Agenda for the 2017 Annual General Meeting

Date: Thursday 27 July 2017

Times: 5.30pm   pre meeting drinks
              5.50pm   Sneak Preview – State of the Internet 2017
              6.00pm   AGM commences
              7.30pm   AGM Concludes
              8.30pm   Guests depart

Venue: Cliftons, Majestic Centre, Level 28, 100 Willis Street

*Pre-drinks from 5.30pm

Time	Item
5.50pm	State of the Internet 2017 Ben Creet will present a snapshot of the key findings of the 2017 State of the Internet report, being launched in August.
6:00pm	Annual General Meeting opens Apologies (MOVED: President/) "THAT the apologies be accepted". Minutes of 2016 AGM and Matters Arising (MOVED: President/) "THAT the minutes of the 2016 AGM be received and adopted as a true and accurate record of the meeting."
6:05pm	Governance Report • President's Report • Update on the Organisational Review 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 Crowe Horwath Wellington to be appointed auditor for the 2017/18 audit, and retrospectively appointed auditor for the 2016/17 audit.") (Note: due to an administrative error, last year's AGM did not appoint the auditor – the resolution was left off the agenda.) (MOVED: President/) "THAT the Audited Annual Accounts for 2016/17 be accepted."
6:30pm	Management Report Chief Executive's Report (MOVED: President/) "THAT the report of the Chief Executive be received." 2017/18 Budget (MOVED: President/) "THAT the 2017/18 Activity Plan and Budget be adopted." Presentation of Annual Membership Survey results

	Note: Online Voting closes at 6.40pm
6:50pm	DNCL Report (MOVED: President/) "THAT the DNCL 2016/17 Annual Report be received."
7:00pm	NZRS Report (MOVED: President/) "THAT the NZRS 2016/17 Annual Report be received."
7:10pm	General Business
7.20pm	Special Presentations • New Fellows
7:30pm	Announcement of Election Results: • Council roles • Proposed Amendments to the Constitution
7:40pm	Meeting closes

MINUTES OF THE 2016 ANNUAL GENERAL MEETING

Status:	To be ratified
Date:	Friday 29 July 2016
Venue:	Amora Hotel Wellington, 170 Wakefield Street, Wellington

Joy Liddicoat (Vice President) welcomed Members and other guests, and officially opened the AGM at 6:00pm. More than 20 financial members were present at the meeting and therefore met the quorum requirement.

She announced that voting was re-opened and would close at approximately 6:40pm. 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 Jamie Baddeley, Di Daniels, Neil James, Kay Jones, Richard Currey, Jan Bieringa, Colin Jackson, Mike Riversdale, Brittany Travers, Nat Torkington, Jenine Abarbanel, Kevin Prince, Rick Shera, and Frank March.

AGM 01/16:   THAT the apologies be accepted.

(Vice President)
CARRIED U

2. Minutes of 2015 AGM and Matters Arising:

The minutes of the 2015 AGM were taken as read.

AGM 02/16: THAT the minutes of the 2015 AGM be received and adopted as a true and accurate record of the meeting.

(Vice President/Brenda Wallace)
CARRIED U

3. President's Report:

Joy gave a brief summary of the President's report on behalf of Jamie who was unable to attend the meeting. One of the particular highlight for the President that Joy mentioned was around the start of improving membership engagement, and taking the steps towards building the vision of InternetNZ for the next 20 years. Other key things that were highlighted from his report were:
- Getting consensus in place, which may not be absolute, to make decisions and making sure that inputs from members are valued and considered.
- Move to the new premises and have the group's staff in one office again.
- Achieved having a Memorandum of Understanding (MOU) with the Ministry of Business Innovations and Employment (MBIE) in relation to .nz.
- Great achievements and contributions from the three Chief Executives around the International engagement which has been more focused on the IANA (Internet Assigned Numbers Authority) stewardship transition

particularly around the ccNSO (Country Code Names Supporting Organisation) and maintaining a world-class registry.
- Broadband map, an initiative of NZRS, had been successful and has provided a shared understanding of broadband in New Zealand.
- Improved communications such as the development of first What's Up and then dotNews and communicating InternetNZ's views and perspectives to the wider public in more accessible ways to increase our reach.
- Good year in Council and have acknowledged their work and contribution particularly Brenda Wallace, Kelly Buehler, Amber Craig and Richard Wood.
- Acknowledged Neil James' departure from Council and thanked him, as well as recognised all his contribution to Council and InternetNZ.

AGM 03/16: THAT the President's Report be received.

(Vice President/Sarah Lee)
CARRIED U

4. 2015-16 InternetNZ Annual Report and Audited Annual Accounts

Reports were taken as read.

AGM 04/16: THAT the Annual Report be received.

(Vice President/Dave Moskovitz)
CARRIED U

AGM 05/16: THAT the Audited Annual Accounts be accepted.

(Vice President/Sarah Lee)
CARRIED U

5. Chief Executive's report

Jordan gave a brief presentation on his report. Key points highlighted were the key achievements for 2015-16 (which he advised were also highlighted in the Annual Report); plans for the current year; updates on the budget and what's next for InternetNZ.

For 2016/17, there are three focus areas:
- access to the Internet
- use for the Internet for everyone's benefit, and
- identity, privacy and security in the Internet age

There are a couple of projects under each focus area, and they are our main proactive effort in a policy and issues engagement sense for the year.

However, if there are any other Internet policy issues arise, Jordan advised that the team will still be able to respond when there is capacity to do so. Other than the focus areas, this year's budget began the expansion of community funding for grants and partnerships; there is a new approach for the NetHui (which will be a different model for 2016 having three regional events and a classic national event in 2017); and lastly leading the creation of an Oceania School of Internet Governance for the region (the timing of which depends on external partners).

Jordan said that in all our work, the aim of the team is to do as much with the money and resources we have as we can.

Details of the above focus areas as well as the allocation of the budget are set out in the 2016/17 Activity Plan and Budget which is available and published in the website.

Plans for the future: Jordan highlighted five key points including
- working on the new team and bringing people together to work collaboratively and effectively,
- building the InternetNZ group and working closely with the other business units to be as efficient and effective as we can,
- development on the product and services offering,
- a fresh approach to the membership, and lastly
- around diversity – celebrating and embracing the fact that InternetNZ is changing and growing.

AGM 06/16: THAT the report of the Chief Executive be received.

(Vice President/Amber Craig)
CARRIED U

6. 2016-17 Activity Plan and Budget

Report was taken as read.

AGM 07/16: THAT the 2016/17 Activity Plan and Budget be adopted.

(Vice President/Richard Hulse)

CARRIED U

7. Membership Update: Presentation of Public and Membership Research Outcomes

Jordan presented the outcomes of the public and membership opinion research conducted by an external organisation, to get an idea on what people's perceptions are of the Internet.

Overall the report includes information on what New Zealanders think about:

- who are connected to the Internet;

- in what ways do they connect (e.g. via mobile phone, laptop, and/or other devices);

- the type of internet connections do they use (e.g. mobile data or broadband or wifi at home)

- how frequently they use the Internet;

- main uses of the Internet (e.g. banking, entertainment, research, etc.);

- main benefits of the Internet (e.g. access to information, easy to communicate, etc.);

- Internet concerns - unprompted (participants were asked what were their main concerns about the Internet);

- Internet concerns prompted (lists where participants mark the list of concerns (e.g. threats to security of personal data, cyber-bullying, etc.);
- InternetNZ awareness (have they heard about InternetNZ); and
- what do they think is the role or function of InternetNZ.

He advised that the report was just received a day before the meeting so staff haven't had a chance yet to analyse and interpret the data in the report. However, if there are any questions and/or comments, that they can contact InternetNZ staff. The reports will be published soon.

8. DNCL Report

David Farrar presented and spoke to his report.

One of the key highlights that David presented was around growth of registered .nz domains – he noted that the growth has slowed compared to previous years. DNCL has also done a review of the .nz policies, from 14 policies this has been reduced to just four policies. He also advised that the other major policy focus in the last 12 months were around the WHOIS review, where the challenge was getting the balance right between public good from an open register and privacy concerns.

He gave a brief update on the Dispute Resolution Service which he advised received 31 complaints. However most of them are resolved in mediation – a free-service funded by DNCL to try and work out the issue before it goes to an expert arbitration which could cause money to the parties involved. Out of the 14 complaints that went to an expert arbitration, 10 resulted in transfer (i.e. person complaining have won) and 4 didn't.

For the registrar market share, David advised that they are now up to 90 authorised .nz registrars. There is a good market share spread and there are currently no dominant players.

He advised that NZRS have met the target on DNS of a 100% availability as per the Service Level Agreement.

Other notable activity for DNCL that David highlighted were around
- finalising the process for names registered to struck-off companies (in conjunction with Treasury);
- new DNCL website that has been launched which now includes domain counter,
- UDAI checker and conflicted name tool; and
- an updated Service Level Agreement with NZRS.

AGM 08/16   THAT the DNCL Annual Report be received.

(Vice President/Daniel Reurich)
CARRIED U

9. NZRS Report

Jay Daley presented and spoke to his report.

Key points that he highlighted were around NZRS performance. He gave an update on what they have done for the .nz function over the years and highlighted the following:

- Redesign and rebuild the infrastructure platform
- New functionality in the Registrar Portal
- Multiple research surveys used for marketing and to help registers (public reports are available as well as the raw data on Internet Data Portal)
- Support of registrar marketing and sales through channel management

He also presented an update on Technical Research and advised that where possible data is openly available on the Internet Data Portal and source code is available on GitHub. The Technical Research team which consists of three staff are working through series of projects including topology maps, domain/registrant classifiers, retention prediction, web scan or zone scan, and domain popularity algorithms.

In terms of Product and Service Development, Jay highlighted the following key milestones that NZRS achieved in the year:

- Launch of the National Broadband Map
- Launch of the Internet Data Portal
- Quarterly report on service development opportunities – which has brought considerable engagement from community.

On a last note, Jay also advised that they will soon be conducting an open consultation session with members about Product and Service Development and that this will be done with remote access available to get people involved in talking through different ideas. They are looking at doing this twice a year.

AGM 09/16: THAT the NZRS Annual Report be received.

(Vice President/Rochelle Furneaux)
CARRIED U

10. General Business

Prior to having the election results announced, Joy thanked all the candidates who stood for the elections especially those who were standing for the first time and wished all of them well.

