InternetNZ

Papers for Council Meeting

Saturday 10th of October 2015

InternetNZ

Level 11, 80 Boulcott St, Wellington

AGENDA – COUNCIL MEETING

Saturday 10th October 2015

Level 11 80 Boulcott Street Wellington			
8.45am	Refreshments on arrival		
9.00am	Meeting start		
11.25am	Morning tea		
1.00 pm	Lunch		
3.30 pm	Meeting close		
Secton 1 - Council Governance			
9.00am	1.1	**Council Only**	
	1.2	**Council and CE only**	
9.30- 9.45am	1.3	Apologies	
	1.4	Councillors' Declarations of Interest	3
	1.5	Confirm Minutes – August 2015 Meeting	7
	1.6	Actions Register review	17
	1.7	Membership update	19
	1.8	Evote ratification	21
Section 2 – Strategic Priorities			
9.45-10.15am	2.1	Reflection on Strategy Day 2015	
Section 3 – Subsidiaries			
10.15am	3.1	Alone time (Chairs, CE and Council - confidential)	
	3.2	Subsidiaries reports NZRS 1st Quarter 2015/2016 report	23
	3.3	Statements of Expectations 2016/17	31
	3.4	1st Draft Business Development Strategy & Policy	45
	3.6	Any other general items	
11.25-11.40am		*Morning Tea*	
Section 4 – Matters for Decision			
11.40-11.55am	4.1	Approach to 20th Anniversary	57
11.55-12.05pm	4.2	Maori Engagement approach	61
12.05-12.15pm	4.3	Membership approach	65
12.15-12.25pm	4.4	Schedule of Meetings 2016	67
12.25-12.35pm	4.5	Grants Committee recommendations on Projects	69

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		Community Grants Round	
12.35-12.45pm	4.6	Auditors Engagement letter	75
Section 5 – Matters for Discussion			
12.45-1.15pm		*Lunch*	
1.15-1.30pm	5.1	CEO Report	87
1.30-2.00pm	5.2	Management reporting: • Internet Issues Programme Report • Community Programme Report • International Programme Report • Operations Report • Finance Report	91
2.10-2.20pm	5.3	1st Quarter Audit Report,	113
2.20-2.35pm	5.4	ICANN Update	
Section 6 – Other Matters			
2.35-2.50pm	6.1	Report from Council Committees • Audit and Risk: Draft minutes August, September • Membership: Draft Minutes September x2	123
2.50-2.55pm	6.2	Matters for Communication – key messages • Communications in general • Upcoming events	
2.55-3.05pm	6.3	General Business	
3.05-3.15pm	6.4	Meeting Review	

InternetNZ

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:

Honoraria

President - $30,000
Vice President - $18,750
Councillor - $15,000

Name: Jamie Baddeley

Position: President, InternetNZ

Term: AGM 2012 - AGM 2018

Declaration Date: updated 29 May 2015
Interests:
- Member of the New Zealand IPv6 Steering Group
- NZNOG Trustee
- Officer's Honorarium for InternetNZ

Name: Joy Liddicoat
Position: Vice President, InternetNZ
Term: AGM 2014 - AGM 2018
Declaration Date: updated 31 July 2015

Interests:

Holder of .nz domain name registrations
- Holder of .com domain name registrations
- Member of the New Zealand Law Society
- Member, 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
- Member of Pacific Chapter, Internet Society (PICISOC)
- Assistant Commissioner, Policy and Operations at the Office of the Privacy Commissioner
- Member, Non-Government Advisory Committee to Public Interest Registry .org
- Due to her role at work, Joy recuses herself from any policy decisions that may span the interests of the Office of the Privacy Commissioner

- Officer's honorarium for InternetNZ

Name: Neil James

Position: Councillor, InternetNZ
Term: AGM 2013 - AGM 2016
Declaration Date: updated 20 November 2013
Interests:
- Fellow of IITP
- Member of the Dunedin Computers in Homes Steering Group
- Councillor's Honorarium for InternetNZ

Name: Brenda Wallace

Position: Councillor, InternetNZ Term: AGM 2012 - AGM 2018
Declaration Date: updated 29 May 2015
Interests:
- Member of Green Party of Aotearoa New Zealand
- A gazillion .nz domain names
- Organiser of Girl Geek Dinners Wellington
- Member and volunteer for Tech Liberty
- Employee and shareholder of Rabid Tech
- Volunteer Organiser for GovHack Wellington
- Volunteer organiser for HackMiramar
- Councillor's Honorarium for InternetNZ

