

internetnz

Council Pack.

12/02/2021

AGENDA
Council Meeting: 12 February 2021
Wellington Office: L11 / 80 Boulcott St, Wellington Central

9:00am Meeting start
10:30am Afternoon Tea Break
12:00pm Meeting closed

Section 1 – Meeting Preliminaries

9:00am	1.1	Council only (in committee)
9:20am	1.2	Council and CE alone time (in committee)
9:50am	1.3	Karakia, apologies, interests register
	1.4	Agenda review and environment scan

Section 2 – Strategic Priorities

10:00am	2.1	.nz End States
10:30am		**Morning Tea Break**

Section 3 – Matters for Decision

10:45am	3.1	Registry Replacement Update (Dave B / Jordan / Martin S) - Late Paper
11:15am	3.2	New Operating Agreement with Domain Name Commission Ltd
11:25am	3.3	Confirming / Adjusting Committee Memberships (no paper)

Section 4 – Matters for Discussion

11:30am	4.1	(Vice) President's Report
	4.2	Domain Name Commission Chair Report (verbal)
	4.3	Management Items for Discussion .

Section 5 – Consent Agenda

(fifteen mins for discussion of items, contingency available)

11:50am	5.1	Confirm Minutes – 4 December 2020
	5.2	Actions Register
	5.3	E-vote Ratification - none since last meeting
	5.4	Quarterly and Operational Reports: 5.4.1 Health, Safety and Wellbeing Update 5.4.2 Membership Report 5.4.3 InternetNZ Activity Report 5.4.4 2020-Q3-InternetNZ Financial Group Consolidated Report 5.4.5 2020-Q3-InternetNZ Financial Report 5.4.6 2020-Q3-DNCL-Financial Report - Late Report

Section 6 – Other Matters

	6.1	CONTINGENCY (for any overflow)
	6.2	Matters for communication – key messages
	6.3	General business
	6.4	Meeting review
11:58am	6.5	Meeting close (karakia or waiata)
		Followed by the Members Quiz

Council Register of Interest

Officers and Councillors are required to register any interests, commercial, political or organisational, which they believe may be relevant to the perception of their conduct as a Councillor or Officer. Officers and Councillors are, however, still required to declare a Conflict of Interest, or an Interest, and have that recorded in the Minutes.

Officers and Councillors receive the following annual honoraria:

President - $35,470
Vice President - $22,169
Councillor - $17,735*

**Sub-Committee Chairs also receives additional 10% of their honoraria*

Name: Jamie Baddeley
Position: President, InternetNZ
Term: AGM 2014 - AGM 2021
Declaration Date: 27 May 2017
Interests:

- No items to declare.

Name: Joy Liddicoat
Position: Vice President, InternetNZ
Term: AGM 2014 - AGM 2021
Declaration Date: 31 March 2020
Interests:

- Trustee and Chair of the Peter Rule Foundation
- Holder of .nz domain name registrations
- Member of the New Zealand Law Society
- Member Otago Women Lawyers Society
- Member of the Non Commercial Users Constituency of ICANN
- Founding Director and Shareholder of Oceania Women's Satellite Network (OWNSAT) PTE Limited. OWNSAT is a shareholder in Kacific Broadband Satellite
- Affiliate of the Centre for Law and Policy in Emerging Technologies, Faculty of Law, University of Otago.
- Member of the Association for Progressive Communications

Name: Amber Craig

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2022

Declaration Date: 4 December 2020

Interests:

- Holds .nz domain name registrations
- Trust Chair of Whare Hauora Charity
- Deputy, Chair, interim Treasurer and Trustee of Rangitāne o Wairarapa Rurunga
- Director of Tahetoka Limited (Facilitation and Consulting)
- Trustee of Te Rua o Mahara Wairarapa Trust
- Director and Shareholder of Te Rua o Mahara Tours Tapui Limited
- Kaiako at Arataki Systems
- Receives additional honoraria for being Chair of the Audit and Risk Committee for InternetNZ.

Name: Sarah Lee

Position: Councillor, InternetNZ

Term: AGM 2014 - AGM 2022

Declaration Date: 24 August 2018

Interests:

- Member of New Zealand Māori Internet Society
- Receives additional honoraria for being Chair of the Māori Engagement Committee

Name: Richard Hulse

Position: Councillor, InternetNZ

Term: AGM 2015 – AGM 2021

Declaration Date: 1 April 2020

Interests:

- Employee of GS1 New Zealand
- Holder of .nz domain name registrations

Name: Don Stokes

Position: Councillor, InternetNZ

Term: AGM 2017 – AGM 2023

Declaration Date: 6 December 2019

Interests:

- Shareholder/Director, Knossos Networks Ltd, an authorised .nz registrar
- Shareholder / director of several inactive companies
- Registrant of .nz and .net domains
- Consultant of Liverton Security

Name: Kate Pearce

Position: Councillor, InternetNZ

Term: AGM 2017 – AGM 2023

Declaration Date: 15 February 2019

Interests:

- Employee of TradeMe
- Member of the New Zealand Labour Party
- Holder of .nz, .com, .org, .net domain registrations
- Member of NZ Internet Task Force
- Board Member of New Zealand Internet Task Force (NZITF)
- Member and Co-leader of Aotearoa Tech Union
- Receives additional honoraria for being Chair of the .nz Policy Committee

Name: aimee whitcroft

Position: Councillor, InternetNZ

Term: AGM 2019 – AGM 2022

Declaration Date: 17 August 2020

Interests:

- Employee of Waka Kotahi NZ Transport Agency
- Holder of .nz domain names
- Open Data Charter Board Member
- Organiser for unconferences and related events
- Have previously been employed by InternetNZ on contractual basis
- Have previously been awarded an InternetNZ conference grant
- Wildlife.ai Board Member

Name: Melissa Davies

Position: Councillor, InternetNZ

Term: Appointed 2020 – 2022

Declaration Date: 8 August 2020

Interests:

- Own .com and .nz domains
- Owner/Principal SilverDelta
- Owner/CEO Holdmine Ltd
- Co-Owner Bolstur Ltd
- Independent Director - Canterbury Employer's Chamber of Commerce
- Independent Director - Canterbury A&P Association
- Independent Director - Motus Health
- New Zealand Rugby - Board Committee - Commercial and Technology

Name: Hiria Te Rangi

Position: Councillor, InternetNZ

Term: AGM 2020 – AGM 2023

Declaration Date: 14 August 2020

- I own registered .nz domain names
- CEO - Whare Hauora - Charity
- CEO - Do Good limited - Company
- Co business owner - Atamai - Company
- Advising the Spark Foundation

Name: Anthony Bow

Position: Councillor, InternetNZ

Term: Appointed 2020 – 2022

Declaration Date: 17 August 2020

- Holder of .nz and .com domain names
- Director of Whai Rawa Fund Ltd
- Director of Maungaharuru-Tangitū Ltd
- Deputy Chair and Board Member of the Medical Radiation Technologists Board.
- Director of Medical Sciences Secretariat Ltd
- Chair and Trustee of Bill McKinlay Park Trust
- Director and Shareholder of Waimana Capital Ltd
- Shareholder in private companies; Big Splash Ltd and Talent Propeller Ltd

The register was last updated on 4 December 2020.

COUNCIL MEETING - FEBRUARY 2021

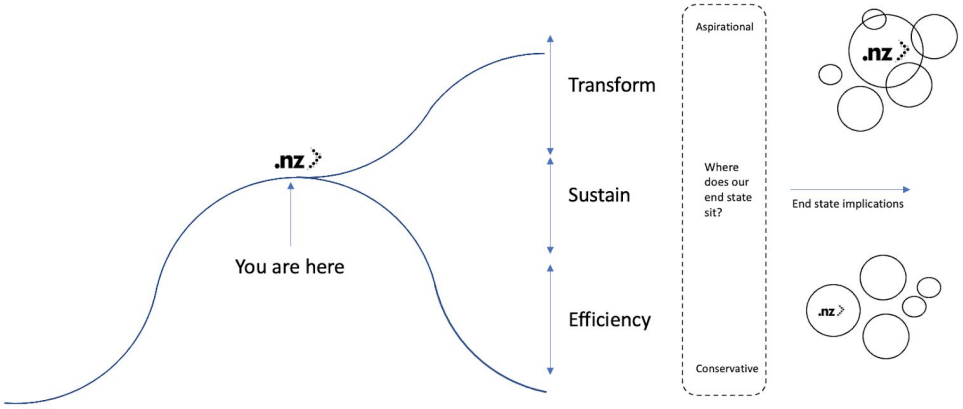
An updated .nz end state following our workshop

ITEM:	3.1
AUTHOR:	David Morrison
FOR:	Council
PURPOSE:	To share an updated .nz end-state
DATE WRITTEN:	29/10/2018

Background

On 4 December we held a workshop with Council, SLT and Chiefs to reflect on a draft .nz end state and test it against our collective aspiration for the name space with a 10 year horizon.

In the workshop we presented the current state of the market and possible future trajectories that a .nz end state might occupy. With a shared understanding of the impact of an end state we then tested the draft end state wording via three questions.



1. What does the draft end state say to you? How do you interpret it?

2. The level of ambition. What do you identify as ambition? Is the draft aspirational enough? Is it too ambitious?
3. Taking into account the answers to the first two questions, what sort of changes might we make to the draft?

Proposed draft at workshop

At the workshop we proposed the following draft:

"Everyone who associates or connects with New Zealand has a .nz name and is able to use it with ease as a core component in their online identity and presence.

We have world-leading levels of trust and confidence in the .nz domain name space."

Feedback on the draft end state - key themes

We distilled the feedback on the draft into key themes. These are summarised below.

There is an appetite for an aspirational end state and some felt the proposed wording would be too limiting, boring, too focused on identity , status quo and missed businesses entirely.

The terms "trusted", "confidence" and "easy" resonated strongly across the groups. Identity is considered an aspect of .nz but not the core value. It was also suggested that we think of .nz as a plural concept, as people can and do create multiple identities with domain names.

The workshop generated some useful insights on who .nz is for and who uses it. There was a suggestion that it may not be for all NZers and could have global interest. And that the draft didn't acknowledge tangata whenua or the bi-cultural nature of Aotearoa.

Another theme was that the .nz offering needs to drive real value (trust, confidence, use) and if we get that right then volume and scale will follow.

There was strong interest in expanding what .nz actually is (a domain name) and exploring if .nz might represent value in other ways or contexts. Could it be more than a domain name?

Some of the feedback expanded beyond .nz which this end state is focused on, including:

- Potential appetite for new product areas such as offering other Top Level Domains (e.g. .maori, .aotearoa)
- Replacing .nz in the end state with InternetNZ (out of scope for this workshop). .nz is a subset of InternetNZ's overall activity so it is difficult to use the two interchangeably.

Updated draft end state

.nz is growing Aotearoa online. Ease of use, well-earned trust and inspiring new uses of the .nz domain name space see rising interest, registrations and impact - in NZ and beyond.

What we think this updated end state evokes the following themes from the workshop:

- Retains trust, confidence and ease of use
- Adds in safety and security as a contributor to trust and confidence
- Does not limit who .nz is for
- Leaves space to be more than domain names
- Captures a drive for increased impact and growth.

Aspects that can be measured over time

- Trust and confidence in .nz can be measured
- Registration and impact of .nz services can be measured.

Recommendations

It is recommended that Council:

- Note the updated draft .nz end state
- Note it will be asked to approve the full set of updated end states later in the year.

Reference documents:

Workshop briefing paper: The .nz end state

Slide deck: Presentation

Workshop notes: Consolidation of inputs

COUNCIL MEETING - FEBRUARY 2021

New DNCL Operating Agreement

ITEM NO:	3.2
AUTHOR:	Jordan Carter, Group Chief Executive
FOR:	Council
PURPOSE:	To obtain Council's decision to authorise the officers to sign the new operating agreement with Domain Name Commission Ltd.
DATE WRITTEN:	4 February 2021

Background

InternetNZ is the ccTLD manager for the .nz country code top level domain. It fulfils aspects of its responsibilities in that role (dispute resolution, policy and contractual enforcement and compliance, and public queries) through its subsidiary company, Domain Name Commission Limited (DNCL).

To empower DNCL to do those things, since the company was formed in 2008 there has been a contract in place. This contract gives DNCL the standing to act in the above roles, especially in case litigation is involved.

Since the structural changes to the group in 2018, there has been a need to update and modernise the contract to reflect the narrower scope of DNCL's role (e.g. it is no longer the policy-maker). However, with ongoing litigation under way until late last year, it was agreed no changes would be made.

Now that the litigation is concluded, it is timely to update the contract, described as an operating agreement. The agreement is **attached** (Annex 1).

The document, which is attached, is a narrowly scoped document that empowers DNCL in its key roles where this is required beyond the provisions of the .nz policies. As well, it replaces a 2015 side agreement that licensed DNCL's use of the data in the .nz register, bringing all the relevant matters into a single agreement.

The draft agreement was generated by InternetNZ Counsel in collaboration with DNCL Counsel, under the leadership of Jordan Carter and Brent Carey.

It has been reviewed and discussed by Council and by the Board of DNCL, and so this paper is presented in order to make the agreement public and to record the rationale for it (rather than making a decision intersessionally by evote).

This paper seeks a formal Council resolution to authorise the officers to sign and apply the common seal of the Society to the agreement in order to execute it. The signed agreement will then be published as part of the policy and contractual environment applicable to DNCL, on the InternetNZ and DNCL websites as applicable.

The agreement gives effect to previous decisions regarding the group's structure and the roles and responsibilities of DNCL and InternetNZ. As such there is no public consultation required or planned on its provisions.

Recommendations

THAT Council **authorise** the Officers to sign the Operating Agreement between Internet New Zealand Inc and Domain Name Commission Ltd, and to apply the Common Seal of the Society to the agreement.

Jordan Carter
Group Chief Executive

4 February 2021

Attached:

Annex 1: Operating Agreement

Operating Agreement

Internet New Zealand Incorporated

InternetNZ

and

Domain Name Commission Limited

DNCL

Date **2021**

Hudson Gavin Martin

Technology, Media and Intellectual Property Lawyers

This **Agreement** is made on 2021

between (1) **Internet New Zealand Incorporated** (Inc. No. 692906), a duly incorporated society having its registered office at Level 11, 80 Boulcott Street, Wellington (**InternetNZ**);

and (2) **Domain Name Commission Limited** (NZCN 2072182) a duly incorporated company having its registered office at c/- Izard Weston, Level 13, 89 The Terrace, Wellington (**DNCL**).

