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## **Chief Executive's Report**

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**Author:** Jordan Carter, Chief Executive

**Purpose of paper:** Report for the two months to 31 January 2014

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### **Introduction**

This report from the Chief Executive conveys critical risks or other risks Council should be aware of, my priorities in the period since the December Council meeting, planned priorities for the period from now until the end of April 2014, staffing and contractor issues, premises matters, and other matters.

Separate papers, which are "For Information" papers, are attached:

- Operations Update to 31 January 2014
- Travel Reports (Frank March, Jordan Carter, Ellen Strickland)
- The financial report for the nine months to December 2013

As always, feedback from Councillors or members on the content of this report is very welcome.

### **1: Critical / Other / Potential Risks**

There are no critical risks to advise the Council of at the reporting date.

We enter 2014 in a much more positive situation regarding the activity of the Coalition for Fair Internet Pricing – this is now largely a watching brief.

We are currently under-resourced in terms of the broader work programme due to the period between Susan Chalmers' departure and the arrival of the Work Programme Director. This is being mitigated by careful prioritisation of work; use of Susan on contract to continue key pieces of work; and some additional focus on my part on policy and issues work.

The announcement of a possible Internet Party, and the involvement of some people associated with InternetNZ in various ways, reinforces the fact that in this election year, Internet issues are likely to have political salience. This increases the importance of InternetNZ having a stable, transparent and robust position and being able to project it clearly and effectively into the national debate when required, while maintaining a staunch

independence from all political parties. Our position is and must remain that we work on a wide range of issues in helping keep the Internet open and free; policy is only a part of that work, and interacting with political parties only a small part of that.

## 2: Recent Priorities

### ***Operating team***

The work that has been done by the operating team is summarised in the Operations Update, along with the second outing of our “traffic light” style indicators. Of particular note have been the following matters:

- Successful production of the NZNOG for 2014, with big thanks to Krystal and Dean for their leadership on the event and programme side of things.
- Presentation of InternetNZ’s revised mission and vision to members.
- Ongoing work on the website and identity renewal
- Council by-election to replace Nat Torkington
- View of first draft of the economic study we are progressing with Google
- Preparation of a Communications Strategy and plan to guide comms work
- More advanced discussions in Christchurch regarding NetHuiSouth
- Preparation for the changes to our Wellington premises, with NZRS moving to Level 14 and the space on level 9 being shared between DNCL and InternetNZ.

### ***Chief Executive***

Since the December meeting of the Council, and aside from general work, I have been focused on the following issues, generally in descending priority order:

- Attendance at the OECD ITAC meetings (worthwhile but not as a stand-alone attendance)
- Preparation of high-level business plan for the coming year
- Media training (first session) done in early December
- Conducting recruitment for a replacement for Susan Chalmers
- Further progress on internal staff policies

The Christmas break was much needed for me and for the whole team, and people are back refreshed and ready to tackle 2014.

Planned priorities identified by me for focus in the previous report that have not progressed as expected are as follows (same as in previous report):

<b>Area not progressed</b>	<b>Explanation</b>
Team alignment and culture workshop	Rescheduled to next March or April
Launch of Auckland premises	Handover delayed due to fitout and ongoing discussions re lease
Governance policies	CEs availability and focus on more immediate issues has deferred this

### 3: Priorities for the next three months

For the period February 2014 to April 2014, the following main priorities are being pursued.

#### *Operating Team*

- Complete implementation of Community Funding review
- Engage members on Business Plan ideas and finalise Bus Plan and Budget for April Council
- Completion of the 2013/14 Business Plan initiatives
- Tying down Strategic Partnerships for the 2014/15 year, and presenting these to Council
- Exploration of requirements for hosting of APRICOT 2016, through attendance at APRICOT 2014 in Kuala Lumpur (note new venue – moved from Thailand)
- Further detail on NetHuiSouth now likely for May
- Policy engagement and PDP refresh completed
- Participation in a range of other IG events (ICANN 49 in Singapore; Brazil meeting)

#### *Chief Executive*

The following are my planned broad areas of focus in the February-April period.

- **Induction of Work Programme Director:** making this role work is critical to my ability to perform my role. As such I intend to spend the time and effort required to build the right relationship with and structures for the WPD as they come on board.
- **Business Plan 2014/15:** I want our business plan and the strategy underpinning it to be sharp, easy to comprehend and relevant to the situation – ready for signoff at the April meeting. This will include a team retreat in March to fill out the detail and start the business year on the right footing.
- **Identity and brand:** completing this project with the team and presenting the new look and feel.
- **Team resources:** as part of business planning & induction of the WPD, we'll assess any ongoing gaps in the team and ways to resource these.
- **Governance policy:** at this meeting we'll discuss the Policy Development Process at a high level. From that will flow ongoing work for the April and June meetings to consider.

Besides these priorities, a number of smaller projects will be advanced as time allows:

- Launching our new Auckland premises and associated partnerships, as a “welcome back” style event most likely in April
- Attendance in APRICOT 2014 and ICANN Singapore as part of the Internet Governance workstream
- Translate the outcomes of the Identity Review into InternetNZ practice

I particularly welcome Council feedback on my priorities, and on any other matters that need to be picked up and advanced.

#### **4: Staffing and Contractor matters**

Interviews for the Work Programme Director are likely to be all day on 13 February, with a result shortly after that.

**Mary Tovey** will be away from 13 February for up to six weeks. Arrangements have been made to cover all critical accounting and reporting functions in her absence. Any queries regarding accounting matters should come to me in the first instance.

**Ellen Strickland** is in the final phases of completing her PhD, due to be handed in 28 February. We all wish her the best in the horrible final month of thesis writing.

**Susan Chalmers** completed her employment as Policy Lead in December, and commenced a part time engagement with us as a contractor on 7 January. Her initial areas of focus are copyright law and drafting a submission on the Harmful Digital Communications Bill. She is also monitoring some international lists for us.

#### **5: Premises**

With the lease signed and project developed, changes are under way at Grand Arcade Tower. NZRS has moved upstairs to Level 14, and this week sees the beginning of works to move the walls on Level 9 to accommodate InternetNZ and DNCL on that floor.

I have decided to have our team work from home for the duration (max time Wed 5<sup>th</sup> – Fri 14<sup>th</sup> Feb); it will be an interesting test case of how people deal with the absence of office interaction and of the suitability or otherwise of home work stations.

#### **6: Other matters**

- I will attend the Australian Digital Alliance forum in Canberra on 14 February, drawing information about the Australian copyright debate into our own work on the pending NZ copyright review and speaking as a panellist on innovation and copyright.
- Frank has approved my participation in a course on strategic leadership in May, which I expect will have positive impacts on the structure of our strategy setting process for September. I will report back to the June Council on the course and its lessons.
- I have no matters of concern to raise regarding the subsidiaries. The three Chief Executives are working well together.

Jordan Carter  
**Chief Executive**

3 February 2014

# Operating Report to Council: to 31 January 2014

## Introduction

This paper sets out the Goals in the Business Plan, and notes the transformations under each goal. Then a table sets out the key Business Plan activities that apply for each goal, with a column at the end showing progress year-to-date. A final table for each goal notes progress that the team has been making in this goal area in the period 1 December 2013 to 31 January 2014.

Status of current activity is marked as follows:

-  In progress (Good)
-  In progress (Satisfactory/Issues)
-  In progress (Problems)
-  Finished
-  Yet to start

Feedback on this layout is very welcome.

## Goal 2: Protect and promote the Internet through multistakeholder Internet Governance

2.1	Debate on Internet Governance is largely framed by governments and the ITU	→	Debate on Internet Governance is largely framed by Internet stakeholders.
2.2	NZ Government is an ally of the open Internet	→	NZ Government is a principled ally of the open Internet
2.3	Shallow multistakeholderism is evident in the Internet Governance world	→	Multistakeholderism is firmly embedded in the Internet Governance world

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
2A	Gain and maintain representation on the Internet Governance Forum Multistakeholder Advisory Group and participate in global, regional and trans-Tasman Internet Governance Fora.	2.1, 2.3	A	

	Activity	Transformation/s	Priority	Status
2B	Maintain appropriate involvement within the ICANN At Large constituency	2.1, 2.3	B	
2C	Promote best practice across all Internet Governance institutions InternetNZ participates in	2.1-2.3	A	
2D	Map the Internet Governance ecosystem and understand clearly InternetNZ's role in it	2.3	B	+ Jan-Mar 14
2E	Complete review of International Strategy and develop principles for international engagement	2.1-2.3	B	 Principles to do
2F	Develop relationships across NZ Govt to impart the importance of the Open Internet and thereby contribute to NZ's official position on Internet Governance issues in international fora, such as the World Telecommunication Policy Forum and other International Telecommunication Union meetings.	2.2	B	
2G	Assess InternetNZ's own use of "multistakeholder" approaches and develop these further	2.3	B	+ Jan-Mar 14
3H	Parliamentary Internet Forum – continue to develop and grow this new institution	2.1, 2.2, 3.3	A	
2I	Consider joining W3C to participate in web standards debates e.g. DRM in HTML5	2.3	C	
2J	Create a New Zealand working group to contribute to the Internet and Jurisdiction project.	2.1, 2.3	C	+ Not progressing
2K	Develop an easily understood explanation of what "multistakeholderism" means	2.1-2.3	A	+ Jan-Mar 14

