Agenda for the 2016 InternetNZ Annual General Meeting

Date: Friday 29 July 2016

Time: 6:00* – 8:00 PM

Venue: Amora Suites, Amora Hotel Wellington

170 Wakefield St, Te Aro, Wellington

Pre-drinks at 5.30pm

6:00pm	**Meeting opens** **Apologies** *(MOVED: President/) "THAT the apologies be accepted".* **Minutes of 2015 AGM and Matters Arising** *(MOVED: President/) "THAT the minutes of the 2015 AGM be received and adopted as a true and accurate record of the meeting."*
6:05pm	**President's Report** (on behalf of Council) **Annual Report and Audited Annual Accounts** *(MOVED: President/) "THAT the President's Report be received."* *(MOVED: President/) "THAT the Annual Report be received."* *(MOVED: President/) "THAT the Audited Annual Accounts be accepted."*
6:20pm	**InternetNZ Operational** **CE Report** *(MOVED: President/) "THAT the report of the Chief Executive be received."* **2015/16 Budget** *(MOVED: President/) "THAT the 2016/17 Activity Plan and Budget be adopted."* **Membership update:** **Presentation of Public and Membership Research outcomes**
Note: Voting closes at 6.40pm	
6:40pm	**DNCL Report** *(MOVED: President/) "THAT the DNCL Annual Report be received."*
6: 50pm	**NZRS Report** *(MOVED: President/) "THAT the NZRS Annual Report be received."*
7:00pm	**General Business**
7:10pm	**Announcement of Election Results:** • Council roles • Proposed Amendments to the Constitution
7:25pm	**Meeting closes**

InternetNZ

MINUTES OF THE 2015 INTERNETNZ ANNUAL GENERAL MEETING

Status: Draft

Date: Thursday 30 July 2015

Venue: Mac's Function Centre (Cable Room), 4 Taranaki St, Wellington

Jamie Baddeley (InternetNZ President) welcomed Members and other guests, and officially opened the AGM of InternetNZ at 6:11pm. More than 20 financial members were present at the meeting and therefore met the quorum requirement.

He also announced that voting was re-opened and would close at approximately 7:15pm. Only members who have been a financial member for at least three months prior to the AGM were eligible to vote.

1. Apologies:

Apologies were received from Andrew McEwen Mason, Brenda Wallace, Clare Curran, Dave Moskovitz, Di Daniels, Don Hollander, Frank March, Hamish MacEwan, Hiria Te Rangi, Jon Brewer, Kenneth Johnston, Kevin Prince, Mark Foster, Neil James, Peter Dengate-Thrush, Peter Macaulay, Rick Shera, and Simon Stokes.

AGM 01/15   THAT the apologies be accepted.

(President/John Rumsey)
CARRIED U

2. Special Presentations

Jamie gave a short speech to pay tribute to Richard Orzecki, who was appointed as InternetNZ's new Fellow, in recognition for his efforts and significant contribution to the New Zealand Internet community over the years.

Te Mako Orzecki, Richard's brother received the award on behalf of his family (Richard's widow and two daughters) who were also present at the meeting.

3. Minutes of 2014 AGM and Matters Arising:

Jamie raised a comment received from Jon Brewer (via email) that the 2014 AGM minutes didn't capture the discussion and questions raised regarding NZRS's report. He advised that this has been duly noted and that discussions as well as key questions raised will now be recorded as best as we can at the meeting.

AGM 02/15   THAT the minutes of the 2014 AGM be received and adopted as a true and accurate record of the meeting.

(President/Murray Milner)
CARRIED U

4. President's Report:

Jamie gave a summary of his report. He advised that he was privileged to have worked with the InternetNZ team as well as its members. He also made a few acknowledgements to the following:

- David Farrar and Richard Currey, for their work and contribution as Chairs of the subsidiary boards;
- David Moskovitz and Richard Wood (Acting Chair in Dave's absence), for leading the Grants Committee; and
- Neil James, for leading the Audit & Risk Committee.

Jamie also thanked Joy Liddicoat, Vice President, and said that he looks forward to continue working alongside her.

Acknowledgements were also made to Hamish MacEwan, with Jamie thanking him for his contribution to Council during his term; and to Lance Wiggs, who has resigned from Council, with Jamie thanking him for all the work he has done.

AGM 03/15   THAT the President's Report be received.
(Vice President/Reg Hammond)
CARRIED U

5. Crowe Horwath Wellington

Paolo Caccioppoli was invited to give a brief introduction on Crowe Horwath Wellington – new auditor selected for the 2015/16 audit of InternetNZ.

AGM 04/15   THAT Crowe Horwath Wellington be appointed auditor for the 2015/16 audit.

(President/Rochelle Furneaux)
CARRIED U

6. Chief Executive's Report

Jordan presented a summary of his report and gave an overview of what has happened in the last year as well as things that the team will be doing for the current year. Key points that Jordan noted were:

- Highlights in the last year which includes having a new Group Strategy, review of the .nz Framework, having the new Community Funding system in place, success of NetHui 2014 and the Internet Research Forum, and launch of the new InternetNZ website.
- Things that were happening in the Internet world such as the TPPA negotiations and IANA Stewardship transition.
- Overview of the plans for 2015/16 and improvements on four key things this year – i.e. memberships, better communications, business development, and being the 'voice' on Internet issues.
- Ideas for InternetNZ's 20th year celebration in November this year.

AGM 05/15   THAT the report of the Chief Executive be received.
(President/Sarah Lee)
CARRIED U

7. 2015/16 Budget

Jordan gave a brief summary of the 2015/16 budget and noted that the increase in the International Events budget was due to InternetNZ hosting APRICOT in

February 2016. He also noted that it's the first time that the Budget allocates notional staff time against budget areas – hence a share of staff's salaries where they work in a focus-area is reflected in the budget so it's more accurate as to where the resources go.

A copy of the 2015/16 Budget as well as the Activity Plan are also available online via the InternetNZ website.

AGM 06/15   THAT the 2015/16 Activity Plan and Budget be adopted.

(President/Kay Jones)
CARRIED U

AGM 07/15   THAT the Annual Report be received.

(President/Richard Wood)
CARRIED U

AGM 08/15   THAT the Audited Annual Accounts be accepted.

(President/Vice President)
CARRIED U

8.   DNCL Report

Jamie invited David Farrar to speak to his report.

David acknowledged the two new Directors on the DNCL Board – Lucy Elwood and Adam Hunt – and advised that the board were well supported by the Domain Name Commissioner as well as the rest of the DNCL staff. He advised that it could have been a challenging year for the team with the opening of the 2nd level; however with DNCL working well with NZRS, they were able to get through it with less hassle and fewer problems than expected.

One of the key points he highlighted from his report was the growth of .nz this year, noting that most of it was around the opening and closing of the preferential registration period for the 2nd level domains. He commented that the 2nd level domains project had been the most significant policy change since the establishment of the SRS in 2000-2002, and thought that it was a sign of maturity of the organisation. While DNCL were focused on the communications for this project, NZRS were in charge of marketing.

David also noted DNCL's work in managing the issues and working closely with a registrar to resolve issues experienced by affected customers due to the failure of 24/7 Hosting (a large reseller who stopped updating on requests, became uncontactable and people started to get locked out of their domains). The team were able to come up with a solution to work around the issue and got better outcomes and have also consulted on some policy changes so this can be managed better in case this happens again in the future.

As at 31 March 2015, there were 88 authorised .nz Registrars. He advised that a good market share is spread out and acquisitions among registrars were occurring.

Service Level Agreement targets with NZRS for DNS and SRS were met for all months except for June 2014 (for SRS) due to NZRS scheduling error.

AGM 09/15   THAT the DNCL Annual Report be received.

(President/Daniel Spector)
CARRIED U

7:10pm to 7:25pm – Refreshment Break

9.   NZRS Report

Richard Currey thanked Jay Daley, David Morrison, Dave Baker, and the rest of the NZRS team for their work, and also thanked the rest of the InternetNZ group. He also acknowledged the significant contribution of Doug Mercer over the last 9 years as member of the NZRS Board and wished him all the best for the future.

Richard then invited Jay Daley to deliver his presentation and key highlights were as follows:
- Major developments for NZRS including the launch of the registrations for the 2nd level domains, insourcing and creation of new team, and introduction of the new NZRS brand.
- Update on the growth for the .nz domain.
- Increased in expenses was due to NZRS doing more in the last year – including the opening of the 2nd level domains which needed a significant investment to do.
- Launched a registrar portal containing basic data/statistics available for registrars – which they are attempting to use the data to drive registrar's behaviour. Partly to drive quality so they can give better data quality and manage their registrants better, and partly to drive sales and services.
- Overview of NZRS's strategic goals.
- Marketing: customer/consumer research, channel management, and marketing (promotion of key messages)
- Launch of the Broadband Map and the Internet Data Portal.

A question was raised around InternetNZ's partnership with Figure.nz (previously known as Wiki New Zealand), whether data on the Internet Data Portal is going to be accessible through an API and so usable by Figure.nz. Jay responded that it will be open data accessible from an API so anyone can pull the data and use it.

There was a question raised on the need for innovation by the registry, the question being connected to business development. Jay answered by explaining the importance of innovation to making sure that NZRS and the whole InternetNZ group remain relevant and meets the expectations of Internet users.

AGM 10/14   THAT the NZRS Annual Report be received.

(President/Amber Craig)
CARRIED U

10. Membership Survey

Andrew Cushen presented the results of the 2015 Membership Survey.

The survey was done anonymously in July this year and received 82 responses. From these results, it shows that members are predominantly from the lower North Islands and are male. The period of memberships (i.e. how long they have

been members) are largely in the middle, however membership numbers are dropping off a bit.

Key things that Andrew highlighted from the section regarding the question on 'what could INZ do better to realise the motivations to become an INZ member', was having ongoing conversations around appropriate ways of having meaningful engagement with members; the limitations of the current mailing list format; the desire from members to be involved in meaningful discussion; and having face-to-face interactions not just with InternetNZ but with other members as well.

He also advised that a new question was added to this year's survey which asks members regarding the group strategic transformations that InternetNZ targets to achieve – this is to test the members' support on these particular propositions.

The three initial take-outs from the survey that Andrew highlighted were to engage more using the Internet effectively; continuous improvement; and need to work on InternetNZ's profile in the media and public.

11. Election Results

Jamie invited Maria Reyes (Returning Officer) to announce the interim results of the Council elections.

As there were no other nominations received for the President and Vice President positions other than Jamie Baddeley (President) and Joy Liddicoat (Vice President), both of them were declared elected unopposed for these positions for a 3-year term until the 2018 AGM.

There were 7 nominations received for the Councillor positions; however, one of the nominees had withdrawn from the election prior to the opening of the online voting. Online voting opened on 16 July 2015 and officially closed around 7.15pm at that AGM. Out of the 323 voters, 152 members have voted.

After votes were tallied, the newly elected Councillors were:
- Brenda Wallace (3-year term)
- Richard Hulse (3-year term)
- Kelly Buehler (1-year term)

It was noted that the interim results will be reviewed and signed by an independent scrutineer and final results will be released on Friday 31 July.

Jamie congratulated all the elected Councillors, and acknowledged the other nominated candidates.

Meeting closed: There being no further business, the 2015 Annual General Meeting closed at 8:10pm.

Signed as a true and correct record:

……………………………………….
Jamie Baddeley, CHAIR

2015-2016

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Annual
Report

InternetNZ

OVERVIEW

InternetNZ's vision is for a better world through a better Internet. We promote the Internet's benefits. We protect its potential. And we focus on advancing an open and uncaptureable Internet for New Zealand.

We provide a voice for the Internet in New Zealand and work on behalf of all Internet users across the country.

We are the designated manager for the .nz Internet domain. And through this role we represent New Zealand at a global level.

InternetNZ is a non-profit and open membership incorporated society, overseen by a council elected by members. We have two wholly owned subsidiaries that ensure that .nz is run effectively and fairly – the Domain Name Commission (DNC) develops and enforces policies for the .nz domain name space, and .nz Registry Services (NZRS) maintains and publishes the register of .nz names and operates the Domain Name System for .nz.

We provide community funding to promote research and the discovery of ways to improve the Internet. We inform people about the Internet and we ensure it is well understood by those making decisions that help shape it.

Every year we bring the Internet community together at events like NetHui to share wisdom and best practice on the state of the Internet.

