



Education Report: Helping households stay connected to the internet

To:	Hon Grant Robertson, Minister of Finance Hon Chris Hipkins, Minister of Education		
Date:	17 September 2020	Priority:	URGENT
Security Level:	In Confidence	METIS No:	1241053
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper seeks your joint agreement to appropriate the remaining \$4.8 million from the contingency for targeted support for at-risk ākonga. This will continue to subsidise internet connectivity for targeted learner households until the end of the school year, as part of the COVID-19 distance learning response.

Summary

- 1 The Ministry's COVID-19 related distance learning package [CAB-MIN-20-0136 refers] included \$22.5 million to enable as many learners as possible to access online teaching and learning by contracting with internet service providers to connect a total of 53,267 households to the internet for a six-month period.
- 2 Due to the timing of initial connections beginning in April 2020, the Government will cease to pay for approximately 20,000 household internet subscriptions between 9 October and 18 December 2020, which is prior to the conclusion of the school year.
- 3 The Budget bid to extend these subscriptions was not successful and the Ministry does not have sufficient funding to cover any extensions. This presents a challenge for distance learning business continuity planning for ongoing COVID-19 related disruption as we anticipate a high proportion of recipient households will not continue with the internet subscriptions if they have to pay.
- 4 A tagged operating contingency of \$36 million has been created from the COVID-19 Response and Recovery Fund, for targeted support for at-risk ākonga. The Ministers of Finance and Education have been authorised to jointly appropriate this funding.
- 5 You have previously received advice proposing to fund seven initiatives that provide a direct response to COVID-19 for at-risk ākonga [METIS 1237925 refers] at a cost of \$31.2 million. These initiatives target at-risk ākonga who have high and complex needs through the next two years of the COVID-19 recovery. This advice also signalled that

we would provide follow-up advice on the possibility of using the balance of this contingency to maintain internet connectivity for learners.

- 6 We now propose you appropriate the balance of the contingency in 2020/21 (\$4.8 million) to extend Government-funded internet subscriptions for learner households, where current subscriptions will expire prior to the conclusion of the 2020 school year.

Recommended Actions

The Ministry of Education recommends you:

- a) **Note** that the Ministry's emergency distance learning response to COVID-19 Alert Levels 3-4 in March included \$22.5 million to enable as many learners as possible to access online teaching and learning by contracting with internet service providers to connect a total of 53,267 households to the internet [CAB-MIN-20-0136 and METIS 1234656 refer];

Minister of Finance

Noted

Minister of Education

Noted

- b) **Note** that arrangements with internet service providers ensure each eligible household receives a Government funded subscription to a free internet connection for six-months from the time of the connection, if the connection was made before 30 June 2020; and, for fixed-line connections, if connected after 30 June, the free period will conclude at the end of December 2020;¹

Minister of Finance

Noted

Minister of Education

Noted

- c) **Note** that, for 20,000 households connected before June 2020, subscriptions to free connections will expire prior to the end of December 2020 (precise end-dates are relative to the time of initial connection but the first household subscription ends on 9 October 2020), as previously reported [METIS 1234656 refers];

Minister of Finance

Noted

Minister of Education

Noted

- d) **Note** that approximately 8,200 household subscriptions expire in October, beginning on the ninth day of that month;

Minister of Finance

Noted

Minister of Education

Noted

¹ For wireless connections, the 6-month free period is from the time of connection, if connected before 30 November 2020.

- e) **Note** the cost of extending subscriptions to internet connections for all 20,000 impacted households is between \$3.4 and \$4.8 million, and that precise costings are dependent upon commercial negotiation;

Minister of Finance

Noted

Minister of Education

Noted

- f) **Note** that the Ministry has exhausted available COVID-19 Response and Recovery Funding secured through Budget 2020 for internet connectivity and is unable to fund these extensions;

Minister of Finance

Noted

Minister of Education

Noted

- g) **Note** that you have previously received advice proposing to drawdown the majority (\$31.2 million) of the tagged operating contingency for targeted support for at-risk ākonga, for seven initiatives that provide a direct response to COVID-19 for at-risk ākonga [METIS 1237925 refers];

Minister of Finance

Noted

Minister of Education

Noted

- h) **Note** that assuming those initiatives proceed there is a balance of \$4.8 million remaining in the tagged contingency fund [METIS 1237925 refers];

Minister of Finance

Noted

Minister of Education

Noted

- i) **Note** that the technical requirements for draw-down from the tagged contingency fund are that the supports are targeted towards at-risk ākonga and that there has been detailed implementation planning;

Minister of Finance

Noted

Minister of Education

Noted

- j) **Note** that the equitable digital access project exclusively targets learner households without access to the internet and who are more likely to be socio-economically at-risk of COVID-19 related disruption to learning;