Background

A. InternetNZ is a non-profit charitable society established for the purpose of protecting, promoting and fostering the development of the Internet in New Zealand. It is responsible for the management of the .nz Domain Name Space in New Zealand.

B. The .nz domain space is governed by .nz policies which are developed and approved by InternetNZ. Pursuant to those policies certain functions and powers are vested in DNCL and the Domain Name Commissioner relating to:

(i) enforcement of the .nz policies and contractual framework in relation to the .nz Domain Name Space, and

(ii) provision of a .nz Dispute Resolution Service;

C. The parties wish to record the terms and conditions upon which those functions and powers will be performed.

It is agreed

1. Definitions and Interpretation

1.1 In this Agreement, unless the context otherwise requires or is specified otherwise:

Agreement means this Services Agreement, including any Schedule;

Business Day means a day other than a Saturday, Sunday, or public holiday in Wellington;

Chair of DNCL means that person from time to time that holds the position of chair of the Board of Directors of DNCL;

Commencement Date means the date that the last party executes this Agreement;

Confidential Information means any information relating to the business or affairs of that party and includes, without limitation, object code, source code, modifications to hardware or software, product knowledge, quality standards, research and development, unpublished specifications, technical information, manipulated data, business plans, business processes, methodologies, techniques, general know-how, costs, user lists, financial data, market research and trade secrets;

Data means the data and records contained in the Register that is the domain registrant data, being the contact details of the registrant, the domain zone data,

being the data that is published by the Query Service provided by InternetNZ, and the domain status data, being the rest of the data and records in the Register including the registration date, expiry date and registrar details;

Domain Name Commissioner means the senior employee of Domain Name Commission Limited who is assigned that role pursuant to his or her Employment Agreement and in the case of absence of duty from whatever cause, includes an Acting Domain Name Commissioner appointed by the Board of Directors of Domain Name Commission Limited.

Domain Name System means the domain name system in New Zealand;

Exclusive Licence means the licence granted by InternetNZ to DNCL in clause 4.2(a);

Functions means those functions that DNCL will perform in carrying out the Oversight Services as required by InternetNZ, details of which are set out in Schedule 1;

GST means goods and services tax payable in accordance with the Goods and Services Tax Act 1985, and as amended from time to time;

Intellectual Property Rights means any patent, trade mark, service mark, copyright, moral right, right in a design, know-how, database rights and any other intellectual property rights, whether registered, in the course of being registered or unregistered and any analogous rights worldwide;

InternetNZ Council means those persons elected by InternetNZ members or appointed to govern InternetNZ;

InternetNZ Pre-existing IP means:

(a) any Intellectual Property Rights which are either:

(i) owned by, licensed to or in the possession of InternetNZ on or prior to the commencement of this Agreement;

(ii) developed outside of this Agreement by DNCL for InternetNZ in relation to previous agreements or contractual arrangements; or

(iii) developed by, licensed to or in the possession of InternetNZ after the commencement of this Agreement, but not in relation to the Agreement; and

(b) any modifications, enhancements to the items in paragraph (a) of this definition that cannot be used independently of those items;

Licence Agreement means the 'Licence Agreement' dated 11 December 2015 between InternetNZ and DNCL;

Licences means the Exclusive Licence and the Non-Exclusive Licence;

.nz Domain Name Space means the Internet domain names ending in the suffix code ".nz";

.nz Nameservers means the authoritative .nz nameservers operated by, or on behalf of, InternetNZ;

New IP has the meaning given in clause 8.2 of this Agreement;

Non-Exclusive Licence means the licence granted by InternetNZ to DNCL in clause 4.2(b);

Oversight Services means:

(a) enforcing and facilitating compliance with policy that has been adopted in relation to the .nz Domain Name Space, as detailed in Schedule 1, and

(b) such other activity as InternetNZ and DNCL may agree from time to time;

Query Service means the service provided to the general public in accordance with the .nz policies to enable a search for domain name registration data;

Register means the database that is the sole register of .nz domain names and is the authoritative record of top level domains and registrants in New Zealand;

Register Rights means any copyright, database rights, rights in confidential information and any other Intellectual Property Rights that may exist in the Register;

Schedule means a schedule attached to this Agreement; and

Services Fee means the amount to be paid to DNCL by InternetNZ as contemplated in clause 7.1;

SRS means the system used by registrars to create and manage domain name registrations; and

User Contract means the contract entered into between InternetNZ and a user of the Register as part of allowing that user to access information contained in the Register.

1.2 In this Agreement, unless the context requires otherwise:

(a) words importing one gender include the others;

(b) words importing the singular or plural number include the plural and singular number respectively;

(c) headings are inserted for the sake of convenience of reference only and do not affect the interpretation of this Agreement; and

(d) a **person** includes any individual, corporation, unincorporated association, government department or local authority.

1.3 Where there is a conflict between the body of this Agreement and a Schedule then, to the extent of the conflict, the body of this Agreement will prevail unless there is express provision to the contrary in a Schedule.

2. Previous arrangements

2.1 The parties acknowledge and agree that this Agreement supersedes and replaces all existing agreements already in place between InternetNZ and DNCL on the subject matter set out in this Agreement, including for the avoidance of doubt the Operating Agreement dated 1 April 2008 between InternetNZ and DNCL and the Licence Agreement, both of which are terminated with effect from the date this Agreement is signed by both parties.

2.2 The parties acknowledge and agree that all of the Register Rights created by DNCL and any other Intellectual Property Rights in the Register that vested in DNCL were properly transferred to InternetNZ as required by the terms of the Licence Agreement, and those Intellectual Property Rights form part of InternetNZ's Pre-existing IP. To the extent not properly transferred as at the Commencement Date, DNCL agrees to carry out all acts including the signature of any confirmatory assignment documents as InternetNZ may require to give effect to this clause 2.2.

3. Term

3.1 This Agreement will commence on the Commencement Date and will continue until terminated in accordance with the terms of this Agreement.

4. Appointment and Grant of Rights

4.1 InternetNZ appoints DNCL to provide the Oversight Services.

4.2 To enable DNCL to carry out the Oversight Services and subject to clause 12.4(c), InternetNZ grants DNCL during the term of this Agreement:

(a) an exclusive, non-transferable, royalty free, worldwide licence of the Register Rights to use the Data and/or the Register to (**Exclusive Licence**):

(i) publish the Data in bulk;

(ii) publish historical or non-current versions of the Data;

(iii) contact registrants in bulk using contact details of those registrants contained in, or that has been contained in, the Register;

(iv) access the Register in bulk through the Query Service;

(v) make multiple Query Service requests for the purpose of bulk collection of the Data; and

(vi) bring, instigate, initiate or defend proceedings for and on behalf of InternetNZ in accordance with clause 8,

but this Exclusive Licence does not include the right to make the Data or Register available:

(vii) on an individual record basis through the Query Service;

(viii) through the .nz Nameservers, SRS or Other Registrar Systems; or

(ix) in the form of aggregated data that does not contain any individual records,

such rights may, however, fall within the scope of the Non-Exclusive Licence in clause (b);

(b) a non-exclusive, non-transferable, royalty free, worldwide licence to use the Register to the extent necessary to carry out the Oversight Services, where such use is not licenced under the Exclusive Licence (**Non-Exclusive Licence**); and

(c) subject to clause 8 (including any decision under clause 9.2), the right, as agent for InternetNZ, to enforce the terms of any User Contract that may be infringed.

5. Performance of Oversight Services

5.1 DNCL will carry out the Functions in performing the Oversight Services. In doing this DNCL will:

(a) do so:

(i) in the same manner as it is at the date of this Agreement unless DNCL is required elsewhere in this Agreement to operate in a different manner;

(ii) in a professional manner, using all due care and skill;

(iii) in a manner that does not infringe the Intellectual Property Rights of InternetNZ or any third party;

(iv) in compliance with all applicable laws, regulations and codes of practice;

(v) using suitably qualified and experienced personnel; and

(vi) in accordance with good business practices.

(b) use all reasonable endeavours to cooperate with and coordinate its operations with the efforts of InternetNZ.

(c) report in relation to its performance in the manner and at the frequency as reasonably required by InternetNZ from time to time;

(d) comply with the .nz policies as notified to DNCL by InternetNZ, from time to time.

5.2 In the course of providing the Oversight Services DNCL may identify policy changes that could better achieve the intended outcomes of the .nz policies. Where it does so DNCL shall notify those to InternetNZ for its consideration. DNCL shall provide such support as reasonably required by InternetNZ to enable InternetNZ to develop or modify any policy.

5.3 DNCL will only publish or otherwise make available to the public a policy that has been approved by InternetNZ, which InternetNZ may do in its sole discretion.

6. Independence of DNCL and Domain Name Commissioner

6.1. In undertaking its compliance and dispute resolution roles pursuant to both .nz policies and this agreement, DNCL and the Domain Name Commissioner shall act independently of Internet NZ, without fear or favour and without regard to economic considerations.

6.2. In respect of any particular case the Domain Name Commissioner shall act independently and shall not be responsible to InternetNZ for the performance or exercise of such functions or powers.

6.3 While nothing in this clause is intended to restrict the ability of the Board of Directors of DNCL to fulfil their duties as directors, the board acknowledge the importance of the independence of the Domain Name Commissioner when determining what matters of compliance to pursue, how to pursue them and how to assist with the resolution of disputed matters. The appointment and grant of rights by Internet NZ under this agreement is made on the basis that the Board of Directors of DNCL shall seek to enable the Domain Name Commissioner to carry out the compliance and dispute resolution roles without undue control by them or influence from them.

7. Fees

7.1 In performing the Oversight Services, DNCL shall be entitled to be compensated for that activity by InternetNZ whose activity DNCL will be assisting. InternetNZ shall pay DNCL the Services Fee for the Oversight Services in the manner set out in Schedule 2 or such other manner as InternetNZ may prescribe from time to time.

7.2 InternetNZ may vary the Services Fee at any time upon 3 months' prior notice to DNCL. Where DNCL does not agree with that change it will advise InternetNZ of this within 1 month of receipt of InternetNZ's notice and may terminate this Agreement with effect from the date the change in the Services Fee is to take effect. If DNCL does not so advise InternetNZ of its disagreement to the proposed variation, the variation of the Services Fee shall be deemed to be accepted by DNCL.

8. Intellectual Property Rights

8.1 All Register Rights are owned by InternetNZ. To the extent that InternetNZ does not own any existing Register Rights, DNCL assigns without reservation or extra charge its entire right, title and interest in such Register Rights to InternetNZ.

8.2 All Intellectual Property Rights, including any Register Rights, arising from or in connection with carrying out the Oversight Services by DNCL under this Agreement (**New IP**), will on creation vest absolutely in InternetNZ and DNCL will execute all documents and do all acts and things reasonably necessary for the purpose of giving effect to this clause.

8.3 To the extent the New IP does not vest in InternetNZ on creation, DNCL:

(a) assigns without reservation or extra charge the Intellectual Property Rights and all other rights in the New IP to InternetNZ; and

(b) will join and co-operate with InternetNZ and execute all instruments necessary and perform such acts as necessary to permit InternetNZ to fully protect the New IP.

8.4 To the extent individuals are entitled to assert any moral rights (as conferred under the Copyright Act 1994 or equivalent laws of another jurisdiction) in or to the New IP, DNCL must ensure that each of its officers, employees, contractors (including subcontractors) and agents involved in the production or creation of the New IP gives all necessary consents and waivers in writing authorising InternetNZ to do any act or omission that would otherwise infringe that person's moral rights.

8.5 Upon New IP being created and rights in it being owned by InternetNZ, that New IP shall form part of the InternetNZ Pre-Existing IP and will be licensed under this Agreement in the manner contemplated by this Agreement.

9. Enforcement of Register Rights

9.1 Each party will promptly notify the other in writing as soon as it becomes aware of any infringement or suspected infringement by a third party of any of the rights of InternetNZ (whether Register Rights, rights conferred by any applicable law or regulation, or rights under a User Contract) (**Infringement**).

9.2 Following either party notifying the other of any Infringement, the parties will work together in good faith to determine the most appropriate party to lead on any proceedings or other actions in respect of such Infringement. If it is decided that InternetNZ is best placed to lead any such actions, DNCL will provide InternetNZ with such assistance as InternetNZ may reasonably request in preparing for and undertaking those actions.

9.3 If following consultation under clause 9.2 the parties decide DNCL is the party best placed to lead any action for Infringement, then DNCL has the right, at its own cost, to bring proceedings in its own name or on behalf of InternetNZ (as the case may be), or settle any claim on behalf of InternetNZ, for such Infringement.

9.4 If DNCL takes action in accordance with clause 9.3, DNCL will:

(a) promptly provide InternetNZ with notice of any such proceedings;

(b) regularly inform InternetNZ of progress;

(c) follow any instruction or direction of InternetNZ in relation to the exercise of a right conferred under clause 8.3; and

(d) promptly provide such information as InternetNZ may request, including copies of all documents filed in the proceedings.

Where requested by InternetNZ, DNCL will immediately notify the relevant court that its grant of the right to bring and enforce the proceedings has been revoked and it will do all things necessary to ensure that InternetNZ is joined or substituted as a party in the relevant proceedings to the extent permitted by law, and, if

required by InternetNZ, where it is the plaintiff it will discontinue those proceedings or where it is the defendant, it will cease to defend those proceedings.

9.5 If, under applicable law, DNCL is unable to bring proceedings solely in its own name, it may seek consent from InternetNZ to bring such proceedings jointly with InternetNZ, such consent not to be unreasonably withheld.

9.6 If InternetNZ is joined to proceedings pursuant to clause 9.5 or otherwise, DNCL shall indemnify and hold harmless InternetNZ and its respective Council Members, directors, employees and agents, from and against any and all claims, demands, losses, causes of action, damages and expenses (including without limitation, legal fees) arising from or in connection with such proceedings.