**Goal 2 Matters to report 1 Dec 2013 to 31 Jan 2014:**

- On-going participation in MBIE’s Radio Sector workgroup - which feeds into ITU (RH).
- Participation in At-Large Board Evaluation Selection Committee for ICANN Board Seat 15 (2B & 2C) (ES)
- NetHui South as multi-stakeholder event being advanced with Canterbury/Christchurch stakeholders as community owned event. (ES)
- Participation in ISOC CEO Induction and ICANN Meetings Strategy workshop (KD)
- Participate in the OECD’s ICCP week and contribute through ICCP to ongoing OECD development (JTC)
- Contribute to Nominating Committee process for technical community representation in Brazil meeting and 1net (JTC)
- Continued ongoing liaison with key targeted MPs including arranging times for meeting with Peter Dunne (DC)
- NetHui 2014 holder site put in place (DC)
- Nethui 2014 communications plan developed (DC)

**Goal 3: Drive universal access to the Internet**

3.1	Growing take-up of Internet access across New Zealand	→	Complete take-up of Internet access across New Zealand
3.2	Patches of digital exclusion	→	Complete digital inclusion
3.3	Policy sometimes understands the Internet	→	Policy generally understands the Internet
3.4	Access regulation is telco-focused	→	Access regulation is Internet-focused
3.5	NZ mainly dependent on one trans-Pacific cable	→	NZ international connectivity is resilient

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
3A	Contribute to solving any barriers to UFB and RBI uptake	3.1, 32	A	

	Activity	Transformation/s	Priority	Status
3B	Use the review of the TSO to generate debate on what level of broadband Universal Service might be needed	3.1, 3.2	A	 Govt side delays
3C	Develop a map or analysis of drivers of / evidence of digital exclusion and options for solving this, perhaps in partnership with the 20/20 Trust	3.2	B	20/20
3D	Develop working groups and input as needed to help respond to new legislative proposals	3.3, 3.4	A	
3E	Shape the review of the Telecommunications Act so it supports the spread of affordable high speed broadband	3.3, 3.4	A	
3F	Working with partners, assess network resilience options for NZ's international connectivity.	3.5	C	 Jan-Mar 14

### Goal 3 Matters to report 1 Dec 2013 to 31 Jan 2014:

- On-going “copper tax” campaign, in relation to the Government's review of the Telecommunications Act in conjunction with other affected parties. (RH, JC, DC, MW - others)
- Submission to Commerce Commission in respect of the Final Pricing Principle Determination - in particular the issue of backdating (RH, DC).
- Development of “solutions” to Copper Tax issue for input into anticipated future Telco Act Review Discussions (RH, JC)
- Continued discussion with Commerce Commission / MBIE on competition issues in regard to second allocation of the 700 MHz spectrum (RH).
- Discussion of options for future TSO -may well be minimum change before election (RH)
- Follow up on submission to the Productivity Commission review of regulatory institutions and practices (RH)
- Research with 2020 on Digital Exclusion (3C) progressed. Expected completed by End of Financial Year. (ES)
- Working with IITP as partner on pilot student training on Designing for Disability project. (ES)
- Met with Chorus GM Corporate Affairs to look at possible solution to Copper Tax issue (DC)
- Gave speech to Comm2Comms group on working on media strategy when you're a charity (DC)
- Harmful Digital Communications bill submission being prepared (SC)
- Network Neutrality paper still under way (DP, JC, ES)

## Goal 4: Catalyse gains from the Internet

4.1	NZ is missing out on prospective gains from widespread Internet use	→	NZ is benefiting from more gains from widespread Internet use
4.2	Public services: use of the Internet is variable	→	Public services: use of the Internet is high and rising
4.3	Economic benefits of Internet use are unclear	→	Economic benefits of Internet use are widely understood
4.4	No particular sectoral focus in benefits analysis	→	Choose some relevant sectors for focus of benefits analysis

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
4A	Complete review of Community Investment to include some focus on shared gains of the Internet.	4.1-4.3	A	😊
4B	Seek to understand and share emblematic stories of gains available	4.1	B	😊 First: econ rep't
4C	Work with central Government agencies to create an Unconference focused on helping the public sector develop better use of the Internet (could focus on best practice sharing, or IPv6 diffusion)	4.2	B	⊕ Jan-Mar 14
4D	Develop the 2012 studies on the economic impact of the Internet and follow up with further research	4.3	C	😊
4E	Partner with other interested organisations to share stories and conduct analysis	4.1, 4.3, 4.4	C	😊 Ongoing

**Goal 4 Matters to report 1 Dec 2013 to 31 Jan 2014:**

- On-going contribution towards Productivity Commission investigation into economic benefits of the Internet/ICT sector - initial report released 28 January (RH)
- Joint contract with Google to review of the economic impact of the internet in four key sectors - draft report reviewed (JC, RH)
- Communications work with 2020 on stories of gains in community (DC, ES)
- Community investment implementation progressed (ES, MR, MT)
- Cloud Computing privacy paper being finalised (SC, JC, external contractor)

**Goal 5: Better adoption of new Internet technologies & best practice**

5.1	IPv6 adoption satisfactory in New Zealand	→	IPv6 adoption good in New Zealand
5.2	Best practices shared in a patchy way	→	Best practices widely shared
5.3	UFB / RBI architecture telecommunications-led	→	UFB / RBI architecture Internet-led
5.4	Technical ecosystem partly developed	→	Technical ecosystem well-supported

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
5A	Continue supporting the IPv6 Task Force	5.1	B	
5B	Explore possibility of a new whole-of-government policy re IPv6 use	5.1	A	 Under way
5C	Conduct an assessment of operator-focused best practice use and diffusion in the New Zealand Internet	5.2	A	 Jan-Mar 14

	Activity	Transformation/s	Priority	Status
5D	Continue supporting NZNOG as a community, and expand relationships with other technical bodies as appropriate	5.2	B	
5E	Run INTAC (Internet Technical Architecture Conference)	5.2, 5.3	A	✓
5F	Identify and resolve any gaps in Internet focused architecture or standards in RBI/UFB environment	5.3	A	✘ Jan-Mar 14
5G	Continue developing InternetNZ's understanding of the technical ecosystem in New Zealand and how it can contribute to supporting its growth and depth.	5.4	B	 Under way

#### Goal 5 Matters to report 1 Dec 2013 to 31 Jan 2014:

- Review of submissions and MBIE report back relating to the Radio Spectrum 5 year Outlook - InternetNZ submission features predominantly in the MBIE report back (RH)
- Initial discussion with community at NZNOG regarding the shape of technical work in 2014/15 and form of InTAC in 2014 (DP, JC)
- Successfully contribute to NZNOG '14, through programme contris and event production (KW, DP)

#### Goal 6: Greater sharing of information about the Internet

6.1	Information about the NZ Internet is dispersed and hard to find	→	Information about the NZ Internet is available through InternetNZ
6.2	InternetNZ stances on issues internally available	→	InternetNZ stances on issues publicly available and easily accessible
6.3	Information we provide is sometimes audience-specific	→	Information we provide is often audience-specific

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
6A	Develop and seek sector support for an annual “State of the Internet” report	6.1	A	+ Jan-Mar 14
6B	Prepare an FAQ for the InternetNZ website that answers common queries and points to commonly requested sources of information, and additional info on our views and on the sector.	6.1, 6.3	A	😊
6C	Use the opportunity provided by the website information architecture review to develop new content that helps achieve the transformation	6.1-6.3	B	+ Jan-Mar 14
6D	Develop a new Policy Development Process that includes how we share and advance information and ideas as part of the broader work we do	6.2, 6.3	A	😊
6E	Broaden the general communications effort to include more audience-specific or audience-friendly versions of, for example, policy submissions	6.3	B	😊

**Goal 6 Matters to report 1 Dec 2013 to 31 Jan 2014:**

- Continuously monitoring the queries received via phone/email and identify the topic/subjects that receives a lot of queries - e.g. ISPs, cyberbullying, etc. (AW, MR)
- Internet Research Funding Round underway, with communications and dissemination criteria included (ES)
- Blog post written and published that sets out new vision and mission and hosted on front of website (DC)
- Revised Website will provide clearer info – project to develop is progressing (DC)

## Goal 7: A recognised high-performing organisation

7.1	Focus of operation is sometimes internal, detail-centric	→	Focus of operation is mostly external, big picture-centric
7.2	Tends towards reacting to others' imperatives	→	Tends towards proactive leadership based on the Objects
7.3	Stakeholders not clear on purpose, variable views of performance	→	Stakeholders clear on purpose, see organisation as high-performing
7.4	Brand and identity is not clear	→	Brand and identity is clear
7.5	Charitable status is not clearly understood internally	→	Charitable status is clearly understood internally
7.6	Systems, processes and policies poorly defined and shared	→	Systems, processes and policies clearly defined and shared
7.7	Respective roles of governance and operations unclear	→	Respective roles of governance and operations clear

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
7A	Improved internal organisation & culture to deliver outward focus	7.1, 7.2	A	
7B	Review InternetNZ's identity, purpose and brand to bring clarity	7.3-7.5	A	
7C	Develop internal systems and processes, implement these and review mid 2014	7.6	B	
7D	Stakeholder analysis and research to improve understanding of perceptions	7.3	A	
7E	Proactive outreach to key stakeholders about InternetNZ role	7.3	B	
7F	Operations team training & discussion on respective roles of operations and governance	7.7	A	

	Activity	Transformation/s	Priority	Status
				Jan-Mar 14
7G	Ongoing governance training for Council and relevant staff	7.7	B	

#### Goal 7 Matters to report 1 Dec 2013 to 31 Jan 2014:

- Worked with design company on brand change including new look and feel, and new logo (DC)
- Worked with Mark Blackham on further identity work (DC)
- Drafted communications strategy setting out work plan in the communications space (DC)
- Ongoing work on internal policies and procedures to improve organisational effectiveness (JC)
- Leading change to a more proactive approach to our work (JC)