Be a member of InternetNZ and be part of the Internet community. You can keep a close watch on the latest tech and telecommunications developments and network with other like-minded people at cool events. Being a member of InternetNZ only costs $21 per year. Find out more at internetnz.nz/join

The 2015/16 year was a big success for us at InternetNZ. We recruited some great talent that has made it possible to do a lot more work in making a better world through a better Internet.

We held a highly successful NetHui for New Zealanders and hosted over 50 economies at APRICOT 2016. We held many other networking events that engaged the Internet community, members and our key stakeholders.

We awarded $500,000 in community grants for people and businesses that are working hard to deliver greater or better use of the Internet. And we gave nearly $50,000 in sponsorship money to events that shared our vision and passion of advancing the Internet.

We pulled off some big wins in the Issues Programme. Particulary that of TPP negotiations of the IP chapter, securing a CERT for New Zealand and helping to shape Government policy of all things Internet related.

We want to run with this momentum, and as such, we have a comprehensive activity plan for 2016/17 that builds on this success and allows us to continue improving the Internet for all users.

PRESIDENT'S REPORT

Tempus Fugit. Once again.

Twelve months ago, on the cusp of our 20 year anniversary, I outlined that the organisation was spending some time thinking about how it best positions itself for the next 20 years. After an exhaustive process, and with the help of our membership over the last year, I believe we've taken the first steps in the right direction. We've signed an MoU with a key stakeholder, our community engagement and support is continuing to grow, we've launched a broadband map for the country and we've had a significant influence on the way the Internet is governed globally.

Let's think about Rough Consensus and Running Code. This is an old phrase from the early days of the development of the Internet. To me, this means that it's better that things work quickly, and even imperfectly, as long as we're committed to constantly improving how things work and we're committed to the right result in the long run. I'm reminded of this phrase as I reflect on the year's efforts.

As I consider the year ahead, I would like to remind everyone who is involved with InternetNZ and the Internet for NZ of that phrase. As those involved who care about development and use of the Internet grow larger in number, we must

recognise that finding perfect consensus will become more difficult. But as long as we all constantly seek to improve what we develop using our *best efforts*, the Internet will evolve in the right way. We must seek improvement of the Internet and it deserves our *best efforts*. I certainly value the perspective of members and I hope the efforts of Council, myself and staff in the coming years will continue to support that.

We all still have a part to play in achieving that.

You will find our organisation once again, in a good place – both figuratively and literally.

From my perspective, the milestones for the year were engagement process and relatively recent Council resolutions on a sustainable set of business development policies for the group. That puts us on a path to explore new avenues and how we could further build our community grants programme.

Our Chief Executives also worked very well together to realise a memorandum of understanding with the Ministry of Business, Innovation and Employment. We are certain that it is the first public/private agreement to recognise both the standards of the Internet Engineering Taskforce and the work of Keith Davidson. This

MoU finally recognises the way we've been working with both the public and private sector, and the public at large, for a number of years.

Our international engagement has been focused on the IANA transition, participation in the ccNSO and maintaining a world-class registry. Jordan completed his sterling efforts internationally – helping with a plan to transition US Government control of a key aspect of the Internet to a far broader global multi-stakeholder group which InternetNZ is part of. Debbie has stepped up to another part of that group – representing us at what is known as the ccNSO – or the 'country names' specific part of ICANN. She fills the formidable shoes of Keith Davidson. Our ccNSO work will continue well, I'm sure.

NZRS released an impressive improvement to our shared understanding of broadband in New Zealand. They've made it really easy to understand where the best place to live is. This is a great piece of work which I expect we will all build on.

Council's direction helped realise a good place for InternetNZ, NZRS and DNCL – which we expect will foster an even better shared culture amongst our team. If you haven't stopped by for one of our community events at our new office yet, please do.

It is in that environment that Jordan and his team have continually increased the energy and passion, about the part they play in the Internet for New Zealand, alongside their colleagues in NZRS and DNCL. Working better together is a focus for Jordan.

I am also particularly pleased with the recent development of dotNews – communicating the work of InternetNZ to members and also the wider public. We all have a stake in the Internet in New Zealand and the more people that know about what we do the better. InternetNZ is working to increase our reach, who we represent and how effectively we do that. This will be a key issue in the years to come.

I have been blessed with another year of having a fine set of councillors around me. Our decision making has been robust, considerate and measured. And I think we've all enjoyed it. I firmly believe that has happened because of the diverse set of perspectives we have around the table. I'd particularly like to recognise Brenda Wallace and her efforts with others in helping us get there.

I'd like to make mention of a few Council members that have chaired Council committees in particular. Firstly I'd like to recognise the work of Kelly Buehler – Kelly has thrown herself at opportunities to help the organisation, serving on a number of committees and working groups over the year. I'd also like to note the efforts of Amber Craig and Richard Wood. Your contributions are certainly valued by me. Richard has chaired our Grants Committee this year which continues to be a very demanding role. Looking forward, I'm hoping that Amber will be able to step up and chair our Audit and Risk Committee.

Finally, I'd like to make special mention of Neil James. This is the last time you'll see Neil on the Council of InternetNZ. After many many years of fighting the good fight for the Internet in New Zealand, Neil has decided it's time that he hang up his ones and zeros, and spend more time enjoying the sun in Central Otago. Neil the contribution you've made, the wisdom and care you brought, will be very much missed. Thank you for everything.

In closing, another good year. We're heading in the right direction, we're always looking for improvements and I couldn't have done it without the help of Joy Liddicoat as Vice President, Richard Currey as Chair of NZRS and David Farrar as Chair of DNCL – and of course your Council of InternetNZ.

Thank you.

Jamie Baddeley
President

CHIEF EXECUTIVE'S REPORT

In this year's report I want to reflect on successes of the year, and on challenges ahead of us in 2016-17. By "us" I don't only mean the staff or Council or members at InternetNZ. I also mean the bigger group of people who are interested in the Internet and the future it is helping to shape.

Let me start with celebrating some successes. Around 200 people took part in the 20th anniversary celebrations at functions in Auckland and Wellington late last year. It was a chance to reflect on how far we've come, and to recognise that there's still a role for our organisation – albeit a different one from that established in 1995. The wide array of people who attended shows the depth of InternetNZ's connections across the Internet community.

Another success I'd point to is a steadily growing and maturing staff and contractor team that is able to deliver more. In the period covered by this report, we created three new roles: Ben Creet and James Ting-Edwards joined the Internet Issues team and Nicole Skews-Poole joined the Community team. These people have added to the depth and capacity of our staff team, and I'm excited to see this team delivering even more in the coming year.

In another innovation, we've introduced three new Focus Areas to bring greater clarity to what we do in our work. Access, Use and Security are the three areas. Those are where we see the biggest

challenges to the Internet and where we can make a difference. For the first time it's easy for us – and hopefully for you – to be clear about InternetNZ's priorities.

Internationally, plans to transition the United States out of its special role, in relation to global domain name policy, were agreed in March and sent to the U.S. for their consideration. We played a key role in those plans being of high quality. There's an echo at home, where ongoing work to update Government recognition of InternetNZ's role was completed just before this report went to press, with a new MoU signed between InternetNZ and the Ministry of Business, Innovation and Employment. Also on the International circuit, we were proud to host a successful APRICOT event in Auckland in February (look it up!) which achieved great registrations and a modest financial surplus.

I won't repeat the extensive record of work done that the rest of the Annual Report covers. I will thank all those who took part and note some other team changes. Aside from the new arrivals noted above, I'd like to thank Keith Davidson for his extensive service to InternetNZ. He finished his role

CHIEF EXECUTIVE'S REPORT

as our International Director on 31 March, after many years of work and distinguished achievements here and overseas. David Cormack left the role of Comms Lead and was replaced by Megan Baker; Marian Donaldson left the team and Clare Denny was on board for a few months to help improve our operations.

To 2016/17 and beyond

The challenge of Internet infrastructure in New Zealand is moving down the list of priorities for us. Extensive public and private sector investments mean we are no longer laggards. The final major task is the regulatory framework post 2020, where getting the balance right will see sharp prices for broadband but ongoing investment in networks.

Learning to make the best of this infrastructure, in an era when ever-more devices and "things" are coming online, is our national challenge. The research we did with the Innovation Partnership last year showed a many-billion-dollar gain if the average firm made as good use of Internet services and opportunities as the best do. We can work with others to help share how the Internet can help.

With that increasing use and connection come concerns with privacy and security. The Internet is an inherently open infrastructure. It started out that way and in the early days didn't affect all that many people. Today it retains that core openness, but affects almost everyone. Combined with the advances in data analysis and the personalisation of uses (remember the pre-smartphone era?), the challenges are to equip people with the tools to control their privacy and their data in a world where we retain the platform for innovation the open Internet represents.

Add in new approaches to NetHui, an expanded speaker series, more community funding, some nascent success in developing new products and services, and the areas remaining for me to mention are few, but important:

- We will be lifting our communications profile over the year, recruiting a new comms person to join Megan and I will be taking a more outward-focused approach to my role as Chief Executive.

- Our engagement with the Māori Internet community needs building, and a Council group is working with staff to plan an engagement and outreach approach.

- As we approach the 500 members mark, with a target of 1000 by the end of next year, the tools and approaches we used for engaging members when we were a small organisation don't always suit. Staff and Council are working together on ways to shift this, with incremental changes already made and more to come over the year.

I'd like to close by thanking the whole staff and contractor team, the Council and our members and supporters. InternetNZ plays a special role in bringing the Internet community together. The work we all do matters most because of how we do it: working together.

Sure, things come up from time to time that call on us all to compromise. But we manage it, and in doing so, we are all contributing to a better world through a better Internet – and that matters as much for New Zealand as it ever has.

Thank you! And here's to a wonderful 2016 and 2017.

Jordan Carter
Chief Executive

WORK HIGHLIGHTS

APRICOT 2016

In February this year we had the pleasure of hosting APRICOT 2016 - the Asia-Pacific Internet conference.

APRICOT is the premier event in the Internet industry, and draws many of the world's best Internet engineers and operators from over 50 countries to teach, present network and listen to world-class conference speakers and academia.

It was held in Auckland over a two week period and we are very pleased with the successfulness of the event.

New Zealand is a long way to come for some people but we saw over 550 delegates, 53 different economies represented and 18,228 minutes of APRICOT viewed via the live stream.

It's been a long quest for InternetNZ to host this event for the New Zealand technical community. We first bid way back in 2005. Being able to host this year, eleven years later, was a real pleasure.

New Zealanders were able to attend this international Internet conference right in their backyard. Having 127 New Zealand based attendees - all able to share and learn best practice from people accross the world - was a real highlight.

Thank you to everyone who came along to APRICOT and to all the wonderful sponsors who made the event possible.

COMMUNITY PROGRAMME

2015-16 saw a fruitful year of supporting and working with New Zealand's Internet community through funding and engagement events.

NetHui 2015

NetHui 2015 was held at Sky City Convention Centre in July and this year's theme was "The Internet is Everybody's business." Over 500 members of New Zealand's Internet community attended and the event was held alongside a Global Internet Society event called 'InterCommunity,' which brought together hubs around the world to discuss Internet issues.

Keynote Speaker Kathryn Brown, Chief Executive of the global Internet Society, talked about the launch of the organisation's 2015 Global Internet Report – which focused on the growth and impact of the mobile Internet.

There were breakout sessions on a broad range of Internet topics and issues ranging from rural broadband to culture online.

During NetHui, the 2020 Trust launched their Digital Inclusion Map. It is designed to map all digital inclusion projects throughout the country, in order to support local authorities with a better understanding of the digital inclusion world, as well as facilitating more collaboration in the sector.

For the first time, NetHui used captioning for livestream and had a Code of Conduct team, which helped support an inclusive and accessible event for the Internet Community. Feedback sought from attendees showed that it was highly enjoyed and valued by participants.

Speaker event: Sex and the Internet

InternetNZ took on a hot topic at a speaker event in November 2015: Sex and the Internet.

A panel of speakers included:

- Jessica Ducey - A sexuality educator and host of the Sex and the Internet NetHui barcamp

- Dr Andrew Jack - Chief Censor, Office of Film and Literature Classification

- Martin Cocker - Executive Director of NetSafe

- Joy Liddicoat - Assistant Commissioner of the Privacy Commission

- Brendan Malone from Focus on the Family.