11. Election Results

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

For this year's election, there were 11 nominations received for the four Councillor positions serving for a three-year term ending at the AGM 2019. The online voting opened on 15 July 2016 and officially closed around 6:40pm at the AGM. Out of the 309 voters, 141 eligible members have voted.

After votes were tallied, successful candidates were:

- Amber Craig
- Keith Davidson
- Richard Wood
- Kelly Buehler

Other than the Council elections, there was also one motion proposed for the Constitutional amendment which states:

THAT the Constitution of InternetNZ be amended as follows:

INSERT after clause 6.1 the following new clause 6.2: Minutes (recording attendance and decisions) and transcripts (recording the verbatim conversation) of all Council meetings will be published after each meeting.

INSERT after clause 10.1 the following new clause 10.2: Minutes (recording attendance and decisions) and transcripts (recording the verbatim conversation) of all General meetings will be published after each meeting.

However due to lack of votes in favour, the above motion was not passed.

It was noted that the interim results will be reviewed and signed by an independent scrutineer and final results will be released on Saturday 30 July 2016.

Joy congratulated all the elected Councillors, and commiserated the unsuccessful candidates.

She also noted that due to the nature of the votes received for the motion for the proposed change to the Constitution, she advised that Council could look into this more and have some discussion to flesh out the opinions and how more information about decisions of the Council can be shared with members.

Meeting closed: There being no further business, the 2016 Annual General Meeting closed at 7:13pm.

Signed as a true and correct record:

……………………………………………
Joy Liddicoat, (Acting) CHAIR

2016-2017

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 (DNCL) 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 2016/17 year was a big success for us at InternetNZ. Our team has expanded even further giving us the opportunity to do a lot more work towards creating a better world through a better Internet.

We held our first NetHui Roadtrip where we visited Nelson, South Auckland and Rotorua to spark conversation in the regions. We also held four Speaker Series events throughout the year discussing important issues for Internet users in New Zealand.

We awarded $600,000 in community funding for people and businesses working hard to deliver greater or better use of the Internet. We also gave

nearly $50,000 in sponsorship money to events that shared our vision of advancing the Internet.

Our issues team had some big wins by helping to shape the Intelligence and Security Bill and the review of the Telecommunications Act.

We commissioned research into what Kiwis think of the Internet and we will continue this research annually to help measure our objectives and trends.

We have built an ambitious activity plan for 2017/18 that builds on this success and allows us to continue improving the Internet for all users.

PRESIDENT'S REPORT

Thank you for supporting InternetNZ and the work we do.

Firstly, I would like to thank the staff and the senior leaders of the organisation for their efforts over the year. I am pleased to say that it has been another good year for the organisation – there have been some challenges, but through robust and open dialogue with the local Internet community, I believe we arrived at the right place in the end. Our outreach work has also allowed us to better understand the key issues for the local Internet community and our policy work has helped that feedback find a voice.

Council has continued to work well together and has continued to provide good advice, guidance and direction to Jordan and his team.

I would like to take this opportunity to thank the councillors for their work and commitment and again I will note the efforts of the Grants Committee in particular.

My thanks to Joy Liddicoat as Vice President, to Richard Currey as Chair of NZRS and to David Farrar as Chair of DNCL. Your work and perspectives over the year (and years!) are appreciated.

By the time you read this report you will know that Council has been doing a lot of thinking about the future of the organisation, what challenges lie ahead for the open and uncapturable Internet and that we have been considering carefully how we organise ourselves to move forward in the future.

As I write this, it is unclear to me what the outcomes of our recent discussions will be but I am hopeful we have had a good robust conversation and it has been good for the organisation, and good for our people, our staff, the folks that make InternetNZ happen everyday.

As highlighted last year, I, along with Council have spent a considerable amount of time thinking about what the future holds for our organisation, and what it holds for the millions of people connected to each other through the Internet. The question is always how can we make the world a better place by openly and freely communicating with each other? I have also been reflecting on the objectives of the society and what elements of those objectives need our special attention in these times, and the times ahead.

I, like many others, am deeply concerned with recent trends of barriers going up and ideas that are counter to a more deeply connected and tolerant world. I consider the good work that Jordan and his team have done bringing a focus to trust and security aspects of that better world. We have a very long way to go to bring balance back into this aspect.

PRESIDENT'S REPORT

In all the work we do, we are guided by the Objects set out in our Constitution:

To promote the competitive provision of Internet access, services and facilities in an open and uncaptureable environment.

To develop, maintain, evolve, and disseminate standards for the Internet and its inter-networking technologies and applications.

To develop, maintain, evolve and disseminate effective administrative processes for the operation of the Internet in New Zealand.

To promote and conduct education and research related to the Internet and inter-networking.

To coordinate activities at a national level pertaining to good management of centralised systems and resources which facilitate the development of the Internet, including but not limited to the Domain Name System.

To collect and disseminate information related to the Internet and inter-networking, including histories and archives.

To develop and maintain formal and informal relationships with the international Internet community, including the Internet Society.

To represent the common interests of the wider New Zealand Internet community both nationally and internationally.

To promote widely and generally available access to the Internet.

To liaise with other organisations, New Zealand Government authorities, and the general public for coordination, collaboration, and education in effecting the above objects.

Over the years the office of InternetNZ has also done a great job in pursuing the objective that there should be "...competitive provision of Internet access, services and facilities..." – and we've seen some of that realised in the various telecommunications policies, initiatives and investments made by the Governments of the day.

One of the other core objectives of the society is to educate people about the Internet, it's virtues, it's vices, its strengths and its weaknesses – and how to deal with them. The reality is that in a deeply connected world we are really learning about each other and how to live alongside each other in relative peace.

In the 20+ years of the organisation's existence we have created a stable mature organisation that has never dropped the ball when it comes to a responsibility we took on very early. I am proud and privileged to currently lead an organisation that has reliably kept the lights on for .nz for decades. I would like to acknowledge all the work of others in achieving that. And I would like to offer my personal commitment alongside Council's commitment to continuing that.

But as I consider what lies ahead for the Internet, the open Web, and the ability to communicate with anyone in the world in any way you want, I think again about the objectives of the society. I believe we, as an organisation, need a renewed focus – not only on keeping .nz running really well – but also on the important objectives of education, of openness, of representation, of evolving standards and practices, and of enabling others to do the same.

As it always has, the Internet has evolved somewhat chaotically and we currently find ourselves in a place where, for example, one of our youngest people's greatest concerns are about being secure online. As is often the way, when security is threatened barriers go up and open communication suffers.

PRESIDENT'S REPORT

It doesn't need to be that way. I believe it is time the organisation rallied to protect the ideals of the society – of openness and uncaptureabilty. I believe we need a renewed focus on educating, training, collaborating and working with the local Internet community and our peers offshore to ensure the barriers don't go up on the Internet. We need to look at putting substantial programmes in place to ensure our young people are no longer concerned about security on the Internet but are masters of it and can deal with it.

We also need to look a lot more closely at the good work of the Electronic Frontier Foundation and we need to be passionate and bold and unprepared to let the global network be constrained.

We need to focus more on making sure that another core objective of the society has the focus it needs. That access to the Internet itself is not a barrier to our people participating. New Zealand has done well in this respect with our fibre programmes – but fibre to the door does not guarantee access. We must continue working with 20/20 Trust, and organisations like them, to ensure that everyone from every socio-economic bracket is provided an opportunity to connect and learn.

We have rightly spent a lot of our time focussed on making sure that .nz is run and managed properly. After more than 20 years, we have developed the policies, processes and knowledge to do that well and to continue to do that well. I believe it is now 'baked in' to the organisation. For the next 20 years I would like to see us use all of our resources in the best way so we can truly realise our society's broader objectives.

I would like us to do more work for the public good. To not only represent but also take action for "…the common interests of the wider New Zealand Internet community both nationally and internationally…"

InternetNZ is in a privileged position to be able to actually do something about this. Now is the time we start thinking deeply about our objectives and how we organise ourselves to make them have an impact.

My dear friend Andy Linton recently retreated from being actively involved in Internet activity. I sense that in part it was because of some dismay at how the 'experiment' he was involved with and was a part of starting so many years ago has not turned out the way he expected or hoped for. I think, like me, he had hoped for the global communications network to bring us together – but instead we see ever increasing signs of weaponisation, surveillance and other negative uses. We need to double our efforts on turning that around. We need to double our efforts in making the world a better place through having, using, creating and caring for a better Internet.

I believe that is what our society and our organisation is here to do.

Thank you.

Jamie Baddeley
President

CHIEF EXECUTIVE'S REPORT

2016/17 was a big year for InternetNZ. Following on from the successful 20th anniversary celebrations in 2015, we consolidated our work across three key focus areas, maintained and expanded our community engagement and funding, and experimented with new campaigns and ways of working with and for the Internet community.

It's a pleasure to be sharing this annual report with you. InternetNZ is a unique organisation: we know about the opportunities the Internet offers and can help share knowledge about that with you and with the public. We understand many of the challenges and can help people find a way through.

What drives me in this job, and our team more broadly, is that there are still some people missing out: from access to the Internet, or the skills to use it, or in knowing how to manage some of the risks an online life presents.

That's why I get out of bed each day – to make a difference. I hope you feel similarly! It is this energy that drove a big year of work last year, and that inspires the work we have started for 2017/18.

Last year was a big year: we developed and ran with a sharper focus on three main areas of interest: access to the Internet, use of the Internet and security and trust online. It's a simple list but that is our judgement about where the most important challenges for the Internet lie.

In these areas we did some work on policy matters (e.g. copyright, communications regulation), and on engaging the public (e.g. the secure messaging campaign). Coupled with a bigger focus on engagement, through for example the Speaker Series events and a round of regional NetHui, it is safe to say that last year we reached more New Zealanders than before. Our community funding through grants and partnerships also lifted towards our 2020 target of putting $1 million a year back into the community.

We also celebrated a milestone in the global Internet environment, with the United States relinquishing its contractual links with global domain name policy organisation ICANN. Kiwis played a big role in the change, and it was very good to have that matter completed before the United States election held last November.

Overall, it's a good record and you can find more info about the specifics through this report.

Some other areas saw less progress, and in part they inform our plan for the coming year.

CHIEF EXECUTIVE'S REPORT

We did research into how membership works at InternetNZ and the findings have been very useful for us. There's a major job to do to build a more relevant and useful membership offering – not to demand huge amounts of work or involvement from members, but to make sure that what we do offer matches how people communicate and want to get involved. That's important work for the 2017/18 year ahead.

Another change this coming year is to be crisper about what we're trying to achieve through our work. Good intentions help but being direct about what we want to achieve helps you hold us to account for how well we did. That'll be easier to see in our 2017/18 plan and how we report to you next year.