9.7 Any damages, profits, awards and settlement amounts recovered by DNCL for any such Infringement will be applied first to reimburse DNCL for all actual costs and expenses incurred by it in bringing proceedings with any balance of funds then remaining, being paid to InternetNZ.

10. Use of Register

10.1 DNCL acknowledges that the Register consists of valuable information to InternetNZ. DNCL will treat the Register with the same care as if it was the owner of the Register and shall only use or permit the Register to be used for the purposes of carrying out the Oversight Services.

10.2 DNCL will comply with the requirements of the Privacy Act 2020, the Unsolicited Electronic Messaging Act 2007 and any other applicable law or regulations relevant to its use of the Register.

11. Confidentiality

11.1 DNCL will treat as confidential all Confidential Information and will only use the Confidential Information for the purpose of carrying out its obligations under this Agreement. DNCL will not disclose the Confidential Information to any person without InternetNZ's prior written consent (except to its employees, for whom DNCL will be responsible, and then only to those employees who need to know such information).

11.2 Clause 11.1 does not extend to information that:

(a) can be established by written records to be already known to DNCL at the time of disclosure;

(b) is in or enters the public domain through no fault of DNCL; or

(c) DNCL is obliged by law to disclose, provided that it has first advised InternetNZ of this obligation and has allowed InternetNZ reasonable time to avoid the disclosure having to be made, and has given InternetNZ such assistance as InternetNZ reasonably requests.

11.3 DNCL will deliver to InternetNZ on request all Confidential Information and any other document supplied by or obtained from InternetNZ.

12. **Termination**

12.1 Either party may terminate this Agreement:

(a) by notice in writing if the other party becomes subject to any form of insolvency or other external administration; or

(b) if there is a material breach of this Agreement by the other party and:

(i) the material breach cannot be rectified; or

(ii) the material breach can be rectified but the party in breach fails to remedy such breach within 20 Business Days of receiving notice from the other party specifying the breach and requiring it to be remedied.

12.2 Either party may terminate this Agreement if InternetNZ ceases to be the sole authority for the management and administration of the .nz Domain Name Space.

12.3 InternetNZ may terminate the Agreement without cause by giving 20 Business Days notice in writing to DNCL.

12.4 If this Agreement is terminated:

(a) DNCL's appointment to carry out the Oversight Services will cease; and

(b) DNCL shall:

(i) immediately provide to InternetNZ:

(A) all records and information, including Confidential Information, in DNCL's possession or control; and

(B) all other property of InternetNZ (including, without limit, documents and associated Intellectual Property) which is in the possession or control of DNCL; and

(C) all other assets or property of DNCL that are needed for the performance of DNCL's functions and duties under .nz policies or under this agreement.

(ii) if requested by InternetNZ, destroy or erase all copies in any form of the Confidential Information; and

(iii) carry out all acts, including the execution of any confirmatory assignment documents, as InternetNZ may require to give effect to this clause; and

(c) all licences granted under this Agreement shall be revoked with immediate effect, except to the extent needed to close out any claim of Infringement it is involved in under clause 9.

12.5 Termination of this Agreement will not affect the provisions of this Agreement which are intended to continue, or should reasonably continue, after termination (including, without limit, clauses 4.2, 8, 11, and 13). Termination will not affect

any claim by either party against the other party arising out of any breach or failure under this Agreement prior to termination.

13. Disclaimer and Indemnity

13.1 Except as expressly provided in this Agreement, all representations or warranties (statutory, express or implied), except any which may not lawfully be excluded, are expressly excluded.

13.2 Without prejudice to any other rights and remedies of InternetNZ, DNCL indemnifies InternetNZ against all liabilities, damages, costs or expenses that InternetNZ sustains or incurs arising out of or in connection with any claim from the performance of its Oversight Services infringing the rights (including any Intellectual Property Rights) of any person.

14. Insurance

14.1 DNCL will effect and maintain, with a reputable third party insurance company and during the Term, professional indemnity insurance and such other insurance in relation to performance of its Oversight Services, at such coverage limits, as a prudent person carrying out similar activities would maintain.

14.2 All insurance effected and maintained by DNCL pursuant to clause 14.1 will:

(a) name InternetNZ as an insured party; and

(b) contain an effective and binding clause to the effect that the insurer waives all rights of subrogation which may otherwise have existed against InternetNZ, its Council Members, employees, and authorised representatives.

15. Force Majeure

15.1 Neither of the parties will have any liability whatsoever or be deemed to be in default, for any delay or failure in performance under this Agreement resulting from acts beyond the control of that party, including, but not limited to, acts of God, acts or regulations or orders of governments, war or national emergency, accident, fire, riot, lock-outs, industrial disputes or epidemics.

16. Books and Records

16.1 DNCL must keep proper, accurate, and complete books, accounting records and statistical information.

16.2 DNCL will permit InternetNZ and any person authorised by InternetNZ to inspect or audit the records and accounts referred to in clause 16.1 during normal business hours and to take copies and extracts from those records and accounts.

17. Notices

17.1 Any notice given pursuant to this Agreement must be made in writing or by email sent to the registered office or principal place of business of the other party as set out in this Agreement or to such other address as may be notified by either party to the other from time to time. Any communication sent by email will be deemed

to be received when transmitted to the correct email of the recipient with no indication of incomplete transmission. Any other notice will be deemed to be received when left at the specified address of the recipient or on the fifth day following the date of posting.

18. General

18.1 This Agreement represents the entire agreement between the parties regarding the subject matter of this Agreement, and supersedes any previous understanding or agreements between the parties.

18.2 This Agreement will not be deemed to create a partnership, joint venture or agency relationship of any kind between the parties.

18.3 If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement will remain in force and effect.

18.4 No variation or waiver of any provision of this Agreement will be recognised or binding unless it is in writing and signed by both parties.

18.5 DNCL may not assign or transfer this Agreement or any of its rights or obligations under this Agreement, whether in whole or in part, without the prior written consent of InternetNZ.

18.6 This Agreement is subject to the laws of New Zealand and the parties submit to the exclusive jurisdiction of the New Zealand courts.

Execution

Executed as an agreement

The **Common Seal** of **Internet New Zealand Incorporated** was affixed in the presence of:

President / Vice-President	Council Member
Print Name	Print Name
Date signed	Date signed

Signed by **Domain Name Commission Limited**:

Director	Director / Authorised signatory
Print Name	Print Name
Date signed	Date signed

Schedule 1 – Functions

The parties acknowledge and agree that DNCL will perform the following functions:

- Enforce the .nz policies, and assure compliance with them by market participants
- oversee the market and ensure compliance of registrars, resellers and registrants with applicable regulatory standards and rules
- Authorise and deauthorise registrars
- Maintain an understanding of the competitiveness of the marketplace for .nz domain names
- Provide a dispute resolution service for .nz domain names
- Respond to and attempt to resolve queries from the public regarding the .nz domain name space and its operation
- Investigate and resolve complaints regarding .nz authorised registrars.
- Perform any appropriate functions, in conjunction with InternetNZ, arising from some unexpected event or crisis affecting the .nz domain name space.
- Participate as part of the InternetNZ Group in appropriate and applicable international forums and events
- Publish information and reports related to these functions as appropriate
- Provide significant input into changes to .nz policies.

Schedule 2 – Fees

Services Fee

1 DNCL will annually present InternetNZ with a draft budget, including the necessary sum of the service fee, for the forthcoming year. The budget is to be sufficient to allow DNCL to perform its functions in a sustainable, efficient and effective manner.

2 In calculating the service fee in the draft budget DNCL will take into account the other sources of revenue it has and contingency fund it reasonably requires as discussed below.

3 InternetNZ will review the budget and approve the service fee as part of its usual budget approval process. The service fee will then be paid monthly by InternetNZ to DNCL.

4 DNCL will have the following other sources which it must take into account when setting the service fee in the draft budget:

- 4.1 Any fees paid to the Commission pursuant to its functions or to the functions set out in the .nz policies (for example, fees to registrar authorisation processes, or fees relating to dispute resolution services)
- 4.2 Investment interest

5 DNCL can retain a contingency fund to manage cash flow and protect from possible litigation costs. The level of this fund is to be decided by the DNCL Board but it is intended that it should not exceed 60% of the annual operating budget.

COUNCIL MEETING - FEBRUARY 2021

Management items for discussion

ITEM NO: 4.3
AUTHOR: Jordan Carter, Catherine Fenwick
PURPOSE: Key items for the Council to know / offer guidance on.
DATE WRITTEN: 4 February 2021

Introduction

This paper is designed to raise key issues for the Council to give advice, input and share understanding with management.

This meeting paper is extremely brief, as this is the start of the year and the standard quarterly reports form part of this meeting's material - and also because there are only a few business weeks elapsed since the last meeting.

Matters are broadly in order of priority, and there are five sections:

A. **Key risks** - where we update you on any changes to significant organisational risks.

B. **Key items** - the matters we'd like a conversation about - which may or may not be covered by other standard reporting.

C. **Exceptions / items to note** - significant issues in the general reporting we want to be sure you have seen.

D. **Late changes** - any material changes to conditions or issues that were covered in quarterly reporting (none in this paper).

E. **Key future commitments** - a look forward to some key events over the next six months.

A. Key Risks

Over the period since the Council meeting in December we would like to report that overall, our organisation and our staff have performed very well during the ongoing pandemic.

There has been no material change to risks in the register over the period.

Risk focus areas

We continue to consider the steps required to protect our employees, services, customers, supply chains and financial sustainability in the short, medium and long term.

The Top 3 Organisational Wide Projects are as follows
- The registry replacement project - preferred supplier identified
- .nz Policy Review - currently reviewing actions on the findings
- Flexible First - evolving our organisation - work programme evolving.

These projects have a major effect on InternetNZ operations and therefore have been the focus for risk during the quarter as well as the Business as Usual activities.

1. **Health, Safety and Wellbeing** - The HSW Committee's primary focus is still around reviewing HSW policies and procedures and ensuring that these are aligned to the Flexible First programme as well as keeping track of updates and any changes around COVID-19. Other focus for the group is looking into training and workshops around safety and wellbeing for staff.
2. **.nz** - The registry replacement and .nz policy review projects continue to have significant and necessary input from across the organisation to ensure their success. Significant staff involvement is expected through the life of these projects, tempering our activity plans and aspirations for the year.
3. **Premises** - see update in B1 below

Our ask:	**Note** the operational updates in this paper

B. Key Items

These are items we'd like a conversation about - which may or may not be covered by other standard reporting.

B1 - Premises move

Issue:	We now have principle terms of the agreement aligned and hope to have them signed soon - this will allow us to prepare a new lease for Council approval this month.The target date for occupancy is july 2021 but the timeline is still in draft with inputs for designers on key milestones and budgets being reviewed and negotiated at present.
Our ask:	That you be aware of this - we welcome any questions.

C. Exceptions / Items to Note

These are significant issues in the general reporting we want to be sure you have seen.

C1 - Domain Name Registration Numbers

Issue:	As at 28 January 2021 we are at 723,939 total registered domains. Transactions over the holiday period were unsurprising and we are curious to see what the new year bounce back activity looks like. Current thinking is a general return to normal patterns with a slight overall increase in creates unless further lockdowns take place to drive an increase in businesses going online in order to survive.

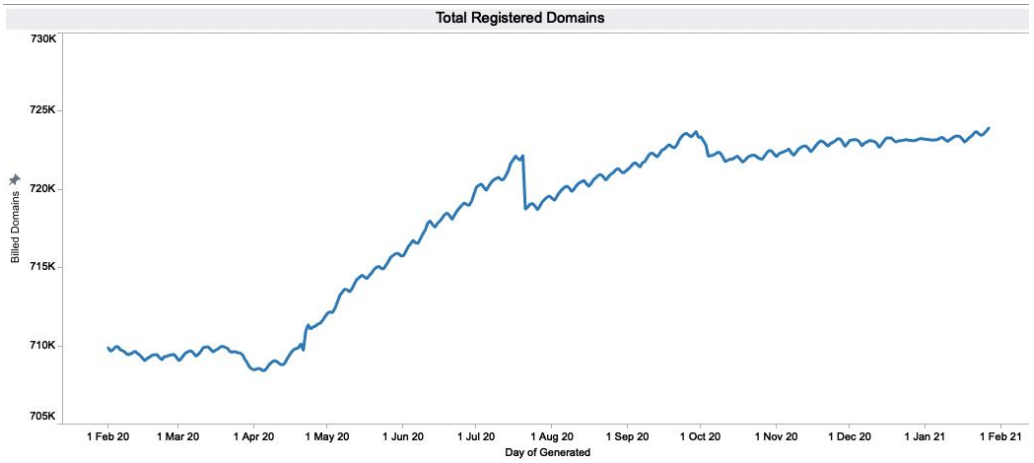


Figure 1: Total domain names shown daily over past 12 months

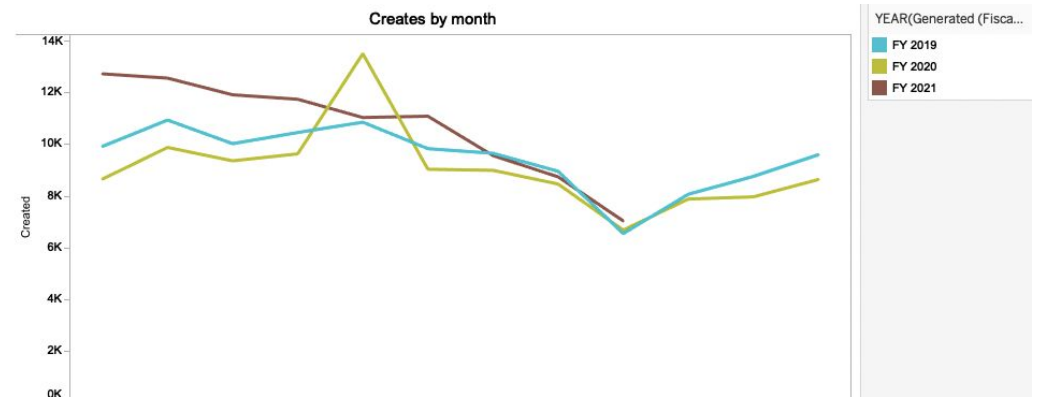


Figure 2: Comparison of creates by financial year.