#### Goal 8: Members

8.1	Unclear reasons to join	→	Clear reasons to join
8.2	Some understanding of member needs	→	Good understanding of member needs
8.3	Limited involvement with work	→	Wide involvement with work

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
8A	Initiate discussion with Council about membership model into the future	8.1-8.3	A	 Apr 14

8B	Clarify and improve explanation of what people want to join InternetNZ for	8.1	B	+	Jan-Mar 14
8C	Conduct revised version of annual Membership survey	8.2	B	✓	
8D	Develop and implement a new Policy Development Process, which will include setting out involvement of members in policy work	8.3	B	😊	

**Goal 8 Matters to report 1 Dec 2013 to 31 Jan 2014:**

- By-election for Council position held (team)
- Improved identity and clearer mission and vision presented to members, to widespread positive feedback (JC, DC)

**Goal 9: Stronger relationships with key partners**

9.1	Stakeholder engagement unstructured	→	Stakeholder engagement comprehensive & strategic
9.2	Individually owned	→	Organisationally owned
9.3	Partly managed	→	Fully managed

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Status
9A	Map InternetNZ stakeholders and develop a strategic framework for our relationships with them	9.1	A	😊 Under way

	Activity	Transformation/s	Priority	Status
9B	Develop better systems to maintain information about stakeholders and contacts	9.2	A	 Under way
9C	Ensure all key stakeholder relationships are with multiple people in each organisation	9.2	B	
9D	Effective management of all key relationships – more planning, more reflection	9.3	B	
9E	Make individuals responsible for management of relationships with named key stakeholders	9.3	B	

#### Goal 9 Matters to report 1 Dec 2013 to 31 Jan 2014:

- Testing a new CRM system called “Insightly” to test its functionality. (ES, MR)
- Strategic stakeholder framework being developed in tandem with CRM, and related to Communications Strategy. (ES)
- Strategic Partnerships being discussed and proposals for renewal of partnership evaluated with four current partners. (ES)
- Attended Surveillance, Copyright and Privacy conference in Otago and met with key academic and issue related stakeholders (ES)
- Working on model to map stakeholders to show influence and reach (DC, ES)

#### Other Matters not covered by the Business Plan

##### Matters to report 1 Dec 2013 to 31 Jan 2014:

- November Financial reports (MT)
- December QE Financial reports for consolidation to Curtis McLean (MT)

- Work with NZRS and Catalyst re fit-out of level 9 (MT)
- Liaise with NZRS, and lawyers on the Deed of Lease for the 14th floor (MT)
- NZITF Annual report to Curtis McLean for audit review (MT)
- Provide secretariat support services to NZNOG for conference (MT)
- Monthly Financial reports for DNCL (MT)
- Develop and present audit timetable to stakeholders for approval (MT)
- Follow-up with BDO on the interim audit reports, and audit arrangement for INZ and DNCL, and distribute report (MT)
- Recast budget for inclusion into Business Plan for Feb Council meeting (MT)
- Update Audit and Risk on outstanding AP, to present to Council in February (MT)
- Provide Fund Manager reports to Investment Committee, albeit late (MT)
- Meetings with Ellen and Maria on the Community Grants implementation (MT)
- Meetings etc to ensure continuity of agreed Financial services, whilst I am away (MT)
- Managed the process for the Council By-election (MR)
- Stage-2 assessment for the Internet Research Funding Round is in progress (ES,MR)

Jordan Carter

3 February 2014



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## Financial Report: to 31 December 2013

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**Author:** Jordan Carter, Chief Executive

**Purpose of Paper:** To provide an update on the financial performance of InternetNZ.

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### Commentary to the Accounts

As at December 2013, InternetNZ had a loss of \$337,155, against a budgeted loss of \$645,646, reflecting a variance of \$308,491. Detailed commentary on variances follows.

There follow a number of attachments with further information for Council:

- A - The profit and loss statement
- B - A chart showing net income, actual against budget
- C - The balance sheet
- D - Information about the spread of assets across institutions
- E – Managed Invested Funds, balance per month and chart
- F - A chart showing cash in bank, actual against forecast
- G - The cash flow forecast to March 2014.

### Income variances

The income variance of \$45,710 exists due to the additional cash in excess of reserves (\$98,319) being recognised and paid from the 2012/13 financial year-end from NZRS, less the \$50,000 reduction to November's dividend payment. The remaining \$2,648 under budget is due to lower than budgeted Corporate Membership renewal and less Interest Income due to budget split.

### Expenditure variances

Major areas of difference are:

- Recruitment is over by \$39k due to recruitment costs for the new chief executive. Miscellaneous staff costs, casual and temporary costs, along with contracted technical services, are over by \$21k, while the following budget lines are under by \$65k: staff training, KiwiSaver, wages and salaries, and contractor costs, net result being remuneration is \$5k under.
- Operating costs are \$25k over budget, of which accounting fees, advertising, conferences, general office expenses, honoraria, repairs and maintenance, and international travel/transition, are all under budget. The following budget lines are over budget: consultants, governance training, legal fees, meetings costs, R & M software, subscriptions, telecommunications, international and national travel, and website updates and hosting.

- Workstreams are under budget by \$218k, and will likely absorb the operating costs variance by year end.
- Overhead costs are under budget by \$38k, due to the delay in the occupation of the Auckland office.
- Community Funding expenditure (noted in the accounts as “Sponsorship” currently) is under budget by \$27k, due to the budget being allocated as per expenditure last year, timing will rectify this.

### Other Expected Major Budget Variances

As previously reported total recruitment costs are expected to be over budget, due to the Chief Executive, Communications Lead and Work Programme Director recruitment.

Council will receive a verbal report on the total costs of involvement in the Coalition for Fair Internet Pricing.

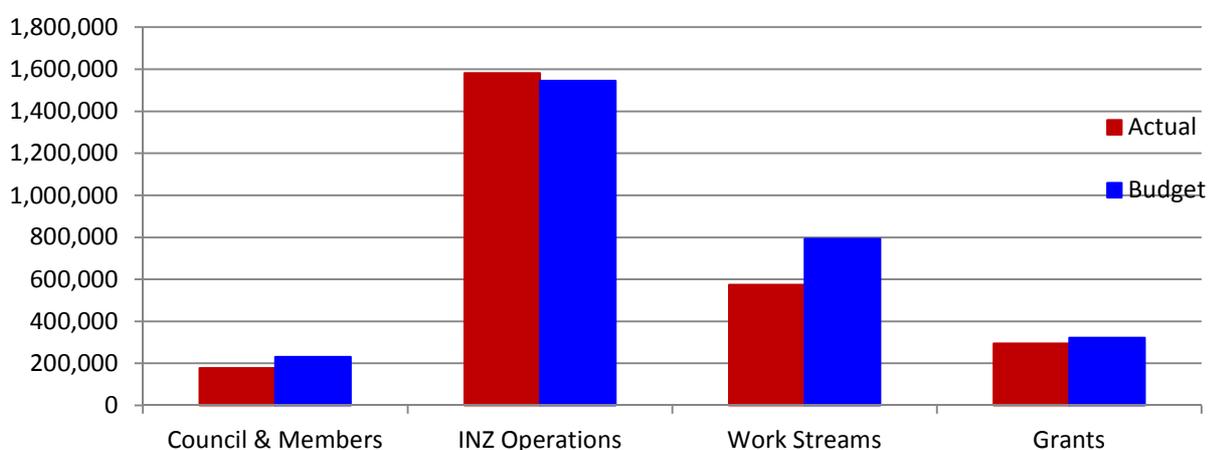
As advised in the letter from NZRS dated 29 November 2013, there will be a reduction in dividend payments in 2013/14, of \$50k in Nov and \$400k in Feb 2014.

Depreciation costs are expected to be over budget by approx. \$11k, as we depreciate the fit-out costs in the Wellington office over the remaining life of the current lease.

### Condensed Income and Expenditure Report Actual v Budget As at 31 December 2013

	YTD Actual \$	YTD Budget \$	Variance \$
<b>Income – total</b>	<b>2,290,498</b>	<b>2,244,788</b>	<b>45,710</b>
<b>Expenditure</b>			
<b>Council &amp; Members</b>	177,166	230,800	-53,634
<b>INZ Operations</b>	1,581,272	1,545,350	35,922
<b>Work Streams</b>	574,456	792,700	-218,244
<b>Grants</b>	294,759	321,584	-26,825
<b>Expenditure - total</b>	<b>2,627,653</b>	<b>2,890,434</b>	<b>-262,781</b>
<b>Net Income</b>	<b>-337,155</b>	<b>-645,636</b>	<b>-308,491</b>