2017 will also see the return of the well-liked national NetHui, in Auckland in November. It's a critical platform bringing the Internet community together and this year's theme – Trust and Freedom on the Internet – goes to the heart of some of the challenges we face as an Internet community. If people cannot live their online lives in confidence that they have some control over their personal information, and knowing they can freely express their views, the Internet isn't delivering to its potential.

We'll carry on with our Speaker Series into a second year, and be working to improve our engagement across the whole Internet community.

We will work to lift the profile of our partnerships with other organisations (a new partnership with the NZ Centre for ICT Law is on the cards), and with the recipients of our community grants. The gains from those investments will be bigger when we share the stories more widely.

Our work this year continues tackling the challenging issues in our focus areas. In access: digital divides and communications law. In use: showcasing creative Internet uses, and paying attention to copyright modernisation. In trust: working out the drivers of online trust, and encouraging the use of stronger sign-in tech for online services through multi-factor authentication. You can find the details in our plan for the year at internetnz.nz/plans. I welcome your feedback on our priorities and what we are doing.

Our engagement with the Māori Internet community is still on the agenda. Council members and staff are building knowledge in Te Ao Māori in order to successfully plan an engagement and outreach approach.

In doing all this work I want to thank our team. Some of my colleagues have taken time out this year to start families, and so we have enjoyed new colleagues joining on a temporary basis. Congrats to Ellen and Maria, and thank you to Vanisa and Kim for helping us out! I also welcome Gertrud in our community team and Sarah in our communications team, as well as Laura and Maryann who joined our operations team during the course of the year. Thank you to you all for the work you do for InternetNZ.

Finally, a thanks to the Council. They are a diverse, patient and insightful group of governors. They serve as solid stewards, and have been supportive and challenging in all the right ways. Jamie, Joy and the rest, thank you for the work you do for InternetNZ.

Jordan Carter
Chief Executive

Research:
Kiwis thoughts and attitudes to the Internet

In 2016, we commissioned market research company UMR to conduct research on Kiwis' thoughts and attitudes to the Internet. In-depth focus groups and over the phone surveys were carried out to find out how we use the Internet and our hopes and fears of it.

This research provided us with a framework for our yearly planning, ensuring our focus areas are aligned with views of the public.

72% of respondents said they are concerned about threats to personal security posed by the Internet. This is why security and privacy has been, and will continue to be, one of our main focus areas in 2017/18.

When asked what the main benefits of the Internet are 68% of respondents said access to information. That's why our focus on access to the Internet is so important, and why dealing with digital divides matters so much. Being able to access information - and to keep up with the rest of the country that can - is too important and is why all New Zealanders need to be able to connect.
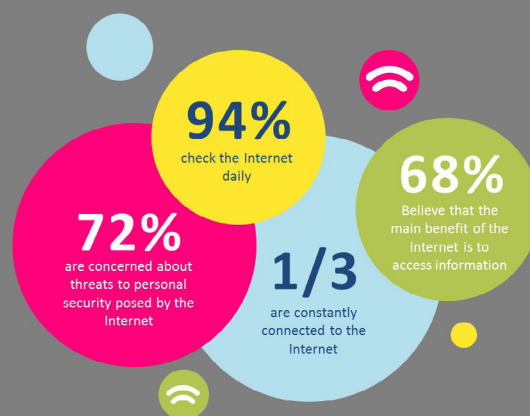
Our new focus area for 2017/18 will look at creative use of the Internet. We want to encourage and reward New Zealanders who are doing awesome things with the Internet. With 94% of New Zealanders checking the Internet at least once a day, and a third of Kiwis constantly connected online, there is plenty of scope for people to be innovative and creative.

We will continue to fund this research each year to build a useful resource and determine trends over time.

To see the results of the full 2016 survey, visit: internetnz.nz/2016survey

What do New Zealanders think of the Internet?

InternetNZ commissioned a phone survey and in-person focus groups to find out what New Zealanders think about the Internet and what matters most to them

94% check the Internet daily

72% are concerned about threats to personal security posed by the Internet

1/3 are constantly connected to the Internet

68% Believe that the main benefit of the Internet is to access information

New Zealanders are mainly using for the Internet for...

48% accessing social media

42% getting information

31% communicating with others

27% entertainment
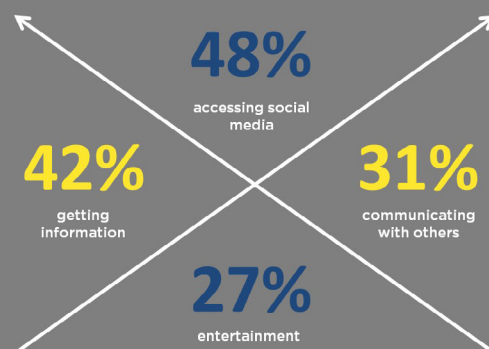
89% believe the positives of using the Internet outweigh the negatives

COMMUNITY

2016/17 was a successful year for the community programme, bringing wider reach and deeper connections with the Internet community in New Zealand through a new approach to NetHui, more collaborative events, community grants and sector partnerships.

NetHui 2016: regional events

NetHui brings everybody and anybody that wants to talk about the Internet together. It's a community led event where the programme is created by the attendees and those within the Internet community.

The sixth annual NetHui took on a different format to previous years, adopting a road-trip style setup and visiting three locations across New Zealand.

We hosted one-day events in Nelson, South Auckland and Rotorua between 13 and 17 October 2016, encouraging a wider spread of participation from the regions. The events were overwhelmingly enjoyed by attendees, with the feedback survey showing 88.7% of respondents being either extremely or moderately satisfied, 74% being either extremely likely or very likely to recommend NetHui to a friend and 80% feeling that NetHui was excellently organised.

Overall, there were more than 300 registrations in total across the three locations. Registration was $25 per attendee including morning tea, lunch, afternoon tea and complimentary coffee. The after function with nibbles and drinks was funded by both InternetNZ and external sponsorship funds.

Speaker Series events

The InternetNZ Speaker Series in 2016/17 comprised four panel events:

- Death and the Internet - 9 June 2016

- Harassment and the Internet - 8 September 2016

- Things and the Internet - 8 December 2016

- Emergencies and the Internet - 9 March 2017

Each event explored a hot topic for Internet users in New Zealand, and brought subject matter experts together with community discussion. Events were livestreamed and recorded, and released as a resource along with advice and information relating to each topic. The events were well attended and popular with both members, stakeholders and the general public, as well as generating great social media content.

We will continue to hold similar events during 2017/18 that are aligned to our focus areas. See our website or follow us on social media for details.

Partnerships

We continued to work with our strategic partner organisations who all do work aligned with our purpose and vision:

- AUT's Institute of Culture, Discourse and Communication

- Creative Commons Aotearoa

- Figure.NZ

- Netsafe

- 20/20 Trust (known as 2020 Communications Trust)

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

COMMUNITY

Community funding

For the period of the 2016/17 financial year, our budget for funding partners and grants was $600,000. InternetNZ continued to provide regular funding rounds for Internet research, conference attendance and community projects.

Community funding has grown in popularity with more applications being submitted through our grant rounds.

Community grants awarded this year included:

- Chris Hails for evaluating cyber security risk profiles that could help targeted or personalised risk interventions.

- Westland Rural Education Activities Programme Incorporated Society for establishing a WiFi Internet connection for families residing in South Westland Communities from Fox Glacier through Paringa and with priority to the whanau of Te Tauraka Waka a Maui Marae based in Bruce Bay.

- Prof Gillian Abel for a pilot study of how Internet is shaping the way commercial sex is practiced in New Zealand.

- Gather Workshops for giving young New Zealanders the opportunity to get hands on with tech, and encourage them to consider a career in the high growth tech sector by visiting as many rural and low-decile schools as possible.

- Linda Lew to attend the OpenCon which helps the next generation learn about open access, education and data. (12-14 November 2016, Washington, DC, USA).

- Dr Edgar Pacheco to attend the CONF-IRM 2017: Democratization and Participation: People's Roles in the Digital World (17-19 May 2017, Santiago, Chile).

More information about our community funding can be found at internetnz.nz/community-grants

Sponsorship

In 2016/17 InternetNZ continued sponsoring community awards and events including:

- Intelligent Community Forum Co-Founder John Jung Whanganu public event

- Rural Connectivity symposium

- NZ Cyber Security Challenge

- Gather Unconference

- Kiwi PyCon 2016

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

- GovHack hackathon

- National Digital Forum

- FLINT launch event

- NetSquared Unconfernce

- The Great Southern Unconference

- MobileTech 2017

- Kiwi Foo Camp 2017

- TechHub

NZ Internet Research Forum 2016

Following on from the second NZ Internet Research Forum (NZIRF) held in Auckland in February 2016, we began investigating the development of an online community space for Internet researchers. Four consultation sessions were held in Auckland, Hamilton, Wellington and Christchurch to brainstorm the development of this online platform, in the lead up to the 2017 NZIRF event, which will be held the day before NetHui 2017 on 8 November in Auckland.

ISSUES

The Issues team has had a very busy, enjoyable and successful year. Not only have we delivered to all of the substantive commitments in our activity plan, we've also delivered another suite of work responding to issues that have emerged during the year.

The team has been just as focused on 'how' we work as on 'what' we do. One of our goals for 2016-17 was professionalism, in terms of delivering to a committed timetable of high quality outputs. We also strove to include more perspectives, inputs and ideas from the wider Internet community through outreach and discussion.

And finally, we've worked more closely with our communications colleagues in developing new ways of getting our messages out, and thus achieving more visibility, understanding and impact in our work.

Access focus area: Telecommunications Act Review

We've participated throughout the Telecommunications Act review process as it is vitally important to ensuring fair pricing for great infrastructure. It's necessary now to contemplate how the industry is changing due to fibre being rolled out, and what regulatory regime is necessary post-2020 to balance the range of interests.

We were quite bold in the advice we provided to Government on this. We've called on them to realise the value and potential of fibre investment by being ambitious in the performance targets that are set for the likes of Chorus and the local fibre companies. We've encouraged what is effectively a deregulation of the copper network to allow costs to fall as they lie, and to encourage both uptake and innovation of new and better technology. Our position has been to ensure that the right incentives are in place for investment whilst also encouraging better performance and services at fair prices.

We were really proud to see that the vast majority of our ideas have been accepted by the Government. We're also pleased with the interactions we've had from other stakeholders – including participants in the industry – about how we have balanced the various interests at play.