Name: Dave Moskovitz

Position: Councillor, InternetNZ
Term: AGM 2011 - AGM 2017
Declaration Date: updated 31 July 2015
Interests:
- Registrant of .nz, .com, .org, .pe domains
- Director, Domain Name Commission Limited

Board memberships:
- Think Tank Consulting Limited
- WebFund Limited
- Hyperstart Limited
- Golden Ticket Limited
- MusicHype Inc.
- Publons Limited
- Startup New Zealand Limited
- Open Polytechnic

Shareholdings (all of the above except for Open Polytechnic, plus):
- Lightning Lab 2013
- WIP APP Limited
- Learn Coach Limited
- Ponoko Limited
- Celsias Limited
- 8interactive Limited
- Admin Innovations Limited
- DIY Father Limited

- Smartshow Limited
- Common Ledger Limited
- Cloud Cannon Limited
- Small holdings in numerous publicly listed companies

Non-profit Activity:
- Global Facilitator
- Startup Weekend (Trustee)
- Pacific Internet Partners (Trustee)
- Think Tank Charitable Trust (Co-Chair)
- Wellington Council of Christians and Jews
- Other memberships:
- NZ Open Source Society
- NZ Rise
- Royal Society
- Registered marriage celebrant
- Councillor's Honorarium for InternetNZ

Name: Richard Wood

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: updated March 2015

Interests:
- Holds .nz and .net domain name registrations
- Member of ISOC, PICISOC
- Employee of and investor in Parts Trader Markets Ltd
- Councillor's Honorarium for InternetNZ

Name: Amber Craig

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: updated 30 July 2014

Interests:
- Consultant and organiser of some corporate unconferences
- Holds .nz domain name registrations
- Employee of ANZ
- Creator & Director of Beyond the Achievements
- An immediate family member works at NZRS occasionally
- Councillor's Honorarium for InternetNZ

Name: Rochelle Furneaux

Position: Councillor, InternetNZ

Term: AGM 2014 – AGM 2017

Declaration Date: 16 February 2015

Interests:
- Shareholder of Enspiral Foundation Ltd
- Director and Shareholder of Enspiral Legal Ltd
- Director of Enspiral Spaces Ltd
- Member of New Zealand Law Society
- Trustee at Fabriko Trust
- Councillor's Honorarium for InternetNZ

Name: Sarah Lee

Position: Councillor, InternetNZ

Term: AGM 2014 - AGM 2017

Declaration Date: 23 September 2014

Interests:
- Contractor to 2020 Communications Trust
- Member of New Zealand Māori Internet Society
- Māori Advisory Group member for Injury Prevention Network
- Councillor's Honorarium for InternetNZ

Name: Hayden Glass

Position: Councillor, InternetNZ

Term: AGM 2014 - AMG 2017

Declaration Date: 25 March 2015

Interests:
- Consulting Economist with the Sapere Research Group. Clients generally telco/meida/Internet companies and government agencies, and have included Chorus, Sky TV, Google, TUANZ, MBIE, and The Treasury, as well as the Innovation Partnership and InternetNZ
- Convenor of the Moxie Sessions, an Auckland tech-economy discussion group
- Founder and Director of Kuda Ltd, a (very slow moving) big data analytics startup
- COO at Wiki New Zealand
- Member of Techliberty
- Registrant of .org, .com and .nz domains
- Councillor's Honorarium for InternetNZ

Name: Richard Hulse

Position: Councillor, InternetNZ

Term: AGM 2015 –AGM 2048

Declaration Date: 4 August 2015
- Employee at Radio New Zealand Limited
- Holder of .nz domain names registrations
- Councillor's honorarium for InternetNZ

Name: Kelly Buehler

Position: Councillor, InternetNZ

Term: AGM 2015 – AGM 2016

Declaration Date: 4 August 2015
- Employee at New Zealand Post
- Councillor's Honorarium for Internet NZ