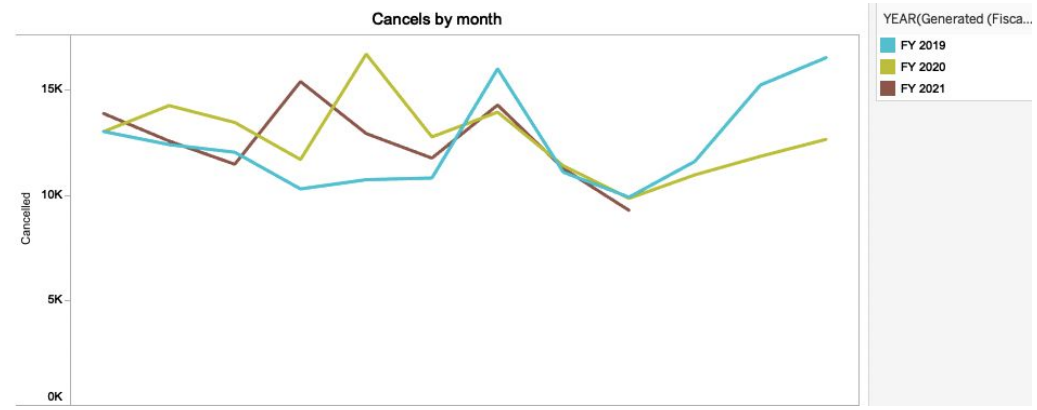


Figure 3: Comparison of cancels by financial year.

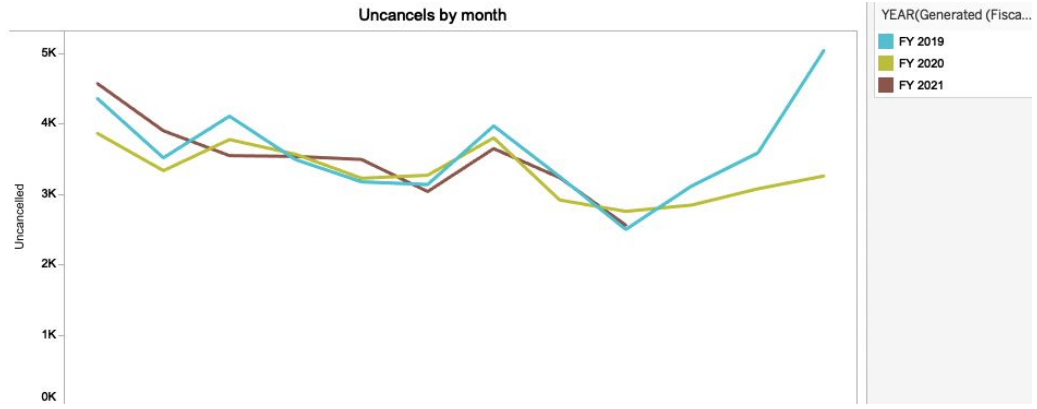


Figure 4: Comparison of uncancels by financial year.

Our ask:	That Council note the impact of COVID-19 on domain name registration numbers.

E. Key External Commitments to June 2021

The table below sets out key external commitments over the next two quarters.

The programme is still significantly impacted by the COVID-19 pandemic, particularly for international engagements. We anticipate that participation will continue to be online for all international engagement, and no international travel is seen as likely before sometime in the latter part of calendar 2021, in the most optimistic scenario.

Domestic engagements are likely to restart in as much of a business as usual manner as possible, though there remains significant challenges in venue availability due to COVID-19 utilisation of hotels for managed isolation.

January to March 2021 (Q4)	Domestic commitments include: ● NZNOG 2021 - to be rescheduled to later in 2021, with the trustees preferring not to try an online event. ● TUANZ After5 - *What now after a year of disruption?* - 11 February, Wellington. ● MobileTech Ag - 23-24 March, Rotorua. International commitments currently include: ● APTLD79, 24-25 February 2021, online. ● ICANN70, March 2021, online.
April to June 2021 (Q1)	Domestic commitments include: ● TechWeek 2021 - 24-30 May. International commitments currently include: ● Christchurch Call 2 year anniversary, May 2021, event tbc. ● RightsCon 2021, 7-10 June 2021, online. ● ICANN71 Policy Forum, 15-18 June 2021, online.

Jordan Carter
Group Chief Executive

4 February 2021

MINUTES
COUNCIL MEETING

Status:
Draft to be ratified

Date
4 December 2020, 12:30pm

Present:
Jamie Baddeley (President) Joy Liddicoat (Vice President), Hiria Te Rangi, Melissa Davies, Anthony Bow, Don Stokes, Sarah Lee, Richard Hulse, Kate Pearce, Amber Craig and aimee whitcroft

In attendance:
InternetNZ: Jordan Carter (Chief Executive), David Morrison, Dave Baker, Kim Connolly-Stone, Andrew Cushen, Raniera Albert and Dominic Kebbell.
Member: Mark Thomas

Meeting opened:
The meeting started at 12:04pm.
Staff joined the meeting at 12:42pm.

Section 1 - Meeting Preliminaries

1.1 Council only (in committee)

1.2 Council and CE alone time (in committee)

1.3 Karakia, apologies, interests register

Raniera Albert opened the meeting with Karakia.

No Apologies received.

Cr Craig provided an update for the interests register she is now a Kaiako at Arataki Systems.

1.4 Agenda Review and environment scan

- Concerns re DHB use of Māori data, and also data about water.
- The latest updates on Police use of facial recognition.
- Noting privacy considerations of the above and storage of data offshore.

Section 2 - Strategic Priorities

2.1 .nz Policy Review - proposed approach for responding to the recommendations of the .nz Advisory Panel

Mark Thomas joined the meeting for this item.

Cr Pearce, Chair of the .nz policy committee outlined the background to the review, and the proposed approach to Council.

Policy Director, Kim Connolly-Stone added further context, noting that the approach of getting feedback on a draft of the new framework should generate more meaningful feedback than simply double-consulting on the panel's recommendations.

Council members noted the interdependencies between the policy review and the registry replacement project. They asked whether there would be issues in the other categories (2 and 3) that would overturn category 1 recommendations - the answer is no. They discussed engagement fatigue risks around the work. The language and framing of the paper were noted as being of a style familiar with government, and the importance of being accessible and open was stressed.

A separate issue was raised about the various sets of principles we have, and whether there should be some review of the organisation's objects. It was suggested that Council could come back to this discussion when the end states are considered in February 2021.

Staff noted the approach to engaging with Māori. They also noted that the decisions here are about what to consult on - decisions at this meeting do not amount to substantive decisions on the future policy framework.

Council thanked the Policy Committee and the staff for its work.

RN80/2020 THAT Council **agree** to prioritise the Panel's recommendations as set out in Appendix 1.

RN81/2020 THAT Council **note** that staff intend to publicly consult in February 2021 on:

a) the exposure draft of the new .nz Rules, incorporating many of the panel's Category 1 recommendations.
b) recommendations 29-31 and 33-36 relating to the Registry Replacement Project, subject to the following recommendation.
c) various issues relating to the Registry Replacement project.

RN82/2020 THAT Council **note** that we may not be able to include recommendations 29-31 and 33-36 given the high workload of the teams involved.

(Cr Craig /Cr Hulse)
CARRIED U

2.2 Priorities for 2021/2022

The Chief Executive introduced the paper that set out key priorities for the 2021/2 and proposed three areas of focus for the group in order of priority:

- .nz Registry Replacement Project
- .nz Policy Review
- Flexible First Programme (operating model changes for flexible work)

Members of Council made the following comments:

- Queried the use of the language "must not fail project", and suggested instead to talk about risk minimisation. The language of "fail forward" was also suggested.
- On the issue of product development, Council needs to take a portfolio view, but appreciates information on how we are tracking.
- The three priorities are bang on, and are connected.
- In respect of the secondary priorities, there was the hope that these will keep ticking along.
- Indicated that we should indicate if we need to apply more resource/funding to the priority areas.
- Suggested we think about light touch options for the Internet for Good work if COVID continues to put pressure on our ability to advance this work.
- Noted the impact on other organisations if community funding is impacted.

RN83/2020 That Council **note** and **endorse** the primary priorities for the 2021/2022 Budget and Plan, and note the secondary priorities.

(President / Cr Stokes)
CARRIED U

Section 3 – Matters for Decision

3.1 No items - covered elsewhere in the agenda.

Section 4 – Matters for Discussion

4.1 Registry Replacement Update

This item was discussed in committee. A high level implementation plan and business case will be presented at the Council meeting in February 2021. If not, the staff will submit the plan through an e-vote for Council.

RN84/2020 That Council **note** the registry replacement project update, including the current status and next Steps.

(Cr Hulse / Cr Davies)
CARRIED U

4.2 (Vice) President's Report

No additional matters to report.

4.3 Management Items for Discussion

Council members noted the paper provided. Comments included:

- Membership is moving in the right direction
- The format of the paper works well
- On the question of whether there was feedback on Nethui, it was a shame not to have the hui kanohi ki te kanohi. Council members also thanked staff for the good work on Nethui.
- Noted the implementation of the price change has now come and gone.
- A question was raised about market concentration and whether this should be an area for concern.

Section 5 - Consent Agenda

5.1 Committee Reports

There were no written reports for this meeting, and no verbal updates.

AP33/2020 Staff to compile committee reports for the Chair to review/input into in advance of Council Meetings.

5.2 Confirm Minutes of 9 October 2020

RN85/2020 That the minutes for the meeting held on 9 October 2020 be adopted as a true and correct record.

(Cr Lee / Cr Pearce)
CARRIED
Abstain: President, Cr Craig

5.3 Actions Register

No additional comments for the register.

5.4 E-votes Ratification

None conducted since the previous meeting.

5.5 Quarterly and Operational Reports

5.5.1 The following Health, Safety and Wellbeing Update was noted:

- There were no new incidents or near misses noted since the last Audit and Risk Committee and Council Meeting.
- The property Manager Colliers International Real Estate Management Ltd provided an update on mitigations for the seismic assessment of the property. Installation of the gantry structures will commence in mid Dec through to the end of January.

- New evacuation procedures have been implemented. There is no longer a designated Fire Warden. Instead all staff will be trained in the evacuation procedures for the premises.
- An Emergency preparedness Plan is being drafted and the H&S Committee will be seeking SLT approval before the end December.

5.5.2 Membership Report

5.5.3 InternetNZ Activity Report

5.5.4 2020-Q2-InternetNZ Financial Group Consolidated Report

5.5.5 2020-Q2-InternetNZ Financial Report

5.5.6 DNCL 2020-Q2 Financial Report

RN86/2020 That the reports for the quarter be received.

Cr Hulse / Cr Lee
CARRIED U

Section 6 - Other Matters

6.1 General Business

- New Ministers: discussion of relevant portfolio holders and of briefings sent to the government (which will be published on our website next week).
- DNCL Operating Agreement: the Chief Executive noted an updated document has been produced and will be provided to Council for e-vote (hopefully before Christmas).
- Privacy Act 2020: there was a question about the organisation being prepared for the updates to the legislation.

6.2 Matters for communication – key messages

6.2.1 Communications in general

The post-Council email to members will include a heads up on next steps of the .nz policy review, and the priorities for next year.

6.2.2 Upcoming events

6.3 Meeting review

Next meeting:

The next scheduled Council meeting is Friday 12 February 2021.

Council Actions Register 2021

As At February 2021			
Action No#	**Action**	**Owner**	**Status**
AP05/2020	2.3 Budget 2020/21 - Staff to schedule a session on Efficiencies for Council Retreat	Chief Executive / Organisational Services Director	Deferred to 2021 decision to hold retreat.
AP09/2020	6.3 General Business - Staff to organise Council Retreat.	Chief Executive/ Council Secretary	Deferred to 2021
AP26/20	Council members to email training needs to Council Secretary Diane that they would like to attend. Staff to develop a menu for Council training for Council to consider and opt into.	Council Members	In progress
AP27/20	A full Council Training Plan to be developed by May 2021.	Org Services Director	In progress
AP29/20	The governance framework and work plan to be presented at the Council meeting February 2021.	Org Services Director	On hold / Deferred at October Meeting.
AP33/20	Committee Reporting to be compiled by Staff for review by Chair and input in advance of Council Meetings	Council Secretary	Completed

COUNCIL MEETING - February 2021

Health Safety Wellbeing Report

AUTHOR: Catherine Fenwick, Organisational Services Director

PURPOSE: To provide the Council with an update on Health Safety and Wellbeing (HSW) for the InternetNZ Group.

This report is prepared for InternetNZ Group and all information is based on group Staff (INZ and DNCL) and activities of a Group HSW Committee.

Month	**Number of Near Misses reported/or identified**	**Number of Incidents reported/or identified**	**First Aid Incidents reported/or identified**
October - November 2020	0	0	0
December 2020 - January 2021	0	0	0

Summary

- The following are updates from Colliers International Real Estate Management Limited (Colliers) regarding mitigations following the Detailed Seismic Assessment (DSA) of 80 Boulcott Street
    - Installation of the gantry structures is yet to be installed. Colliers confirmed that the new date for installation has now been pushed to April and they advised that the timing is ultimately being pushed due to availability of resources from the engineering company and also with some design challenges.

  Please note we have received draft terms for a new lease at Eighteen Willis Street that are currently under legal review and will be finalised this month.

- There were no new incidents or near misses noted since the last Council meeting.

- The Monthly Hazard walk at the INZ Wellington office was completed on 18 January. As part of updating the Hazard Register, we have now created a Hazardous Substance Register which includes all chemicals that are commonly used such as sanitising sprays, home cleaning products, cleaning bleach, etc.

- The INZ and DNCL Health, Safety & Wellbeing Committee met on 10 December 2020 (the first meeting of the year will be held on 9 February); key topics that were discussed at the December meeting were:
    - Adding "Stress Management" as a standard agenda in the meeting to ensure any matters relating to managing stress in the workplace is discussed and looked at by the Committee.
    - Committee liaising with the Covid-19 Working Group regarding updates and regular reminder to staff regarding the use of the Covid Track app.
    - Committee to communicate to all staff early in the new year regarding new membership to the HSW Committee.