This work will continue in 2017/18. We expect to see legislation in Parliament on amending the Telecommunications Act in accordance with these submissions and this process during the next year.

Trust focus area: security and privacy

We've continued to work across online security and privacy issues this year, as part of our work to help New Zealanders maintain trust and confidence on the Internet.

A big focus of our work in this area is continuing to monitor government surveillance online, and participate in any relevant processes that define how that may be taking place. We responded to the Independent Review of Intelligence and Security from late 2016 with our own analysis and discussion, titled Intelligence and Security in a Free Society. We followed that by participating throughout the legislative process for the Intelligence and Security Bill, advocating for a stronger definition of intelligence activity, fair use of warrants and reduction of any potential "drift net" style surveillance online.

While we are pleased with the impact we had in improving this legislation, we still have a long way to go on these issues. We signed on to the Electronic Frontier Foundation's Game Plan for Ending Global Mass Surveillance – a deliberately global campaign that seeks to address the global challenges that face the Internet in responding to government surveillance activities.

Finally, further to our work on this game plan, we were pleased to launch our new campaign and resources on private messaging. This provided easy, consumer level guidance to the range of tools they have at their disposal to secure and encrypt their private communications from prying eyes of all kinds. We were pleased that nearly 80,000 New Zealanders saw our private messaging video online.

ISSUES

Use focus area: copyright for innovation

In the past year we've focussed on protecting the potential of the Internet through our involvement on curbing the Trans-Pacific Partnership (TPP) as well as pushing for change to allow more of that potential to be realised.

Our involvement with the TPP was through regular meetings, discussion and participation with Ministry of Foreign Affairs and Trade and Ministry of Business, Innovation and Employment officials to ensure that our concerns were heard. We are pleased that our officials maintained a risk-minimising approach to this part of the negotiations – it wasn't a large part of New Zealand's focus, but our Government understood what was at risk and worked to deflect many of what other trading partners wanted around intellectual property provisions. We continued this work through our presence and submissions on the legislative processes accompanying the TPP. Of course, much of this appears to be for naught; given the results of the US Presidential Election, the TPP is unlikely to proceed at least in its current form. Likewise, all of the enabling legislation drops away as it is specifically related to the TPP in this current form.

If, or when this comes back, we will continue to work for an open Internet in such discussions. In that spirit, we are keeping our eye on the Regional Comprehensive Economic Partnership (RCEP) and we hosted a panel discussion for trade representatives during the negotiating round held in Auckland in April 2016.

Finally, we've also had the pleasure of hosting a delegation of esteemed copyright experts to New Zealand; including Michael Geist, Peter Jaszi and Meredith Jacob. We were pleased that nearly 100 people joined us as we explored the potential of fair use and copyright reform.

We will be continuing our work on copyright, and in particular fair use, in 2017/18 because of the large amount of potential, innovation and creativity that may still be enabled for New Zealanders using the Internet.

Emerging issues: the Internet of things

We picked up a new piece of work over and above our focus area commitments on the Internet of Things (IoT). IoT has the potential to fundamentally change the way the Internet is used and constructed. It also has the potential to dramatically increase the amount of traffic and endpoints on the networks. And finally, IoT may enable new uses, innovations, opportunities and potential as more devices and "things" are connected online and as more control and information follows.

IoT also raises new challenges in personal data management too. IoT can also be seen as the "Internet of You." After all, these things are sharing information about us, our businesses and our ideas. So how do we secure this information and ensure it is managed appropriately?

We hosted a discussion alongside TUANZ at the 2016 ITX conference exploring these issues, with dozens of attendees contributing their thoughts, ideas and challenges. As a result of that discussion, we prepared our discussion starter document on IoT in New Zealand, and reached out to the wider Internet community for their advice, ideas and input. We will be finalising this document with our recommendations in the first quarter of the next activity plan year.

We've also signed on as a founding member of the IoT Alliance; a multistakeholder group designed to facilitate discussion and lead New Zealand toward realising some of the benefits and potential of IoT. We will continue with this group next year too.

SUBMISSIONS AND PUBLICATIONS

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

- [Submission on the Post-2020 Telco Framework](#)
- [Section 30 R Review of Chorus UBA Service](#)
- [Telecommunications (Property Access and other Matters) Amendment Bill](#)
- [Submission on New Zealand Intelligence and Security Bill](#)
- [Commerce Commission Section 9A Backhaul Study](#)
- [Telecommunications Review](#)

- [Vodafone Sky Clearance Application Submission](#)
- [Trans-Pacific Partnership Agreement Amendment Bill](#)
- [Cross-submission: Section 30R Review of the UBA Standard Terms Determination](#)
- [Towards a World Without Mass Surveillance](#)
- [Intelligence and Security in a Free Society - An InternetNZ Briefing](#)

INTERNATIONAL

This year saw an important milestone in private sector leadership of the global Domain Name System. After eighteen years of preparation, the last contractual links between ICANN (the global domain policy body) and the United States Government came to an end. This milestone happened a little over two years after the United States announced it would relinquish its contract, and the global Internet community rolled up its sleeves and did the work to develop the right mix of accountability and governance structures to allow the transition to happen.

Kiwis played an important role. Chief Executives across the InternetNZ group were involved in the debate through participation at ICANN meetings, and former InternetNZ chief (and current Council member) Keith Davidson was one of the global Internet representatives OK'ing the final plans.

For InternetNZ, validating our own multistakeholder approach and applying the lessons we have learned at the global level helps reinforce our approach to managing .nz. It has also helped make sure that the global Domain Name System is less open to capture, and more obliged to serve the stakeholders who use and run it, than would have been the case. In both cases, it's a win for New Zealand.

DIVERSITY OF STAFF
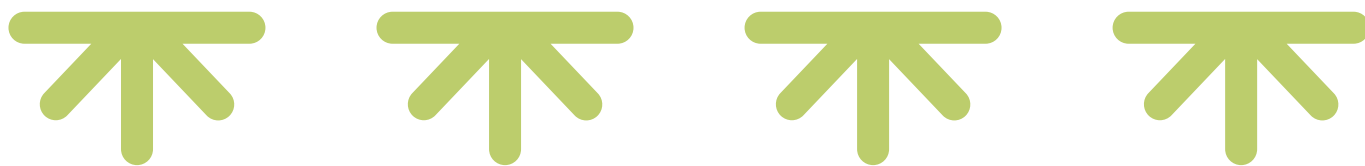
This year InternetNZ undertook a diversity survey of all staff. We intend to carry out this same survey for each future annual report. This report includes all staff that were employed on the last day of the 2016/17 financial year.

InternetNZ staff ethnicity diversity

- New Zealand European
- Indian
- European
- Filipino

7%
7%
7%
79%
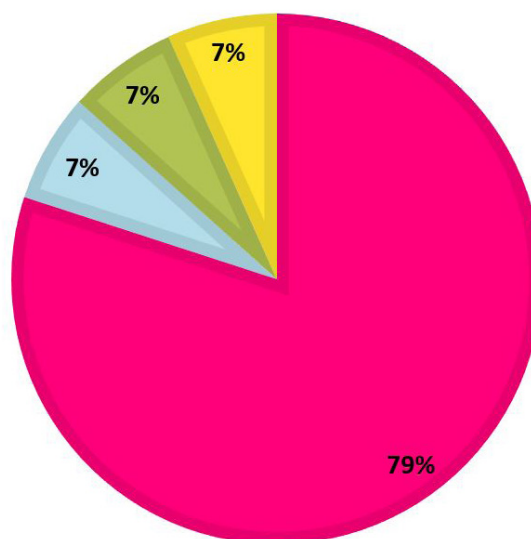
InternetNZ staff gender diversity

- Female
- Male
- Prefer not to say

0%
27%
73%
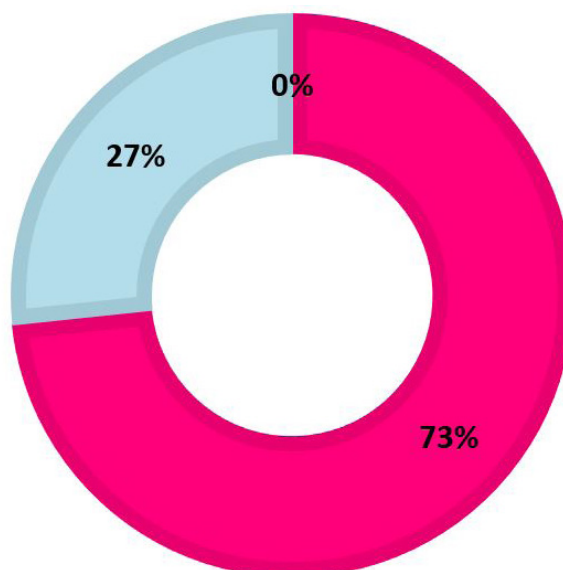
THE UPCOMING YEAR

FOCUS AREAS AND KEY PROJECTS

ACCESS TO THE INTERNET

Mapping digital divides to help close them

Influencing telecommunications regulation for fair prices and great broadband

TRUST ON THE INTERNET

Encouraging the use of two factor authentication

Developing and using a framework for improving online trust

CREATIVE USE OF THE INTERNET

Shaping copyright policy to protect creative potential

Encouraging and rewarding creative use of the Internet

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

Expanding community funding **from $600k to $700k**

Delivering the 'classic' **national NetHui** in November that people know and love

Continuing the increasingly popular **Speaker Series** with a range of Internet related topics

Continuing our **annual research** on Kiwi's thoughts and attitudes to the Internet

You can find more detail about our activity plan on our website at
www.internetnz.nz/plans

INTERNETNZ COUNCILLORS

Jamie Baddeley
President

Joy Liddicoat
Vice President

Keith Davidson
Term Ends AGM 2019

Richard Wood
Term Ends AGM 2019

Amber Craig
Term Ends AGM 2019

Kelly Buehler
Term Ends AGM 2019

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

FINANCIAL REPORTS

Internet New Zealand Incorporated

Independent Auditor's Report to the Members of Internet New Zealand Incorporated

Opinion

We have audited the financial statements of Internet New Zealand Incorporated on pages 1 to 19, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Internet New Zealand Incorporated as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Internet New Zealand Incorporated in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Internet New Zealand Incorporated.