The panel discussed sexual rights, community building, education, safety, privacy and censorship followed by questions from the audience.

It was a hugely popular event and one that had a great amount of feedback and social media activity.

On the back of this success, we are continuing to hold similar events and have organised a speaker series - of three events - for 2016. See our website for details.

Partnerships

We have been working with our strategic partnership organisations who all do work aligned with our purpose and vision:

- Auckland University's Institute of Culture, Discourse and Communication

- Creative Commons Aotearoa

- Figure.NZ (previously Wiki New Zealand)

- Netsafe

- 2020 Communications Trust

We also support and collaborate with the New Zealand Internet Task Force and TUANZ in their activities which align with our objects and work.

COMMUNITY PROGRAMME

Community funding

For the period of the 2015-16 financial year, our budget for funding partners and grants was $500,000. InternetNZ established regular funding rounds for Internet research, conference attendance and community projects.

Community funding continues to be one of the most important functions that InternetNZ performs and with the establishment of a regular set of rounds and timetables, it is expected that these will grow in popularity.

Community grants awarded this year included:

- **The National Collective of Independent Women's Refuges for 'RefugeOnline'** - an accessible online presence which encourages clients to seek help online as a first port of call

- **Kiwicon** for the provision of it's ninth New Zealand Information Security (infosec) community conference, run in Wellington on 10-11 December 2015

- **Karaitiana Taiuru** for detailed analysis of the 18 Maori ICT groups detailing their structure, who they are, their purpose and history

- **Dr Aniket Mahanti** for a study of the content sharing dynamics in the piracy ecosystem using Internet measurements and to gauge the online media consumption characteristics of New Zealanders through a survey

- **Lorraine Williamson** to attend the ISTE Conference 2016 (26-29 June 2016, Denver, USA)

- **Bronwyn Holloway-Smith** to attend SubOptic 2016 18-21 April 2016, Dubai, United Arab Emirates).

Sponsorship

In 2015-16 InternetNZ was proud to sponsor the following community awards and events:

- World Summit Awards

- New Zealand Discourse Conference

- MOA Awards Taranaki

- MobileTech 2016

- Distance Education Association of New Zealand Conference 2016

- Kiwi Foo Camp 2016

- World Summit Awards

- iSANZ Awards

- National Digital Forum

- The Victoria University Foundation InternetNZ Prize

- Australian and New Zealand Communication Association Conference 2015

- Identity Conference 2015

- The Prize for academic achievement in COML 307 (Law of E-commerce)

- Rural Connectivity Symposium.

NZ Internet Research Forum 2016

The second NZ Internet Research Forum was held in Auckland in February 2016, following the inaugural event in early 2015.

The event was a productive and engaging two days of Internet research, supported by a programme committee of academics and researchers from around New Zealand. Participants included people from government, NZIRF and academia.

A plan for online information sharing and potential interest for local, smaller meet-ups is to be explored and another forum is planned in late 2017.

ISSUES PROGRAMME

Our work in the Internet Issues Programme in 2015/16 was split between our internal focus, in building a fantastic team of action-oriented leaders, and external in delivering an ever higher quality of insight, analysis and commentary. All were aligned toward our strategic goal of being an authority on Internet Issues in New Zealand.

In May, we were pleased to introduce Senior Advisor Ben Creet to the team. Ben had previously worked at a wide range of Government departments on policy matters; most recently at the Department of Internal Affairs, supporting the Government Chief Information Officer. He is also a passionate member of the NZ Internet Task Force.

We also hired James Ting-Edwards as our Issues Advisor. James has a legal background, previously working in Intellectual Property practice. James is a keen philosopher who has been academically active in exploring the practice of effective altruism.

Both Ben and James have been excellent additions to our team.

Some highlights of our work in the last year are featured below.

Computer Emergency Response Team (CERT)

At InternetNZ, we've been advocating for a CERT since 2005. Our focus in 2015-16 was to try and make something happen. We put a lot of effort behind the New Zealand Internet Task Force's work in terms of establishing such a function for New Zealand and we played a leading role in bringing the parties together to do so.

Subsequent to this push, the Government announced that they are providing $20 million over four years to fund the building of a Computer Emergency Response Team (CERT) function for New Zealand - CERTNZ - as part of the Government's Cyber Security Strategy.

From what we can tell so far, CERTNZ will measure up quite well against our criteria, as researched in our previous work in 2014. It will deal with and triage a wide range of cyber incidents and the Government is clearly seeking out multi-stakeholder views from across New Zealand through the new Advisory Board.

We'll be keeping an eye on things from here. We have a positive and productive relationship with the National Cyber Policy Office and the Ministry of Business, Innovation and Employment who are responsible for shepherding the CERT into being. We are also working regularly with them to help make the CERT serve the interests of the wider Internet community.

Trans-Pacific Partnership (TPP)

The TPP was the source of a lot of concern and attention during 2015-16. InternetNZ has long worked alongside a number of other technology organisations, collaborating with the negotiators of this text to try and ensure that New Zealand's interests, with regard to the Internet and technology, are protected and enhanced.

Our focus in 2015-16 was to respond to the final text. To analyse and interpret it, to understand what it means for the New Zealand Internet Community and to determine what we need to do next to protect the uses of the Internet in New Zealand.

We were delighted that James was invited to co-author a chapter on the Intellectual Property and Information Technology sections of the Expert Papers series commissioned by the New Zealand Law Foundation and the New Zealand Public Service Association. This provides the community with detailed, expert analysis of this agreement and its implications for New Zealand law.

We also maintained regular contact with the Government officials now responsible for implementing this agreement and have provided further submissions on how we think these provisions should be translated into law during 2016.

ISSUES PROGRAMME

Telecommunications Act, pricing and convergence

We had a big year working on a number of inter-related issues around pricing and access to the Internet in New Zealand. These had a legislative or regulatory focus and were most important in order to balance the interests between investors, competition and the user.

We continued our campaign of advocating for **fair pricing for copper** based access services to the Commerce Commission. Unfortunately, this didn't end as we would have liked, with the Commerce Commission authorising a price increase for these copper based technologies in December 2015. That said, our work has laid the foundation for more discussions about the right settings for the Telecommunications Act itself, and how we appropriately reward investors for building infrastructure without exposing the users to ever higher costs.

We provided our thoughts on the first stages of the **Telecommunications Act review**. We argue that above all else, the competition settings based in New Zealand telecommunications has led to lower prices, better services and increased choice for New Zealanders - and that this is a relatively fine legacy for legislation. Whatever we do next, we must seek to enhance the long-term benefits to the end-user. This is the number one way we will deliver better, more affordable broadband to New Zealanders. We expect this particular debate will continue well into 2016.

We also provided our input into a number of other consultations related to the Government's **Convergence Review**. This work seeks to align the Government's thinking in a number of areas related to the Internet in New Zealand. It resulted in us putting our thoughts together in a submission on how to best charge Goods and Services Taxes online, the regulation of content standards and the overall integration of Internet thinking in New Zealand law.

Innovation Partnership

The Innovation Partnership is a group of organisations with a vision for New Zealand where...our children are educated to succeed in a digital world, our economy is driven by digital innovations and our government is digitally capable and accessible.

InternetNZ is proud to work alongside these organisations as we explore some of the great opportunities for New Zealand in using the Internet.

In 2015-16 the Partnership released its latest report - *Data Driven Innovation in New Zealand*. The Internet is an enabler of sharing massively more information that we can use to make decisions – but how we use that data effectively is a new challenge for us in New Zealand. This report found that:

> *Data driven innovation benefits business, consumers, government and taxpayers. But New Zealand is just getting started. We estimate that data driven innovation could easily deliver $4.5 billion in benefits within five years with higher uptake from business and government.*

> *Whether we seize this opportunity and harness the potential of the data revolution is up to us. The government can also offer encouragement with smart regulation, support for open data initiatives and by demonstrating practical benefits of data driven innovation. This report sets out the challenges ahead and points the way forward to a data driven future that fuels growth and creates value for all New Zealanders.*

InternetNZ believes strongly in the work the Innovations Partnership is doing and we will continue to be a working member of the Partnership into the future. We have recently become one of the Trustees of the new Innovation Partnership Trust.

SUBMISSIONS AND PUBLICATIONS

Over the year, we have released the following submissions and publications. All of these are available on our website.

- Intelligence and Security in a Free Society – an InternetNZ briefing
- Implementing the TPP IP Chapter – a submission on the MBIE consultation
- TPPA Select Committee Examination – a submission to the Foreign Affairs, Defence and Trade Committee
- National Cyber Security Strategy 2015 – an InternetNZ briefing
- Scoping an Internet Law Observatory for NZ – an InternetNZ briefing
- Regulating Communications for the Future – a submission on the review of the Telecommunications Act
- Content Regulation in a Converged World – a submission
- Exploring Digital Convergence – a submission
- GST: Cross-border Services, Intangibles and Goods – a submission

- IANA Stewardship Transition – comments in response to the Proposal to Transition the Stewardship of the IANA Functions
- ICANN Accountability – second draft proposal
- Independent Review of Intelligence and Security – a submission
- Further Draft Pricing Determination for Chorus' Unbundled Copper Local Loop and Unbundled Bitstream Access Services – a submission
- Land Access for Telecommunications – a submission
- UFB, RBI and Mobile Blackspot Registrations of Interest – a submission
- Network Neutrality – an InternetNZ discussion document
- ICANN Accountability – first draft proposal
- Submission to the Commerce Select Committee on three Petitions.

InternetNZ
A VOICE FOR THE OPEN INTERNET

This year we're celebrating 20 great years for InternetNZ
Be part of the next exciting chapter and join InternetNZ today

THE UPCOMING YEAR

New focus areas and key projects

We spent the start of the 2016-17 financial year finalising our activity plan and key priorities for the year ahead. This includes the ongoing work we're doing in the community, grants rounds and policy work within our issues and international programmes. The point of difference this year is the addition of three new focus areas - access, use and identity. Each of these focus areas has two key projects that have been designed so we can make the most impact in these areas.

ACCESS TO THE INTERNET

Mapping and solving digital divides

Internet infrastructure – the Telco Act review

USE OF THE INTERNET FOR EVERYONE'S BENEFIT

Protecting creative potential – the Copyright Act review

Sharing stories about innovative Internet use

IDENTITY, PRIVACY AND SECURITY IN THE INTERNET AGE

Controlling your data online

Improving the security of data online

In the coming year, our focus will also be on the following areas of work:

Expanded community funding for grants and partnerships **(up by 20% to $600k).**

New approach to NetHui - **three regional events** in 2016 and a classic national event in 2017.

Leading the creation of an **Oceania School of Internet Governance** for the region.

Ongoing baseline work in our Issues, Community and International Programmes. **Doing the basics right** in order to better New Zealand's Internet.

Boosting our communications and operations capacity, while keeping costs down, to improve our community outreach to all stakeholders, members and the general public.

You can find more detail about our Activity Plan on our website at www.internetnz.nz

INTERNETNZ COUNCILLORS

Jamie Baddeley
President

Joy Liddicoat
Vice President

Neil James
Term Ends AGM 2016

Richard Wood
Term Ends AGM 2016

Amber Craig
Term Ends AGM 2016

Kelly Buehler
Term Ends AGM 2016

Sarah Lee
Term Ends AGM 2017

Dave Moskovitz
Term Ends AGM 2017

Rochelle Furneaux
Term Ends AGM 2017

Hayden Glass
Term Ends AGM 2017

Brenda Wallace
Term Ends AGM 2018

Richard Hulse
Term Ends AGM 2018

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New Zealand

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www.internetnz.nz

InternetNZ (Internet New Zealand Inc) is the open
membership incorporated society, established to promote
the Internet's benefits and uses, and protect its potential.

InternetNZ has overall responsibility for the .nz domain name
space and is an advocate for the interests of Internet
users and domain name registrants in New Zealand and overseas.

This report can be found on InternetNZ's website.

@InternetNZ   InternetNZ

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Member Crowe Horwath International

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INDEPENDENT AUDITOR'S REPORT

To the Members of Internet New Zealand Incorporated

Report on the Financial Statements

We have audited the financial statements of Internet New Zealand Limited on pages 1 to 19, which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive revenue and expenses, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Councillors' Responsibility for the Financial Statements

The Councillors are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards with Reduced Disclosure Regime and for such internal control as the Councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Opinion

In our opinion, the financial statements on pages 1 to 19 present fairly, in all material respects, the financial position of Internet New Zealand Incorporated as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards with Reduced Disclosure Regime.