- The draft emergency plan has been shared with staff, further refinement of this is taking place in early 2021.

- The Health and Safety Policy and the Managing Stress Policy Statement have been reviewed and will be presented to Council for approval

Wellbeing

We decided to extend the time focused on the Environmental quadrant of the Wellbeing matrix. The HS&W Committee has organised for a Waste Minimisation Workshop. There were two different sessions organised to allow staff to choose which session would suit them best. The workshop was held online and was facilitated by the Sustainability Trust NZ. There was a good turn up from staff at the first session held on 18 January and have also received good feedback from participants. The last session will be held on 4 February. We will collate ideas from the two workshops and develop ways to support our environment.

The Committee will discuss activities and other priorities around the Wellbeing matrix at the February meeting.



Recommendation

THAT the Health, Safety and Wellbeing Report be received.

COUNCIL MEETING - February 2021

Membership Report

AUTHOR: Andrew Cushen
PURPOSE: Progress and work for membership of InternetNZ
DATE WRITTEN: 04/02/2021

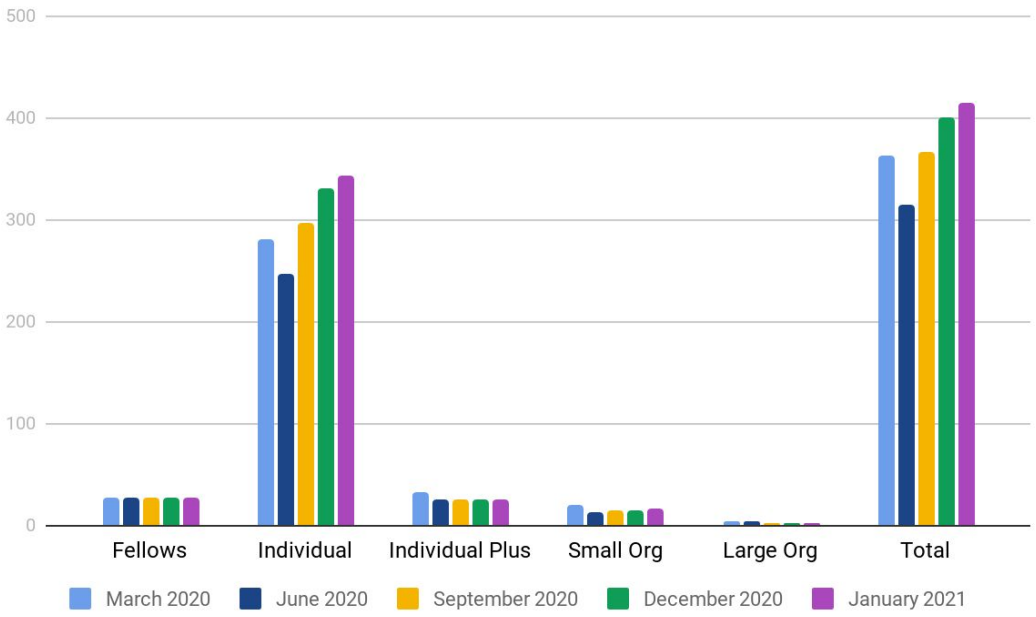
Executive Summary

Over the last three months, we have seen another increase in membership, moving our total to 414 at the end of January, and continued to engage with members by offering member-only events.

This quarter (January - March), we are focusing on activities for existing members to support a successful renewal process, and develop the InternetNZ member value proposition.

Current membership (at 31 January 2021)

	31 Mar 2020	31 Jun 2020	30 Sept 2020	30 Dec 2020	31 Jan 2021
Fellows	27	27	27	27	**27**
Individual	281	247	297	331	**343**
Individual Plus	33	25	25	25	**25**
Small organisation	19	12	15	15	**17**
Large organisation	3	3	2	2	**2**
Total Membership	363	314	366	400	**414**



Items to Note

Activities to support membership engagement

Since the last report, November 2020 we have:

- Hosted the end of year stakeholder events in Wellington and Auckland
- Invited members to attend the InternetNZ Online Community quiz in February
- Distributed over 60 lapel pins to members on request, by post
- Continued work on a new Slack community to launch in February for members and other InternetNZ stakeholders.

Renewals

We will commence the annual renewals process this quarter. Preparations have begun for this by reconciling the member list to date, and continuing member communications to ensure we have visibility among the membership.

Recommendation

THAT the new members be noted.

Andrew Cushen
Engagement Director
04 February 2021

1 Oct - 30 December 2020
FOR INFORMATION

QUARTERLY REPORT

Oct - December 2020

1. Summary

This report is prepared for InternetNZ stakeholders and members to provide a single view of outcomes we have delivered in the past quarter.

Pursuant to the reporting framework changes presented to Council at the March 2020 meeting, this new report presents a summary to Council of the entirety of InternetNZ's operations. This report replaces the following previous reports:

- Quarterly Activity Report
- Product Development Report
- Grants Report
- Measures of Strategic Goals Report.

2. Strategic Goals 2020/21 - Q3 Progress

This section of the report gives Council an update on the projects related to our five Goals for the year. You can find the plan here.

Goal 1: Develop an Internet for good	ON TRACK
Measure 1: Engagement with relevant national and international stakeholders to develop a shared vision of what an Internet for Good is.	ON TRACK
Measure 2: Stakeholder awareness and engagement with the vision for an Internet for Good increases over time.	ON TRACK
Measure 3: Action taken by us and by other stakeholders, nationally and internationally, changes and improves the Internet in line with our shared vision.	ON TRACK
Q3 Progress	
Submitted briefings on Internet issues to incoming ministers following the general election.https://internetnz.nz/policy/	ON TRACK

Engaged with officials on the scope of the upcoming media review and how it might address Internet issues.	ON TRACK
Funded Tohatoha exhibition on misinformation in schools and libraries.	ON TRACK
We participated in international fora including: ● ICANN69 ● Internet Governance Forum 2020 ● CENTR Marketing Working Group ● CENTR Tech Working Group ● CENTR R&D Working Group ● IETF	ON TRACK
Engaged with officials on Internet Governance developments in international spaces, including the New Zealand statement on International Law and Cyberspace issued in December which we will follow up with an event around in Q4.	ON TRACK
Commissioned and undertook both public and stakeholder research projects to understand and measure perceptions (for presentation in Q4).	ON TRACK

Q4 Planned
In Q4 we will: ● Participate in the Select Committee debate on the Bill amending the Films Videos and Publications Classification Act (if this Bill is reinstated after the General Election). ● Continue to engage with the government on the planned review of media regulation (which will include social media). ● Start work on the project that will create a vision for an Internet for Good. ● Continue to engage with New Zealand stakeholders involved in Internet issues/processes internationally. ● Release both the public research (NZ internet insights) externally, and the stakeholder research internally, for wider analysis and intersection into planning. ● Shape our work in the international environment to support this Goal.

Goal 2: Improve Digital Inclusion	ON TRACK
Measure 1: Digital inclusion investment by the government and others reaches $20m/year, and directly affects 50,000+ people. *-Measure at 30/9/20 from previous goals.* *(Note - may not be able to measure impact on # of people at that time.)*	ON TRACK

Measure 2: The Online Home for Digital Inclusion is attracting use and positive stakeholder feedback	OFF TRACK
Q3 Progress: The focus in Q3 was on supporting others in the digital inclusion community, through our work with like-minded organisations to establish a digital inclusion coalition and through our grants work.	
The first hui was held for the establishment of a digital equity coalition.	ON TRACK
In the community funding area, we followed up on the grant round decisions from Q3 with contract offers and commencing with relationship building with the successful recipients.	ON TRACK
Decision made to create a fixed-term role to support the launch of the new online home, in response to the COVID-19 delay. Resourcing this role has still not been completed, but is being worked on now for deployment in Q4.	OFF TRACK

Q4 Planned
In quarter four the focus will continue to be on supporting greater collaboration and coordination within the digital inclusion community and with government. This will include getting our new digital inclusion website live (this project was delayed due to COVID-19). The development of the digital inclusion evaluation toolkit will continue. A further invitation only grants round will be held to enable further contributions from the New Zealand Internet community.

Goal 3: Grow .nz	ON TRACK
Measure 1: increased revenue from domain name registrations. *-More than 15% in the two year period to 31/3/22.* *-Flexible between registration numbers and price.*	ON TRACK
Measure 2: active use of domain names is increased, improving retention and registration term.	ON TRACK
Measure 3: share of revenue devoted to public good investment.	ON TRACK
Q3 Progress:	
.nz price increase was implemented smoothly with no technical issues or adverse feedback received. Bulk of increased pricing will take 12 to 24 months to cycle through renewed domains.	COMPLETE
.nz consumer and business research was in field during Q3 with results to be finalised and published in Q4.	ON TRACK
.nz growth settled to similar patterns to 2019 and 2018 heading into the holiday season when activity slows.	ON TRACK
.nz Policy Review - preparation of draft policy documents and consultation documents for public release and feedback in Q4	ON TRACK
Registry Replacement Project - Three responses were received by the RFT closing date and following the assessment of these responses the project board selected a preferred supplier for a commercially available off-the-shelf (COTS) registry solution. The project team is currently preparing for the project implementation phase. Current work in progress includes the development of the Business case, implementation project plan, and a set of contractual terms ready for signing.	ON TRACK

Q4 Planned
Priorities for Q4 are: • .nz Policy Review (phase 2). We will release a consultation document seeking feedback on how we propose to implement the first tranche of recommendations from the .nz Advisory Panel..

- Registry Replacement Project. Complete the business case. including the scope of services and operations model for the preferred solution, financial modelling, and project implementation plan. Contract signed and the implementation project kicked off.
- .nz Consumer and Business Research will be published, shared with our channel and data integrated into planning for 2021/2022.
- .nz Step Change Project will continue to explore approaches to expanding the adoption and use of .nz.
- Implementation of CENTR Low content taxonomy to augment scan data.

Goal 4: Sell new Products	OFF TRACK
Measure 1: Registry Lock is for sale in the 2020-21 financial year.	OFF TRACK
Measure 2: The Broadband Map is covering its costs by 31 March 2021.	OFF TRACK
Measure 3: Defenz reaches net profit in the 2021-22 financial year.	ON TRACK
Measure 4: New products reach net profit within 24 months of first sale.	ON TRACK

Q3 Progress

In response to the impacts of COVID-19 we promoted an extended trial for Defenz and added a new threat feed. This has proved effective with over 80 customer networks onboarded.

Status set to Amber due to slowed progress and lack of sales in new products.

Defenz - increasing interest and onboarding of trial customers. New threat feed added to the service. Revenues expected to start in Q4.	OFF TRACK
Registry Lock - progress slowed as capacity redirected to support registry replacement project and flexible first. Focus in Q3 and Q4 is on firming up the end to end business processes and agreeing these with key stakeholders. Once the timeframes of Mimosa are more certain we can make a decision to develop on current SRS or wait for Mimosa to be live before activating this feature.	OFF TRACK
Broadband Map - Data Agreements still being sought with a small number of data providers. Once complete these agreements will unlock the next tranche of exploring fee paying services. As a result (and also due to shifting internal priorities) focus on Broadband Map revenue has come second to other work. This will mean that it is unlikely to be covering costs by March 31 2021.	ON TRACK
Digital Identity - our work has centred on exploring IRMA and developing collaborative experiments with other organisations	ON TRACK

Q4 Planned

Priorities for Q4 are:

- **Defenz**: Conversion of trials to fee paying customers, further growing the pipeline of potential customers.
- **Broadband Map:** completing signing of Data Sharing Agreements with Broadband Map Data Providers.
- **.nz Registry Lock:** complete testing of business processes with key stakeholders and make a decision about when to launch - pre or post Mimosa
- **Digital Identity:** shape and start up to two identity experiments for real world uses cases. Start work as an approved contributor to the DIA's programme to develop the rules for an Identity Trust Framework.

Goal 5: Improved InternetNZ's performance	ON TRACK
Measure 1: Staff baseline feedback from March 2020 is improved by March 2022 *-Perceptions on high performance and great place to work* *-Improvements in areas such as Internal Communications, Staff development, Organisational Learning*	ON TRACK
Measure 2: Resource planning and BAU/Project Management tools established and drives demonstrable changes.	OFF TRACK
Measure 3: Staff churn / turnover measures.	ON TRACK

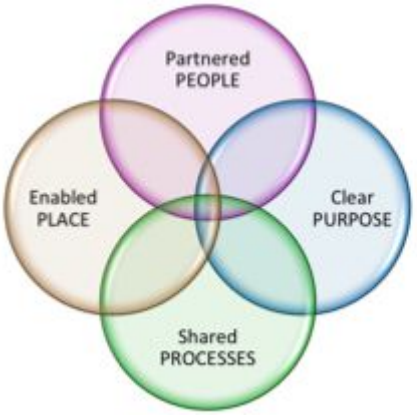
Q3 Progress

In the third quarter we continued our work to support staff wellbeing and transitioning to new ways of working. A project team which is composed of staff from across the business and external consultants have been very active in driving forward the foundations of our new ways of working with prioritised scope outcomes.