Last updated September 2015

DRAFT MINUTES

Status:	Draft
Present:	Jamie Baddeley (President), Neil James, Dave Moskovitz, Hayden Glass, Sarah Lee, Richard Wood, Amber Craig, Rochelle Furneaux, Brenda Wallace, Kelly Buehler and Richard Hulse.
In Attendance:	Jordan Carter (Chief Executive), Maria Reyes (minute taker), Mark Vivian (NZRS Board member, *in part*), Jay Daley (NZRS CE, *in part*), David Farrar (DNCL Chair, *in part*), Steven Heath (Acting Domain Name Commissioner, *in part*), Andrew Cushen (InternetNZ, *in part*), Ellen Strickland (InternetNZ, *in part – by phone*), Clare Denny (InternetNZ, *in part*).
Meeting Opened:	9.00am

1. **Welcome**

2. **Council only**

3. **Council and CE only**

4. **Apologies**

An apology was received from Joy Liddicoat.

RN52/15:   **THAT** the apologies be received.

(President/Cr Craig)
Carried U

5. **Declaration of Interest**

It was noted that recent changes to the register of interest for some of the Councillors has not been added to the version included in the Council papers and that these need to be updated.

AP23/15:   Staff to update Amber and Joy's register of interest; remove Lance and Hamish from the list; add Kelly Buehler and Richard Hulse; and circulate updated list to Council.

RN53/15:   **THAT** Council received the Councillors' Declarations as at 27 July 2015 as updated.

(President/Cr Craig)
Carried U

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6. Approval of minutes

A comment was raised that Hayden's abstention from the motions relating to the discussion around the strategic partnership with Wiki New Zealand were not recorded and that this should be included in the minutes to note that Hayden was not included in the decisions relating to Wiki NZ.

It was also raised that for the Marae setting agenda item (under the General Business agenda), Amber should be mentioned in the Action Point (AP22/15).

AP24/15:   Add Hayden's abstentions on the WikiNZ resolutions, and Amber's name in the relevant Action Point, as changes to the minutes (as discussed).

RN54/15:   **THAT** the minutes of the meeting held on 5 June 2015 as amended be received and adopted as a true and correct record.

(Cr Furneaux/Cr Glass)
CARRIED U

7. Outstanding action points

Jordan went through the Action Point register and gave an update on some of the action points that have not been completed yet.

Noted actions still requiring attention are:
- 08/15: Health & Safety policies and Risk Register for Council and staff functions [H&S will be completed after the legislation is finalised; Risk Register developed with the Audit and Risk Committee.]
- 13/15: Timing of planning documents [This is in progress and will be discussed at the October Council meeting.]
- 16/15: INZ Objects (what to do next) [This is for further discussion.]
- 18/15: Report on .nz Joint strategy initiatives [This is due for discussion at the October Council meeting.]
- 20/15: Draft .nz Framework Policy [This is due for discussion at the October Council meeting.]

For action point 21/15, Jordan advised that the best approach for the default release of any commercial in-confidence papers is to have a process in place where every 2-months, papers from the previous year are reviewed and a decision is made on whether they can be released to the public or not.

Sarah gave an update on action point 22/15 (re having a Council meeting at a Marae). She advised that she had discussions during the Maori meet-up at NetHui and received a formal invitation for InternetNZ to visit Mitimiti marae. She also had been looking into Parihaka, however she noted that the venue is not available on 18th and 19th of the month. Options will be discussed at the Maori Engagement Committee.

RN55/15:   **THAT** the action list as at July 2015 be received.

(President/Cr Craig)
CARRIED U

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8.   **New Members List**

RN56/15:   **THAT** the new members list be noted.

<div align="right">(President/Cr Wallace)
CARRIED U</div>

9.   **Evote ratification**

RN57/15:   **THAT** the evote ratification update be noted.

<div align="right">(President/Cr Wood)
CARRIED U</div>

10.   **Industry Scan**

After a brief discussion on the issues and opportunities for InternetNZ, Andrew encouraged Council to send any further comments on the Industry Scan to him and Jordan.

11.   **Briefing for Council on Current Activities**

Jordan gave a summary and advised that the purpose of the paper was to provide Council an update on the year's activity plan and how it's progressing.

Mark Vivian, Jay Daley, and Steven Heath joined the meeting at 10.30am

12.   **Business Development Strategy discussion**

Jamie welcomed Jay Daley and Mark Vivian, who was standing in for Richard Currey (NZRS Chair).