Crowe Horwath

Crowe Horwath New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
23 June 2016

Internet New Zealand Incorporated

Consolidated Financial Statements
For the year ended 31 March 2016
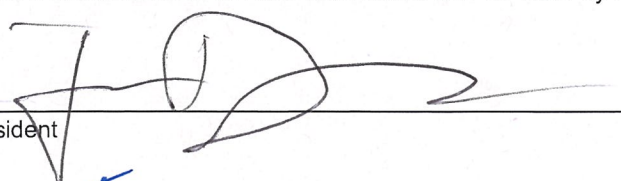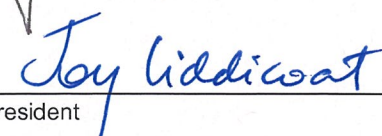
Internet New Zealand Incorporated

Contents

Internet New Zealand Incorporated

Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2016

	Notes	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
OPERATING ACTIVITIES					
Exchange revenue					
Registry fees		9,809,894	8,711,828	-	-
Other income		751,412	113,195	1,040,118	310,115
Total exchange revenue		10,561,306	8,825,023	1,040,118	310,115
Non-exchange Revenue		-	-	-	-
Total operating revenue		10,561,306	8,825,023	1,040,118	310,115
Operating expenses					
Registry services		3,576,777	3,504,609	-	-
Domain Name Commission		1,630,753	1,805,155	-	-
Community engagement		347,946	353,058	347,946	353,058
Community funding		766,439	639,533	766,439	639,533
Governance and members		368,622	438,082	358,846	421,467
International engagements		172,158	396,622	172,158	396,622
International events		650,764	51,265	650,764	51,265
Internet issues		673,097	607,696	673,097	607,696
Other overhead and administrative expenses		2,575,027	2,312,541	1,831,166	1,422,009
Total operating expenses	7	10,761,583	10,108,561	4,800,415	3,891,650
Surplus/(deficit) from operating activities		(200,277)	(1,283,538)	(3,760,297)	(3,581,535)
INVESTING ACTIVITIES					
Dividend income		-	-	4,170,058	2,755,776
Interest income on term deposits		432,921	448,853	43,494	97,491
Fair value gains/(losses) on managed funds		78,149	314,772	78,149	314,772
Surplus/(deficit) from investing activities	12	511,070	763,625	4,291,700	3,168,039
SURPLUS/ (DEFICIT) FOR THE YEAR		310,793	(519,913)	531,403	(413,496)
Other comprehensive revenue and expense		-	-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		310,793	(519,913)	531,403	(413,496)

These financial statements have been authorised for issue by the Council on 23 June 2016.

President   Date   23/6/16.

Joy Liddicoat

Vice President   Date   23/6/16

These financial statements should be read in conjunction with the notes to the financial statements.

Internet New Zealand Incorporated

Statement of Financial Position
As at 31 March 2016

	Notes	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
ASSETS					
Current					
Cash and cash equivalents	8	5,388,851	2,806,118	1,320,204	176,978
Trade debtors and other receivables	9	1,433,746	1,625,288	277,899	90,969
Prepayments		145,214	187,758	33,573	73,373
Investments	12	10,372,153	11,750,633	3,740,501	4,401,017
Total current assets		17,339,963	16,369,797	5,372,177	4,742,337
Non-current					
Property, plant and equipment	10	529,795	740,984	177,690	250,745
Intangible assets	11	515,322	787,716	93,538	140,912
Investment in subsidiary	6	-	-	610,000	610,000
Total non-current assets		1,045,116	1,528,700	881,227	1,001,657
TOTAL ASSETS		18,385,079	17,898,497	6,253,404	5,743,994
LIABILITIES					
Current					
Trade creditors and other payables	14	918,656	1,034,099	457,357	511,285
Employee entitlements	16	245,929	225,136	102,713	70,778
Deferred revenue - current	15	5,356,094	5,533,052	-	-
Total current-liabilities		6,520,680	6,792,287	560,070	582,063
Non-current					
Deferred revenue - non current	15	2,661,418	2,214,023	-	-
Total non-current liabilities		2,661,418	2,214,023	-	-
TOTAL LIABILITIES		9,182,099	9,006,310	560,070	582,063
NET ASSETS		9,202,980	8,892,187	5,693,334	5,161,931
EQUITY					
Accumulated funds		9,202,980	8,892,187	5,693,334	5,161,931
TOTAL EQUITY		9,202,980	8,892,187	5,693,334	5,161,931

These financial statements should be read in conjunction with the notes to the financial statements.

Internet New Zealand Incorporated

Statement of Changes in Net Assets
For the year ended 31 March 2016

	Group		Parent	
	2016	2015	2016	2015
	$	$	$	$
ACCUMULATED FUNDS				
Opening balance	8,892,187	9,412,100	5,161,931	5,575,427
Surplus/(deficit) for the year	310,793	(519,913)	531,403	(413,496)
Other comprehensive revenue and expense	-	-	-	-
Total comprehensive revenue and expense	310,793	(519,913)	531,403	(413,496)
CLOSING BALANCE ACCUMULATED FUNDS	9,202,980	8,892,187	5,693,334	5,161,931
TOTAL EQUITY	9,202,980	8,892,187	5,693,334	5,161,931

Internet New Zealand Incorporated

Statement of Cash Flows
For the year ended 31 March 2016

	Notes	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Cash flows from operating activities					
Cash was provided from/(applied to):					
Receipts from customers		11,048,684	10,028,764	893,120	615,753
Dividends received		-	-	4,170,058	2,755,776
Interest received		416,511	462,606	51,034	113,180
Payments to suppliers and employees		(9,689,305)	(9,190,876)	(4,487,470)	(3,704,199)
GST		1,280	142,973	30,677	(3,293)
Net cash from/(used in) operating activities		1,777,170	1,443,467	657,419	(222,783)
Cash flows from investing activities					
Cash was provided from/(applied to):					
Net proceeds from sale of investments		1,378,479	562,396	660,516	109,889
Purchase of investments		-	-	-	-
Purchase of property, plant and equipment		(315,490)	(330,437)	(144,776)	(39,046)
Purchase of intangible assets		(257,426)	(641,860)	(29,933)	(102,737)
Net cash from/(used in) investing activities		805,563	(409,901)	485,807	(31,894)
Net increase/(decrease) in cash and cash equivalents		2,582,733	1,033,565	1,143,226	(254,678)
Cash and cash equivalents, beginning of the year		2,806,118	1,772,553	176,978	431,656
Cash and cash equivalents at end of the year	8	5,388,851	2,806,118	1,320,204	176,978

These financial statements should be read in conjunction with the notes to the financial statements.

Internet New Zealand Incorporated

Notes to the financial statements

1 Reporting entity

These financial statements comprise the consolidated financial statements of Internet New Zealand Incorporated ("InternetNZ") for the year ended 31 March 2016.

The primary activity of InternetNZ is to keep the Internet open and uncaptureable, protecting and promoting the Internet for New Zealand.

Separate Financial statements for InternetNZ (the "Parent") and consolidated financial statements comprising the Parent and its subsidiaries (the "Group") are presented.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to PBEs.

The Parent and Group is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that is does not have public accountability and annual expenditure of the Group does not exceed $30 million.

The Parent and Group is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for investments measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars.

All numbers are rounded to the nearest dollar ($), except when otherwise stated.

(d) First-time adoption of PBE Financial Reporting Standards

This is the first set of financial statements of the Parent and Group presented in accordance with PBE Financial Reporting Standards. The Parent and Group has previously reported in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) applying differential reporting exemptions.

The accounting policies adopted in these financial statements are consistent with those of the previous year.

The net asset position and net surplus or deficit reported in the comparatives is consistent with previously authorised financial statements.

The impact of first-time adoption was limited to changes in presentation of the financial statements and amendments to note disclosures.

(e) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

3 Summary of significant accounting policies

The accounting policies of the Parent and Group have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from their activities (defined as "subsidiaries").

Controlled entities are those entities over which the Parent has the power to govern the financial and operating activities so as to obtain benefits from their activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All subsidiaries have a 31 March balance date and consistent accounting policies are applied.

The consolidation of the Parent and subsidiary entities involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of the Group financial position, performance and cash flows.

In the Parent financial statements investments in subsidiaries are stated at cost less any impairment losses.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the Parent and Group will not be able to collect all amounts due according to the original terms of the receivable.

(d) Creditors and other payables

Trade creditors and other payables are stated at cost.

(e) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost of replacing part of an item of property, plant and equipment are recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Parent and Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use. When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Internet New Zealand Incorporated

Notes to the financial statements

(e) Property, plant and equipment (continued)

Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a diminishing value (DV) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied:

Furniture and Fittings	10.0 - 48.0%	DV
Office equipment	10.0 - 48.0%	DV
Computer hardware	18.0 - 50.0%	DV

The residual value, useful life, and depreciation methods of property, plant and equipment are reassessed annually.

(f) Intangible assets

Intangible assets acquired separately are initially recognised at cost.

The cost of intangible assets acquired in a non exchange transaction is their fair value at the date of the exchange.

Intangible assets acquired by the Parent and Group, which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

The following amortisation rates have been applied to each class of intangible assets:

Trademarks	7 years	Straight Line
Software	50.00%	Diminishing Value

Residual values and useful lives are assessed at each reporting date.

Disposals

Gains or losses on de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the surplus of deficit for the year.

(g) Leased assets

Leases, where the Parent and Group assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Lease payments on finance leases are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest (the effective interest rate) on the remaining balance of the liability. Finance charges are charged directly against the surplus or deficit, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group general policy on borrowing costs.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

(h) Provisions

A provision is recognised for a liability when the settlement amount or timing is uncertain, when there is a present legal or constructive obligation as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate of the potential settlement can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. The increase in the provision due to the passage of time is recognised as an interest expense.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(i) Employee entitlements
Employee benefits, previously earned from past services, that the Parent and Group expect to be settled within 12 months of reporting date, are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken, at the reporting date.

(j) Impairment of non-financial assets
At each reporting date, the Parent and Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Parent and Group estimates the asset's recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised immediately in surplus or deficit.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

(k) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise trade debtors and other receivables, cash and cash equivalents, investments and trade creditors and other payables.

Initial recognition and measurement
Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial instruments
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Parent or Group transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

All financial assets except for those classified as fair value through surplus or deficit are subject to review for impairment at least at each reporting date.

Internet New Zealand Incorporated

Notes to the financial statements

(k)   Financial instruments (continued)

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. The Parent and Group has classified its financial assets into two categories for financial reporting purposes:

(i)   *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.   The Parent and Group's cash and cash equivalents, trade debtors and most other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.   Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii)   *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in the surplus or deficit for the year. The fair values of financial instruments in this category are determined by reference to active market transactions.

Investments in managed funds are classified in this category.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

(l)   Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Parent and Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The Parent and Group assess its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Parent and Group's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

The following specific recognition criteria must be met before revenue is recognised:

Rendering of services

Revenue from services rendered is recognised in the accounting periods in which the services are provided.

Interest income

Interest income is recognised as it is earned.

Dividend income

Dividend income is recognised on the date that the Parent and Groups rights to receive payments are established.

(m) Foreign currency translation

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from then settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(n) Income tax

Due to its charitable status, the Parent and Group is exempt from income tax.

(o) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

5 Capital Management Policy

The Parent and Group capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the Parent and Group's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The Parent and Group manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need for external borrowings.

6 Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries of the Parent:

All subsidiaries are incorporated in New Zealand under the Companies Act 1993 and registered as charities under the Charities Act 2005.

Name of subsidiary	Principal activity
Domain Name Commission Limited	Managing the .nz domain name space and protecting the interests and rights of everyone involved in using it.
NZRS Limited	Operation of the .nz Domain Name Shared Registry System.