- Shared Process
- Partnered People
- Enabled Space/Place
- Leading to Endure

In Q3 we focused on working with staff on the following

- Information Sharing
- Collaboration
- Communication and Rituals
- Valued Tools

We have also been actively negotiating on a new office lease with an aim to move in July 2021 - this is designed to support staff Health, Safety and Wellbeing as well as an opportunity to advance our goal of enabling space and place for the future.	
People Strategy: As part of the work on new ways of working (Flexible First) we have focused this quarter on the foundations to enable the Flexible First Outcomes.  Q3 saw the development of Change Principles to support our work and Flexible First Policy to help guide the organisation with clear purpose as we transition to new ways of working. We also continued our work with staff on the results for the staff engagement survey from Q2 where we have selected a number of "work on" areas.	ON TRACK
Better Tools: We have continued our work on requirements to better support new ways of working for a dispersed workforce. The focus has been on current valued tools and introduction of tools to support collaborative work in dispersed locations.	ON TRACK

Q4 Planned

Flexible First is one of our Top 3 organisation wide projects and our work will continue to focus on areas below

- Change readiness
- Internal Comms / Rituals
- Information Sharing/Collaboration/Valued Tools

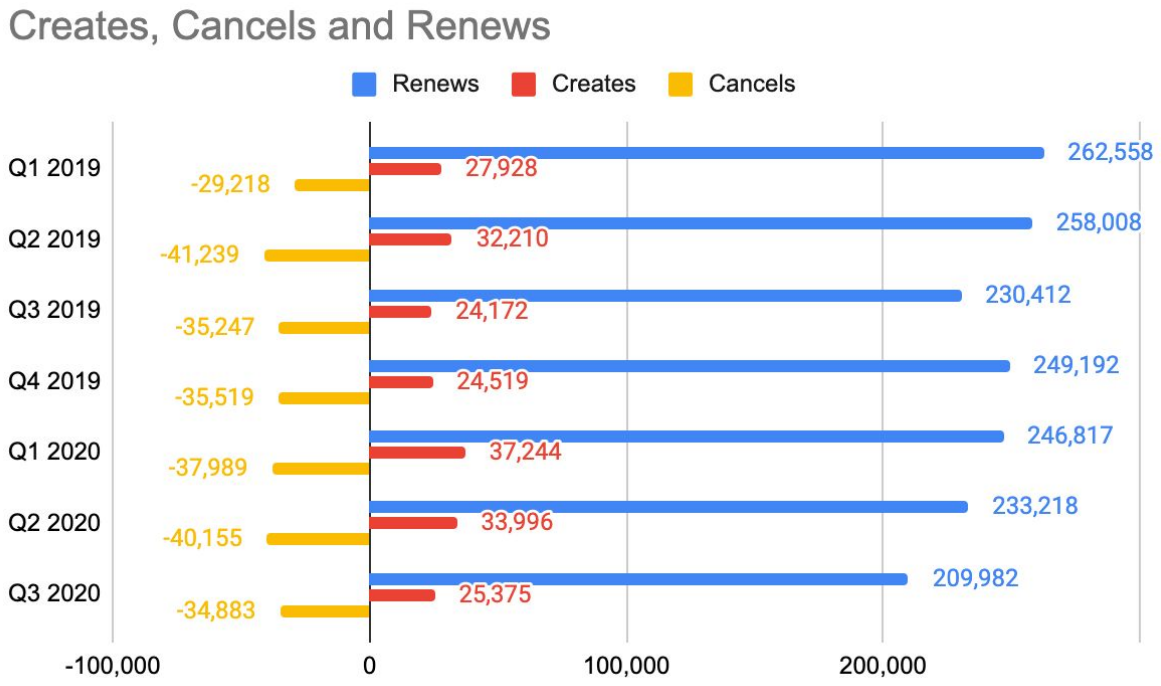
Our work on Employee Engagement will focus on Delegation/Decision making as well as changes to our Impact (Project Management) Framework to support our project work and the outcomes we are targeting.

The quarter will also see the kick off the project for the premises move.

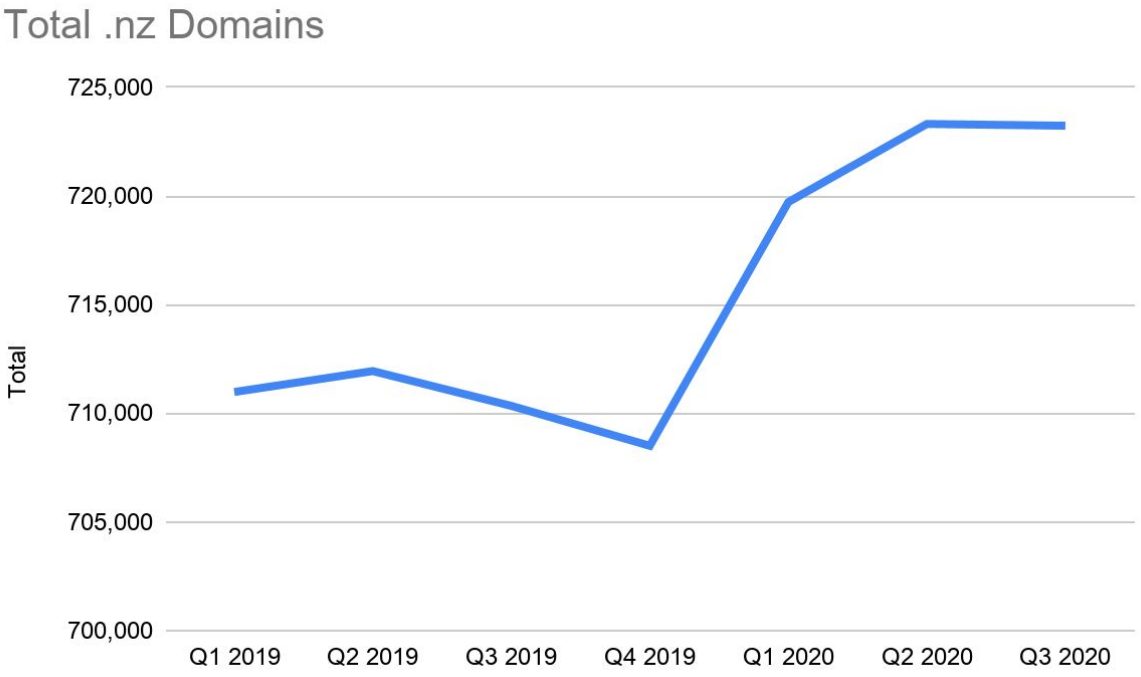
3. .nz Summary

Activity in the third quarter aligned to the patterns of the previous two years with a slowing of transaction activity as we entered the summer holiday season.

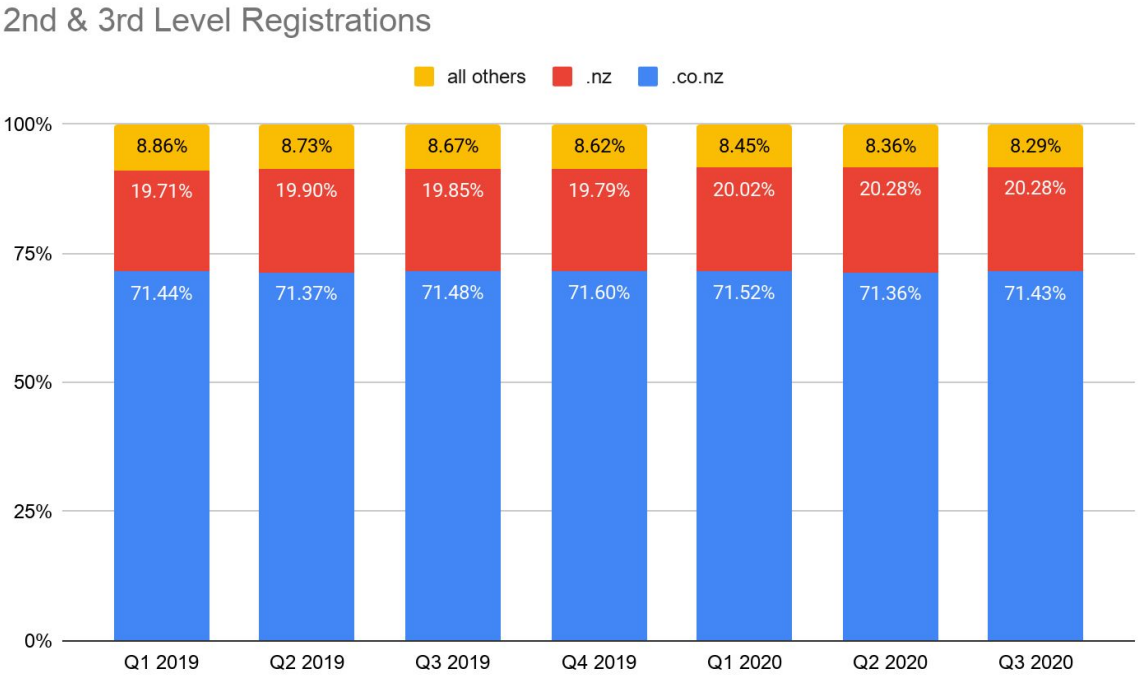
Domains



Transaction activity has reduced to patterns similar to previous and aligns with the reduction in activity during the summer/holiday months.

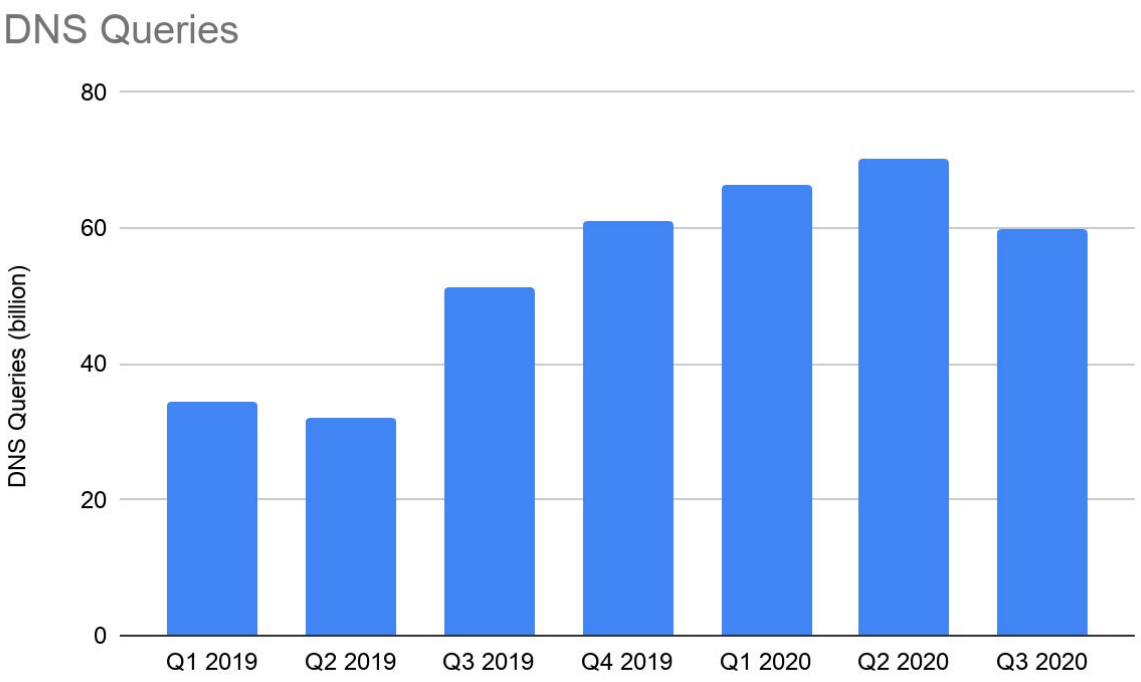


Overall our total registered domain names hovers a little over 723,000. With 2021 continuing with a degree of uncertainty we are not anticipating significant growth.



The proportion of domain names registered continue to sit mostly with .co.nz and .nz. Slow incremental change is expected to continue in favour of the shorter .nz name.

Infrastructure



Please note: the methodology used for calculating DNS queries improved between Q2 and Q3 2019, incorporating more accurate data from overseas servers. However the combined figure is derived from a number of sources with some vagaries. The Q3 figure is being rechecked.

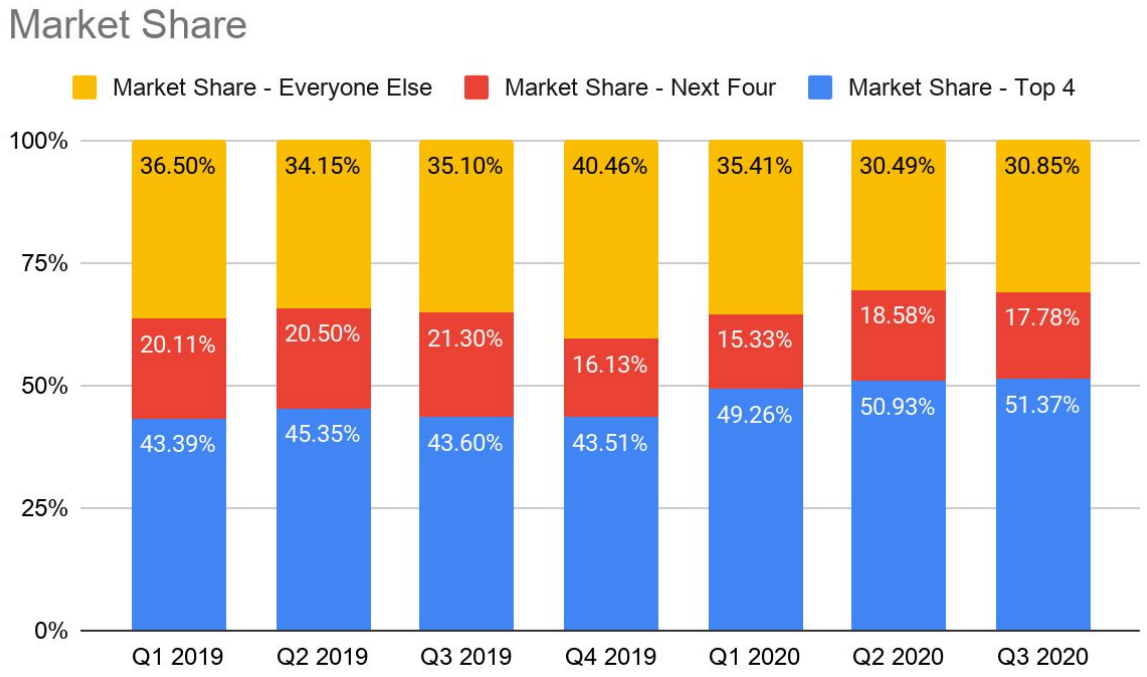
Service Levels

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**Q3 2020**
DNS	100%	100%	100%	100%	100%	100%	**100%**
SRS	100%	100%	100%	100%	100%	100%	**100%**

