

Budget 2024/25

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PURPOSE: 2024/25 Budget as approved by Council March 2024

Key Messages

We proposed a three-year budget roadmap that balances short-term agility and long-term vision.

The detailed Budget for 2024/25 should be read alongside the [2024/25 Goals](#).

A longer term funding roadmap will support a sustained effort on the business-led growth agreed to by Council in February 2024. This roadmap supports the approved .nz product strategy and resets key assumptions about our business model.

Recommendations Approved

That Council **approved** for 2024/25 an operational expenditure budget limit of **\$14,560,058** and capital expenditure of **\$519,200**.

That Council **approved** the funding model with an initial contribution funding level of **\$11,000,000**.

That Council **approve** the new funding model and the distribution of **\$1,000,000** funding in 2024/25

That Council **note** the Revenue target of **\$14,635,470**

Overview

- Currently InternetNZ faces increasing fiscal challenges with static or reducing numbers of DUMs, increasing operating costs, delivery of critical projects (Constitution, .nz rules, NetHui), as well as progress on strategic goals. These activities are all placing pressure on our annual budget envelope and our ability to fully deliver on ambitious goals.
- We have an opportunity to get ahead of this looming challenge. We have a healthy balance sheet and we need a clear investment strategy that provides a ring-fenced funding stream for public impact.
- Our strategy is to rebalance our focus back to revenue growth by increasing our investment in marketing .nz and other new revenue streams while looking at sustainable funding models for public impact partnerships and funding.
- If we start now we can maximise the time available for business growth, and develop a strategic approach to a funding stream and partnerships that support public impact.
- Over the three year period, business growth and increased revenue will result in more money to balance back towards public impact
- For the budget this means expenditure shifts from public impact into .nz business growth

2024/25 Operational budget

Our 2024/25 operational budget is .nz business growth led in order to create a more sustainable future income/revenue

2024-2025 InternetNZ Budget	2024/25
	Approved Budget
Description	
.nz registry	13,625,584
Other Products	369,000
Misc (incl Shared services)	380,886
Total Revenue	14,375,470
DNCL	1,650,000
Direct Costs	2,476,254
Employment Costs	6,880,200
Operational Costs	1,919,645
Governance	356,764
International	253,100
Marketing	438,000

NetHui (net of Income)	189,136
Engagement/Comms	321,700
Depreciation/Write-offs	75,259
Total Costs	14,560,058
Surplus/Deficit pre funding/Interest	(184,588)
Interest Income	420,000
Surplus/Deficit post Interest	235,412

Interest Income for 2024/2025 is based on the remaining cash flow available of \$7m, @ 6% return(after \$10m Funding Model)

There are a number of underlying drivers/assumptions we have used to build the operational budget for 2024/25:

- .nz revenue 2% growth based on a combination of
 - Domains under Management growth
 - Launch of new product - Registry Lock
 - Diversified income, leveraging our core capabilities
- Investment in marketing increased to over \$400k to stimulate growth, directly attributable to campaigns
- Salary increase funding pool included, based on market data from an external source the pool is based on 4% of current salaries.
- A stable organisational structure with no substantive staffing changes - assumes all roles remain filled
- While inflation was last reported at 4.7% we have not made an across the board assumption on CPI increases on expenditure and aim to balance against efficiencies.
- The previous capital investment in the new IRS platform has an annual operating cost of \$500k plus and is included in direct costs

In addition, we have a number of larger time-limited projects in 2024/25 that support our goals, but also have significant resource and expenditure requirements:

- Diversifying income
- .nz policy and rules work programme
- Constitutional review
- Nethui - October 2024

Funding model

In order to grow sustainable future income/revenue streams, we need to rebalance public impact spending in the short term while we consider new models for partnering and grants.

As part of this process, have focused on these key considerations:

- How much do we want to utilise balance sheets in the medium term?
- Options for introducing a new funding model that creates a visible funding stream for partnerships/funding
- Other potential revenue avenues and cost efficiencies

The public impact funding model is based around the following parameters:

1. Setting up a funding model where \$11m cash is isolated and invested solely for the purposes of partnerships/funding.
2. Funds are invested based on the revised Investment Policy .
3. All Interest is reinvested into the fund
4. Surplus funds from operations may be invested in the fund as they become available.

2024/25 Budget: Capital Expenditure

The approved Capex budget below is divided into the following categories:

- .nz Investment
- Other capital activities to support the business

Capex Budget	2024/25
.nz Investment	\$120,000.00
Infrastructure/Other	\$132,000.00
Staff Computer Equipment	\$63,800.00
Web Development	\$150,000.00
Broadband Map	\$25,000.00
Misc	\$28,400.00
Total	\$519,200.00