Jordan advised that the purpose of the paper was to tease out ideas that are implicit regarding the approach to Business Development Strategy which might help in drafting a Strategy and revised policy framework– due for discussion with members and then finalisation at the October Council meeting.

Discussion was broad based, and included the question on whether Objects "compatibility" (whether any business development opportunities must directly deliver the objects, or whether compatibility is enough), and what degree of detail is required in guiding business development in terms of strategy and policy.

Council's general view was that a relatively concise strategy that allows for maximum flexibility within the overall financial envelope should be developed setting the direction for business development across the InternetNZ group, consistent with the goal in the Group Strategic Plan. The business development policy would sit under this Strategy and would be revised to be clearer about project decisions for business development, the role of the NZRS board as the body to whom management of business development is delegated, financial limits and the role of DNCL in business development opportunities that are related to .nz.

After the discussion it was agreed that a Business Development Strategy, and a revised and shorter policy, be developed by staff and circulated to Council for review in the next few weeks. Once Council has agreed the draft is ready, it will be circulated to members seeking comments. Final discussion and decisions to be held at the October Council meeting, if not before.

Amber Craig left the meeting at 11.23am

Mark Vivian left the meeting at 11.32am

Morning Tea break at 11.32-11.44am

AP25/15: Jordan to work with the subsidiaries to develop a concise Business Development Strategy and a revised Policy, taking into account the discussions held at this meeting.

Council thanked NZRS teams' effort in delivering the Broadband Map as a first tangible example of business development. It also thanked Jordan and Jay for the paper and the discussion.

13. **Councillor Appointments to Subsidiary Boards**

With Brenda's re-election to the Council there is a need to reappoint her to the NZRS Board as the Council representative. Dave Moskovitz was appointed for a three year term and so unless a change is required, no reappointment is necessary.

RN58/15: **THAT** Brenda Wallace be re-appointed as Council representative on the NZRS Board for a three-year term ending at the company's 2018 Annual General Meeting.

(President/Cr James)
CARRIED
Abstain: Cr Wallace

Jay Daley and Steven Heath left the meeting at 11.56am

14. **Stakeholder Engagement Report back**

Jordan was due to present a paper on the Stakeholder Engagement Report however due to time constraints he was not able to do so and gave a verbal update instead. He advised that he will send a summary of the report to the Council list for comments.

AP26/15: Jordan to send a summary of the Stakeholder Engagement Report to Council.

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RN59/15: **THAT** the Business Development Strategy Background Paper be received.

(President/Cr Moskovtiz)
CARRIED U

15. Strategic Planning 2015

Council discussed the paper from staff regarding the focus of any strategic planning work to be done in 2015. After testing a number of suggestions in the paper and raised by Council members, the Council agreed to focus on the following issues for the upcoming Strategic Planning session on 9-10 October:
- focus on engagement / outreach/channel strategy
- group identity and culture

The venue is yet to be confirmed; however Jordan advised that it is most likely going to be held within the Wellington region.

Sarah also advised that it would be good if Council have a Waiata prepared for the day.

Council agreed that the Chairs and CEs of each subsidiary be invited for the afternoon session of the Strategic Planning as well as for the group dinner.

RN60/15: **THAT** this paper on Strategic Planning in 2015 be received, and the recommendation to discuss some key strategic issues rather than review the Group or InternetNZ Strategic Plans be agreed.

(President/Cr Lee)
CARRIED U

RN61/15: **THAT** the following topics, agreed at this meeting, be those for discussion at the session in October:
- Engagement/Outreach/channel strategy
- Group identity and culture

(President/Cr Lee)
CARRIED U

16. NetHui Debrief

Ellen Strickland joined the meeting by phone at 12.15pm

Jordan gave a summary on the NetHui debrief report and advised that due to InternetNZ hosting APRICOT on February 2016, having a national NetHui in July 2016 is not likely to be possible. However, a few possible options were raised: one was to have two regional NetHui held later in the year; or if Council

still prefers to have a national NetHui, this could be held in September/October next year.

Clare Denny joined the meeting at 12.18pm

17. Chief Executive's report

Report was taken as read.

Jordan highlighted the following key points on his report:
- Highlights of NetHui
- Staff changes and developing the new team culture
- Priorities for the next quarter

RN62/15: **THAT** the Chief Executive's report for the two months to 31 July be received.