### Expenditure Report YTD Actual v Budget



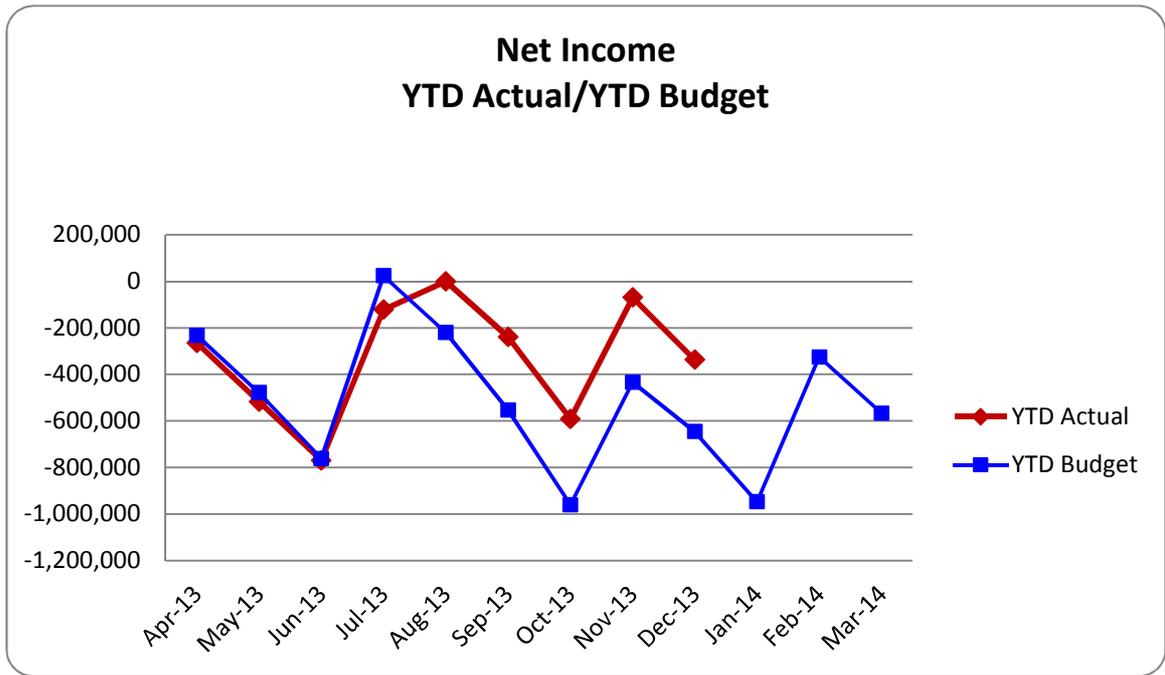
## Attachment A

**InternetNZ**  
**Profit and Loss Statement**  
**As at 31 December 2013**

	<u>Apr - Dec 13</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>500 · Operating Income</b>			
530 · Shared Group Services	155,430.00	155,430.00	0.00
542 · Membership - Corporate	3,300.00	4,500.00	-1,200.00
546 · Membership - Individual	4,328.57	4,290.00	38.57
<b>Total 500 · Operating Income</b>	<u>163,058.57</u>	<u>164,220.00</u>	<u>-1,161.43</u>
<b>580 · Investment Income</b>			
583 · Dividends	2,099,637.00	2,051,318.00	48,319.00
586 · Interest	27,802.38	29,250.00	-1,447.62
<b>Total 580 · Investment Income</b>	<u>2,127,439.38</u>	<u>2,080,568.00</u>	<u>46,871.38</u>
<b>Total Income</b>	<u>2,290,497.95</u>	<u>2,244,788.00</u>	<u>45,709.95</u>
<b>Expense</b>			
<b>600 · Remuneration</b>			
601 · ACC Levy	2,811.33	3,610.00	-798.67
625 · Miscellaneous Staff Costs	8,111.04	3,091.00	5,020.04
630 · Recruitment	65,082.48	26,300.00	38,782.48
635 · Staff Training	6,861.04	12,375.00	-5,513.96
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Cont	10,717.73	20,288.00	-9,570.27
651 · Wages & Salaries - Other	560,949.31	590,891.00	-29,941.69
<b>Total 651 · Wages &amp; Salaries</b>	<u>571,667.04</u>	<u>611,179.00</u>	<u>-39,511.96</u>
653 · Wages - Casual & Temporary	22,624.09	13,050.00	9,574.09
654 · Wages - Contractors	175,481.31	195,020.00	-19,538.69
655 · Contracted Technical Services	34,505.78	27,755.00	6,750.78
<b>Total 600 · Remuneration</b>	<u>887,144.11</u>	<u>892,380.00</u>	<u>-5,235.89</u>
<b>800 · Operating Expenses</b>			
801 · Accountancy Fees	6,904.95	24,000.00	-17,095.05
805 · Advertising & Marketing	3,688.41	10,044.00	-6,355.59
808 · Audit Fees	1,060.00	1,100.00	-40.00
809 · Bank Charges	2,134.26	1,238.00	896.26
811 · Conferences	4,359.26	7,901.00	-3,541.74
813 · Consultants	30,679.50	12,360.00	18,319.50
816 · Depreciation	37,503.00	37,501.00	2.00
817 · Domain Names	488.35	550.00	-61.65
820 · General Office Expenses	26,752.32	37,046.00	-10,293.68
822 · Governance Training	14,069.27	12,360.00	1,709.27
824 · Honoraria	93,135.32	102,636.00	-9,500.68
826 · Legal Fees	37,177.35	17,587.50	19,589.85
829 · Meeting Costs	62,045.63	48,541.00	13,504.63
835 · Postages & Couriers	2,033.16	3,089.00	-1,055.84
851 · Repairs and Maintenance	2,945.55	6,180.00	-3,234.45
853 · R & M - Software	4,613.99	1,350.00	3,263.99
855 · Printing & Stationery	14,997.28	15,500.00	-502.72

860 · Subscriptions	22,917.33	19,315.00	3,602.33
870 · Telecommunications	54,354.16	47,250.00	7,104.16
872 · Travel & Accom - International	128,489.43	97,953.00	30,536.43
873 · Travel & Accom - National	72,348.93	56,705.00	15,643.93
874 · Travel & Accom - Int'l Trans			
874-1 · ICANN	26,221.21	47,000.00	-20,778.79
874-5 · IGF	48,878.81	52,000.00	-3,121.19
874-7 · ITU	11,855.19	23,500.00	-11,644.81
874-9 · Technical Int'l Transition	17,339.03	20,000.00	-2,660.97
<b>Total 874 · Travel &amp; Accom - Int'l Trans</b>	<b>104,294.24</b>	<b>142,500.00</b>	<b>-38,205.76</b>
885 · Web Site Updates & Hosting	8,530.01	7,356.00	1,174.01
<b>Total 899 · Workstream</b>	<b>574,455.94</b>	<b>792,700.00</b>	<b>-218,244.06</b>
<b>Total 800 · Operating Expenses</b>	<b>1,309,977.64</b>	<b>1,502,762.50</b>	<b>-192,784.86</b>
900 · Overheads			
915 · Cleaning Costs	8,098.09	11,250.00	-3,151.91
933 · Electricity	11,816.55	13,275.00	-1,458.45
950 · Insurance	7,644.60	7,483.00	161.60
975 · Rent Paid	107,410.30	140,397.00	-32,986.70
980 · Security	802.74	1,302.00	-499.26
<b>Total 900 · Overheads</b>	<b>135,772.28</b>	<b>173,707.00</b>	<b>-37,934.72</b>
995 · Other Items			
857 · Sponsorship	294,758.55	321,584.00	-26,825.45
<b>Total 995 · Other Items</b>	<b>294,758.55</b>	<b>321,584.00</b>	<b>-26,825.45</b>
<b>Total Expense</b>	<b>2,627,652.58</b>	<b>2,890,433.50</b>	<b>-262,780.92</b>
<b>Net Ordinary Income</b>	<b>-337,154.63</b>	<b>-645,645.50</b>	<b>308,490.87</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
1000 · Special Dividends			
1010 · Special Dividends - Interest	120,871.77	2,250.00	118,621.77
<b>Total 1000 · Special Dividends</b>	<b>120,871.77</b>	<b>2,250.00</b>	<b>118,621.77</b>
<b>Total Other Income</b>	<b>120,871.77</b>	<b>2,250.00</b>	<b>118,621.77</b>
<b>Other Expense</b>			
1900 · Special Dividend Exp-Overhead			
1940 · Council Approved Expenditure	16,131.25	25,000.00	-8,868.75
<b>Total 1900 · Special Dividend Exp-Overhead</b>	<b>16,131.25</b>	<b>25,000.00</b>	<b>-8,868.75</b>
<b>Total Other Expense</b>	<b>16,131.25</b>	<b>25,000.00</b>	<b>-8,868.75</b>
<b>Net Other Income</b>	<b>104,740.52</b>	<b>-22,750.00</b>	<b>127,490.52</b>
	<b>-232,414.11</b>	<b>-668,395.50</b>	<b>435,981.39</b>

Attachment B



## Attachment C

**InternetNZ  
Balance Sheet  
As at 31 December 2013**

	<b>December 31, 13</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Cheque/Savings/Term Deposits</b>	
Total Cheque/Savings/	1,502,717.03
Term Deposits-Special Dividends	
Total - Term Deposits-Special Dividends	2,584,934.63
Petty Cash	400.00
Total Cash	4,088,051.66
<b>Investment Funds</b>	
GMI Investment	528,378.00
Milford Asset	536,156.40
Total Investment	1,064,534.40
<b>Other Current Assets</b>	117,251.79
Total Other Current Assets	117,251.79
Total Current Assets	5,269,837.85
<b>Fixed Assets</b>	
Total Fixed Assets	318,235.18
<b>Other Assets</b>	
Ordinary Share Capital	30,000.00
Shares in DNCL	580,000.00
Loan - Hectors World Ltd	162,243.93
Impairment Prov Hector's World	-162,244.00
Total Other Assets	609,999.93
<b>TOTAL ASSETS</b>	<b>6,198,072.96</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Total Accounts Payable	138,536.00
<b>Other Current Liabilities</b>	
Accruals	35,221.44
Lease Incentives	36,892.54
Payroll Liabilities	28,744.26
Total Other Current Liabilities	100,858.24
Total Current Liabilities	239,394.24
Total Liabilities	239,394.24
<b>Equity</b>	
Retained Earnings	6,191,092.83
Net Income	-232,414.11
Total Equity	5,958,678.72
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,198,072.96</b>

Attachment D: Spread of assets across institutions

### Special Dividend Investment Information

Date	Bank	Term	Amount
28/02/2013	BNZ	12 months	81,761
15/07/2013	ANZ	12 months	164,251
24/07/2013	Westpac	180 days	260,334
27/07/2013	ANZ	12 months	104,200
30/07/2013	ASB	6 months	400,000
31/07/2013	ANZ	184 days	200,000
11/11/2013	ASB	12 months	419,006
02/12/2013	Kiwibank	12 months	273,934
12/12/2013	Kiwibank	12 months	681,449
Total \$			<b>2,584,935</b>

Investment information is recorded separately from the InternetNZ operating reserves as a distinct balance sheet line item, as per the InternetNZ Funds Investment Management Policy Principle 1.