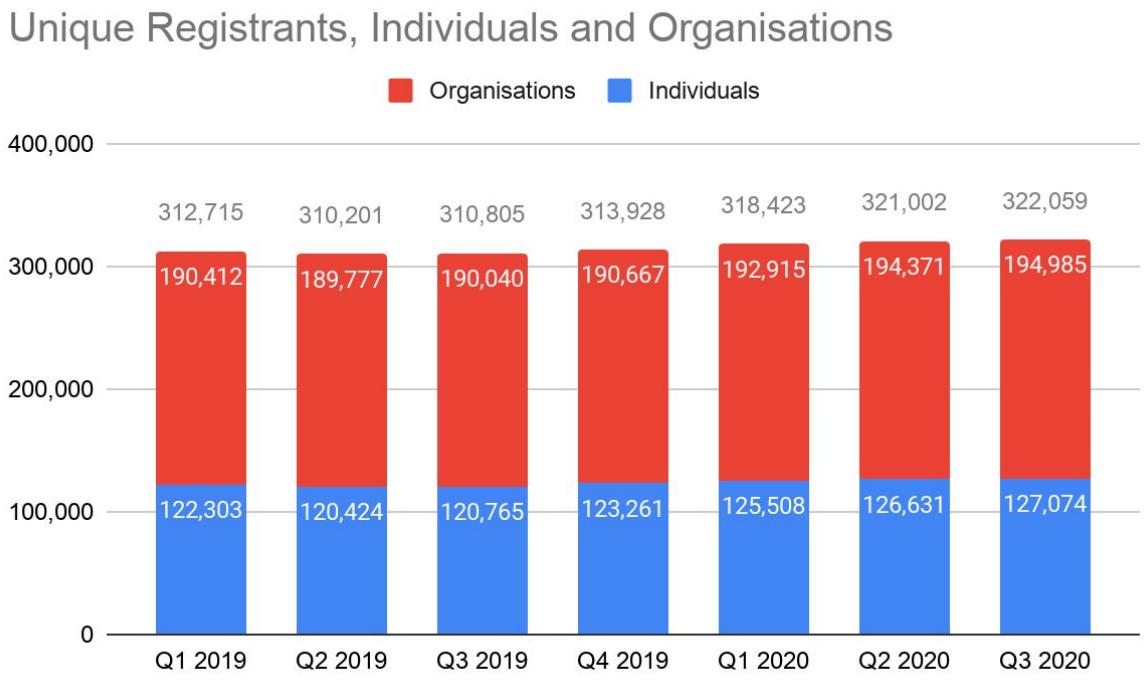
Market

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	**Q3 2020**
# of Registrars	87	90	87	87	87	80	**80**

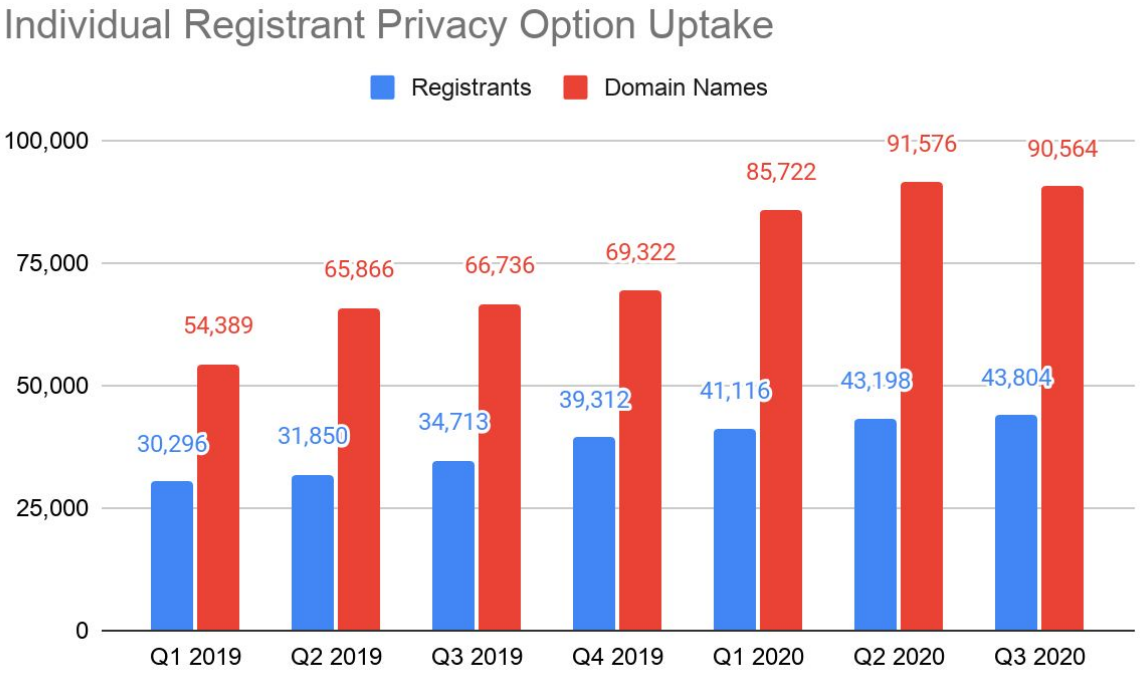
The last two quarters has seen the number of registrars stablise at 80 following a mix of consolidation and exit activity by registrars.



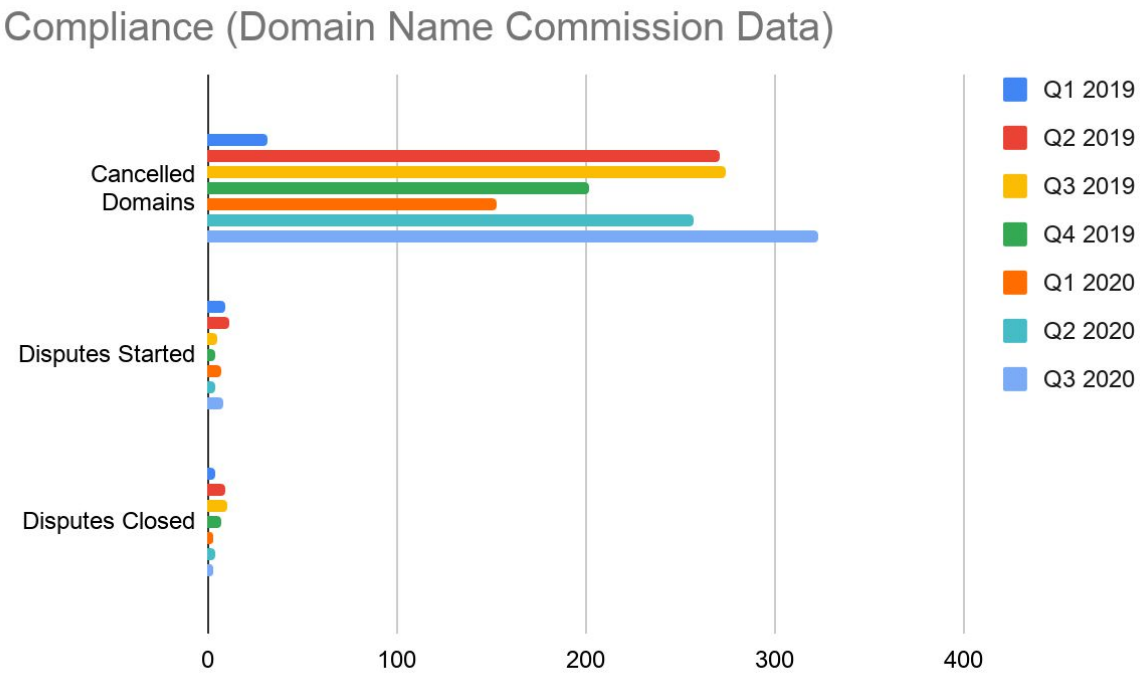
Market share consolidation continues with the top four registrars now accounting for 51.37% of the market.



This past quarter shows a slight reduction in individual down name holders and a slight increase in organisation, possibly as a result of increased business focus going online and individuals choosing not to hold on to names.


Individual Registrant Privacy Option Uptake
Registrants
Domain Names
100,000
75,000
50,000
25,000
0
30,296
54,389
31,850
65,866
34,713
66,736
39,312
69,322
41,116
85,722
43,198
91,576
43,804
90,564
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020

Compliance


Compliance (Domain Name Commission Data)
Cancelled Domains
Disputes Started
Disputes Closed
0
100
200
300
400
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020

4. New Product Development Summary

For the third quarter of this financial year we continued our simplified pipeline of work to focus on inflight work as we continue to navigate the impacts of Covid19 and the organisational focus on three strategic projects (Mimosa, Flex First and .nz Policy Review). Despite this we have made good progress on a number of fronts.

1. The **Defenz** extended trial succeeded in achieving real world customers and developing a focus on the health sector through a key partnership.

2. We continued progress on a **registry lock service** refining our thinking on business processes to operate the service. We will be testing these with internal and external stakeholders in Q4.

3. With **Digital Identity** the team has integrated a NZ focused demonstration of **IRMA** into the public version of the app. We are now shaping a couple of real world experiments with partner organisations. Should these experiments bear fruit the work would move to business case validation and proposal to progress further. In addition we expect in Q4 to start working with the DIA in its work developing the rules for a new Trust Framework.

4. The **broadband map** continued to be updated with coverage data from infrastructure providers around the country.

Product development pipeline

IDEAS BACKLOG	EXPLORE & VALIDATE	BUILD	ACTIVE	STOPPED
16	**1**	**1**	**3**	**0**
Themes: • Digital identity • Broadband • Data products • .nz features • Security	• Digital identity Experiments	• Registry lock design	• .nz • Broadband and Map v2 • Defenz	

This is an InternetNZ report. Matters related specifically to DNCL are covered in the report from the company to the shareholder (InternetNZ).

internetnz

domain name commission nz



Group financial statements

For the quarter ended 31 December 2020

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Internet New Zealand Group
Consolidated Income Statement
For the Quarter ended 31 December 2020

	GROUP		INZ		DNCL	
	Q3	YTD	Q3	YTD	Q3	YTD
Income						
Registry Fees	2,803,006	8,229,477	2,803,006	8,229,477	-	-
Broadband Map	12,445	40,550	12,445	40,550	-	-
Management Fees	-	-	-	-	362,425	1,087,274
Interest Received	36,877	173,174	31,611	164,631	5,266	8,543
Managed Funds Income	234,296	675,762	234,296	675,762	-	-
Sundry Income	23,175	112,505	73,013	210,181	10,000	22,000
Total Income	3,109,799	9,231,468	3,154,371	9,320,601	377,691	1,117,817
Less Direct Expenses						
DNC Fee	-	-	362,425	1,087,274	-	-
.nz Costs	153,728	499,140	153,728	499,140	-	-
Other IT	54,254	153,584	54,254	153,584	-	-
Total Direct Expenses	207,981	652,724	570,406	1,739,998	-	-
Less Other Expenses						
Audit Costs	-	-	-	-	-	-
Governance Costs	87,367	201,079	73,824	169,587	13,543	31,492
International Travel	8,534	9,411	8,497	8,546	37	865
International Membership	20,501	40,865	20,501	40,865	-	-
Community Investment	424,071	878,781	424,071	878,781	-	-
Legal Fees	24,547	158,385	12,549	62,349	11,998	96,035
Office Costs	244,699	712,375	224,040	612,586	80,497	219,465
Project Costs	193,282	493,351	191,182	485,336	2,100	8,016
Employment Costs	1,737,640	4,977,926	1,537,356	4,453,850	200,285	524,075
Other Operating Expenses	246,547	616,379	205,148	524,454	41,398	91,926
Other Comprehensive Items	-	-	-	-	-	-
Total Expenses	2,987,187	8,088,552	2,697,168	7,236,355	349,858	971,873
Net Profit (Loss) Before Tax	(85,370)	490,192	(113,203)	344,248	27,833	145,944
Less Provision for Tax	-	-	-	-	-	-
Net Profit (Loss) After Tax	**($85,370)**	**$490,192**	**($113,203)**	**$344,248**	**$27,833**	**$145,944**

Notes:
The income and expenditure lines for the individual entities
do not add to the Group totals due to the following intra-group entries being eliminated:
1. The DNCL fee paid by INZ to DNCL**.**
2. GSE paid by DNCL to INZ**.**

DNCL Legal fees include amounts incurred in the ongoing US litigation matters.

Internet New Zealand Group
Consolidated Income Statement - Activity Based
For the Quarter ended 31 December 2020

	GROUP		INZ		DNCL	
	Q3	YTD	Q3	YTD	Q3	YTD
Income						
Registry Fees	2,803,006	8,229,477	2,803,006	8,229,477	-	-
Broadband Map	12,445	40,550	12,445	40,550	-	-
Management Fees	-	-	-	-	362,425	1,087,274
Interest Received	36,878	173,174	31,612	164,632	5,266	8,543
Managed Funds Income	234,296	675,762	234,296	675,762	-	-
Sundry Income	23,176	112,505	73,014	210,181	10,000	22,000
Total Income	3,109,800	9,231,468	3,154,371	9,320,601	377,691	1,117,817
Less Activity Expenditure						
Policy	283,304	860,672	283,304	860,672	-	-
Outreach & Engagement						
Communications	175,277	508,064	175,277	508,064	-	-
Engagement	174,855	335,396	174,855	335,396	-	-
Funding	465,607	1,142,807	465,607	1,142,807	-	-
.nz Operations	797,473	2,817,174	843,359	2,649,799	316,539	892,225
Commercial	371,745	967,962	371,745	967,962	-	-
Compliance	10,496	21,910	-	-	10,496	21,910
Broadband & Defenz	54,254	153,584	54,254	153,584	-	-
Projects	62,174	105,337	60,074	97,321	2,100	8,016
Technical Research	142,825	376,194	142,825	376,194	-	-
Technology Strategy	103,836	258,005	103,836	258,005	-	-
International Engagement	85,391	214,409	85,225	213,187	167	1,222
Org. Services, Governance & Security	457,177	1,315,305	503,472	1,403,489	13,543	31,492
Other Operating Expenses	10,755	26,882	3,742	9,873	7,012	17,009
Total Expenses	3,195,168	9,103,701	3,267,574	8,976,353	349,857	971,874
Net Profit (Loss) Before Tax	(85,369)	127,766	(113,203)	344,248	27,833	145,944
Less Provision for Tax	-	-	-	-	-	-
Net Profit (Loss) After Tax	**($85,369)**	**$127,766**	**($113,203)**	**$344,248**	**$27,833**	**$145,944**

Notes:

The income and expenditure lines for the individual entities
do not add to the Group totals due to the following intra-group entries being eliminated.