(President/Cr Hulse)
CARRIED U

18. Management reporting

Internet Issues

Andrew gave a summary on his report around Internet Issues and advised that the Issues team are working really well.

Brenda asked whether the team were aware of the copyright and IP chapter of the TPPA having been leaked and available online and Andrew responded that they were and that the team are in the process of preparing a paper on this.

Amber Craig joined the meeting at 12.36pm

Community Engagement

Highlights from Ellen's report were the success of NetHui; appointment of Community Programme Liaison; and opening of the Projects and Conference Attendance funding rounds.

Jamie raised a question whether there will be any significant change with InternetNZ's relationship with NetSafe – currently one of our Strategic Partners – if they become the Approved Agency under the Harmful Digital Communications Act. In response, Ellen advised that discussions are being held on this with NetSafe with regards to what the next steps would be, if NetSafe was awarded that role.

International Report

The International Report was taken as read. Jordan gave a brief summary on the Buenos Aires ICANN meeting and on the ongoing work relating to the IANA Stewardship Transition and enhancing ICANN's accountability.

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Operations Report

Clare gave a short summary of her report. One of the key points that she highlighted for Council to note is the changes/update in the bank signatories.

She also notes that while the report checked off a list of things achieved, the highlights and next priorities include Operations Phase 2 transformations on improved efficiencies in procedures and practices – work that was only planned to be commenced in 2016/17.

RN63/15:   THAT the management reports (Internet Issues, Community, International, Operations) and the monthly financial report to 30 June 2015 be received.

(Cr Glass/Cr Furneaux)
CARRIED U

RN64/15:   THAT Hayden Glass, Richard Hulse and Rochelle Furneaux be added to the bank signatories, and that Hamish MacEwan and Richard Wood be removed from the list.

(President/Cr Buehler)
CARRIED U

Lunch break 1-1.30pm

David Farrar, Steven Heath, and Jay Daley joined the meeting at 1.35pm

19.   **Joint .nz quarterly reporting**

RN65/15:   THAT the joint .nz quarterly report for the first quarter 2015/16 be received.

(Cr Buehler/Cr Lee)
CARRIED U

20.   **1st quarterly report – DNCL**

Discussion was held on the consultation process and timing for the WHOIS policy. The process will be robust and open – as it is a first principles review of the question.

RN66/15:   THAT the DNCL report for the first quarter 2015/16 be received.

(President/Cr Wood)
CARRIED U

21.   **Final NZRS Statement of Direction and Goals**

There was a brief discussion of some items, however the Council noted that this paper is exactly the same as last time except that it has now been formally adopted by the NZRS Board. A question was raised about the level of financial detail presented. Council noted that NZRS are already due to provide

breakdown of their costs by the activities set out in their Statement of Expectations.

RN67/15:   THAT the final Statement of Directions and Goals for NZRS for 2015/16 be received and adopted.

<div align="right">(Cr Hulse/Cr Wallace)
CARRIED U</div>

22.   **Any other general Subsidiary items**

Class of Travel

Jamie advised that at the Chairs & CEs meeting, a decision was made following the letter from NZRS (a letter that suggested the Group review its class of travel policy and see whether costs be reduced) to establish a working group to look into any changes to Travel Policy that would be consistent across the group. This will include one director from each subsidiary Board and two Council members. Their aim will be to analyse available information and then propose any needed changes to the policy with an aim of group consistency.

Amber and Kelly have volunteered to be members of this working group.

David Farrar left the meeting at 2.04pm

23.   **Business Development update - NZRS**

Council received a commercial-in-confidence report from NZRS on business development initiatives, and discussed it in committee.

Council congratulated NZRS for the successful launch of the National Broadband Map, and heard about possible commercialisation prospects for the map that are consistent with the requirements of those who provided the data for the map's use. Two other business development initiatives were discussed, but for reasons of commercial confidence regarding development of business opportunities are not disclosed here. Council noted that in choosing business development initiatives to progress, NZRS should keep the goal in the Group Strategic Plan in mind.

RN68/15:   THAT the Business Development Update be received.

<div align="right">(Cr Craig/Cr Lee)
CARRIED U</div>

24.   **1st Quarter Consolidated Report**

RN69/15:   THAT the first quarter group consolidated financial report be received.