Responsibilities of Councillors for the Financial Statements

Councillors are responsible on behalf of the Internet New Zealand Incorporated for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board, and for such internal control as Councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Councillors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Councillors either intend to liquidate the Internet New Zealand Incorporated or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Horwath

Crowe Horwath New Zealand Audit Partnership

CHARTERED ACCOUNTANTS
29 June 2017

Internet New Zealand Incorporated

Consolidated Financial Statements
For the year ended 31 March 2017

Internet New Zealand Incorporated

Contents

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Internet New Zealand Incorporated

Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2017

	Notes	Group		Parent	
		2017	2016	2017	2016
		$	$	$	$
OPERATING ACTIVITIES					
Exchange revenue					
Registry fees		10,058,081	9,809,894	-	-
Other income		118,055	751,412	400,769	1,040,118
Total exchange revenue		10,176,136	10,561,306	400,769	1,040,118
Non-exchange Revenue - Grants		42,844	-	42,844	-
Total operating revenue		10,218,980	10,561,306	443,613	1,040,118
Operating expenses					
Registry services		3,407,240	3,576,777	-	-
Domain Name Commission		1,559,917	1,630,753	-	-
Community engagement		368,369	347,946	368,369	347,946
Community funding		755,706	766,439	755,706	766,439
Communications/Outreach		191,270	-	191,270	-
Governance and members		522,552	368,622	490,927	358,846
International engagements		104,777	172,158	104,777	172,158
International events		41,526	650,764	41,526	650,764
Internet issues		816,734	673,097	816,734	673,097
Other overhead and administrative expenses		2,277,590	2,575,027	1,579,026	1,831,166
Total operating expenses	7	10,045,681	10,761,583	4,348,335	4,800,415
Surplus/(deficit) from operating activities		173,299	(200,277)	(3,904,722)	(3,760,297)
INVESTING ACTIVITIES					
Dividend income		-	-	4,334,136	4,170,058
Interest income on term deposits		383,722	432,921	48,021	43,494
Fair value gains/(losses) on managed funds		215,337	78,149	215,337	78,149
Surplus/(deficit) from investing activities	12	599,059	511,070	4,597,495	4,291,700
SURPLUS/(DEFICIT) FOR THE YEAR		772,358	310,793	692,773	531,403
Other comprehensive revenue and expense		-	-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		772,358	310,793	692,773	531,403

These financial statements have been authorised for issue by the Council on 23/06/2017

_____
President

23-6-2017.
Date

_____
Vice President   Joy Liddicoat

23-6-2017
Date

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

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Internet New Zealand Incorporated

Statement of Financial Position
As at 31 March 2017

	Notes	Group 2017 $	Group 2016 $	Parent 2017 $	Parent 2016 $
ASSETS					
Current					
Cash and cash equivalents	8	3,013,215	5,388,851	1,854,581	1,320,204
Trade debtors and other receivables	9	1,342,789	1,433,746	95,760	277,899
Prepayments		264,698	145,214	45,226	33,573
Investments	12	13,938,252	10,372,153	4,166,897	3,740,501
Total current assets		18,558,955	17,339,963	6,162,464	5,372,177
Non-current					
Property, plant and equipment	10	504,953	529,795	216,211	177,690
Intangible assets	11	471,868	515,322	72,961	93,538
Investment in subsidiary	6	-	-	610,000	610,000
Total non-current assets		976,821	1,045,116	899,173	881,227
TOTAL ASSETS		19,535,776	18,385,079	7,061,637	6,253,404
LIABILITIES					
Current					
Trade creditors and other payables	14	945,964	918,656	542,695	457,357
Employee entitlements	16	299,688	245,929	132,835	102,713
Deferred revenue - current	15	5,641,750	5,356,094	-	-
Total current-liabilities		6,887,402	6,520,680	675,530	560,070
Non-current					
Deferred revenue - non current	15	2,673,035	2,661,418	-	-
Total non-current liabilities		2,673,035	2,661,418	-	-
TOTAL LIABILITIES		9,560,438	9,182,099	675,530	560,070
NET ASSETS		9,975,338	9,202,980	6,386,107	5,693,334
EQUITY					
Accumulated funds		9,975,338	9,202,980	6,386,107	5,693,334
TOTAL EQUITY		9,975,338	9,202,980	6,386,107	5,693,334

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 2017

	Group		Parent	
	2017 $	2016 $	2017 $	2016 $
ACCUMULATED FUNDS				
Opening balance	9,202,980	8,892,187	5,693,334	5,161,931
Surplus/(deficit) for the year	772,358	310,793	692,773	531,403
Other comprehensive revenue and expense	-	-	-	-
Total comprehensive revenue and expense	772,358	310,793	692,773	531,403
CLOSING BALANCE ACCUMULATED FUNDS	9,975,338	9,202,980	6,386,107	5,693,334
TOTAL EQUITY	9,975,338	9,202,980	6,386,107	5,693,334

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

CROWE HORWATH NEW ZEALAND

Internet New Zealand Incorporated

Statement of Cash Flows
For the year ended 31 March 2017

	Notes	Group 2017 $	Group 2016 $	Parent 2017 $	Parent 2016 $
Cash flows from operating activities					
Cash was provided from/(applied to):					
Receipts from customers		10,787,332	11,048,684	873,254	893,120
Dividends received		-	-	4,334,136	4,170,058
Interest received		418,993	416,511	42,962	51,034
Payments to suppliers and employees		(9,330,451)	(9,689,305)	(4,161,186)	(4,487,470)
GST		(16,170)	1,280	(27,106)	30,677
Net cash from/(used in) operating activities	19	1,859,704	1,777,170	1,062,060	657,419
Cash flows from investing activities					
Cash was provided from/(applied to):					
Net proceeds from sale (purchase) of investments		(3,566,100)	1,378,479	(426,396)	660,516
Purchase of property, plant and equipment		(280,794)	(315,490)	(80,351)	(144,776)
Purchase of intangible assets		(388,445)	(257,426)	(20,936)	(29,933)
Net cash from/(used in) investing activities		(4,235,339)	805,563	(527,683)	485,807
Net increase/(decrease) in cash and cash equivalents		(2,375,635)	2,582,733	534,377	1,143,226
Cash and cash equivalents, beginning of the year		5,388,851	2,806,118	1,320,204	176,978
Cash and cash equivalents at end of the year	8	3,013,215	5,388,851	1,854,581	1,320,204

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

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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 2017.

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) Changes in accounting policies

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

Internet New Zealand Incorporated

Notes to the financial statements

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.

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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	5.0 - 67.0%	DV
Office equipment	10.0 - 50.0%	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 derecognition 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 all substantial 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 minimum 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.

Internet New Zealand Incorporated

Notes to the financial statements

(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 (IR) 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		Parent	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Amortisation of intangibles	396,156	529,058	41,512	-
Audit fees	39,075	14,306	7,450	4,530
Bad and doubtful debts	-	-	-	-
Depreciation of property, plant and equipment	242,381	299,496	41,835	32,433
Donations	-	-	-	-
Loss on disposal of property, plant and equipment	69,129	200,325	-	186,159
Operating lease payments	531,893	370,989	388,518	346,703
Wages, salaries and other employee costs	4,405,978	4,256,626	1,567,298	1,411,837
Other overheads and administration costs	4,361,068	5,090,783	2,301,721	2,818,753
Total operating expenses	**10,045,681**	**10,761,583**	**4,348,335**	**4,800,415**

8 Cash and cash equivalents

	Group		Parent	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash at bank and in hand	2,713,215	3,537,360	1,554,581	1,320,204
Term deposits with maturities of three months or less	300,000	1,851,491	300,000	-
Cash and cash equivalents at end of the year	**3,013,215**	**5,388,851**	**1,854,581**	**1,320,204**

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		Parent	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Trade receivables	1,256,264	1,311,949	20,863	235,167
Accrued interest	86,525	121,797	9,265	4,207
GST receivable	-	-	65,632	38,525
Impairment allowance	-	-	-	-
Total trade debtors and other receivables	**1,342,789**	**1,433,746**	**95,760**	**277,899**

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 2016 and 2017, 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		Parent	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
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 2017	Leasehold Improvements $	Furniture and fittings $	Computer hardware $	Office equipment $	Total $
Gross carrying amount					
Opening balance	76,841	185,882	2,179,262	396,005	2,837,990
Additions	1,498	41,501	186,951	50,843	280,794
Disposals	(63,007)	-	(3,007)	(6,123)	(72,137)
Closing balance	15,333	227,383	2,363,206	440,725	3,046,647
Accumulated depreciation and impairment					
Opening balance	13,834	51,861	1,963,073	279,427	2,308,195
Current year depreciation	76	19,302	167,468	55,536	242,381
Impairment charge for the year	-	-	-	-	-
Depreciation written back on disposal	-	-	(3,012)	(5,869)	(8,882)
Closing balance	13,910	71,163	2,127,529	329,094	2,541,694
Carrying amount 31 March 2017	1,423	156,220	235,678	111,631	504,953

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

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 2017	Leasehold Improvements $	Furniture and fittings $	Computer hardware $	Office equipment $	Total $
Gross carrying amount					
Opening balance	-	185,882	88,906	50,020	324,808
Additions	-	41,501	28,733	10,117	80,351
Disposals	-	-	(3,007)	-	(3,007)
Closing balance	-	227,383	114,632	60,137	402,152
Accumulated depreciation and impairment					
Opening balance	-	51,861	71,084	24,172	147,117
Current year depreciation	-	19,302	12,659	9,875	41,835
Impairment charge for the year	-	-	-	-	-
Depreciation written back on disposal	-	-	(3,012)	-	(3,012)
Closing balance	-	71,163	80,731	34,047	185,941
Carrying amount 31 March 2017	-	156,220	33,901	26,090	216,211

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

Capital commitments
As at 31 March 2017 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 2017	Software $	Trademarks $	Total $
Gross carrying amount			
Opening balance	3,497,477	10,698	3,508,175
Additions	388,445	-	388,445
Disposals	(35,742)	-	(35,742)
Closing balance	3,850,180	10,698	3,860,878
Accumulated amortisation and impairment			
Opening balance	2,982,156	10,698	2,992,854
Current year amortisation	396,156	-	396,156
Amortisation written back on disposal	-	-	-
Closing balance	3,378,312	10,698	3,389,010
Carrying amount 31 March 2017	471,868	-	471,868

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

Internet New Zealand Incorporated

Notes to the financial statements

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

Parent 2017	Software $	Total $
Gross carrying amount		
Opening balance	203,583	203,583
Additions	20,936	20,936
Disposals	-	-
Closing balance	224,519	224,519
Accumulated amortisation and impairment		
Opening balance	110,045	110,045
Current year amortisation	41,512	41,512
Amortisation written back on disposal	-	-
Closing balance	151,558	151,558
Carrying amount 31 March 2017	72,961	72,961