Minister of Finance

Minister of Education

Noted

Noted

- k) **Note** that the equitable digital access project is in-flight after extensive implementation planning and that the necessary project controls and governance arrangements remain in-place;

Minister of Finance

Minister of Education

Noted

Noted

- l) **Agree** to fund three month extensions fund extensions to internet subscriptions for impacted households from the operating contingency: 'targeted support for at-risk ākonga' towards all 20,000 impacted households to ensure continuity of internet access until the end of the school year (at an estimated cost of between \$3.4 and \$4.8 million);

Minister of Finance

Minister of Education

Noted

Noted

- m) **Approve** the following changes to appropriations to provide for the decision in recommendation (l), with corresponding impact on the operating balance and net core Crown debt:

Vote Education Minister of Education	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Multi-Category Expenses and Capital Expenditure: Improved Quality Teaching and Learning MCA					
Non-departmental Output Expense: Curriculum Support	4.800	-	-	-	-

Minister of Finance

Minister of Education

Agree / Disagree

Agree / Disagree

- n) **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 increases be met from Imprest Supply;

Minister of Finance

Minister of Education

Agree / Disagree

Agree / Disagree

- o) **Agree** that the expenses incurred under recommendation (m) above be charged against the Tagged Operating Contingency – Targeted Support for At-Risk Ākonga which will close the contingency;

Minister of Finance

☒ **Agree** ☐ **Disagree**

Minister of Education

☒ **Agree** ☐ **Disagree**

- p) **Agree** to proactively release this report with any necessary redactions.

Minister of Education

☒ **Agree** ☐ **Disagree**

Pauline Cleaver

Pauline Cleaver
Acting Deputy Secretary
Early Learning and Student Achievement

___/___/___

Grant Robertson

Hon Grant Robertson
Minister of Finance

21/09/2020

Chris Hipkins

Hon Chris Hipkins
Minister of Education

19/9/2020

Background

1. On 4 September, Ministry's COVID-19 related distance learning package included \$22.5 million [CAB-MIN-20-0136 refers] to enable as many learners as possible to access online teaching and learning by contracting with internet service providers to connect a total of 53, 267 households to the internet for a six-month period.
2. Our immediate priority has been to deliver access to internet connections for student households as an emergency response to school and service closures and we are on-track to have provided 50,000 connections by the end of September. We worked with schools and kura to identify learner households without existing subscriptions or access to the internet and matched this information internet service providers (ISPs) databases.
3. Our work has put in place infrastructure and access to the internet for many whānau across the country. However available funding and current arrangements with ISPs limit the duration for which free subscriptions are available.
4. Accordingly, the Ministry estimates that 20,000 households were connected before June 2020, and whose free subscriptions will expire prior to the end of December. The particular expiry date is relative to timing of initial connection, however, subscriptions begin to drop-off after 9 October.
5. There are approximately 8,200 households whose subscriptions will expire in October and it is critical that we have certainty of approach to ensure that we communicate with these whānau in a timely manner to enable them to explore alternative options.

Teaching and learning impact

6. The expiry of risk to the continuity of learning for students who are in households with free connections ending prior to the conclusion of the 2020 school year, as well as a more acute risk for students undertaking formal NCEA or New Zealand Scholarships assessment over this period.
7. Due to the changeability of COVID-19 environmental settings, it is possible that there may be ongoing disruption to the face-to-face classroom-based learning opportunities and that distance learning solutions may continue to be required into the 2021 school year.
8. The expiry of these internet connections also represents a wider impact on these learners' families and whānau. By no longer having this equity-based access to the internet, these families and whānau may lose the ability to "participate in, contribute in, and benefit from a digital world."² There is a lost opportunity cost to account for in taking no further action.

Working towards a sustainable all-of-Government response

9. We continue to work collaboratively with various agencies and organisations who hold a closely aligned interest in digital inclusion and equity in order to explore possible funding sources, as well as longer-term equitable access solutions. This includes a report the Ministry has commissioned on how we might sustainably close the digital inclusion gap regarding student devices and internet connectivity, with s 9(2)(j) and the work of the cross-agency Equitable Digital Access working group on an ideal all-of-Government approach [METIS 1234678 refers].
10. This is ongoing, medium-term work which does not provide an immediate solution to keep the 20,000 households identified connected to the internet between October-December. An interim tactical response to ensure continuity of connectivity for affected households is recommended.