1. The DNCL fee paid by INZ to DNCL**.**

2. GSE paid by DNCL to INZ**.**

Internet New Zealand Group
Statement of Movements in Equity
For the Quarter ended 31 December 2020

	GROUP		INZ		DNCL	
	Q3	YTD	Q3	YTD	Q3	YTD
Equity at start of period						
Opening Retaned Earnings	11,033,867	10,458,306	10,628,640	10,171,189	405,227	287,117
Shares Subscribed	-	-	-	-	580,000	580,000
	11,033,867	10,458,306	10,628,640	10,171,189	985,227	867,117
Net Profit (Loss) After Tax	(85,370)	603,395	(113,203)	457,451	27,833	145,944
Equity at end of period	**$10,948,498**	**$11,061,701**	**$ 10,515,437**	**$10,628,640**	**$1,013,061**	**$1,013,061**

Notes:

The components that make up the total opening equity at the beginning of the period have been removed to calculate Group Totals upon consolidation.

1. Share Subscribed: shares are wholly owned by InternetNZ.

Internet New Zealand Group
Balance Sheet
As at 31 December 2020

	GROUP	INZ	DNCL
Current Assets			
Cash and Cash Equivalents	13,657,405	12,696,712	960,693
Managed Funds	4,729,905	4,729,905	-
Other Current Assets	1,468,731	1,436,194	32,537
Total Current Assets	19,856,040	18,862,810	993,230
Non-current Assets			
Property, Equipment & Software	2,723,932	2,465,392	258,541
less: Accumulated Depreciation	(2,172,365)	(2,102,951)	(69,414)
Intangible Assets	1,595,695	1,595,695	-
less: Amortisation	(273,647)	(273,647)	-
Investments	-	-	-
Shares and Loans	-	580,000	-
Total Assets	21,729,656	21,127,299	1,182,357
Less Liabilities:			
Deferred Income	9,261,462	9,261,462	-
Trade and Other Payables	1,519,696	1,350,400	169,296
Total Liabilities	10,781,158	10,611,862	169,296
Net Assets	**$ 10,948,498**	**$ 10,515,437**	**$ 1,013,061**
Represented By:			
Total Equity	**$ 10,948,498**	**$ 10,515,437**	**$ 1,013,061**

Notes:

The following items have been removed upon consolidation:

1. Shares in DNCL wholly owned by InternetNZ.

2. Share Subscription with respect to shares issued to InternetNZ by DNCL.

Internet New Zealand Group
Statements of Cashflows
For the Quarter ended 31 December 2020

	GROUP	INZ	DNCL
Operating Activities			
Receipts from customers	3,672,537	3,239,733	432,804
Payments to suppliers and employees	(3,728,031)	(3,364,740)	(363,291)
Movement from other operating activities	131,252	169,271	(38,019)
Net Cash Flows from Operating Activities	75,758	44,264	31,494
Investing Activities			
Proceeds from sale of property, plant and equipment	-	-	-
Payment for property, plant and equipment	(207,285)	(99,980)	(107,305)
Other cash items from investing activities	(117,930)	(158,606)	40,676
Net Cash Flows from Investing Activities	(325,215)	(258,586)	(66,629)
Financing Activities			
Other cash items from financing activities	296,375	292,246	4,129
Net Cash Flows from Financing Activities	296,375	292,246	4,129
Net Cash Flows	**$46,918**	**$77,924**	**($31,006)**

Cash and Cash Equivalents			
Cash and cash equivalents at beginning of period	13,610,488	12,618,788	991,700
Cash and cash equivalents at end of period	13,657,405	12,696,712	960,693
Net change in cash for period	**$46,917**	**$77,924**	**($31,006)**

internetnz



Financial summary

For the quarter ended 31 December 2020

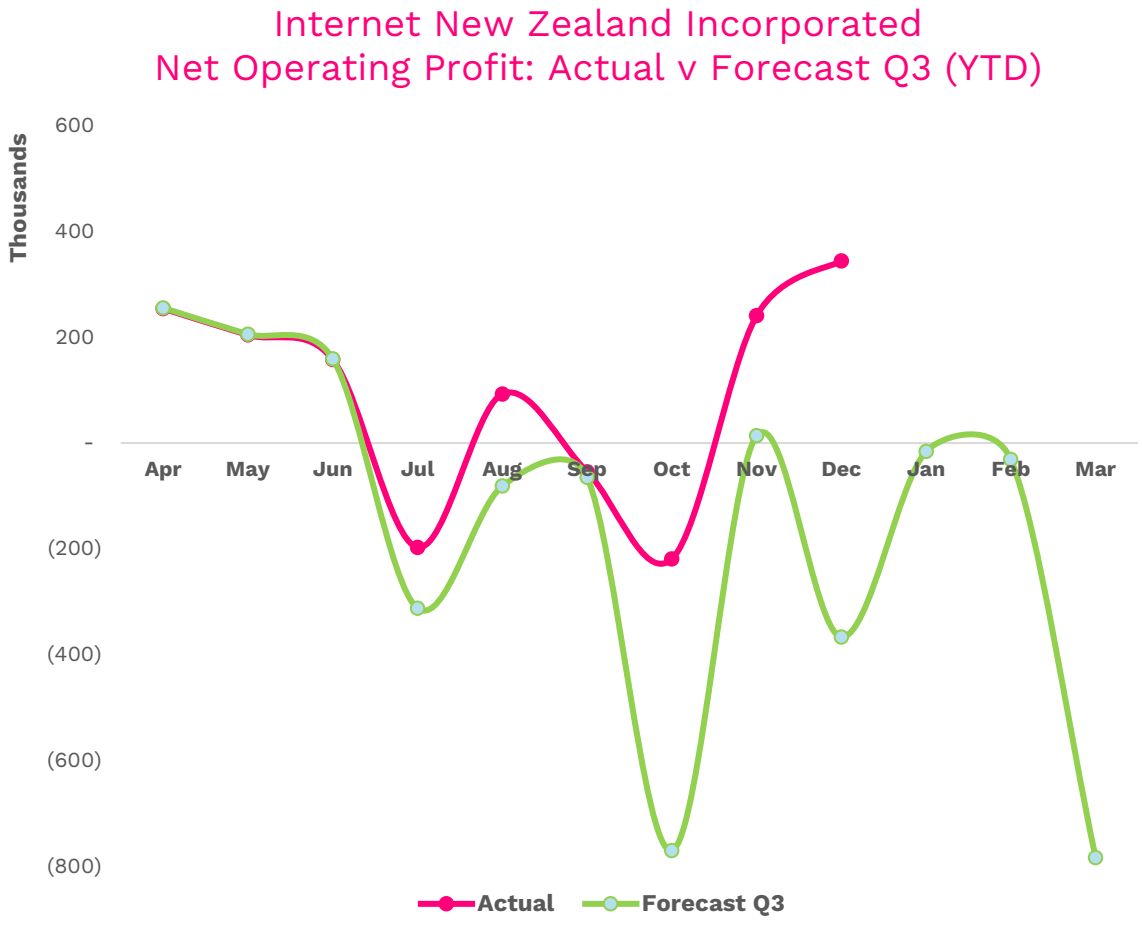
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Summary of Results for the Quarter Ending 31 December 2020

This report has been prepared to provide an account of the third quarter of the 2020-21 financial reporting year for InternetNZ.

- **Quarter 3** reports a **deficit result of ($113,203)** against a forecasted deficit of ($699,939), a positive variance of $586,736.
- The **Year to Date** result reports a **surplus of $344,248** against a forecasted deficit of ($366,436) a positive variance of $710,684.



N.B.: The large deficits budgeted for during October 2020 and March 2021 anticipate the timing of the two rounds of funding typically carried out over the course of the financial year – but which have been phased differently this year.

Revenue Analysis for Quarter 3

Revenue	Actual	Forecast Q3	Variance	%Total Sales
Registry Fees	2,803,006	2,870,148	(67,142)	90%
BBMap	12,445	14,385	(1,940)	0%
DEFENZ	30	-	30	0%
Registry Lock	-	11,250	(11,250)	0%
Events	11,738	20,000	(8,262)	0%
Membership	758	9,628	(8,870)	0%
Recharge & Misc.	60,488	61,089	(601)	2%
Investment	265,908	75,270	190,637	8%
Total Revenue	**$3,154,373**	**$3,061,770**	**$92,603**	**100.0%**

- **Registry Fees** earned during the quarter was **$2.8M** and is down $67K against forecast as a result of differences in the phasing of renewals.
- The accounts report **Total Operating Revenue** of **$3.1M** for the quarter.
- **Investments in Managed Funds** continued to perform exceptionally well into this quarter, with income reported for the quarter totalling **$265,908**.
- Event revenue was down, as NetHui went online due to COVID; this was offset by a reduction in costs.

Expenditure Analysis for Quarter 3

- **Direct costs** of operating the **.nz Registry** reports **$516,153** for this quarter, of which **$362,425** made up fees paid to the **Domain Name Commission**.
- **Employment costs** totalled **$1.54M for the quarter**; year to date the accounts report total employment costs of $4.45M.
- **Operating costs for the quarter** are **$494,486.**
- The accounts report total **Amortisation and Depreciation** costs for the quarter at **$53,977.**

Expenditure by Function

Area	Actual	Forecast Q3	Variance	%Expenditure
Commercial	432,855	385,261	47,594	13.0%
Communications	180,471	211,952	(31,481)	6.0%
Engagement	176,539	230,482	(53,943)	5.0%
Funding	469,631	675,296	(205,665)	14.%
International	86,523	78,204	8,319	3.0%
IT Operations (incl. DNCL fee)	866,833	918,451	(51,618)	26.0%
Org. Services (incl.Gov.& Security)	522,740	572,979	(50,239)	16.0%
Policy	290,663	350,659	(59,996)	9.0%
Technical Research	135,984	230,401	(82,770)	5.0%
Technology Strategy	105,334	108,024	(2,690)	3.0%
Total Expenditure	$3,267,573	$3,761,709	($482,489)	100.0%

Expenditure by Strategic Goals

This table draws from the Profit and Loss statement for the quarter to provide a high-level summary of the spend that has occurred towards achieving our Strategic Goals: excluded are internal staff and infrastructure costs, as well as progressive capital expenditure for Q3.

Goal	Actual	Forecast Q3	Variance	%Expenditure
SG1: Develop an Internet for Good	112,950	78,920	34,030	40%
SG2: Improved Digital Inclusion	67,567	157,720	(90,153)	24%
SG3: Grow .nz	36,588	45,347	8,759	13%
SG4: Sell New Products	-	10,000	(10,000)	0%
SG5: Improving InternetNZ's Performance	65,741	85,720	19,979	23%
Total Expenditure	$282,846	$377,707	$94,861	100.0%

For more detail on what we have been working on please click on the link below to access the Q3 Activity report.

https://internetnz.nz/assets/Archives/InternetNZ-Activity-Report-Q3-2020-21.pdf

Balance Sheet

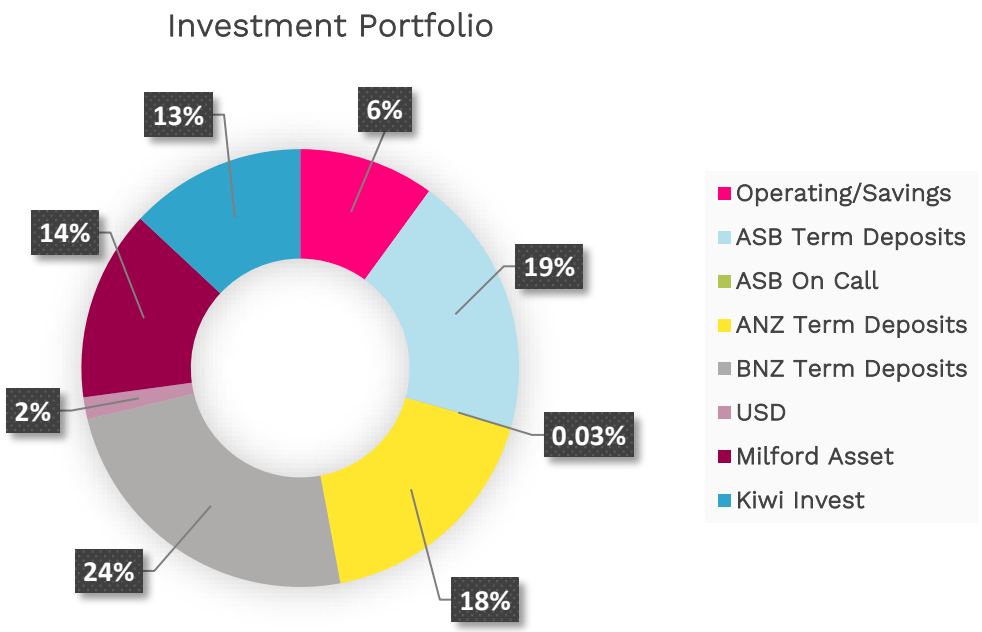
A detailed Balance sheet report for the InternetNZ Group is available for review at the link below. We focus our attention on two specific areas of note in this report:

1. The current Investment Portfolio.
2. An update on Cash in Excess of Reserves.

https://internetnz.nz/assets/Archives/INZ-Group-Consolidated-Reporting-Q3-2020-21.pdf

Investments

The chart below provides a visual on the percentage spread of funds invested **($17,426,616)** across all institutions, as at 31 December 2020.



Cash in Excess of Reserves

We report the Cash in Excess of Reserves position as of 31 December 2020 at **$3.48M** as provided below:

Total Cash & Current Assets	$18,862,810
less: Deferred Income	($9,261,462)
less: Reserves as per the policy	($5,286,535)
less: other Current Liabilities	($830,477)
Cash in Excess of Reserves	$3,484,336



The close of the third quarter of the 2020-21 financial year sees **Net Equity at $10.5M** (reported as $10.6M in the previous quarter), and the **Net Equity minus Reserves** position at **$7.0M** ($6.9M in the previous quarter).

This exceeds the measure currently required by the *Financial and Investment Strategy Policy*, which sets the target for Net Equity minus Reserves at $5.5M.