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

Internet New Zealand Incorporated

Notes to the financial statements

12   Investments

	Group		Parent	
	2017 $	2016 $	2017 $	2016 $
Loans and receivables				
Term deposits	11,283,051	7,922,634	1,511,696	1,290,982
Financial assets at fair value through surplus or deficit				
Managed Funds	2,655,201	2,449,519	2,655,201	2,449,519
Total Financial Assets	13,938,252	10,372,153	4,166,897	3,740,501

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		Parent	
	2017 $	2016 $	2017 $	2016 $
Total unspent funds held:				
Cash and cash equivalents	3,013,215	5,388,851	1,854,581	1,320,204
Investments	13,938,252	10,372,153	4,166,897	3,740,501
Total unspent funds held	16,951,468	15,761,004	6,021,478	5,060,705
The total unspent funds are held by:				
Internet New Zealand Incorporated	6,021,478	5,060,705	6,021,478	5,060,705
Domain Name Commission Limited	1,203,322	1,059,210	-	-
NZRS Limited	9,726,668	9,641,089	-	-
Total unspent funds held	16,951,468	15,761,004	6,021,478	5,060,705
Represented by:				
Funds held but not yet spent	8,636,683	7,743,491	6,021,478	5,060,705
Deferred revenue in NZRS Limited	8,314,785	8,017,513	-	-
Total unspent funds held	16,951,468	15,761,004	6,021,478	5,060,705

14   Trade creditors and other payables

	Group		Parent	
	2017 $	2016 $	2017 $	2016 $
Trade creditors	892,142	569,874	270,554	178,568
GST payable	53,822	69,993	-	-
Other accruals	-	278,789	272,142	278,789
Total trade creditors and other payables	945,964	918,656	542,695	457,357

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 2017 $	Group 2016 $	Parent 2017 $	Parent 2016 $
Current	5,641,750	5,356,094	-	-
Non-current	2,673,035	2,661,418	-	-
Total deferred revenue	8,314,785	8,017,513	-	-

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 2017 $	Group 2016 $	Parent 2017 $	Parent 2016 $
Current				
Annual leave entitlements	281,386	234,275	119,125	94,425
Total	281,386	234,275	119,125	94,425
Non-current				
Liability for long-service leave	18,302	11,654	13,710	8,288
Total	18,302	11,654	13,710	8,288

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 2017	Group 2016
$100,001-200,000	11	10
$200,001-300,000	2	2
$300,001-400,000	1	1
Total	14	13

17 Operating leases

Operating leases are held for premises used for office space.

Non-cancellable operating leases are payable as follows:	Group 2017 $	Group 2016 $	Parent 2017 $	Parent 2016 $
Less than one year	380,835	362,494	380,835	362,494
Between one and five years	1,425,870	1,328,400	1,425,870	1,328,400
More than five years	802,575	1,494,450	802,575	1,494,450
Total operating lease commitment	2,609,280	3,185,344	2,609,280	3,185,344

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 Personnel.

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 $4,334,136 (2016: $4,170,058).

NZRS and DNCL paid management fees to InternetNZ during the year of $205,332 and $181,776 respectively (2016: $145,509 and $190,397).

Other related party transactions

Innovation Partnership Membership Fees of $40,000, InternetNZ is a trustee of the Innovation Partnership 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 $50,000 - Councillor Hayden Glass is the COO of Figure.NZ which was a Strategic Partner of InternetNZ. Hayden recused himself from any discussions on strategic partners at Council.

2020 Communications - funding of $90,000 - Councillor Sarah Lee is a contractor with 2020 Communications which is a Strategic Partner of InternetNZ. Sarah recused herself from any discussions about 2020 Communications at Council.

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	
	2017 **$**	**2016** **$**	**2017** **$**	**2016** **$**
Salaries and other short-term employee benefits	2,360,751	2,332,429	954,422	867,789
Total remuneration	2,360,751	2,332,429	954,422	867,789
Number of persons recognised as key management personnel	33	33	17	17

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	
	2017	2016	2017	2016
	$	$	$	$
Surplus/(deficit) for the year	772,358	310,793	692,773	531,403
Add/(deduct) non-cash items				
Depreciation, amortisation and impairment	638,537	870,341	83,347	108,979
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	98,995	186,159	-	186,159
Add/(deduct) movements in working capital				
(Increase)/decrease in trade debtors and other receivables	90,957	125,084	209,245	(217,606)
(Increase)/decrease in GST receivable	(16,171)	(4,124)	(27,106)	30,677
(Increase)/decrease in prepayments	(119,484)	42,503	(11,654)	39,800
Increase/(decrease) in trade creditors and other payables	43,478	(44,104)	85,333	(53,929)
Increase/(decrease) in employee entitlements	53,759	20,078	30,122	31,935
Increase/(decrease) in deferred revenue	297,273	270,437	-	-
Net cash flows from/ (used in) operating activities	**1,859,704**	**1,777,170**	**1,062,060**	**657,419**

20 Contingent assets and contingent liabilities

The Parent and Group have no contingent assets or continent liabilities (2016: None).

21 Events after the reporting period

There were no significant events after the balance date (2016: None)

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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

Our Plan for 2017-18

Activity Plan & Budget Summary

13 April 2017

Summary

The key elements of our plan for 2017 are:

Focus on **Access**

- Complete our **Digital Inclusion Map** and draw insights from it
- Contribute to the review of the **Telecommunications Act**

Focus on **Trust**

- Encourage the public to use **multi-factor authentication** where available
- Build a credible **trust framework** that identifies how to improve trust

Focus on **Creative Use**

- Work towards **more modern, balanced copyright law**
- **Share stories** of innovative creative use of the Internet

We will:

- Host NetHui 2017 in Auckland (8-9 November)
- Host an Internet Research Forum
- Expand our Community Funding to $700k
- Update and re-launch the State of the Internet report
- Publish quarterly position papers to shape the Internet debate
- Support a Pacific Internet Governance Forum
- Continue a wide range of partnerships and support of community organisations

This Plan contains the detail, including of other activities in our Issues and Communities areas of work, and a summary Budget for your information.

Information about the strategy underlying this Plan is available at https://internetnz.nz/plans - and we welcome any feedback.

Jamie Baddeley   Jordan Carter
President   **Chief Executive**

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Introduction and context

This Activity Plan and Summary Budget for 2017/18 is our plan for this year. It is the final plan to implement the three-year Strategic Plan adopted by Council at the start of 2015. The five main goals in that Strategic Plan are:

1. to be the authority on Internet issues
2. to support an Internet community that is well developed, connected, collaborating and contributing as much as it can to the development of the Internet for New Zealand (including lifting community funding to $1m/yr)
3. to contribute effectively to global Internet debates to preserve the open Internet, and effectively share those debates and lessons at home
4. to deliver core operations at a high standard
5. to deliver clear roles and expectations for members.

As well as implementing the plan, we will be taking time this year to reflect on what we have achieved in those three years towards delivering to our vision of a better world through a better Internet – and refreshing our strategy for the coming years.

This vision is ever more important to interpreting this Activity Plan. We have focused on what changes we want to see in the world around us, and how a better Internet enables that. We have used that lens to guide the activities that we propose for this year in the three Focus Areas we have carried over, and refined, from the 2016/17 Activity Plan.

Those Focus Areas are:

1. **Access** to the Internet
2. **Trust** on the Internet
3. **Creative use** of the Internet.

In each of these areas, we have thought through the contributions we aim to make in terms of the changes we seek to effect in the stakeholder environment (a better Internet) that then support wider, more fundamental changes (a better world). Not all of the thinking is set out in this plan – check the Focus Areas Detail document for more.

We are taking another step this year in having these Focus Areas work across the organisation, supported by our issues, community and communications teams. We will continue to foster collaboration in these areas with the Internet community, in order to gain additional perspectives in our work and learn from others.

In all, our aim is to be doing work that has value for the New Zealand Internet community. In doing our work, we will be:

1. **Focused:** doing more effective work on fewer things
2. **Simple:** being easy to understand and to work with
3. **Reaching out:** using our growing engagement and collaboration with the community to do more work together and to learn & share better

We present this Activity Plan with Summary Budget information so that anyone interested in our work can clearly see what we intend to do, where our peoples' time is focused, and how much the work will cost.

As noted, there is a companion paper setting out Focus Areas Detail. There is also a more detailed budget paper giving details about the money we spend. Both are available at https://internetnz.nz/plans.

Reports on progress against this Plan are delivered to each meeting of the Council, and those reports are published at: https://internetnz.nz/reports.

Please feel welcome to contact me direct with any feedback or questions you have about our plan for 2017/18.

Thank you for reading!

Jordan Carter
Chief Executive

Contributions to the Focus Areas

This plan sets out two contributions that we will make towards each Focus Area (Access, Trust, Creative Use). The work that we do on the Focus Areas is led by the Chief Executive, and serviced by the Community, Communications and Issues teams.

For each contribution, this plan sets out what success looks like in 2017/18, and defines the current state and desired states for 2018 in respect of the projects we do, the effects of these on the Internet, and the difference we want this to make in the world[1].

Access to the Internet – Internet infrastructure

The networks that New Zealanders use to access the Internet are critical to modern life and business. We continue to focus on the markets and the relevant regulations that shape how people access the Internet - whether it is mobile or fixed line Internet markets, competition law, network neutrality issues or industry agreements - we will be there as a voice for New Zealand's Internet community, ensuring that the potential of the open Internet is heard, seen and protected.

This year, we will be continuing to work with the Government on its 2020 Telecommunications Act review and seeking changes that operate in everyone's best interests

> **Success in 2017-18: Parliament passes a Telco Act that supports competition and effectively controls monopoly behaviour.**

Date - year ending	A better world (uses and benefits)	A better Internet (stakeholder projects and results)	InternetNZ projects and results
31 Mar 2017	Internet is available to nearly everyone. Low quality plans are unaffordable to some, exacerbating access issues. Many New Zealanders aren't choosing the best available connectivity, hampering innovation.	The current Telco Act fails to provide a suitable framework for the fibre broadband era. As result, competition could be harmed. Government stakeholders endorse many of InternetNZ's ideas for change.	InternetNZ continues to participate in the Telecommunications Act review to encourage a framework that supports competition and controls monopoly behaviour.
31 Mar 2018	No changes yet - prices are stable and quality continues to improve.	Parliament passes a Telco Act that supports competition and effectively controls monopoly behaviour.	InternetNZ participates in completing the legislative process by providing arguments and evidence that support a consensus for an improved Telco Act that supports competition and controls monopoly behaviour.