<div align="right">(President/Cr Furneaux)
CARRIED U</div>

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25. Constraints on finance return update

Jay Daley gave an update on the financial risk scenarios – low, medium and high – as explained in the company's letter to the Council at the June Council meeting.

He advised that the investments rules that Council has don't work for NZRS as the time horizons are too long.

Jay Daley and Steven Heath left the meeting at 2.35pm.

26. Report from Council Committees

Audit and Risk Committee

Minutes from the Audit & Risk Committee meeting were taken as read.

Jamie noted that with Lance Wiggs' departure, the Committee needs a new member to replace Lance. Council agreed that Richard Hulse be appointed as the new member of the Audit & Risk Committee.

Grants Committee

Dave gave a brief update on the Grants Committee and reported implementation of the new SmartyGrants system. He also advised that he would like to resign from being the Chair of the Committee and that he would like to nominate Richard Wood to be the new Chair at the Grants Committee meeting on Thursday 13 August.

CE Review

With Hamish MacEwan's departure, Council agreed that Hayden Glass be appointed as the new member of the CE Review Committee.

Membership Committee

Council agreed that Kelly Buehler be appointed as a member of the Membership Committee.

It was noted that a Chair is yet to be appointed for the Committee at their next meeting.

Maori Engagement

No changes in membership for this group.

RN70/15:   THAT the Terms of Reference for the current Committees of Council be endorsed for the coming year AND THAT the following appointments be made to Committees:

Audit and Risk: Richard Hulse (joining Neil James, Amber Craig

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and Joy Liddicoat)

Grants: No changes (members: Dave Moskovitz, Richard Wood, Neil James, Sarah Lee and Jamie Baddeley)

Chief Executive Review: Haden Glass (joining Jamie Baddeley, Joy Liddicoat and Rochelle Furneaux)

Membership: Kelly Buehler (joining Joy Liddicoat, Hayden Glass and Amber Craig).

Maori Engagement: No changes (members: Sarah Lee, Joy Liddicoat, and Amber Craig)

<div align="right">

(President/Cr Furneaux)
CARRIED U
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27. Approach to 20th Anniversary

Some of the ideas discussed for the 20th Anniversary celebration were as follows:
- Do a proper 20th year Annual Report, photos, etc.
- Give away domain names etc
- Re-engage with past members
- Informal drinks functions
- Show the value delivered, the 'so what' analysis
- Getting the story out there
- Some past storytelling and pointers to the future

Staff will consolidate proposals and report back to Council before the October meeting.

AP27/15: Jordan to share a proposal for celebrating InternetNZ's 20th anniversary before the next Council meeting.

28. General Business

Jamie congratulated Joy Liddicoat for her NGO Community Advisory Council election success in being part of .ORG.

Next Meeting: The next scheduled Council meeting is Friday 9 October 2015 with the venue yet to be determined.

Meeting Closed: 2.59pm

2015 Action Point Register

	Action	Who	Status	Due by	Comment
APRIL					
AP08/15	New Health and Safety policies (for Council function and staff function) and a Risk Register to be developed and then added to the Governance Manual.	Jordan	In progress	Dec-15	Legislation now finalised.
JUNE					
AP18/15:	A brief report to be prepared on measuring, transformations and prioritisation of initiatives for the joint .nz strategy	Jay/Debbie	In progress	Oct-15	
AP20/15:	Draft .nz Framework Policy planned to be be presented at the October Council meeting.	Jordan	In progress	Oct-15	Deferred to December 2015.
AP21/15:	Chief Executive to consider options for default release after a time horizon of any commercial-in-confidence papers, and report back to Council in August.	Jordan	Delayed	Oct-15	
AUGUST					
AP23/15	Staff to update Amber and Joy's register of interest; remove Lance and Hamish from the list; add Kelly Buehler and Richard Hulse; and circulate updated list to Council.	Clare	Complete	Aug-15	
AP24/15	Add Hayden's abstentions on the WikiNZ resolutions, and Amber's name in the relevant Action Point, as changes to the minutes (as discussed)	Maria	Complete	Sep-15	
AP25/15	Jordan to work with the subsidiaries to develop a concise Business Development Strategy and a revised Policy, taking into account the discussions held at this meeting.	Jordan	Complete	Oct-15	Draft Strategy sent to October Council.
AP26/15	Jordan to send a summary of the Stakeholder Engagement Report to Council.	Jordan	Complete	Oct-15	Relevant input in paper for Strategy session.
AP27/15	Jordan to share a proposal for celebrating InternetNZ's 20th anniversary before the next Council meeting.	Jordan	Complete	Oct-15	Paper to October Council.