### InternetNZ Operating Reserves Investment Information

Date	Bank	Term	Amount
07/02/2013	ANZ	12 months	189,485
07/09/2013	BNZ	189 Days	565,205
19/07/2013	Westpac	182 Days	253,248
Total \$			<b>1,007,938</b>

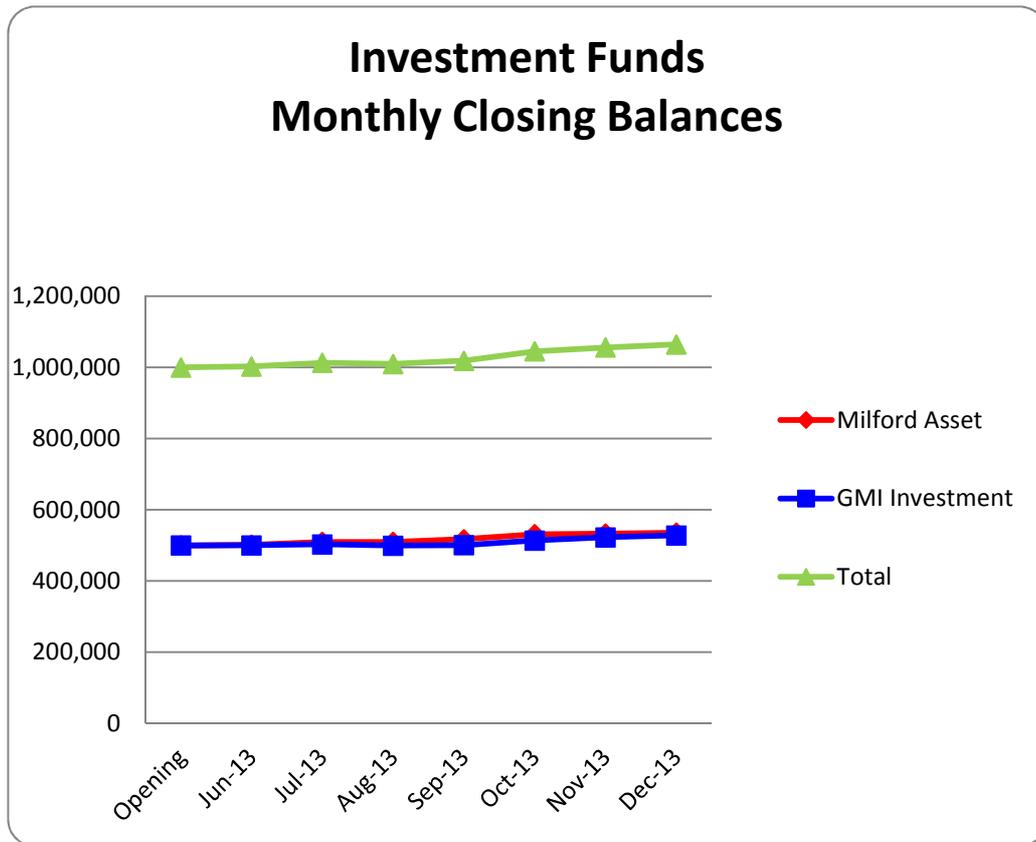
### Managed Investment Funds Information

Date	Managers	Amount
20/06/2013	GMI	528,378
20/06/2013	Milford	536,156
Total \$		<b>1,064,534</b>

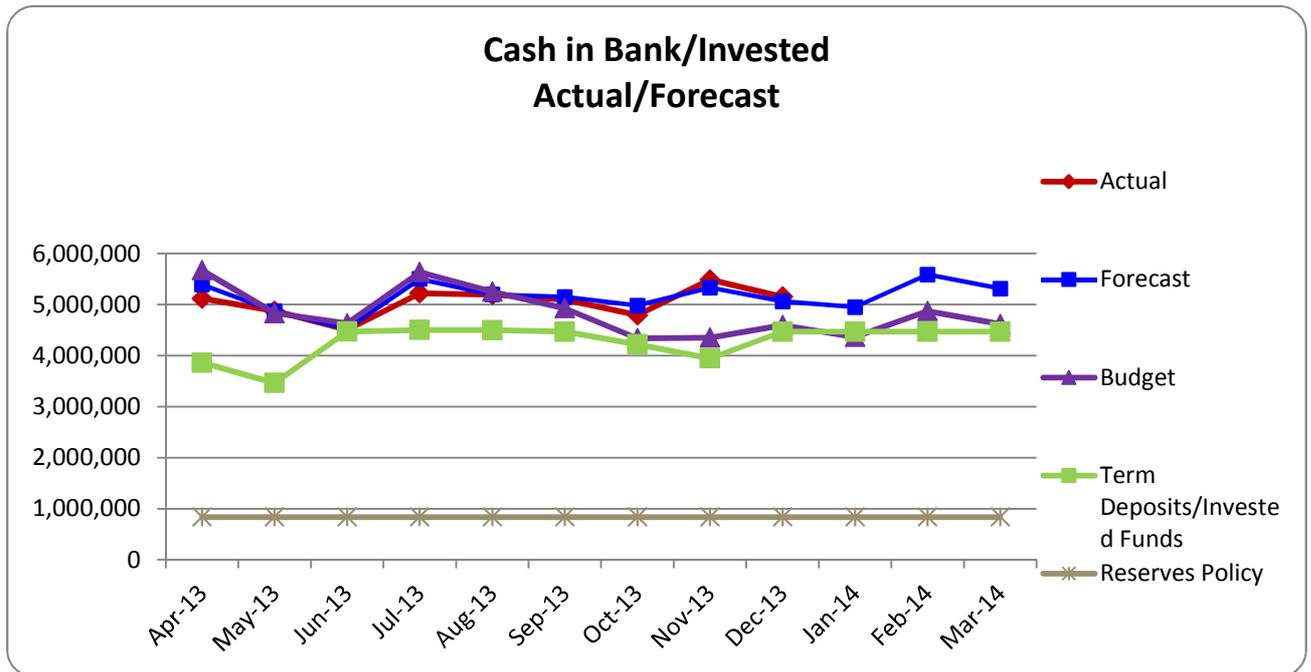
Managed Investment funds recorded at market value on 31 December 2013.

**Attachment E: Managed Invested Funds**

	Milford Asset	GMI Investment	Total
Opening	500,000	500,000	1,000,000
Jun-13	502,114	500,515	1,002,629
Jul-13	509,888	503,345	1,013,233
Aug-13	510,190	499,815	1,010,005
Sep-13	517,776	500,933	1,018,709
Oct-13	531,439	513,978	1,045,417
Nov-13	533,477	522,776	1,056,253
Dec-13	536,156	528,378	1,064,534



**Attachment F – Cash in Bank/Invested actual compared with forecast**



**Attachment G**

**InternetNZ  
Cash Flow Forecast**

	<b>Apr-13</b>	<b>May-13</b>	<b>Jun-13</b>	<b>Jul-13</b>	<b>Aug-13</b>	<b>Sep-13</b>	<b>Oct-13</b>	<b>Nov-13</b>	<b>Dec-13</b>	<b>Jan-14</b>	<b>Feb-14</b>	<b>Mar-14</b>	<b>Total</b>
<b>RECEIPTS</b>	<b>Actual</b>	<b>Proj.</b>	<b>Proj.</b>	<b>Proj.</b>	<b>Act/Proj.</b>								
Invoiced Sales	73,378	28,867	24,838	20,875	10,644	111,442	16,388	132,015	45,666	7,708	20,461	20,460	512,742
Special Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Dividends Interest	0	2,497	4,757	26,006	-3,227	8,704	25,095	40,668	16,371	0	250	250	121,371
Dividends	0	0	0	983,765	315,872	0	0	800,000	0	0	450,000	0	2,549,637
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Received	3,162	2,399	1,933	3,951	2,392	12,223	606	135	1,003	2,092	2,124	2,118	34,138
Special Dividend Term Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Receivable	6,977	14,655	2,605	31,026	0	2,121	0	0	0	0	0	0	57,384
RWT Received	0	0	0	0	0	0	0	0	0	0	0	0	0
GST	0	67,345	0	57,263	0	52,585	1,236	47,870	0	0	115,259	0	341,558
	<b>83,517</b>	<b>115,763</b>	<b>34,133</b>	<b>1,122,886</b>	<b>325,681</b>	<b>187,075</b>	<b>43,325</b>	<b>1,020,688</b>	<b>63,040</b>	<b>9,800</b>	<b>588,094</b>	<b>22,828</b>	<b>3,616,830</b>
<b>PAYMENTS</b>													
Invoiced Costs	434,308	285,278	335,009	341,966	292,574	235,439	304,322	265,501	327,977	138,816	291,496	239,677	3,492,363
ACC Levies	0	0	0	0	0	3,162	0	0	0	0	0	0	3,162
Salary & Wages	58,225	49,165	50,035	61,305	33,002	36,656	38,895	40,631	58,411	44,908	44,908	44,908	561,049
Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
RWT	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYE	5,784	25,215	14,820	8,563	21,473	8,839	3,753	20,933	11,171	29,984	14,180	14,182	178,897
GST	0	0	0	0	5,037	0	0	0	0	0	0	0	5,037
	<b>498,317</b>	<b>359,658</b>	<b>399,864</b>	<b>411,834</b>	<b>352,086</b>	<b>284,096</b>	<b>346,970</b>	<b>327,065</b>	<b>397,559</b>	<b>213,708</b>	<b>350,584</b>	<b>298,767</b>	<b>4,240,508</b>
<b>NET CASH FLOW</b>	<b>-414,800</b>	<b>-243,895</b>	<b>-365,731</b>	<b>711,052</b>	<b>-26,405</b>	<b>-97,021</b>	<b>-303,645</b>	<b>693,623</b>	<b>-334,519</b>	<b>-203,908</b>	<b>237,510</b>	<b>-275,939</b>	<b>-623,678</b>
<b>OPENING BANK</b>	<b>5,533,927</b>	<b>5,119,127</b>	<b>4,875,232</b>	<b>4,509,501</b>	<b>5,220,553</b>	<b>5,194,148</b>	<b>5,097,127</b>	<b>4,793,482</b>	<b>5,487,105</b>	<b>5,152,586</b>	<b>4,948,678</b>	<b>5,186,188</b>	<b>5,533,927</b>
<b>CLOSING BANK</b>	<b>5,119,127</b>	<b>4,875,232</b>	<b>4,509,501</b>	<b>5,220,553</b>	<b>5,194,148</b>	<b>5,097,127</b>	<b>4,793,482</b>	<b>5,487,105</b>	<b>5,152,586</b>	<b>4,948,678</b>	<b>5,186,188</b>	<b>4,910,249</b>	<b>4,910,249</b>