Internet New Zealand Incorporated

Notes to the financial statements

7 Operating expenses

The following amounts were expensed in the surplus/(deficit) for the year:

	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Amortisation of intangibles	529,058	461,204	-	27,281
Audit fees	14,306	25,615	4,530	9,000
Bad and doubtful debts	-	-	-	-
Depreciation of property, plant and equipment	299,496	452,023	32,433	53,700
Donations	-	-	-	-
Loss on disposal of property, plant and equipment	200,325	-	186,159	-
Operating lease payments	370,989	308,696	346,703	250,410
Wages, salaries and other employee costs	4,256,626	3,753,075	1,411,837	1,041,364
Other overheads and administration costs	5,090,783	5,107,948	2,818,753	2,509,896
Total operating expenses	**10,761,583**	**10,108,561**	**4,800,415**	**3,891,650**

8 Cash and cash equivalents

	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Cash at bank and in hand	3,537,360	2,806,118	1,320,204	176,978
Term deposits with maturities of three months or less	1,851,491	-	-	-
Cash and cash equivalents at end of the year	**5,388,851**	**2,806,118**	**1,320,204**	**176,978**

The carrying amount of cash and cash equivalents approximates their fair value.

Cash at bank earns interest at floating rates on daily deposit balances.

9 Trade debtors and other receivables

	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Trade receivables	1,311,949	1,450,701	235,167	10,020
Accrued interest	121,797	105,385	4,207	11,747
GST receivable	-	69,202	38,525	69,202
Impairment allowance	-	-	-	-
Total trade debtors and other receivables	**1,433,746**	**1,625,288**	**277,899**	**90,969**

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

As at 31 March 2015 and 2016, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

Impairment allowance

The movement in the allowance for doubtful debts is as follows:

	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Opening balance	-	-	-	-
Amounts written off	-	-	-	-
Impairment losses recognised in the year	-	-	-	-
Impairment losses reversed in the year	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**

Internet New Zealand Incorporated

Notes to the financial statements

10 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

Group 2016	Leasehold Improvements $	Furniture and fittings $	Computer hardware $	Office equipment $	Total $
Gross carrying amount					
Opening balance	76,218	434,178	2,228,133	424,453	3,162,982
Additions	623	102,618	154,961	57,288	315,490
Disposals	-	(350,914)	(203,833)	(85,736)	(640,483)
Closing balance	76,841	185,882	2,179,262	396,005	2,837,990
Accumulated depreciation and impairment					
Opening balance	6,574	211,941	1,948,115	255,368	2,421,998
Current year depreciation	7,260	14,125	190,262	87,849	299,496
Impairment charge for the year	-	-	-	-	-
Depreciation written back on disposal	-	(174,205)	(175,304)	(63,790)	(413,298)
Closing balance	13,834	51,861	1,963,073	279,427	2,308,195
Carrying amount 31 March 2016	63,007	134,021	216,189	116,578	529,795

Group 2015	Leasehold Improvements $	Furniture and fittings $	Computer hardware $	Office equipment $	Total $
Gross carrying amount					
Opening balance	-	419,945	2,052,400	358,471	2,830,816
Additions	76,218	14,233	175,733	65,982	332,166
Disposals	-	-	-	-	-
Closing balance	76,218	434,178	2,228,133	424,453	3,162,982
Accumulated depreciation and impairment					
Opening balance	-	178,893	1,629,927	161,155	1,969,975
Current year depreciation	6,574	33,048	318,188	94,213	452,023
Impairment charge for the year	-	-	-	-	-
Depreciation written back on disposal	-	-	-	-	-
Closing balance	6,574	211,941	1,948,115	255,368	2,421,998
Carrying amount 31 March 2015	69,644	222,237	280,018	169,085	740,984

Internet New Zealand Incorporated

Notes to the financial statements

Property, Plant and Equipment (continued)

Movements for each class of property, plant and equipment are as follows:

Parent 2016	Leasehold Improvements $	Furniture and fittings $	Computer hardware $	Office equipment $	Total $
Gross carrying amount					
Opening balance	-	434,178	246,904	39,344	720,426
Additions	-	102,618	18,553	23,605	144,776
Disposals	-	(350,914)	(176,551)	(12,929)	(540,394)
Closing balance	-	185,882	88,906	50,020	324,808
Accumulated depreciation and impairment					
Opening balance	-	211,941	232,265	25,474	469,680
Current year depreciation	-	14,125	9,575	8,733	32,433
Impairment charge for the year	-	-	-	-	-
Depreciation written back on disposal	-	(174,205)	(170,757)	(10,035)	(354,996)
Closing balance	-	51,861	71,084	24,172	147,117
Carrying amount 31 March 2016	-	134,021	17,822	25,847	177,690

Parent 2015	Leasehold Improvements $	Furniture and fittings $	Computer hardware $	Office equipment $	Total $
Gross carrying amount					
Opening balance	-	419,945	236,003	25,422	681,370
Additions	-	14,233	10,901	13,922	39,056
Disposals	-	-	-	-	-
Closing balance	-	434,178	246,904	39,344	720,426
Accumulated depreciation and impairment					
Opening balance	-	178,893	219,439	17,648	415,980
Current year depreciation	-	33,048	12,826	7,826	53,700
Impairment charge for the year	-	-	-	-	-
Depreciation written back on disposal	-	-	-	-	-
Closing balance	-	211,941	232,265	25,474	469,680
Carrying amount 31 March 2015	-	222,237	14,639	13,869	250,745

Capital commitments

As at 31 March 2016 the Parent and Group have no contractual commitments to acquire property, plant and equipment.

Internet New Zealand Incorporated

Notes to the financial statements

11 Intangible assets

Movements for each class of intangible assets are as follows:

Group 2016	Software $	Trademarks $	Total $
Gross carrying amount			
Opening balance	3,302,955	10,698	3,313,653
Additions	257,426	-	257,426
Disposals	(62,904)	-	(62,904)
Closing balance	3,497,477	10,698	3,508,175
Accumulated amortisation and impairment			
Opening balance	2,515,239	10,698	2,525,937
Current year amortisation	529,058	-	529,058
Amortisation written back on disposal	(62,141)	-	(62,141)
Closing balance	2,982,156	10,698	2,992,854
Carrying amount 31 March 2016	515,322	-	515,322

Group 2015	Software $	Trademarks $	Total $
Gross carrying amount			
Opening balance	2,688,095	10,698	2,698,793
Additions	614,860	-	614,860
Disposals	-	-	-
Closing balance	3,302,955	10,698	3,313,653
Accumulated amortisation and impairment			
Opening balance	2,054,035	10,698	2,064,733
Current year amortisation	461,204	-	461,204
Closing balance	2,515,239	10,698	2,525,937
Carrying amount 31 March 2015	787,716	-	787,716

Internet New Zealand Incorporated

Notes to the financial statements

Intangible assets (continued)
Movements for each class of intangible assets are as follows:

Parent 2016	Software $	Total $
Gross carrying amount		
Opening balance	236,553	236,553
Additions	29,933	29,933
Disposals	(62,904)	(62,904)
Closing balance	203,583	203,583
Accumulated amortisation and impairment		
Opening balance	95,641	95,641
Current year amortisation	76,546	76,546
Amortisation written back on disposal	(62,141)	(62,141)
Closing balance	110,045	110,045
Carrying amount 31 March 2016	93,538	93,538

Parent 2015	Software $	Total $
Gross carrying amount		
Opening balance	133,816	133,816
Additions	102,737	102,737
Disposals	-	-
Closing balance	236,553	236,553
Accumulated amortisation and impairment		
Opening balance	68,361	68,361
Current year amortisation	27,281	27,281
Amortisation written back on disposal		
Closing balance	95,641	95,641
Carrying amount 31 March 2015	140,912	140,912

Internet New Zealand Incorporated

Notes to the financial statements

12 Investments

	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Loans and receivables				
Term deposits	7,922,634	9,369,710	1,290,982	2,020,094
Financial assets at fair value through surplus or deficit				
Managed Funds	2,449,519	2,380,923	2,449,519	2,380,923
Total Financial Assets	10,372,153	11,750,633	3,740,501	4,401,017

There is no impairment provision for investments.

Managed funds

InternetNZ holds managed funds with Milford Asset Management and Gareth Morgan Investments. Managed funds are held with the aim to deliver long term capital growth with moderate risk.

The fair value of the Parent and Group investments in equity investments has been determined by reference to their quoted prices at the reporting date. All equity investments are publicly traded on stock exchanges in New Zealand.

13 Total unspent funds held

	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Total unspent funds held:				
Cash and cash equivalents	5,388,851	2,806,118	1,320,204	176,978
Investments	10,372,153	11,750,633	3,740,501	4,401,017
Total unspent funds held	15,761,004	14,556,751	5,060,705	4,577,995
The total unspent funds are held by:				
Internet New Zealand Incorporated	5,060,705	4,577,995	5,060,705	4,577,995
Domain Name Commission Limited	1,059,210	1,019,703	-	-
NZRS Limited	9,641,089	8,959,053	-	-
Total unspent funds held	15,761,004	14,556,751	5,060,705	4,577,995
Represented by:				
Funds held but not yet spent	7,743,491	6,809,676	5,060,705	4,577,995
Deferred revenue in NZRS Limited	8,017,513	7,747,075	-	-
Total unspent funds held	15,761,004	14,556,751	5,060,705	4,577,995

14 Trade creditors and other payables

	Group 2016 $	Group 2015 $	Parent 2016 $	Parent 2015 $
Trade creditors	569,874	887,855	178,568	274,793
GST payable	69,993	137,914	-	-
Lease incentives	-	8,330	-	8,330
Other accruals	278,789	-	278,789	228,161
Total trade creditors and other payables	918,656	1,034,099	457,357	511,285

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

Internet New Zealand Incorporated

Notes to the financial statements

15 Deferred revenue

	Group		Parent	
	2016 $	2015 $	2016 $	2015 $
Current	5,356,094	5,533,052	-	-
Non-current	2,661,418	2,214,023	-	-
Total deferred revenue	8,017,513	7,747,075	-	-

Registry fees received by NZRS Limited are recognised as revenue on a straight line basis over the period of registration which ranges from 1 to 10 years. Registry fee receipts received for periods subsequent to balance date are treated as deferred revenue.

16 Employee entitlements

	Group		Parent	
	2016 $	2015 $	2016 $	2015 $
Current				
Annual leave entitlements	234,275	221,842	94,425	69,100
Total	234,275	221,842	94,425	69,100
Non-current				
Liability for long-service leave	11,654	3,294	8,288	1,678
Total	11,654	3,294	8,288	1,678

Short–term employee entitlements represent the Parent and Group's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

During the year the numbers of employees who received remuneration greater than $100,000 were:

	Group	
	2016	2015
$100,001-200,000	10	10
$200,001-300,000	2	3
$300,001-400,000	1	0
Total	13	13

17 Operating leases
Operating leases are held for premises used for office space.

	Group		Parent	
	2016 $	2015 $	2016 $	2015 $
Non-cancellable operating leases are payable as follows:				
Less than one year	362,494	159,566	362,494	159,566
Between one and five years	1,328,400	30,394	1,328,400	30,394
More than five years	1,494,450	-	1,494,450	-
Total operating lease commitment	3,185,344	189,960	3,185,344	189,960

Internet New Zealand Incorporated

Notes to the financial statements

18 Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Parent or Group.

The Parent and Group has a related party relationship with its Subsidiaries, Executive Officers and other Key Management

Transactions between Parent and subsidiaries

Internet New Zealand Incorporated (InternetNZ) owns 100% of the share capital in its subsidiaries:
- NZRS Limited (NZRS); and
- Domain Name Commission Limited (DNCL).

InternetNZ received dividends declared and paid by NZRS during the year of $4,170,058 (2015: $2,755,776).

NZRS and DNCL paid management fees to InternetNZ during the year of $145,509 and $190,397 respectively (2015: $59,724 and $164,196).

Other related party transactions

Innovation Partnership - Membership fees of $40,000 - InternetNZ is a trustee of the Innovation Partnerhship Trust and Deputy Chief Executive Andrew Cushen represents InternetNZ in this role and is also the Innovation Partnership Trust Treasurer. Andrew Cushen was not a party to the council resolution vote to become a trustee of the Innovation Partnership Trust.

Figure.NZ - Funding of $40,000 - Councillor Hayden Glass is the Chief Executive Officer of Figure.NZ which was a Strategic Partner of Internet NZ. Hayden recused himself from any discussions on strategic partners at Council.

Sapere Research Group - Internet NZ was a part funder of a project on the value of Data Driven Innovation - Councillor Hayden Glass is a consultant with Sapere Research Group and co-led the project along with an independent third party. The project was published in April 2015 and was an operational matter.

