension of the tagged operating contingency expiring on 30 June 2022 to 31 December 2022;
 - 5.3. authorised 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;
 - 5.4. noted 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. **note** that NGCC consider that a further \$15.787 million is required to complete the design work and 343 additional site assessment surveys between now and July 2022 to meet the operating parameters needed by the Emergency Services, and that NGCC considers this cannot be met from within existing baseline funding;
7. **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);

8. **approve** the following changes to appropriations to provide for the decision in recommendation 5 above, with a corresponding impact on the operating balance and net core Crown debt: Yes/No

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
Vote Police					
Minister of Police					
Multi-Category Expenses and Capital Expenditure:					
Policing Services (MCA)					
<i>Departmental Output Expense:</i>					
Primary Response Management (funded by revenue Crown)	-	-	9.348	6.439	-
Total Operating	-	-	9.348	6.439	-

9. **agree** that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply Yes/No

10. **agree** that the expenses incurred under recommendation 8 be charged against the Next Generation Critical Communications (NGCC): Replacing Emergency Services Critical Communications tagged operating contingency described in recommendation 4 above Yes/No

11. **note** that following the approval of the draw down detailed in recommendation 8 above, the remaining balance and indicative phasing of the operating contingency described in recommendation 1 above will be;

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
NGCC: Replacing Emergency Services Critical Communications – Tagged Operating Contingency	-	-	61.618	87.972	63.894
Total Operating	-	-	61.618	87.972	63.894
	2024/25	2025/26	2026/27	2027/28	2028/29 & Outyears
NGCC: Replacing Emergency Services Critical Communications – Tagged Operating Contingency	67.220	52.472	32.435	30.718	38.295
Total Operating	67.220	52.472	32.435	30.718	38.295

12. **note** that once this work is completed and incorporated into the final ImBC, a final investment decision will be sought from Cabinet.

Ministers' comments and signature

..... / / 2022
Hon Poto Williams
Minister of Police

..... / / 2022
Hon Grant Robertson
Minister of Finance

Approval to draw down and rephase the Next Generation Critical Communications tagged contingency

Proposal

1. This paper seeks the NGCC Joint Ministers¹ ("Joint Ministers") approval to draw down and rephase the Next Generation Critical Communications (NGCC) tagged contingency.

Executive Summary

2. On 6 April 2020 Cabinet approved [CAB-20-MIN-0155.26] tagged contingency of \$454.411 million in Vote Police for replacing Emergency Services Critical Communications and authorised the Minister of Police and Minister of Finance jointly to draw down up to \$4.000 million from the tagged contingency prior to Cabinet approval of an implementation business case, subject to their satisfaction that costs are unavoidable. Draw down of \$4.000 million was approved by Joint Ministers 28 November 2021.
3. Cabinet also agreed that further draw downs from the NGCC: Replacing Emergency Services Critical Communications contingency are subject to Cabinet approval of an implementation business case (ImBC).
4. The NGCC Programme is currently in the final stages of:
 - contract negotiations with vendors
 - development of the NGCC Public Safety Network (PSN) ImBC.
5. 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 date for seeking Cabinet approval of the ImBC is likely to be early to mid-July 2022.
6. This delay means Cabinet will not be approving the ImBC in time to secure full funding for NGCC to continue to progress the Programme.
7. The NGCC Oversight Ministers, with support from the Minister of 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.
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. On 4 April 2022 Cabinet [CAB-22-MIN-0109]:

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

- 9.1. authorised the Minister of Police and the Minister of Finance to jointly draw down up to \$16.000 million from the operating contingency of the NGCC Programme for completion of design work and site assessment surveys;
- 9.2. agreed to an extension of the tagged operating contingency expiring on 30 June 2022 to 31 December 2022;
- 9.3. authorised 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
- 9.4. noted 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.

To maintain NGCC Programme momentum we are seeking approval from Joint Ministers for a draw down of up to \$16.000 million of the NGCC tagged contingency

10. s9(2)(b)(ii)



11. The NGCC Programme also requires approval to rephase the NGCC tagged contingency to ensure the funding currently not drawn down in FY2021/22 is moved into future years.
12. Table 2 below outlines the specific design work covered by the funding in Table 1. This work is scheduled to begin prior to Cabinet approval of full funding for the NGCC ImBC in July 2022. This work, which is the planned Phase 1 of the Programme: "Site Assessment Completion and Solution Detailed Design" will not commit the Crown to the total contract funding.

Table 2. 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.

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

13. There is insufficient funding available in the NGCC programme budget to fund the design components and retain key programme resource to plan for transition. The NGCC Programme forecast for FY2021/22 is planned and committed for the remainder of this financial year. Appropriation for FY2022/23 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.

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

16. 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.
17. 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.
18. Detailed network and solution design work is required before any potential network build work could commence.
19. 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.
20. 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.

Risks associated with funding design work without full ImBC funding approved

21. s9(2)(b)(ii)

21.1. s9(2)(b)(ii)

21.2.

21.3.

21.4.

21.5.

Revised Cabinet approval timeline and next steps

22. To reflect ministerial direction following the 16 March 2022 NGCC Oversight Ministers Group meeting and to respond to risks noted above, we have revised the timeline for Cabinet approval of the NGCC ImBC and required funding. This revised timeline and next steps are outlined below in Table 3.

Table 3: Timeline for key decisions

Step	Date
Submit Cabinet paper to seek approval to delegate authority to Joint Ministers to draw down the NGCC tagged contingency, carry forward any unused balance in FY22 to FY23 and rephase tagged contingency over financial years.	30 March 2022
Cabinet delegate authority to Joint Ministers	4 April 2022
Ministerial paper provided to Joint Ministers	5 April 2022
Joint Ministers consider Ministerial paper requesting draw down of NGCC tagged contingency, carry forward any unused balance in FY22 to FY23 and rephase of the tagged contingency over financial years.	5 April 2022
Minister of Finance's office action draw down and phasing prior to budget moratorium	By 11 April 2022
Cabinet paper and ImBC presented to Minister of Police.	July 2022 (specific date TBC)
Cabinet considers Cabinet paper and ImBC	July 2022 (specific date TBC)

s9(2)(a)

Steve Ferguson
Director, NGCC Lead Entity

First contact	Steve Ferguson NGCC Lead Entity Director	s9(2)(a)
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