
2016/17 Budget

Introduction

This paper provides a summary of the 2016/17 Budget (adopted by Council on 5 April), and also the detailed budget for the year. The Chief Executive manages the Budget in accordance with authority delegated¹ by the Council. InternetNZ's financial year is 1 April to 31 March.

1. 2016/17 Executive Summary

The following tables provide a visual breakdown of 2016/17 financial and staffing resources over the work areas.

Costs

Activity	Expenses (\$000s)	
Issues Programme & Focus	\$654	14%
Community Programme	\$616	14%
Community Funding	\$600	13%
International Programme	\$179	4%
International Events	\$35	1%
Communications/Outreach	\$307	7%
Governance and Members	\$513	11%
Operations	\$789	17%
Overheads	\$471	10%
Group Services Recharged	\$387	9%
Total	\$4,551	100%

People

Activity	People FTE	
Issues Programme & Focus	2.4	17%
Community Programme	1.55	11%
Community Funding	1.25	9%
International Programme	0.4	3%
International Events	0.1	1%
Communications/Outreach	2.15	15%
Governance and Members	1.55	11%
Operations	3.9	28%
Group Services Recharged	0.7	5%
Total	14	100%

¹ See the Chief Executive's Delegations at <https://internetnz.nz/governance-policies-register>

2. Detail Budget by Area

In the tables below, the first column represents the 2015/16 Budget. The second column is the current 2016/17 Budget. The third is the change from last year to this year, and the fourth shows the % change.

Internet Issues and Focus Areas

The issues area has budgeted an increase in expenditure of \$60k compared to 2015/16, this is a result of incorporating more Community outreach, and delivering three Speaker's Series events. Total remuneration for Issues has decreased with more of Andrew Cushen's time being expensed into Operations.

Internet Issues

Internet Issues Programme	60	30	-30	-50%
Access Focus Area	20	55	35	175%
Use Focus Area	100	80	-20	-20%
Security Focus Area	65	50	-15	-23%
Issues Operating Costs	349	439	90	26%

Internet Issues

594	654	60	10%
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Community Programme

The Community Programme is reporting an overall increase of \$59k, this amount is understated by the fact that there was a carried forward amount of \$90k from 2014/15 in funding. Funding has been increase by \$100k as per the overall five-year strategic plan to increase funding to \$1 million, assuming diversification in revenue.

The Community Programme is also budgeting for an increase in people, but has reduced costs in other areas to partly accommodate the extra cost.

Community Funding

Funding Rounds (2015/16 includes a carry-over of \$90k from 2014/2015 RN18/15)	330	280	-50	-15%
Strategic Partnerships	260	220	-40	-15%
Funding Other	0	100	100	100%

Community Engagement

NetHui	130	130	0	0%
Sponsorship	50	50	0	0%
NetHui community initiatives: NZIRF	10	15	5	50%
Community Programme Operating Costs	377	421	44	12%

Community Programme

1157	1216	59	5%
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International Engagement

This area of work has scaled back with the exit of Keith Davidson, and the expenditure has been reduced by \$70k. There is however a new collaboration planned with the Oceania Internet Governance Summer/Spring School, this has a budget of \$35k.

International Engagement

Oceania Internet Governance Summer/Spring School	10	35	25	250%
International Collaboration	239	144	-95	-40%

International Engagement

249	179	-70	-28%
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International Events

The allocation of fund for the APRICOT Event have been redirected to increase the funding budget for 2016/17, and to support the increase in costs in other areas.

International Events

Apricot	195	0	-195	-100%
ANZIA	60	35	-25	-42%
International Events	255	35	-220	-86%

Communication and Outreach

The reporting of the Communication/Outreach separately from the Issues and Community Programmes is a change from previous years, this will provide visibility on our work in outreach and communications. The increase of \$102k is to provide another FTE in this area, and to support more work.

Communication/Outreach

Annual Stakeholder Event	20	15	-5	-25%
Communication Strategy & Outreach	45	65	20	44%
Communication Operating Costs	140	227	87	62%
Communication/Outreach	205	307	102	50%

Governance & Members

Governance and Members has increase by \$87,000, for support developing the culture in the team and potentially (subject to agreement) across the InternetNZ group.

Governance and Members

Council & Members	396	513	117	30%
.nz Stewardship	30	0	-30	-100%
Governance and Members	426	513	87	20%

Operations

Operations is budgeting an increase of \$151k, of which \$196k or 32% is an increase in remuneration. This increase is attributable to Andrew Cushen given in his new role of Deputy Chief Executive, and the reallocation of the Events Lead into Operations.

It also allows for the additional FTE in the Operations area we explored in 2015/16, which will ensure the Operations team can provide the support required for the work areas to deliver the activity plan while keeping workloads realistic. Depreciation is also increased due to more planned website development.

Operations

Remuneration	611	807	196	32%
Depreciation	60	93	33	55%
Operating Expenses	324	276	-48	-15%
Overhead (2015/16 includes a one off moving cost for 2015/16 of \$80k)	501	471	-30	-6%
Operations	1496	1647	151	10%

3. Capital Expenditure Budget

The proposed capital budget is \$118,000 (c.f. 2015/16 budget of \$65,000), made up of the following items:

Item	Amount ('000s)
Website development phase 2	40
New phone system	25
Auckland Office (Air Con, lighting, storage, sofa)	25
80 Boulcott Kitchen/Reception area	15
Issue Team Software	5
Computer replacement	8

4. Three-year Profit & Loss projections

Below is a high level, three-year profit and loss projection. The critical underlying assumption is that dividends from NZRS are broadly in line with the amounts forecast in the draft NZRS Statement of Directions and Goals dated February 2016.

3 Year Profit and Loss		2016/17	2017/18	2018/19
Internet New Zealand Incorporated		Draft Budget	Draft Budget	Draft Budget
Income				
		4257	4523	4794
Expenses				
Internet Issues		654	674	694
Community Funding		600	700	800
Community Programme		616	573	584
International Engagement		179	149	153
Communications/Outreach		307	326	325
Operations		1176	1165	1171
Overheads		471	484	498
Governance and Members		513	409	415
International Events		35	50	35
	Total Expenses \$000s	4551	4530	4675
	Net Ordinary Income \$000s	-294	-7	119

5. Other Matters

Funding Operational Expenditure

The major source of funding operational expenditure is the dividend from NZRS. A payment of \$3.806 million is currently projected for 2016/17, as forecast in the Draft NZRS Statement of Direction and Goals dated February 2016.

This figure is subject to change, given the NZRS Statement of Directions and Goals for 2016/17 has not been finalised. Any dividend impact arising from the SoDaG should be clearly understood and agreed before that document is finalised, due to the flow-on effect on InternetNZ's cash position.

Any deficit resulting from a dividend adjustment along with the budget deficit of \$294,000 will be funded from retained earnings (expected to be \$4.9m at 31 Mar 2016).

Reserves

Based on projected operational expenditure limits the financial reserves for 2016/17 as required by the Reserves Policy are to be maintained at a level of \$1,610,000 (current year: \$1,220,000). This is higher due to the higher rent for the group in the new premises, and growing InternetNZ staffing.

Community Funding

In the three-year projection 2016-2019 the Community Funding budget has been increased by \$300k, with a further \$200 planned for 2019-2020, achieving the targeted \$1 million as per the Strategic Plan, assuming the realisation of diversified revenue.

Jordan Carter
Chief Executive

8 May 2016