Key management compensation

The Parent and Group have a related party relationship with its key management personnel. Key management personnel include the Parent's Council Members, Subsidiary Directors and the Senior Management.

Key management personnel compensation includes the following expenses:	Group		Parent	
	2016 $	2015 $	2016 $	2015 $
Salaries and other short-term employee benefits	2,332,429	2,210,114	867,789	789,455
Total remuneration	2,332,429	2,210,114	867,789	789,455
Number of persons recognised as key management personnel	33	36	17	20

Internet New Zealand Incorporated

Notes to the financial statements

18 Financial instruments

(a) Carrying value of financial instruments
The carrying amounts of all material financial assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments
All financial assets held by the Parent and Group classified as "loans and receivables" are carried at cost less accumulated impairment losses. Investments in managed funds are classified as "Financial assets at fair value through surplus or deficit" as disclosed in Note 12.

All financial liabilities held by the Parent and Group are carried at amortised cost using the effective interest rate method.

19 Reconciliation of cash flows from operating activities

	Group		Parent	
	2016 $	2015 $	2016 $	2015 $
Surplus/(deficit) for the year	310,793	(519,913)	531,403	(413,496)
Add/(deduct) non-cash items				
Depreciation, amortisation and impairment	870,341	913,227	108,979	80,981
Fair value movements on financial instruments through surplus or deficit	-	-	-	-
Bad and doubtful debt expenses	-	-	-	-
Other non-cash items	-	-	-	-
Add/(deduct) movements classified as investing activities				
(Gain)/loss on disposal of property, plant and equipment	186,159	-	186,159	-
Add/(deduct) movements in working capital				
(Increase)/ decrease in trade debtors and other receivables	125,084	(486,791)	(217,606)	6,555
(Increase)/ decrease in GST receivable	(4,124)	142,973	30,677	(3,293)
(Increase)/ decrease in prepayments	42,503	12,650	39,800	28,230
Increase/ (decrease) in trade creditors and other payables	(44,104)	(66,583)	(53,929)	54,924
Increase/ (decrease) in employee entitlements	20,078	58,391	31,935	23,316
Increase/ (decrease) in deferred revenue	270,437	1,389,513	-	-
Net cash flows from/ (used in) operating activities	1,777,170	1,443,467	657,419	(222,783)

20 Contingent assets and contingent liabilities
The Parent and Group have no contingent assets or continent liabilities (2015: None).

21 Events after the reporting period
There were no significant events after the balance date (2015: None)

Plan for 2016

Activity Plan and Budget

5 April 2016

Summary

This 2016/17 Activity Plan sets out an ambitious agenda for InternetNZ. Highlights include the following:

- New **Focus Areas** with keystone projects – these will blend Issues and Community team members and involve policy, technical and collaboration approaches:
    - **Access to the Internet**
        - Mapping and solving digital divides
        - Internet infrastructure – the Telco Act review
    - **Use of the Internet for everyone's benefit**
        - Protecting creative potential – the Copyright Act review
        - Sharing stories about innovative Internet use
    - **Identity, privacy and security in the Internet age**
        - Controlling your data online
        - Improving the security of data online
- An expanded **community funding** envelope (up by 20% to $600k)
- A new approach to **NetHui**, with three regional events in 2016 leading into a classic national event in 2017
- A proposed **Oceania Internet Governance School** in collaboration with regional and global partners
- A boost to our **Communications** capacity in order to enhance the quantity and quality of communications for all stakeholders, members and the general public
- Ongoing baseline work in our **Issues, Community** and **International Programmes** – doing the basics right
- Improvements to our **Operations** capability, with new responsibilities for Andrew Cushen in this area

In doing this work, the team has three overall goals in mind:

- Communicating our work and perspectives more effectively
- Better and broader Outreach to more of the Internet community
- An increased professionalism in all that we do

The **Budget** to finance this year's Activity Plan includes an **overall expenditure increase of 4%** ($169k) to a total of **$4.551m**. The budget forecasts an **operating deficit of $294k**. The total **staffing** funded to deliver the plan **rises from 11 FTE to 14 FTE**. Based on currently available information, the **balance sheet** would (on a conservative basis) be approximately **$4.5m at 31 March 2017**.

We welcome your feedback – Council will finalise this plan on 5 April 2015.

Jordan Carter
Chief Executive

Introduction

This Activity Plan and Budget for 2016/17 sets out InternetNZ's plans for the year.

This year, we build on the presentation of our work for last year by introducing a new outward focus for our work. The first part of this Activity Plan outlines key projects in three Focus Areas:

- Access to the internet
- Use of the Internet for everyone's benefit
- Identity, privacy and security in the Internet age

These Focus Areas will link work across the organisation, in both our Issues and Community programmes. We will foster collaboration in these areas with the Internet community, in order to gain additional perspectives in our work and learn from other organisations. This insight will, in turn, drive the policy work in these projects.

In addition to the Focus Areas, we set out information about our usual Issues, Community and International programmes. There is a wide array of "business as usual" activity.

Underpinning all our work in 2016 are three core themes: **professionalism, outreach** and **communication**. Council has asked us to focus on **outreach** improvements and better engagement: to do this, we need a stronger **communications** function. To do all our work as effectively and efficiently as we can, a sharper sense of **professionalism** will be our watch-word.

These Focus Areas and operational themes reflect the feedback that we have received from members and the broader community, as well as our own analysis of where InternetNZ can make most difference in delivering our vision of **a better world through a better Internet.**

When these Focus Areas and operational themes are taken together, this Activity Plan represents solid progress in our delivery of the 2015-2018 Strategy.

We present this Activity Plan with summary Budget information so that members and other interested stakeholders may clearly see what we intend to do and how we intend to resource those commitments. For more detail, please read the companion paper setting out the detail of Budget 2016/17.

As always, we welcome feedback on this Activity Plan. It will be presented to the Council for discussion and adoption or revision at a meeting being held on 5 April.

Jordan Carter
Chief Executive

Contents

Focus Areas

We have developed a proposed new approach to our proactive outward-facing work this year. Through a process of discussion among members and stakeholders, and analysis of the Internet and the broader environment, we've identified three areas to focus our work on. These are:

- Access to the Internet
- Use of the Internet for everyone's benefit
- Identity, privacy and security in the Internet age

In each Focus Area, we note two or three projects we will do, along with supporting activities. Each of the projects has a goal we'll seek to bring about during the year, or significantly work towards.

Each has a number of activities setting out, at quite a granular level, what we will do in each project area for the year. There is a mix of collaboration, policy work and "doing stuff" in each project, blending all of InternetNZ's ways of working to bring about the desired goals.

We have presented these areas in considerable depth in this Activity Plan, because they form the core of our proactive agenda, and because it is a new mode of presentation. We look forward to your feedback.

Focus Area 1: Access to the Internet

Being able to get online is a precondition to being able to gain from the Internet. Through fixed and wireless networks, more New Zealanders than ever before are online, and there are a growing set of choices about how to get online. Since the Internet is ever more important to being able to participate in society, the "digital divide" between those who are online and those who aren't is widening, even as the number of people without access is falling.

In this area of work we'll focus on two projects in 2016-17:

- understanding digital divides
- improving Internet infrastructure.

Project 1-A: Understanding digital divides

We have an opportunity to make a meaningful contribution to deepening the understanding of digital divides in New Zealand. We can do this through using our tools, analysis and relationships to produce new datasets that analyse and communicate the issues.
We can combine these and other tools and datasets into new analysis and tools that show where and how people are excluded from participating in the Internet in New Zealand. With that information on hand, New Zealand will have a better idea of what sorts of digital divides exist – and can develop a greater understanding of which of these can and should be closed, and how.

Our **proposed goal** in 2016/17 is to become recognised as the authority on digital divides in New Zealand, enabled by our data-driven approach and analysis on the issues. This will help ensure that there is evidence to argue that addressable divides be solved.

To achieve this goal in this project, we will deliver the following activities:

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World Internet Project

Utilise and promote the World Internet Project 2015 survey and other relevant New Zealand research which supports understanding of digital divides in New Zealand.

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Digital Inclusion Map

Develop the Digital Inclusion Map with the 2020 Trust (www.digitalinclusion.nz) into being the authoritative source of information about the digital divide in New Zealand, and about initiatives that seek to address those divides.

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Fostering Use of Inclusion Map

Foster effective utilisation of that new Digital Inclusion Map by the Internet community, though encouraging new community forums to collaborate on addressing divides and utilising the data available to target, measure and celebrate inclusion initiatives.

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Project 1-B: Improving Internet infrastructure

New Zealand's Internet infrastructure is broad and varied. A critical component is the means by which people can connect to the Internet. In this, the country is reliant upon telecommunications networks. Telecommunications network operators need to be able to build and maintain networks that can cater for the requirements of the modern Internet; that have sufficient coverage to include as many New Zealanders as possible, and to do all this at prices that New Zealanders can afford. Meanwhile, the fundamental economics of these networks is changing: the Internet means value is realised over the top, in ways network operators cannot easily monetise.

This exposes a number of challenges that will play out in New Zealand, just as they are playing out overseas:

- how to incentivise investment in Internet infrastructure, when the value of that to network builders is sometimes hard to capture
- how to prevent network builders from introducing charging mechanisms and other behaviours that challenge the Internet as a global "commons" for communication
- how to ensure that decisions about resources that allow communication (especially spectrum) are made with openness, diversity and competition in mind
- how networks can transition toward Internet-centric design and economics from their current, telephony focussed base.

Many of these issues are playing out in New Zealand in the current review of the Telecommunications Act. Participating in this review will be a focus in 2016/17.

Our **proposed goal** in 2016/17 is to ensure that the Review of the Telecommunications Act results in legislative changes that support the development of high quality connectivity to all New Zealanders, at reasonable prices, and in a manner that allows for Internet innovation.

To achieve this goal in this project, we will deliver the following activities:

Telco Act Review

Lead discussion in the Telecommunications Act Review to ensure a wider range of perspectives are taken into account, through collaborating with MBIE in creating broad discussion forums and in preparing submissions, ideas and contributions to this policy debate consistent with our principles.

Independent Access Review

Create our own analysis of the state of access networks in New Zealand to both "keep the industry honest" about the state of delivery and performance, but also focus attention where necessary on those New Zealanders that may still miss out from the Internet in New Zealand.

Focus Area 2: Use of the Internet for everyone's benefit

The beneficial potential of the Internet is nowhere near fully realised. Its ability to foster communication, collaboration and creativity has much, much more to deliver New Zealand - both for economic and social ends. InternetNZ's role is to protect this potential and to promote these benefits and uses. Once connectivity is provided, this effective utilisation challenge is the next frontier.

In this Focus Area of encouraging the use of the Internet for everybody's benefit, we will focus on two projects in particular that are consistent with our unique role as a voice for the Internet as a holistic system:

- protecting the Internet's creative and economic potential
- demonstrating and exploring the changes in society due to the Internet

Project 2-A: Protecting the Internet's creative and economic potential

The Internet is a powerful tool for the creation, as well as for the consumption, of various media. It is the creative or generative character of the Internet that makes it the seedbed for so much innovation and change, and in turn provides the platform for social and economic benefits for New Zealand.

One particular example of a challenge in this regard is in the ways the law protects content through copyright. The new modes of distribution the Internet allows, and its power as a "copying machine," challenges the historic model of owners of content completely controlling distribution.

Powerful interests with much at stake see to extend regulatory models that worked in the physical world into the online world, and pressure to do this arises both locally and overseas (e.g. the freezing of intellectual property regulation in trade agreements like the Trans Pacific Partnership). In so doing, obsolete models of intellectual property policy can become locked in place. This in turn risks harming the generative and creative potential that comes from transformation, remix, reuse and renewal that the Internet allows. On the other hand, the set of rights copyright grants to performers and creators is a real incentive to production and creation of new ideas, expressions of culture and so on. The balance is forever changing, and needs to be re-considered with the public interest in mind as technology changes over time.

Our **proposed goal** in 2016/17 is to shape the discussion on intellectual property - copyright in particular - in recognition of this need for balance in the public interest. When the review does happen, the concept of the generative Internet should be seen as an important one, with a knowledgeable and mobilised community that can argue for the potential of the Internet at the heart of the balance that is required.

To achieve this goal in this project, we will deliver the following activities:

Copyright and TPP

Respond to the ongoing legislative agenda in copyright and intellectual property rights, in response both to the Trans-Pacific Partnership and to the ongoing wider legislative reform agenda in copyright, with the goal of delivering flexible, adaptable, incentivising and realistic legislation in these areas.