**Bank Account Balances as per BS**

	<b>Apr-13</b>	<b>May-13</b>	<b>Jun-13</b>	<b>Jul-13</b>	<b>Aug-13</b>	<b>Sep-13</b>	<b>Oct-13</b>	<b>Nov-13</b>	<b>Dec-13</b>	<b>Jan-14</b>	<b>Feb-14</b>	<b>Mar-14</b>
ANZ Savings	1,040,124	1,342,523	4,456	605,421	606,942	508,204	108,810	5,261	406,263			
ANZ Current	216,765	70,501	35,514	113,184	88,485	68,415	139,070	1,537,356	88,169			
ANZ Term Deposit	444,418	444,418	644,418	657,935	657,935	657,935	657,935	657,935	657,935			
ASB Term Deposit	1,004,514	1,004,514	809,207	809,207	809,207	809,207	809,207	819,165	819,166			
BNZ Term Deposit	635,671	635,671	635,672	635,672	635,672	648,755	647,142	647,143	647,143			
Kiwibank Term Deposit	871,949	871,919	871,919	871,919	871,919	871,919	871,919	250,010	955,393			
Westpac Term Deposit	905,286	505,286	505,286	513,582	513,582	513,582	513,582	513,582	513,582			
Petty Cash	400	400	400	400	400	400	400	400	400			
Investment Funds	0	0	1,002,629	1,013,233	1,010,005	1,018,709	1,045,417	1,056,253	1,064,534			
	<b>5,119,127</b>	<b>4,875,232</b>	<b>4,509,501</b>	<b>5,220,553</b>	<b>5,194,148</b>	<b>5,097,127</b>	<b>4,793,482</b>	<b>5,487,105</b>	<b>5,152,586</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Report from ICANN/GAC Meeting and Associated Discussions**

Buenos Aires, November 2013

Frank March

The 48th ICANN meeting was held from 18 to 21 November 2013 in Buenos Aires. I attended with full financial support from InternetNZ (through Domain Name Commission Ltd (DCNL)), and leave to attend from the Ministry of Business, Innovation and Employment

A version of this report will also be provided to the DCNL Board and to the InternetNZ Council.

I attended the GAC meeting from 16 to 20 November and had a number of discussions outside of GAC meetings.

### **Governmental Advisory Committee**

The GAC Communiqué from the November 2013 meeting may be found at [https://gacweb.icann.org/download/attachments/32637081/FINAL\\_Buenos\\_Aires\\_GAC\\_Communique\\_20131120.pdf?version=1&modificationDate=1385056170466&api=v2](https://gacweb.icann.org/download/attachments/32637081/FINAL_Buenos_Aires_GAC_Communique_20131120.pdf?version=1&modificationDate=1385056170466&api=v2)

1. New gTLDs:
  - (i) .wine, .vin and Geographical Indicators (GI):

The GAC provided extensive advice on the new gTLDs to the ICANN Board at the (46<sup>th</sup>) Beijing meeting and further advice at the (47<sup>th</sup>) Durban meeting. Outstanding issues of greatest importance to New Zealand relate to the inclusion of geographical indicators (GIs) in discussions around .wine and .vin.

European countries, coordinated by the EU wanted the ICANN Board to refuse these applications unless stringent GI limitations are imposed. While seemingly somewhat obscure, these applications provide a 'thin end of the wedge' opening for discussion of matters of considerable importance for New Zealand in other fora, notably the WTO and WIPO. (Note that all EU countries including the UK are bound by an EU position on this). For New Zealand, the overall safeguards already recommended for new gTLDs relating to consumer protection and precautions against misrepresentation are sufficient. A substantial number of other GAC members have been attracted to the EU position (notably the Latin Americans) and CITELE has also supported the position (despite opposition within the US and Canadian governments).

In the GAC discussions, only Australia, US and Canada argued alongside New Zealand for the exclusion of GIs but the communiqué outlines both positions and suggests that the Board "...seek a clear understanding of the legally complex and politically sensitive background on this matter ...". It is suggested that individual countries may well make separate representations on this matter to the Board.

(ii) Branded TLDs (.brands)

A number of companies with a global presence have applied for their own 'house' TLD. Examples are .visa, .toyota, and .mcdonalds. They have jointly approached the GAC asking for approval for a process for applying for the use of country names in the .brand world.

From a New Zealand perspective it would seem appropriate for nz.mcdonalds or nz.toyota to be used as a means of encouraging international trading opportunities. I suggested that a register be established of countries which encouraged such registrations. The alternative of every .brand applicant approaching an official in MBIE for permission to establish a New Zealand brand presence seems cumbersome and unnecessary. Note that newzealand.info has been used privately for many years without causing any concern. It is not clear that the suggestion will be adopted.

2. GAC Operating Methods:

A working group has been looking at GAC operations including the need for more timely delivery of papers, better and earlier establishing of agenda for meetings, more timely translation of papers and so on. This work is continuing and will be a major focus for discussion and possible decision making at the next GAC meeting.

The main issue emerging at this meeting for New Zealand was the attitude of the EU block over what was perceived as a small minority of countries preventing GAC consensus advice to the Board on .wine and .vin. A controversial proposal has been put forward to introduce a voting procedure into the GAC operating principles, allowing for voting and requiring a two thirds supermajority, when consensus proves elusive. Prior to the meeting, I circulated a paper to the GAC opposing the proposal on the grounds that it is not workable, that voting is rare in treaty-based organisations and unknown in non-treaty groups such as the GAC.

This issue will be a major discussion issue at the next meeting in Singapore and will probably come up for decision in at the (50<sup>th</sup>) London meeting in mid-year.

**Other Matters**

Internet governance is under close examination across the board. Under the so-called I\*Net process, a number of Internet governance organisations including the Regional Internet Registries (RIRs), who are responsible for global allocation of IP addresses, some ccTLD registries, ISOC and ICANN itself have initiated discussions around how multistakeholder approaches can be made to more effective means of tackling the so-called orphan issues: that is, Internet governance issues which are seen as not having a natural home in an existing international or intergovernmental organization.

This, and the controversial role the ICANN CEO has played so far in discussions, took up much discussion time at the Buenos Aries meeting. These discussions will bear close monitoring. Concerns in relation to them include:

- (i) There have been discussions since the Tunis round of the WSIS (WSIS II) about the need for a mechanism for 'enhanced cooperation' over Internet governance issues but just what this would entail has never been agreed.

For some governments this means greater involvement of the UN (or the ITU) in Internet governance issues.

- (ii) There is no agreement on what are the 'orphan issues'. In fact there are no issues associated with the Internet which do not have a natural governance home in an existing organisation, although they may not have an appropriate level of priority.
- (iii) The role of ICANN is controversial with a strong feeling in the ICANN community itself that ICANN should be involved but not leading the discussions.
- (iv) Behind all of the discussions, especially in the light of the Snowden revelations, is a feeling that ICANN (and the Internet generally) is unhealthily dominated by US government and corporate interests. At the same time, any move to loosen these linkages risks putting the global cohesiveness, stability and security of the Internet at risk.

It seems certain that some change in how global Internet issues are managed will happen. The role of multistakeholderism in this needs to be protected through these changes. It seems inevitable that New Zealand both at government and InternetNZ levels will need to continue to be closely engaged.

#### **Next ICANN/GAC meeting**

The next GAC meeting will be held in Singapore in March 2013 in conjunction with the 49th ICANN Meeting.

To: INZ Staff & Councillors, Subsidiaries (*For Information*)  
From: Jordan Carter, Chief Executive  
Ellen Strickland, Collaboration and Community Lead  
Re: ICANN Buenos Aires Travel Report  
Date: 17-21 November 2013



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## **TRIP REPORT: ICANN Buenos Aires**

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The purpose of this document is to provide a report on InternetNZ activities at the ICANN Buenos Aires.