² <https://www.digital.govt.nz/dmsdocument/168~2019-digital-inclusion-action-plan-building-the-foundations/html>

Draw-down of contingency funding

11. A tagged contingency of \$36 million has been created from the COVID-19 Response and Recovery Fund, for targeted support for at-risk ākonga. The Ministers of Finance and Education have been authorised to jointly appropriate this funding.
12. You have previously received advice proposing to drawdown the majority (\$31.2 million) from the contingency to fund seven initiatives that provide a direct response to COVID-19 for at-risk ākonga [METIS 1237925 refers]. These initiatives target at-risk ākonga who have high and complex needs through the next two years of the COVID-19 recovery. This advice also signalled that we would provide follow-up advice on the possibility of using the balance of this contingency to maintain internet connectivity for learners.
13. We are now seeking your further agreement to draw-down the balance of the operating contingency in 2020/21 (\$4.8 million) to fund extensions to learner households for whom Government-funded internet subscriptions will expire prior to the conclusion of the 2020 school year.
14. It is open to you to consider the extension of internet subscriptions as being consistent with the scope and intention of the at-risk ākonga contingency fund, because households impacted by the expiry of Government-funded internet subscriptions are more likely to be socio-economically at-risk of COVID-19 related disruption to learning. As above, this is a particularly acute risk for learners who may lose internet connectivity over the period of NCEA or New Zealand Scholarships assessment, or to support participating in summer school.
15. If agreed, this funding would sufficiently cover a three month extension to internet subscriptions for all 20,000 household connections expiring prior to the end of the school year.³

Implementation

16. The equitable digital access initiative is an in-flight project. Upon confirmation of further funding to support extensions to internet subscriptions expiring before the end of the school year, immediate notifications to ISPs can occur to implement.
17. This funding, as well as the activities it facilitates, will be governed by the Ministry's Learning from a Pandemic Board, and monitored through the CRRF Implementation Unit reporting cycles and deep-dives.

Impact of taking no action

18. If we are unable to extend free subscriptions for affected households with the draw-down described above, the Ministry will begin work with ISPs to implement a 'hibernation' model, where possible, wherein each household retains their hardware (modems etc.) but loses their active connection.⁴ This considers the internet connection as 'suspended' and ready for reactivation (e.g. in the event of a lockdown). Note, however, that re-activation would require further investment.

Next steps

19. While the draw-down of the contingency funding described above would ensure that all learner households who are receiving Government-funded internet subscriptions will have continuity of internet access until the conclusion of the school year, no further funding is available to carry these forward until Budget 2021 decisions are confirmed.

³ The costing model is based on an average of \$60 per connection, per month over three months. This makes the average monthly cost of \$1.4 million per month. Note that this is an upper limit and if actual costs are lower than estimates, associated funding will be returned to the centre.

⁴ Note that this model will be extended to all 50,000 households receiving Government-funded internet subscriptions, where possible, from the time their six-month subscription expires.

20. If no further funding is forthcoming (and the sustainable equitable internet access solution is not yet available), the Ministry will, where possible, employ a 'hibernation' model for any impacted households which intend to resume their subscription in the future.
21. Before each household's Government-funded subscription expires, they will be advised that they may either:
 - a. make their own arrangements with either the incumbent provider or a service provider of their choice;⁵
 - b. opt-in to the 'hibernation' approach; or
 - c. return associated equipment (modems etc.) to respective internet service provider and conclude service at the pre-determined date.

Risks

22. As previously, reported, the most significant risk if no further funding is made available is that learners in affected households will not have sufficient access to online learning opportunities and will need to rely on school and kura provision, or alternate channels of support from the Ministry for the remainder of the 2020 school year, in the event of regional or national lockdown. If face-to-face learning opportunities are further disrupted by COVID-19 in the 2020 school year, continuity of learning progress may be compromised – this is a particularly acute risk for students undertaking formal examination and assessment in November-December, or participating in summer school.
23. As the Ministry is the account holder, there is no risk that whānau will be billed for unwanted, ongoing services beyond the free subscription period but, if we do not carefully manage this process with ISPs, there is a risk that the Ministry could incur unanticipated costs.
24. The Ministry has worked closely with the Department of Internal Affairs and the Manaiaakalani Education Trust (MET) on their digital skills work, collaboratively to provide wrap-around digital support for some of the households receiving free internet connections as part of the education response.⁶ As a result of this overlapping inter-agency focus, the drop-off in internet subscriptions for households funded from the education response will impact DIA's ability to deliver their digital skills work as the necessary infrastructure will not be in place.

Other Relevant Information

25. We have provided The Treasury with a copy of this report in advance.

⁵ From data collected by the Ministry (about how many households decided to independently take up commercial arrangements over nation-wide COVID Alert Levels 3-4), we expect this to be no more than 10-15% of households.

⁶ This initiative addresses urgent gaps in digital skills for individuals, whānau and small businesses to deliver increased capability for people to communicate, transact, and survive through digital channels. This will be done by funding intermediaries to scale up their existing digital skills programmes, and working with Māori communities through trusted intermediaries (with a kaupapa Māori approach) to address digital skills gaps," (see <https://treasury.govt.nz/system/files/2020-05/b20-sum-initiatives-crrf.pdf#page=21>).

Proactive Release

26. It is intended that this Education Report is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Proactively Released