Digital Regulation

Work with the New Zealand Initiative on a Digital Regulation project, and how the New Zealand Government, local government and our economic actors could better enable the economically beneficial use of the Internet through sensible digital regulation.

Project 2-B: Society and the Internet

The Internet is changing the way our society operates, just as it is opening up ever more opportunities for our communities to use the Internet to create, share and collaborate. It is also changing the lives of the people in our communities.

People learn about what they can do on the Internet best from other people. To share stories is, simple as it sounds, critical to the diffusion and uptake of these new ideas for all kinds of economic and social benefits of the Internet. Showcasing an array of ideas and providing forums, collaborations and resources that allow others to replicate those successes, or further refine these uses for their own purposes, is one of the most incredible untapped opportunities for the Internet in New Zealand.

Our **proposed goal** for 2016/17 is to work together with the Internet community and a range of organisations including our Strategic Partners, to demonstrate and explore usages of the Internet that can unlock new potential and present both opportunities and challenges, and make these available to the general public.

To achieve this goal in this project, we will deliver the following activities:

Speaker Series

An enhanced Speaker Series of events, where we will showcase perspectives of different parties involved in a particular issue relating to the Internet in New Zealand, augmented with specific community resources and discussion documents that perpetuate the learnings from these events and InternetNZ's own positions on key issues related to the topics.

Collaborations

Specific targeted collaborations with our Strategic Partners and other like minded organisations, to explore issues in depth and strength together – like the Internet of Things with TUANZ, open data uses through the Internet with FigureNZ, effective Government use of the Internet with the Innovation Partnership.

Focus Area 3: Identity, privacy and security in the Internet age

Security and privacy on the Internet is one of the primary challenges of our time. Our understanding of what it means to be private is changing in the online world, as more people willingly exchange personal information for enhanced, Internet enabled services. However, we also increasingly deal with the risks and challenges presented by this reality through making informed choices about our privacy online.

This reshaping of our environment creates challenges in terms of how all New Zealanders manage their online identities. In turn, there is a huge learning process to go through for society in establishing new norms of behaviour – for people at work and at home, for companies and governments – to protect human rights and freedoms in an environment where trust is both reasonable, and deserved.

We also live in an ever more challenging world when considering Internet security in general. As more of our lives and economies move online, illegitimately accessing information becomes an ever more attractive prospect for organisations and individuals that may seek to do harm.

The open Internet is not, by design, "safe" or "secure." But people on the edges of the network can use technology and shape their behaviour in ways that support their ability to be safe, private, and in control of their identities. To the extent that they do so, other more dangerous pressures to render the Internet "safe" at the expense of its ability to remain an open infrastructure for innovation and change are more easily resisted.

We will respond to these challenges through two projects:

- controlling your data online
- securing data online.

Project 3-A: Controlling your data online

We will lead a series of conversations with the Internet community around expectations of privacy and control of personal data in the age of freemium (user is the product) services, ever-more-extensive sensor infrastructure and surveillance possibilities. InternetNZ can lead change by pushing for the following concepts (as examples) to become widely accepted:

- compulsory disclosure on security breaches that include leaking of personal information
- encrypted storage of personal information
- easy, genuine and guaranteed account closure and deletion of personal information.

Such conversations and actions can help identify directions for legislative and policy change, as well as commercial and individual behaviour, to maximise people's autonomy and the integrity of their personal information.

Leading such debates will have flow-on effects on the work of others. For instance, the review of the Privacy Act is likely to make progress in 2016, and leading these debates will help us, and others, make the most effective possible contribution to the review.

Our **proposed goal** in 2016/17 is to provide leadership, alongside others, about privacy and anonymity that help New Zealanders to decide what the issues are. From there, people will be able to make informed choices about the information they share, in exchange for a clear understanding of the benefits that such sharing will entail.

To achieve this goal in this project, we will deliver the following activities:

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Easy Transparency

Develop a series of resources that make it easy for New Zealand organisations to inform the public information about how many times government agencies ask them for information - aka transparency reports.

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Easy Encryption

Develop a series of resources that explain how New Zealanders can make use of readily available encryption tools to increase their privacy online.

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Project 3-B: Securing data online

The information security environment continues to develop rapidly in New Zealand, in response to ever emerging threats and opportunities around securing data online. Simultaneously, understanding about how to secure data online is not high, creating new challenges and obligations for organisations that hold data about and for New Zealanders. Added to this are ever changing and evolving expectations from the public about how their data is handled, protected and secured. The Government is also increasingly interested in Internet security, as reflected in the Government Cyber Security Strategy released in December 2015, and in the ongoing work being done by the Government through the ConnectSmart initiative.

InternetNZ is well positioned to add our own initiatives into this mix, that both make a meaningful contribution to the Government's Strategy and to the ConnectSmart ecosystem. In doing so, we will seek to work through those organisations that hold data, to lift their understanding and capability to secure the information of New Zealanders. In future Activity Plans we will augment this work with further, public facing initiatives.

Our **proposed goal** in 2016/17 is to increase the understanding of responsibility that New Zealand organisations have in securing information about New Zealanders online.

To achieve this goal in this project, we will deliver the following activities:

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Am I a Network Operator?

Develop a series of resources clarifying the law around network operators and how and when particular legal obligations around information security apply.

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Information Security Makeover

A campaign around information security makeovers, where we will demonstrate how organisations can secure their data online through practical demonstrated actions in a competition like setting.

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Internet Issues Programme

The primary strategic transformation for 2015-2018 for the Issues Programme remains to "**be an authority on Internet Issues.**"

This 2016-17 Activity Plan represents the second year of our delivery of that goal. We met our primary goal in the 2015/16 Activity Plan by building a team to deliver the Programme. We successfully created an "engine room" in the Issues team – this year is about what that engine is capable of.

The main delivery on issues is in the Focus Areas set out above. Beyond this, our goals in the 2016/17 Activity Plan represent the next step in fulfilling this strategy as well as reflect the operational themes mentioned earlier in this document. 2016/17 is about:

- **Professionalism:** committed timetable of clear outputs
- **Outreach**: working collaboratively with partners
- **Communications**: communicating our work for maximum impact.

Activities – Baseline

- **Updating the State of the Internet Report (SOTI):** Continue to develop this Report as an authoritative source for information about the Internet in New Zealand by publishing the 2017 edition.
- **Response to emerging Internet issues:** We will retain capacity where possible, and otherwise reprioritise as required, to ensure that InternetNZ is able to respond to emerging Internet issues during the year.

Activities – New Outputs

The Activities that the Issues team will deliver are primarily covered in the Focus Areas part of this document.

Community Programme

The Internet community is made up of all the New Zealanders who can shape the Internet's growth, development and use, including in business, government, academia, technical and community-based organisations and as individuals. We work to empower and develop that Internet community, as integral to the ongoing development of the Internet in the public interest.

The Community Programme activities for 2016/17 continue towards achieving the strategic transformations and goals for the 2015-18 Strategic Plan, while community focused activities are part of the Focus Areas for 2016/17 as well. The primary strategic transformation for the Community Programme which this plan supports is that **the Internet community is well developed, connected, collaborating and contributing as much as it can to the development of the Internet for New Zealand**. We work to empower and develop the Internet community to take responsibility for and to shape the future of the Internet in New Zealand.

Highlights of the community programme activities this year include trailing a new approach to NetHui, and a focus on community grants professionalisation, as well as ongoing support through community grants and strategic partnerships, continuing development of the New Zealand Internet Research Forum, our sponsorship of events, and support of community organisations.

These highlights reflect community programme goals in the 2016/17 Activity Plan which reflect the operational themes mentioned earlier in this document. 2016/17 is about:

- **Professionalism**: working to continue professionalising community grants processes
- **Outreach**: reaching out more broadly into New Zealand communities with our NetHui events, as well as a focus on building strong understanding of and relationships within the research sector
- **Communications**: improving communications around community funding and seeking new channels to reach out more broadly into New Zealand on community engagement events

Activities – Baseline

- **Community Grants:** two funding rounds (one focused on Internet research and one on community projects, with a conference attendance grant component of each round) coordinated with community engagement events. Additionally, community grants work includes on-going engagement with existing and potential grant recipients.
- **Strategic Partnerships**: community funding support of partners and collaborate on areas of focus, facilitating interaction between partners and the Internet community. Engaging with and reviewing potential future partnership opportunities.
- **Community Sponsorship**: reach new communities and events through strategic sponsorship to support community events and awards.
- **Community Organisation Support**: providing ongoing support as committed and building and maintaining effective working relationships with TUANZ, NZITF, NZNOG, and Kiwicon, as well as managing ad hoc and other requests for support.
- **New Zealand Internet Research Forum**: this year the focus will be on supporting the New Zealand Internet research community by supporting an online NZIRF open research hub, as scoped at NZIRF 2016, as well as meet-ups and connections within the community, looking to hold the next NZIRF event in late 2017. Also, collaboration with e-research conference and broadened Internet research events and groups will be explored and delivered.

Activities – New Outputs

The Activities that the Issues team will deliver are primarily covered in the Focus Areas part of this document.

- **NetHui 2016:** deliver a series of three NetHui events across New Zealand as a new format, designed to increase the visibility and participation of NetHui in new locations and communities.
- **NetHui Collaborations:** collaborate with ITX and Open Source Open Society Collaborations in Wellington in July and August 2016 to deliver 'NetHui Sessions' at these events as well as increase access and engagement from broader communities through supporting scholarships and livestreaming for the events.
- **Māori Engagement Project:** support the work of the Māori Engagement Committee of Council and engage tikanga and language expertise and training to support governance and operational practices.
- **Community Grants Professionalisation Project:** new reporting and communications processes will be implemented to increase outreach with grants recipients and information about grants into the broader community. Also the policy framework, including assessment process, will be reviewed to ensure scalability and appropriate resourcing. Additionally, an Impact Assessment framework will be developed for adoption.

International Programme

The International Programme is the area of work that seeks to connect local discussion about Internet issues and technology with what is happening globally, to meet our responsibilities as the designated manager for the .nz ccTLD, and to reflect New Zealand interests and views outside New Zealand to shape the Internet's growth and development.

Our focus in this year's Activity Plan is to continue to engage in and support Internet governance processes as InternetNZ, while building New Zealand Internet community leadership capacity in Internet governance.

Activities – Baseline

- **International Internet governance organisations and forums:** Internet Governance Forum, Australia IGF, Asia-Pacific regional IGF, Pacific Islands IGF, APRICOT, IETF etc.
- **ICANN engagement:** as ccTLD manager for .NZ and as a civil society organisation.
- **Support of New Zealand Internet Governance engagement:** We will continue to support the work of the New Zealand Government in Internet governance, with an ongoing focus on ITU, ICANN and World Summit on the Information Society (WSIS) follow-up processes.
- **International Group Strategy:** Supporting growing professionalism and coordination in outreach across the InternetNZ Group by reinvigorating the Group International strategy.

Activities – New Outputs

- **Oceania Summer School of Internet Governance:** Having progressed discussions with a range of international partners on the concept of an Oceania School of Internet Governance (OSIG), we plan to convene a project committee of partners to develop and host an inaugural event for the region, including New Zealand, Australia and the Pacific Islands. Confirmed organisations interested in participating include University of Queensland, APC, ISOC, PICISOC, ICANN and Internet Australia, with other key partnerships in the region likely. Details will be committee led but early 2017 is anticipated for the event, if hosted at the University of Queensland. The delivery of an Oceania Summer School of Internet Governance will help to deliver both community development transformations and international transformations, developing leadership capacity in the Internet community of New Zealand as well as providing opportunity to share knowledge, debate and share ideas with others from the region and international partners.

Communications and Outreach

As an organisation, we communicate to project our voice outward into the environment so that our views can be known, through a strategic, professional and consistent approach to communications with the right set of audiences.

The primary strategic transformation for 2015-2018 for the Communications function is to deliver messages to our **membership and wider range of stakeholders that are effective and consistent.** In the second year of delivering that plan, and with reference to the operational themes for this activity plan year, the next phase of that development primarily deals with:

- **Communications**: delivering another step change in the quantity and quality of communications for all audiences, both external and internal (members), and through further professionalising our voice.
- **Outreach**: delivering on stakeholder management through utilising tools and processes to ensure appropriately targeted ongoing outreach and communications to specific audiences and stakeholder groups integrated into our programmes, projects and business as usual work.