### **Summary:**

ICANN48 was held in Buenos Aires, Argentina from 17 to 21 November and was attended by Jordan Carter, Keith Davidson and Ellen Strickland from InternetNZ Staff, as well as Michael Wallmannsberger from InternetNZ Council.

Below is a summary report for information for Council on the event, including impressions, involvement, takeaways and follow-up actions.

### **Overall Impressions**

Internet Governance issues dominated the general sessions and background discussion, as a follow-on to the announcements at Bali regarding the planning Brazil Internet Governance meeting. The ICANN community seemed somewhat critical of steps to date in trying to facilitate technical community involvement in the debate through Inet. At-Large sessions show a strong policy focus growing, respected by GAC, and the role of At-Large while still debated looks strongly supported by ICANN, in the interests of Internet Users, and likely to grow in voice. The GAC faced some difficult discussions particularly regarding the role of Geographic Indicators relative to domain name matters.

### **Involvement (who attended what)**

**Ellen:** Focus was on At-Large Constituency sessions, as one of the Asia-Pacific Regional At-Large Organisations (APRALO). Also attend the non-commercial users constituency (NCUC) session, as well as a range of general IG related sessions including on academic engagement with ICANN and the ICANN Academy training course for stakeholders. Attended Board Evaluation Selection Committee (BCEC) meeting as member, having been selected to represent APRALO in managing Eols and creating slate for the election for Seat 15 of ICANN Board.

**Jordan:** Main focus was on reconnecting with the ICANN community, from which I had been absent for a number of years, and following / participating in Internet Governance matters as well as some attendance at the ccNSO meeting for part of the week. Also

observed some of the GAC's deliberations, and attended a dinner with Pacific ICANN attendees.

## **Relevant Takeaways**

**Ellen:** Within At-Large, Whois abuse seems to be an issue we might be interested in and want to review our practices in line with research findings and recommendations. Many other At-Large policy issues on table which I will spend time engaging with, getting my head around, prior to Singapore.

NCUC as an important Civil Society component within ICANN was highlighted, seemed to be a high (perhaps higher) level of experience and knowledge in that group than At-large. Good place to also be involved to assess Civil Society in ICANN roles, perspectives and practices.

**Jordan:** there may be an institutional need for InternetNZ to have two voices within the ICANN environment - the .nz / ccTLD manager (ably represented by Debbie and Jay, where the INZ CE has a shadowing role) which is technical community; and our broader InternetNZ focus which fits more clearly into the civil society world. Not to draw false distinctions but so that people understand where we are coming from.

Generally speaking once the IG rush passes (i.e. after the first two meetings this year), this will be an event I plan to attend once per year to stay in contact with the ICANN community.

## **Follow-up**

**Ellen:** Attending BCEC meetings fortnightly/weekly through end of January. Attending monthly APRALO meetings. Confirm NCUC membership and recommend some INZ representatives attend NCUC Singapore Internet Policy and Governance Conference pre ICANN.

**Jordan:** continued participation in the evolving Internet Governance milieu; observer participation in cross-constituency organising care of Keith; participation where required in community nomination procedures for the technical community.

To: INZ Staff & Councillors, Subsidiaries (**For Information**)  
From: IGF Bali Fellows  
Re: IGF Bali Travel Reports  
Date: 20-25 October 2013



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## TRIP REPORT: Internet Governance Forum, Bali

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### Summary:

InternetNZ provided fellowship funding to up to 4 New Zealanders to attend the Internet Governance Forum (IGF) held in Bali on 20-25 October.

The fellows were required to submit a report in terms of their fellowships and were asked to submit on the following topics:

- general impressions
- sessions attended and topics you found of particular interest
- relevant contacts made
- what you'll be following up on/outcomes and actions
- anything you recommend INZ should follow-up on (people/projects/ideas for NetHui and/or otherwise)

A meeting with Councillors and staff was held in December to discuss the event, which was attended by Alison Stringer and Breccan McLundy.

## **Alison Stringer**

### *General impressions*

I am very grateful to Internet NZ for the opportunity to attend the IFG meeting in Bali. I learnt a lot, made some extremely useful contacts and enjoyed travelling with the other Internet NZ fellows, councillors and staff.

Bali 2013 was a very interesting meeting. Following the Edward Snowden leaks, people have a different view of the internet; particularly about how Governments and private companies are storing, sharing and perhaps misusing personal data.

Professionally, the IGF meeting was extremely useful for me. The biggest win for me is that New Zealand has been asked to support the Open Data Development Partnership (see below for more details), and the project leaders see a role for me in the project.

I had not attended a large international meeting of this type before, so it was interesting and an education in itself to observe the political machinations at the event.

### *Sessions attended*

Pre-meeting on technical standards and metrics measurable impact for multistakeholderism

WS 275: Growth and user empowerment through data commons

WS 303: Internet governance and open government data initiatives

WS 209: An open Internet platform for economic growth and innovation

WS 203: Big data: promoting development and safeguarding privacy

WS 62: How can the Internet be an engine for development and growth

WS 232: Internet Infrastructure and Terminology Explained  
WS 308: Privacy and Innovation  
WS 41: Developing and effectively using Multistakeholder Principles  
WS 81: Multi-stakeholder dialogue: Big Data, social good & privacy  
WS 230: Free Software and Human Rights on the Internet  
WS 51: Google Open Forum - measuring internet freedom  
Open microphone sessions I & II

*Topics you found of particular interest*

- open data, which quickly crossed over to big data and then into privacy. Mobile data
- open government data development – a new partnership (see follow up actions below)
- mobile data, privacy and the unwitting and perhaps quasi-legal collection of information
- multi-stakeholder (ism), how to do this better and how to measure impact
- An open internet and intellectual property and copyright
- post-Snowden privacy – the world looks different now and we are just starting to see the consequences
- increasing awareness about data permissions and data collection

*Relevant contacts made*

- Amparo Ballivian: Lead economist, development data group at the World Bank and contact person of Open Data Development Partnership
- Tomo Watanabe: co-founder OKFN Japan
- Paolo Lanteri: WIPO, working the UN adoption of CC licenses
- Linnet Taylor: Researcher, Oxford Internet Institute
- Walrut Ritter: international project coordinator, Open Data Hong Kong

*What I'll be following up on*

1. New Zealand has been asked to be involved in the Open Data Development Partnership, which is a partnership between the World Bank, the Open Data Institute and the Open Knowledge Foundation. I've been asked to give in-kind or direct financial support for the first meeting of the partnership in Jakarta in March 2014. In kind support is more realistic, as our budgets are getting squeezed.
2. Keep in touch w Tomo Watanabe in Japan re OKFN and CC licensing, Open Government challenges and knowledge sharing.
3. Keep in touch with progress with UN process of adopting CC licenses. I'm particularly interested to see if the UN has made any changes to their ported version and how their changes (if any) may influence the CC version 4 licenses.
4. Sharing IGF session transcripts with the Open Access to information and Open Research/Science Community. They are particularly interested in the privacy, big data, data collection and data sharing issues,
5. Keep in touch with developments on how people are managing issues of data collection (especially mobile data) and privacy concerns.

*Anything you recommend Internet NZ should follow-up on (people/projects/ideas for NetHui and/or otherwise)*

The discussions on big data/privacy/mobile data made me realise that my communities in New Zealand are not at all prepared for these topics and would have little idea about how to manage

them. Perhaps Internet NZ could run training sessions or similar, perhaps in partnership with other interested organizations.

My main concern with the big data discussions was the focus on the risks and problems, rather than the benefits. While the focus on risk is understandable and necessary at present, the last thing that I want to see happen is for my work in open and transparent government and open access to research work to get caught up in the backlash. Metadata should not be a dirty word! There is a lot of data that isn't personal data, and that can be shared. On the other hand, I think that my communities need to be thinking seriously about how they can better manage issues like data matching and managing private data. Mobile data and particularly mobile location data seem to be sleeping issues.

While these topics might not be new to Internet NZ folk, they certainly are to other communities. Internet NZ can share their expertise and lead discussions to thrash out how we can best manage these important topics.

## **Breccan McLundy**

### *General impressions*

Overall the IGF was worth attending in terms of getting a much better understanding of the international processes which we're working within. I do think events like this should be getting a lot more attention from the general internet-based business community given how likely it is that the seeds of various policies that will define the future of the infrastructure we rely on are likely to occur there.

Generally organisation of sessions was lacking and the event itself needs a more aggressive approach to panel management.

Personally I found it was near the end of the event that I started being recognized enough to be able to strike up conversations easily outside of the main event but that's clearly where a lot of the actual value would come for repeated attendance.

My blog post goes into more detail on ideas from an organisational perspective at <http://www.breccan.com/2013/11/adventures-in-multistakeholderism.html> (Feel free to link or repost anywhere you feel like).

### *Sessions attended and topics you found of particular interest*

- WS 50 Power of Internet for disaster & environmental control  
Reasonably relevant to New Zealand and included a particularly fascinating look at the examination of disaster response when compiling data from cell-towers through to Honda GPS systems to track people's movement. Possibly has some implication in nz. I believe Hayden Glass has been looking at cell tower data in NZ.
- WS 33: Small Island Developing States (SIDS) Roundtable - The Broadband (Access) Dilemma  
Fascinating session regarding the costs of getting internet access to small countries. Particularly interesting was to see graphs of the dollar cost of going down in the "richer" economies. Broadest takeaway likely in the mooted value of the TV spectrum for service between these islands.
- WS 112 Internet Exchange Points and the Domestic Internet Economy

WS 301 Global Trade, Local Rules & Internet Governance

WS 333 How Internet-Enabled SMEs Reach out to the Global Market

WS 160 Emerging issues for fair trade and taxation of virtual goods

These four talks covered a fair range of the trade and taxation space. There's quite an exciting w3c project beginning to look at standardising web payments. This would be extremely valuable both to facilitate business locally and to utilize international trade as a development path for other nations.