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[1] The companion Focus Areas Detail paper (https://internetnz.nz/plans) sets out details & methodology.

Access to the Internet – digital divide

Last year we worked with 20/20 Trust to build a Digital Inclusion Map, showing the divides across New Zealand for Internet access, use, skill and social deprivation. There are digital divides in New Zealand in the types of Internet access that are available, the gap between those skilled enough to use the Internet, and those who don't know how, those who could get it, if only they could afford an Internet connection. We want to identify these divides, understand them, and help local, regional and national decision makers address the divides, and the unmet needs that stop some New Zealanders using the Internet to help them realise their full potential.

Success in 2017/18: the Digital Inclusion Map is being used, insights derived from it shared and at least two communities have used the map to address a digital divide they face.

Date - year ending	A better world (uses and benefits)	A better Internet (stakeholder projects and results)	InternetNZ projects and results
31 Mar 2017	Certain groups of New Zealanders make less use of the Internet due to usability and accessibility issues.	The digital divide is not understood in detail by stakeholders, making interventions difficult to plan and target.	InternetNZ made the revised and expanded Digital Inclusion Map focusing on illustrating the digital divide.
31 Mar 2018	More people, that were previously digitally excluded, are active online.	Stakeholders use this insight to design more targeted digital inclusion initiatives.	InternetNZ uses the new Digital Inclusion Map to highlight divides and the associated economic and social indicators that those divides are correlated with.

Trust on the Internet - multi-factor authentication (MFA)

Our background work last year showed us that authentication and access control is hard. Getting people to use, and remember, strong, unique passwords is a challenge, and relying on username and passwords alone is not good enough anymore. We will be promoting MFA both directly to New Zealanders (encouraging them to take it up) and by engaging with New Zealand's developer community to encourage them to implement MFA for their systems, helping New Zealanders be more secure.

Success in 2017/18: InternetNZ and stakeholders have promoted MFA resources to New Zealanders, and more New Zealanders tell us they use MFA to secure their accounts. We will measure the second part through public opinion polling.

Date - year ending	A better world (uses and benefits)	A better Internet (stakeholder projects and results)	InternetNZ projects and results
31 Mar 2017	New Zealanders do not make much use of MFA, leaving vulnerabilities in password use and increasing risk online.	MFA is increasingly available and used by a growing number of predominantly-global online service providers as a method for greater security.	InternetNZ has not focused on MFA.
31 Mar 2018	New Zealanders begin to use MFA more often.	InternetNZ and stakeholders promote MFA resources to New Zealanders.	InternetNZ develops/promotes resources about MFA and partners to increase the visibility of these solutions to the NZ public.

Trust on the Internet - trust framework

Trust is not an easy concept to understand or measure. Our starting point is Schneider's 1999 Trust in Networked Systems model, which breaks trust down into Correctness, Reliability, Security, Privacy, Safety and Survivability. We will work with others to develop (or adopt) a common understanding of what online trust means, and find some agreed metrics we can all use to measure and track trust online. This is a significantly difficult goal - something no-one else in New Zealand has managed to successfully do. We think that with the right partners and focus we can build a common, measured, understanding of trust online in New Zealand.

Success in 2017/18: we have developed a framework with partners, and there is broad agreement among security/trust stakeholders that the framework provides new and valuable insight about what can be done to improve trust online.

Date - year ending	A better world (uses and benefits)	A better Internet (stakeholder projects and results)	InternetNZ projects and results
31 Mar 2017	We think New Zealanders are losing trust online but we don't know - and we don't know how to change it.	Web service providers are not involved in a coherent conversation about trust online because the intervention model is unclear.	InternetNZ has no framework for measuring or developing trust on the Internet.
31 Mar 2018	No change.	Framework developed. Stakeholders find value in the framework and start applying insights from it.	In collaboration with domestic and/or international partners, InternetNZ develops a definition and intervention model for trust on the Internet.

Creative use of the Internet – modern, balanced copyright

New Zealand's copyright law needs changing. We want to see a modern, broad, principles-based approach to copyright, with exceptions that work in today's technology landscape. We want to highlight the creative and economic opportunities that a more contemporary copyright regime would bring and work with like-minded organisations to influence policy thinking before the long-awaited Copyright Act review starts.

Success in 2017/18: New Zealand's debate changes so that more modern, balanced copyright exceptions form part of the expected direction of change in policy.

Date - year ending	A better world (uses and benefits)	A better Internet (stakeholder projects and results)	InternetNZ projects and results
31 Mar 2017	New Zealanders experience barriers to being creative online due to a lack of appropriately modern, balanced exceptions in copyright law.	ICT industry and civil society are not mobilised. Litigation is common. Change to implement more modern, balanced exceptions in copyright law is contentious.	InternetNZ has a long history of working on copyright reform.
31 Mar 2018	New Zealanders experience barriers to being creative online due to a lack of fair use of copyright. Main political parties have committed to opening up copyright.	New Zealand's debate changes, so that modern, balanced copyright is the expected direction of changes in copyright policy.	InternetNZ enables and participates in a coalition of interested parties to change the debate in favour of modern, balanced exceptions in copyright law.

Creative use of the Internet - showcasing creativity

Our work with the Innovation Partnership has shown the benefits that creative, productive use of the Internet can bring us as a country. We want to get out into New Zealand's diverse communities to find and share stories about how New Zealanders are using the Internet in powerful and creative ways. Why? Doing so will help us and others learn more about creative uses of the Internet and, we think, steepen the adoption curve of the Internet.

Success in 2017/18: we have worked with partners to give young people a platform (as a first trial of this approach) to share powerful stories about creative uses of the Internet.

Date - year ending	A better world (uses and benefits)	A better Internet (stakeholder projects and results)	InternetNZ projects and results
31 Mar 2017	There are a number of under activated groups of users of the open Internet.	Stimulating creative use of the Internet is a focus of few stakeholders.	InternetNZ has not developed outreach activities designed to stimulate creative uses of the Internet in particular communities.
31 Mar 2018	Dozens of new uses developed by diverse sectors and communities, and there is increased visibility and celebration of these initiatives.	Stories about the creative use of the Internet are being shared by a wider network; more people know about them.	InternetNZ works with partners to support the sharing of stories of innovative, creative Internet use and to showcase the stories that are shared.

Internet issues

The primary strategic transformation for 2015-2018 for the issues team remains to be an **authority on Internet issues**.

This 2017-18 Activity Plan represents the third year of our delivery of that goal. Last year we showed what the issues team is capable of. We produced a mix of policy focussed documents and projects, projects targeting the general public and some more technical projects, building useful resources for the Internet community.

This year, we will continue to deliver high quality projects under the Focus Areas (sets out above). Beyond this, our goals in the 2017/18 Activity Plan represent the next step in fulfilling this strategy as well as reflect the operational themes mentioned earlier in this document. In 2017/18 the issues team will:

- **focus** on delivering high quality outcomes in the activity plan
- keep our core messages **simple** so that we can more easily reach the wider Internet community
- **reach out** to the wider Internet community, listening and providing a voice for the open Internet across New Zealand society.

Activities – new outputs

The Activities that the issues team will deliver are primarily covered in the Focus Areas part of this document. One part of being an authority on Internet issues is seeking to predict and shape policy debates about issues that matter to InternetNZ's work to promote the Internet's benefits and protect its potential.

Building off of our successful papers in 2016/17 (Towards a world without mass surveillance, Encryption: what it is and why it's important, Intelligence and Security in a Free Society review) a new output from the issues team will be quarterly position papers.

Activities – baseline

- **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.
- **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. We are moving the SOTI to a mid-year product, where we can launch it at an event attached to the InternetNZ AGM.
- **Maintaining the ISP Spotlight:** we will continue to monitor the ISP Spotlight, adding new ISPs and updating information as ISPs change relevant policies (routine review). Any new efforts to modify or improve the ISP Spotlight will be done as a part of the Access Focus Area project: Informing choices for Internet users.

Community

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 primary strategic transformation for the community area 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 community activities this year include broadening our engagement methods to support the business community and encouraging diverse attendees at NetHui. We will continue our community grants and funded strategic partnerships, continue development of the New Zealand Internet Research Forum (NZIRF); and support events and initiatives that align with our focus areas through sponsorships and on-demand grants.

These highlights reflect community goals in the 2017/18 Activity Plan which reflect the operational themes mentioned earlier in this document. 2017/18 is about:

- **Encouraging participation in our focus areas:** linking and encouraging the community and our partners to participate and use our existing projects and initiatives; as well as a focus on building relationships within the copyright and research communities
- **Building diversity:** developing our the internal team in order to support diverse New Zealand sectors and communities to attend our events, such as NetHui and Speaker Series
- **Acknowledging and encouraging achievement:** improving communications around community funding, and seeking new channels to reach out more broadly into New Zealand through awards, scholarships or leadership ambassador initiatives.

Activities – new outputs

- **Encourage use of the Digital Map by others:** We will invest in communities to encourage active use and conservation about our Digital Map, and promote at our engagement events, like Speaker Series and roundtable discussions.
- **Diversify NetHui 2017 attendees and building our membership:** We will inspire diverse people and communities to attendees at our national NetHui event in Auckland, and inspire communities to host regional NetHui in their own backyard in 2018. By broadening our approach to engagement, we aim to increase our membership base.
- **Build tikanga Māori across InternetNZ's work:** We will support the mahi (work) of the Māori Engagement Committee of Council, and continue our tikanga training in order to build networks with tangata whenua and other communities, to support governance and operational practices.
- **Develop a pilot youth champions programme:** We will develop and pilot a programme with current or new strategic partners for tomorrow's leaders who are interested in the Internet and inspire others through celebrating their creative thinking. This may include awards, scholarships or leadership ambassador initiatives.

Activities – baseline

- **Strategic partnerships:** Our community funding will support our partners and collaborate on areas of focus, facilitating interaction between partners and the Internet community. We will engage with and review potential future partnership opportunities with the issues team and the wider community.

- **Community grants:** Two funding rounds (one focused on Internet research and one on community projects, with a conference attendance grant component of each round) will be coordinated with community engagement events. We will also begin implementation of our impact assessment framework.

- **Community sponsorship:** We will reach new communities and events through strategic sponsorship to support community initiatives that align with our focus areas.