This represents a significant step up from the current Baseline of activity. This Activity Plan and Budget therefore recommends that additional staffing be put into Communications to support this additional workload.

Activities – Baseline

- **Core Communications:** Regular communication goes out to all internal and external stakeholders with work updates on Issues, Community and International Programmes.
- **Stakeholder Planning:** A plan is developed to shape perceptions among key stakeholders to explain our mandate and encourage dialogue and two-way relationships.
- **Stakeholder Outreach:** Ongoing organisational wide improvements in managing stakeholder outreach.

Activities – New Outputs

- **Communications pipeline:** Delivering a managed set of communications media and assets that supports an improved pipeline of delivery from the programmes, and allows high quality content to be produced and delivered quickly.
- **Website Phase 2:** Delivery of the second phase of InternetNZ's website redevelopment, as launched at the end of 2014, by improving and enhancing core functionalities to make it operationally workable, user-friendly and professional.

Governance and Membership

As an incorporated society, InternetNZ is made up of members – both individuals and organisations. The members elect the Council: the governing body of the organisation. This part of our Activity Plan deals with our work in these areas.

Membership

Our strategic transformation for 2015-18 is that **members are clear about their role in InternetNZ, and understand the value in joining.**

Our goal in delivering to this transformation in this Activity Plan is to continue the transition from our historical position of a volunteer-based non-governmental organisation to the professional, widely-connected organisation that we are now. The role of members is less to "do the work" of the organisation, but is no less important for that: it is to add depth and perspectives, identify issues and help foster a community of people supportive of our objects and our work.

Advancing that transition requires some clear decisions about how members can continue to meaningfully contribute their ideas, energy and insights in ways that work for everyone.

Activities – Baseline

- **Membership Survey:** done six-monthly rather than annually
- **Members Meetings:** done twice a year in planning and review

Activities – New Outputs

- **Membership Process Improvements:** working with Council and members to identify ways to improve the membership offer, implementing these during the year, and reflecting on successes and lessons learned next year.

Governance

Governance change is not a significant focus of this year's Activity Plan, though we note the new pattern of Council meetings with four quarterly meetings dealing with standard reporting and accountability matters, a Strategic session and a meeting to determine the annual plan and Budget.

Operations

The Operations team provides the administrative and operational support that makes the organisation work. This is a significant area of baseline, business as usual work, in many cases performed in support of other parts of the Group.

One of the inputs into this 2016/17 Activity Plan is a comprehensive assessment of the workload required maintaining this scope of Operations in a sustainable way, and therefore to have an accurate baseline from which the rest of the new activity can be measured and loaded. The Operations team underpins everything that the organisation does, and managing these functions correctly is an important enabler of the rest of the organisation's work.

The primary strategic transformation for 2015-2018 for the Operations team is to be **recognised as capable, organised and trusted.** In the second year of delivering that plan, and with reference to the operational themes for this Activity Plan year, the next phase of that development is centred around continually improving the professionalism of service delivery, through:

- **Capacity**: clear understanding, measurement and balancing of capacity to support the organisation.
- **Efficiency**: reviewing core processes to ensure that these are as efficient as possible, in light of wider organisational changes and greater expectations.

In the immediate term, the capacity challenge is the most pronounced. Once the Baseline responsibilities are taken into account, Operations is already working at capacity. This Activity Plan therefore recommends maintaining last year's budget provision for additional staffing capacity in Operations to support the delivery of this plan.

Activities – Baseline

- **Financial Management:** full responsibility for all aspects of financial management and administration for InternetNZ and for significant components of DNCL and of supported partner organisations (NZITF, NZNOG, and IPv6).
- **Human Resource management:** managing our obligations as an employer.
- **Governance Support:** organise and provide support for the AGM, elections, Council meetings, strategy retreats, subsidiary board appointments, and committee secretariat support.
- **Subsidiary services and support:** including reception, meeting coordination, financials and IT for DNCL, and facilities management.
- **Statutory compliance obligations:** including all business legislation and in particular charities, health and safety and human resources legislation.
- **Chief Executive administrative support** as needed.
- **Overall office support** including reception functions, facilities management and support, and administration support (as needed).
- **IT management:** responsible for managing both internal IT assets and supplier relationships that provide them.
- **Travel management:** the centralised responsibility for managing all travel requests.
- **Internal policy development:** ownership and responsibility for maintenance of both operational and governance policies.
- **Event delivery:** supporting the programmes through full project management of standing external event commitments – budgeting, facilities, catering, programming, logistics – across the following events:

- o NetHui (three events in 2016 – see projects)
- o ANZIAs
- o NZNOG
- o ITx support
- o Internal events as capacity allows.
- **Membership support and administration:** managing the full operational support requirements of our ~400 members, including:
  - o subscription management of members optional mailing list (i.e. PAG, members-discuss) via their members profile or manually
  - o membership renewal processes
  - o membership joining and approval processes.
- **Programme support:** working with the Issues, Community and International Programmes to support their activities by:
  - o grants administration: provide grants assessment process support and contract management
  - o specific ad-hoc tasks as requested.

Activities – New Outputs

We plan the following new outputs in 2016/17:

- **Internal phone system replacement:** replacing the PABX based system used internally.
- **NetHui:** project management of the NetHui series of events nationwide in October.
- **IT asset management:** develop an asset management process and policy detailing timeframes for replacement of office IT.
- **System interoperability:** develop integrations between various business and financial systems for efficiency (e.g. accounting and membership systems links).
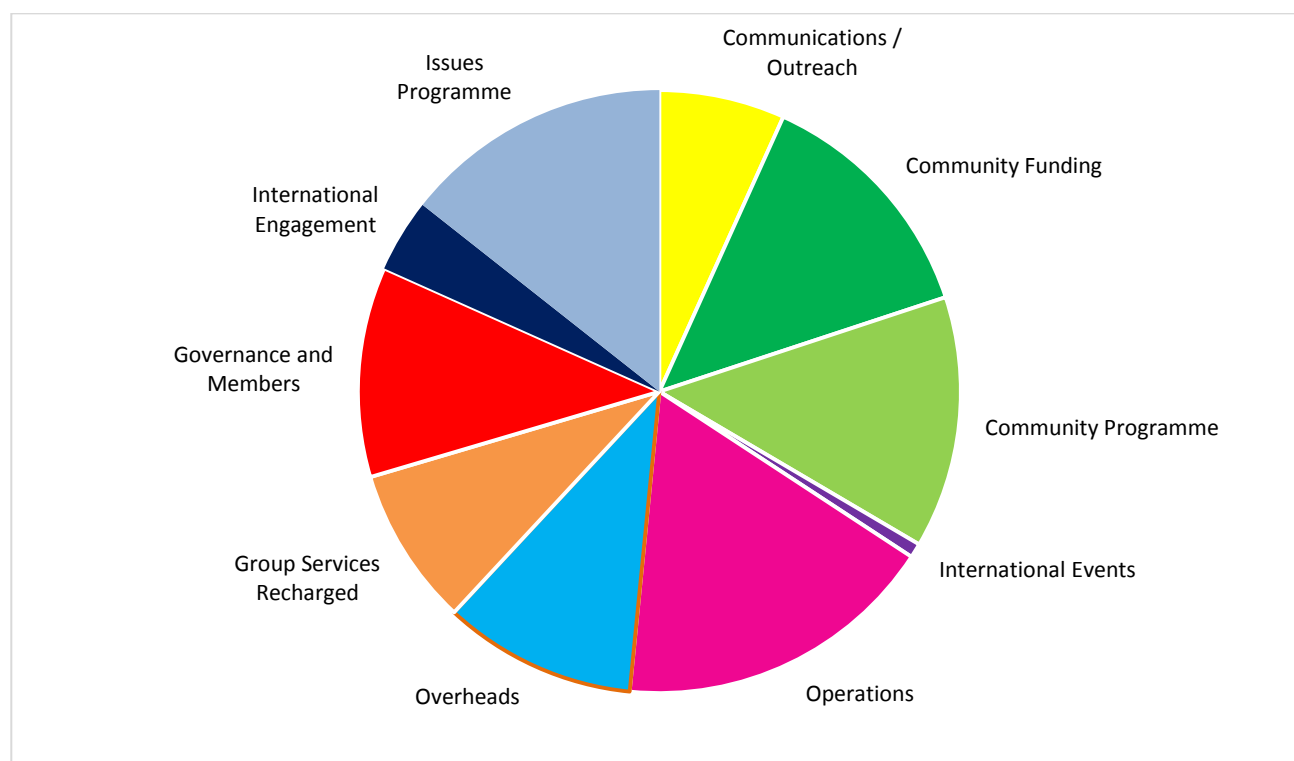
Budget Summary

The budget has been prepared to resource the preceding Activity Plan for 2016/17. The draft 2016/17 budget results in a 4% increase in expenditure compared to 2015/16. Other than the reallocation to funding of $100,000 from international events, the other areas requiring additional resourcing to achieve the Activity Plan are: Issues, Community Programme, Communications/Outreach, Operations, and Governance and Members. Details by area are provided in the full budget paper, being presented at this meeting.

Comparison report with 2015/2016

2016/17 Draft Budget	2015/16	2016/17	Change over Last Year	
	Budget	Draft Budget	Amount	%
Income				
	4595	4257	-338	-7%
Expenses				
Internet Issues	594	654	60	10%
Community Funding (2015/16 figure includes the $90k carried over from 2014/15 RN18/15)	590	600	10	2%
Community Programme	567	616	49	9%
International Engagement	249	179	-70	-28%
Communications/Outreach	205	307	102	50%
Operations	995	1176	181	18%
Overheads (2015/16 includes a $80k one off amount for the move)	501	471	-30	-6%
Governance and Members	426	513	87	20%
International Events	255	35	-220	-86%
Total Expenses $000s	4382	4551	169	4%
Net Ordinary Income $000s	213	-294	-507	-238%

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Operational Expenditure reconciliation

	2015/16	2016/17
Total Expenses $000s	4382	4551
Less subsidiaries reimbursement of shared services	-282	-387
Total Expenses $000s	4100	4164

The following chart and table provide a visual of the financial and staffing allocation of the proposed budget across the work areas.

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

Stakeholder Overview

To demonstrate how we are delivering to the traditional "five key constituencies" utilised in international Internet governance circles, we have mapped the intended deliverables in this 2016/17 Activity Plan against the following stakeholder groups:

Stakeholder group	Project or activity
Government	Focus Area Access: Telco review project, Digital regulation project, International UN and ICANN engagement
Business	ITx NetHui collaboration, Digital regulation project, ISP scorecard project
Academia	NZ Internet Research Forum, community grants
Technical community	ITx NetHui collaboration, Kiwicon support, Focus Areas: access and use (security)
Civil society	Community funding, NetHui, sponsorship, Focus Area: use

Additionally, a range of projects will work to mix all stakeholders including NetHui, the Focus Area Access: Understanding the Digital Divide, and Focus Area Use: Speaker series project.

Projects and Events Delivery Calendar

This delivery calendar provides a high-level summary of when some of the key projects and activities listed in this plan will be delivered. A more detailed Activity Plan Report will be provided every quarter, following Council meetings.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Focus Areas	1-A: World Internet Project 2-A: Copyright & TPP 2-B: Collaborations: Tech Economy 3-B: Am I a Network Operator? 2-B: Speaker Series	1-B: Independent Access Review 2-B: Collaborations: Internet of Things 2-B: Speaker Series 3-A: Easy Transparency	1-B: Telco Act Review 2-A: Digital Regulation 2-B: Speaker Series 3-A: Easy Encryption 3-B: Information Security Makeover	1-A: Digital Inclusion Map 1-A: Fostering Use of Inclusion Map
Issues Programme				State of the Internet 2017
Community Programme	Grants Professionalisation Project	NetHui Collaborations: ITx and Open Source, Open Society NZIRF online	NetHui 2016 Events Grants round TBC	Grants round TBC NZIRF events NZNOG support
International Programme	ICANN		ICANN IGF	Oceania School of Internet Governance ICANN
Communications and Outreach	Communications pipeline		Website phase 2	
Governance and Members	Council meeting	Council meeting	Council meeting	Council meeting
Operations		IT Asset management	Internal Phone system replacement	System Interoperability