- WS 31 Deepening Stakeholders' activity on Internet Governance  
Session mostly regarding the structure and development of the various African IGF's. Stumbled in somewhat by accident. Most interesting things relate to their problems with limited stakeholder involvement, travel difficulties, and government involvement as their major source of funds.
- Google Open Forum  
Connected with more of the Mlabs staff. Rabid has previously worked with Mlabs on the NZBT project and is currently talking to NZRS regarding next steps for it.

Some fascinating examples of tracking internet speed in Iran around election time. I'm quite hopeful of getting funding into NZBT to track the UFB rollout.

#### *Relevant contacts made*

Spent a couple of hours chatting with Pindar Wong on Saturday morning, he looks like an excellent proponent of a more effective IGF. He's also very proud of his NZ passport. He prodded me quite a bit to write up my experiences in a blog post.

#### *What you'll be following up on/outcomes and actions*

Blog post and forwarding to a few people (Pindar etc.) Carrying on dialog with the Mlabs people, both for use on NZBT but also prodding them towards having more suitable consumer level applications for countries that would benefit from broader data collection, i.e. countries where there is value in holding ISP's to account rather than ones with hostile governments. Currently looking at the payments space in NZ and suspect the possibility of working with the W3C on better development of payments across borders could be extremely valuable.

#### *Anything you recommend INZ should follow-up on (people/projects/ideas for NetHui and/or otherwise)*

Payments is a fascinating space for the internet. Unfortunately it's a little bit dominated by cryptocurrency in current discussion which hasn't solved the problems regarding compliance and taxation.

I'm not sure if I've just been missing it but I suspect getting more engagement from the pacific at things like NetHui could be a valuable broadening of conversation with some of our closest neighbours. Particularly relevant to some of the trade and payments discussions as well.

## **Don Hollander**

If past IGF's highlighted the 'Gaps' that exist in Internet governance issues, this IGF seemed to focus on administration, multi-stakeholderism, and interesting, but tangential, issues that would have felt more at home in a WSIS or in a global version InternetNZ's broader NetHui.

Three substantive threads weaved through the hallways, if not the halls of the IGF. The first was how to further disengage the United States Government from any 'control' of critical Internet infrastructure, the next was how to extend the reach and benefits of the Internet, and the third was the scale of how human rights could be enhanced and restricted by the Internet.

There was much discussion on the recent Montevideo communiqué from the I\*Star group of organisations as well as the President of Brazil's address to the United Nations. Some heard what was said, some heard what wasn't said. Is it naïve to consider the proposal to have a concrete review of the governance of the Internet next year in Rio as just that?

Another major productive thread was looking at various ways of extending the reach and benefits of the Internet. These included expanding access channels and venues, supporting e-commerce, making use of the Internet in times of natural disaster and, among other things, leveraging the unique nature of ccTLDs to reflect their local nature.

There seemed to be an inordinate amount of discussion of the IGF itself and nearly as much on multistakeholderism and whatever that might mean.

Human rights was the third dominant theme for me, including some celebration of what the Internet has enabled, and many more of how the Internet has been used to oppress people – with the inherent huge scale that the Internet's extensive reach and convergence of technologies can provide. (The condemnation of revelations by Edward Snowden of the scope of the United States spying was only exceeded by the hypocrisy of many of those doing the condemning.)

I took advantage of the opportunities to ask questions and add comments based on my own experiences: as a small e-commerce business operator; as a person quite familiar with the Pacific; and as someone with a bit more than passing knowledge of ccTLDs.

On a personal note, it was nice to catch up with many friends that I had made in the ccTLD and GKP communities from around the world.

I would like to thank InternetNZ and its staff for the very generous support provided to attend and participate in the IGF.

## **Gary Burns**

From the 21st to the 25th of October I was fortunate enough to attend the 8th Internet Governance Forum in Bali, along with Internet New Zealand and selected fellows. It was a formative and, I think, productive time. What follows is a brief report of the event for Council.

### *General impressions*

Hosted in affluent surrounds, the IGF was reminiscent of other international fora such as APEC, yet the composition of attendees differed in that there was sparse government and industry representation. Fitting of course for the multistakeholder approach, and this tended to lend an openness to the sessions, whereby people were able to espouse individual or non-partisan views rather than be constrained by policy lines, common of larger institutions.

This wide array of groups and individuals meant a breadth of subject matter across sessions and a freedom to express one's views. It led to some frank exchanges between US, Chinese and freedom of speech advocates regarding censorship; but also to some surprising unanimity of opinion, for example over the future of copyright. This was refreshing and I think gave great context to many discussions, that there are many voices to be heard when Internet governance is concerned.

That many of these voices could come together to exchange views allowed one to get a sense of perspective of what the issues are, who is concerned about them, and what parties hold influence. If one thing was clear, it was that the issues affect an ever wider public user base.

#### *Sessions attended and topics of particular interest*

Of some 16 sessions that I was able to attend, most related broadly to either human rights or technology. As I work in the technology sector I am interested in security and function of the internet, and recently this very technology has had a notable impact on the rights of many people.

The most important regarding technology and security were workshops:

- Technical Community Role in Internet Governance
- Internet Exchange Points
- Network Neutrality
- Emerging Cyber-security threats

On human rights:

- Multi Stakeholder dialogue: Big Data, Social Good & privacy
- Digital rights Protection in Europe and Latin America
- Online Anonymity, freedom of expression & Internet governance.

In general these sessions helped understand what type of governance might be required to ensure technology is steered toward greater social good across existing jurisdictions. Unfortunately for some themes 90 minutes tended to be a very short time frame to permit significant development.

#### *Contacts made*

The forum made networking easy, with the freedom to select sessions of interest or advocacy, and many after-hours events. I was able to get to know the entire InternetNZ delegation, other groups from the Pacific region and participants from many other regions.

I attended most sessions alone initially and managed to make several strong contacts along the way. Following my areas of interest I met attendees involved in cyber-security (Citizen Lab, Korean Internet and Security Agency), privacy (academia, Privacy International, PEN) and policy. In particular I was able to meet with people from Latin America where I lived for several years, in particular from Mexico and Chile (Derechos Digitales). Further, it was informative to speak with many from institutions with structural roles in the Internet such as ICANN, IETF, ISOC, etc. It was good to note that New Zealand was well represented in this area and actively involved in the forum.

Throughout these conversations it was good to see a commonality in both recognition of the critical issues surrounding Internet governance, and feasible approaches to potential resolution of these issues.

#### *What I will be following up on*

I maintain a professional and personal involvement in Internet governance. Insofar as I can contribute to the discussion I will continue to be an advocate for a free and open Internet. I am a member of several related organisations and maintain a personal blog of which Internet governance is a key theme.

My personal involvement has grown from a purely technical one to a societal one through work in government. Along with many opportunities, the evolution of the Internet imposes challenges with respect to rights and ethics and there is now a lot of space for discussion and organisation around these challenges as they impinge on the lives of a greater number of citizens. Governance is key

among them, and it is important that there is widespread and certainly multistakeholder engagement to ensure an equitable development and use of the Internet and related technologies.

*Anything that Internet NZ should follow up on*

The New Zealand government has asserted itself as the hegemonic stakeholder with respect to Internet governance in the New Zealand jurisdiction, introducing legislation (GCSB, TICS "Skynet") which has been controversial and arguably contrary to UN Principles of Internet Policy-Making.

Where any particular actor has disproportionate influence in the development or control of the Internet in NZ, InternetNZ itself is well placed to act as advocate and counterpoint in the public interest. Policy and governance should not be purely government-led, but involve civil society and other stakeholders, of which InternetNZ is key.

A strong theme that emerged from the IGF was governance through rights-based criteria, rather than strictly jurisdictional claims. Indeed, recapitulating an aforementioned principle, InternetNZ might: "*Encourage multistakeholder cooperation in policy development processes*"

Further key governance themes from the IGF, both stated in the Principles, and consistent with the InternetNZ tagline are:

- Promote and protect the global free flow of information:
- Promote the open, distributed and interconnected nature of the Internet
- Strengthen consistency and effectiveness in privacy protection at a global level
- Limit Internet intermediary liability

As these implications of these issues in New Zealand now involve the majority of the population there is a need for informed parties to play a strong role in communicating the issues, and organising stakeholders around the policy-making process. I believe InternetNZ will find itself increasingly relevant in this space, which spans technology to human rights.

*General impressions revisited.*

It was heartening to see a maturity of debate at the IGF and multiple groups are active in defining the future of Internet governance. Conceptual areas of concern are becoming well defined, and there is an immediacy of action given the context of the NSA revelations this year, the Montevideo Statement and the convening of the next forum in Brazil.

Technology has often led the way in terms of standards and best practices, but it appears we are getting closer to universal declarations of rights-based standards also. This has come about precisely by multistakeholderism and its contrast in the recent unilateral assertion of hegemony by nation states. Tension is particularly felt in the areas of:

- freedom of speech, anonymity, censorship
- information flow ("balkanization", net neutrality, surveillance and the "chilling effect")
- the security versus privacy trade-off

It is hard not to reflect upon returning to New Zealand upon how well we may (or may not) be doing in terms of governance. Our policy must reflect both national and supranational concerns as we try to be good stewards of the Internet and ensure a greater good from its consequences. The IGF rightly promotes a multistakeholder approach as a means to achieve this end and there is great opportunity for InternetNZ to lead, and to inspire others in their participation.