- **Community organisation support:** We will provide ongoing support and are committed to building and maintaining effective working relationships with organisations like TUANZ, NZITF and NZNOG as well as managing ad hoc and other requests for support.

- **New Zealand Internet Research Forum (NZIRF):** We will launch the NZIRF online research forum, as well host the NZIRF event at NetHui 2017; and build a fair use copyright coalition.

International

The Internet is a global resource, with many key decisions about how it works being made outside New Zealand. Our international work acknowledges that reality. We aim to connect local discussion about Internet issues and technology with what is happening globally. By doing so, we can help reflect New Zealand interests and views in shaping the Internet's growth and development, and we can help make sure that New Zealand has access to the leading thinking happening offshore.

Our focus in this year's Activity Plan is a little different. The focus of recent years on securing the ongoing community control of the global Domain Name System through ICANN reform is easing. We can move our focus to the broader challenges facing the Internet and its use, in particular how to derive maximum gain, and to mitigate the security and trust issues that have been receiving more attention than before.

Activities – new outputs

- **Pacific IGF:** We would like to support a Pacific Internet Governance Forum if one emerges, to help ensure that regional and Pacific voices and perspectives are heard in the shaping of the global Internet. The proposed Oceania School of Internet Governance (in last year's plan) did not come to fruition.
- **New Zealand collaboration:** We will strengthen our collaboration with agencies including the Ministry of Foreign Affairs and Trade and NCPO in the Department of Prime Minister and Cabinet, to respond to the ongoing developments in global and regional perspectives and activity on Internet issues.
- **ICANN 2020:** We will encourage ICANN to hold one of its global public meetings in New Zealand in 2020 or beyond. Today there is no convention center that can host meetings of that scale, but once the NZ International Convention Center is operating that will change. The last ICANN public meeting held in New Zealand was in 2006 and having another meeting here would help to enable strong national and regional participation in ICANN's work.

Activities – baseline

- **Participation in international Internet governance organisations and forums:** InternetNZ people will participate in the global Internet Governance Forum, the Asia-Pacific Regional IGF, and any nearby national initiatives (there will be no AU-IGF this year).
- **ICANN engagement:** As ccTLD manager for .nz, and as a civil society organisation, our main focus (distinct from our subsidiary companies) is in making sure the ICANN environment is accessible and accountable to the public and its customers.
- **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 the ITU and ICANN.
- **Attendance at other events:** Where it will assist our work in our Focus Areas, we will participate or support participation in other events.

Communications and Outreach

The purpose of the communications function is to help position InternetNZ as the authoritative voice for any matters relating to the Internet in New Zealand. We work with InternetNZ staff to ensure all work outputs are engaging, easily understandable and visible to the right 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.**

Since the introduction of the strategic transformation, we have increased both the quality and quantity of communications. It is our goal in 2017/18 to continue this trend. We will do this by focussing on our new baseline initiatives below and also introducing some new outputs to continue raising InternetNZ's profile.

Activities – new outputs

- **Why InternetNZ exists:** We are good at describing what we do, but our story about why we do it is not agreed or consistent. We will confirm the words that can connect New Zealanders to InternetNZ and help to raise awareness of why we exist and why this is important.
- **New community section on the website:** We will make ongoing improvements to the InternetNZ website with a key focus on a refreshed community section which helps to encourage the community and our partners to participate, and showcase our community work in an engaging way.
- **About us video:** We will produce a video that utilises our new vision statement. This video will showcase who we are, what we do, and more importantly - WHY we do it.

Activities – baseline

- **Supporting Focus Areas and other work:** communications and outreach is how people learn about our work. The communications function makes sure our Focus Areas work, and all that we do in Issues, Community and International, reaches the intended audiences in ways that are useful to them.
- **Core communications:** Regular communication will go out to members, stakeholders, media and the wider public. This showcases our work and positions InternetNZ as the authoritative voice for any matters relating to the Internet in New Zealand.
- **Creative and output:** We will work with staff to ensure all project content is easily digestible, engaging, aesthetically pleasing and is delivered to the right audience through the right channels.
- **Reporting and analysis:** We will produce regular reports that analyse and show trends of communications and engagement work output - including social media, media, website and advertising reporting.

Operations

The operations team provides the administrative and operational support that makes the organisation work. This is a significant area of baseline and business as usual work, in many cases performed in support of other parts of the group. The growing activities in the rest of the InternetNZ organisation also impact this team.

The primary strategic transformation for 2015-2018 for the operations team is to be recognised as capable, organised and trusted. In the third 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:

- **Focus:** Having a clear understanding, measurement and balancing of capacity to support the organisation.
- **Simple:** We will simplify and clarify processes - doing things once and properly in both systems and interactions, to support an excellent experience both internally and externally.

Activities – new outputs

- **Internal phone system replacement:** We will replace the PABX based system used internally. This was deferred from last year to allow for capital expenditure on other items.
- **Internal organisation:** We will review systems and support processes to support productivity across the organisation, and ensure that staff are trained to use these systems well.
- **Human resources:** We will build a full-service, internal HR function to more comprehensively support what is now a larger InternetNZ, including internal training.

Activities – baseline

The Operations team will continue to provide the wide variety of services both to InternetNZ and to subsidiary companies and partner organisations. A brief summary of the extent of this baseline activity is:

- **Financial management:** We will take 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:** We will manage our obligations as an employer and professional development planning.
- **Governance support:** We will organise and provide support for the AGM, elections, Council meetings, strategy retreats, subsidiary board appointments, and committee secretariat support.
- **Subsidiary services and support:** We will manage reception, meeting coordination, financials and IT for DNCL, and facilities management.
- **Statutory compliance obligations:** This includes all business legislation and in particular charities, health and safety and human resources legislation.
- **Overall office support:** This includes reception functions, facilities management and support, travel management and administration support (as needed).
- **IT management:** We will be responsible for managing both internal IT assets and supplier relationships that provide them, and support development of systems where required.
- **Internal policy development:** We will have ownership and responsibility for maintenance of both operational and governance policies.

- **Event delivery:** We will support the organisation's work through full project management of standing external event commitments including budgeting, facilities, catering, logistics.
- **Membership support and administration:** We will support the full operational support requirements of our current members and expected growth.
- **Team support:** working with the issues, community and international teams to support their activities.

Governance and membership

With around 400 members, InternetNZ is the biggest "Internet" organisation in New Zealand. We are in the middle of renovating our membership offer and seeking to grow our community and our membership. Governance is connected with the membership system as members elect the Council, responsible for InternetNZ's governance. Four Council members are elected at each AGM. This section of the Activity Plan deals with how the organisation supports members and Council.

Membership

This plan delivers the last year of work on our three-year strategic transformation: that **members are clear about their role in InternetNZ, and understand the value in joining.**

Last year we canvassed a research exercise that gave greater clarity about member expectations, and we added to that some thinking about how community development approaches to our organisation can expand our reach. This year's plan will see that thinking piloted in an array of changes: to how members engage with our work, how we communicate, and how we can support members to share perspectives and learn from each other.

We are making a change this year in tasking the community team to be the unit that is functionally responsible for leading our work in engaging our members.

Activities – new outputs

Membership improvements: Learning from the outcomes of our research, we will pilot and test new ways to engage current and potential members, communicate with and between members and share perspectives/networking. Some examples of ideas to consider, which would align where possible with the Focus Areas:

- **a hackathon:** apply the Hackathon format to an open event for members to help shape InternetNZ stances on a wide range of issues
- **a Facebook group:** a more user-friendly forum for some members than email lists, and another way for people to share perspectives and ideas
- **more networking sessions:** besides those for stakeholders, doing an array of events that bring members together
- **policy seminars:** an in-depth look at an area of policy over the course of a couple of hours, for those interested in the area to learn more and share ideas.

More ideas are more than welcome!

Activities – baseline

- **Membership survey:** We will do three surveys this year, one with a focus on Internet issues (as input into the review of Strategy) and another to test how the piloting of new membership activity (in 2018). The third will be the AGM-timed baseline survey.
- **Members meetings:** Subject to the piloting process above, we will keep making these more informal and friendly gatherings, and less "work intensive."

Governance

Council commissioned an organisational review at the end of 2016. That covers the structure and operations of the whole InternetNZ group. It is expected to reach conclusions for discussion with members and stakeholders in the first quarter of this plan. That may then lead to changes but there is no assumption about what such changes, if any, might be.

Besides that process, the Council will be working with the Chief Executive to conduct a review of InternetNZ strategy. The three-year strategic plan adopted in 2015 comes to an end next year and so re-considering our direction in the years ahead is a task for 2017.

As usual, Council will have its four quarterly meetings dealing with standard reporting and accountability matters, and a meeting to determine the annual plan and budget.

Our work in governance will continue to be led by the Chief Executive, supported by the operations team.

Budget summary

A summary of the Budget is presented below. For full detail, please consult the Budget Explanation Paper and the full 2017/18 Budget.

2017/18 Draft Budget	2016/17	2017/18	Change over Last Year	
Internet New Zealand Incorporated	**Budget**	**Draft Budget**	**Amount**	**%**
Income	4,287	4,887	600	14%
Expenses				
Internet Issues	654	654	00	0%
Community Funding	600	700	100	17%
Community Engagement	646	911	265	41%
** NetHui costs grossed **				
International Engagement	179	148	-31	-17%
Communications/Outreach	307	325	18	6%
Operations	1,157	1,297	140	12%
Overheads	471	478	7	1%
Governance & Membership	513	471	-42	-8%
International Events	54	0	-54	-100%
Total Expenses $000s	**4,581**	**4,985**	**404**	**9%**
Net Ordinary Income $000s	**-294**	**-98**	**196**	**-67%**
Operational Expenditure reconciliation				
Total Expenses $000s	**4,581**	**4,985**		
Less subsidiaries reimbursement of shared services	-387	-387		
Total Expenses $000s	**4,194**	**4,598**		

Activity	Expenses ($000s)	
Issues	$654	13%
Community Funding	$700	14%
Community Engagement	$911	18%
International Engagement	$148	3%
Communications/Outreach	$325	7%
Operations	$911	18%
Overheads	$478	10%
Group Services Recharged	$387	8%
Governance & Membership	$471	9%
Total	$4,985	100%

Activity	People FTE	
Issues	2.9	18%
Community Funding	1.6	10%
Community Engagement	2.62	16%
International Engagement	0.25	2%
Communications/Outreach	2.3	14%
Operations	3.87	24%
Group Services Recharged	0.8	5%
Governance	1.29	8%
Membership	0.57	4%
Total	16.2	100%

2017-2018 Activity Plan