INTERNETNZ MEMBERSHIP REPORT

Status: Final
Author: Maria Reyes

2015

	October 2015	August 2015	June 2015	April 2015
Fellows:	23	23	23	23
Individual:	240	235	289	283
Professional Individual:	61	59	75	74
Small Organisation:	21	20	29	29
Large Organisation:	5	5	8	8
Total Membership:	350	342	424	417

2014

	October 2014	August 2014	June 2014	April 2014
Fellows:	23	23	24	24
Individual:	262	256	302	290
Professional Individual:	70	68	81	83
Small Organisation:	27	26	31	30
Large Organisation:	8	7	7	6
Total Membership:	390	380	445	433

Membership by region

North Islands (Northern):

Joined in	Number
2015	9
2013-2014	28
2010-2012	29
2005-2009	31
Foundation-2004	3
TOTAL	*100*

North Islands (Southern):

Joined in	Number
2015	26
2013-2014	51
2010-2012	54
2005-2009	54
Foundation-2004	7
TOTAL	*192*

South Islands (Northern):

Joined in	Number
2015	2
2013-2014	12
2010-2012	17
2005-2009	4
Foundation-2004	1
TOTAL	*36*

South Islands (Southern):

Joined in	Number
2015	2
2013-2014	1
2010-2012	6
2005-2009	3
Foundation-2004	1
TOTAL	*13*

* International members – 9

Correction on the previous Membership Report (August Council meeting)
Please note, there was an error in the previous Membership Report included in the August Council meeting – the total numbers for the South Island members were on the wrong order (i.e. total number for the Northern South Island members should be 36, and the Southern South Island's total members should be 12)

Recommendation:
THAT the new members be approved.

E-votes Ratification

Author:	Maria Reyes

There have been **five** e-votes conducted since the last Council Meeting:

Evote:	Motion:	For:	Against:	Abstain:
03092015(1)	THAT Bronwyn Holloway-Smith be awarded funding of $3,500 from the Conference Attendance Funding round.	Neil James Richard Wood Richard Hulse Dave Moskovitz Jamie Baddeley Amber Craig Rochelle Furneaux Kelly Buehler Joy Liddicoat		Brenda Wallace
03092015(2)	THAT Dr Qiang Fu be awarded funding of $3,500 from the Conference Attendance funding round.	Neil James Richard Wood Brenda Wallace Richard Hulse Dave Moskovitz Jamie Baddeley Amber Craig Rochelle Furneaux Kelly Buehler Joy Liddicoat		
03092015(3)	THAT MOA Kluster (Lorraine Williamson) be awarded funding of $8,000 from the Conference Attendance funding round.	Neil James Richard Wood Brenda Wallace Richard Hulse Dave Moskovitz Jamie Baddeley Amber Craig Rochelle Furneaux Kelly Buehler Joy Liddicoat		

240920151	THAT InternetNZ become a Trustee of The Innovation Partnership Charitable Trust and that the Common Seal is affixed accordingly.	Amber Craig Richard Hulse Neil James Hayden Glass Dave Moskovitz Kelly Buehler Richard Wood Brenda Wallace Rochelle Furneaux Jamie Baddeley Sarah Lee		
240920152	THAT Andrew Cushen, Work Programme Director, be appointed to represent InternetNZ on the Board of the Innovation Partnership Charitable Trust.	Amber Craig Richard Hulse Neil James Hayden Glass Dave Moskovitz Kelly Buehler Richard Wood Brenda Wallace Rochelle Furneaux Jamie Baddeley Sarah Lee		

Recommendation: THAT the e-votes be ratified.

30 June 2015

Jamie Baddeley
President
InternetNZ
PO Box 11881
Wellington

Dear Jamie

Re: 1st Quarter 2015 - 2016 Report

We enclose our first quarterly report of the 2015 - 2016 year; the quarter ended 30 June 2015. The report, which I submit on behalf of the Board, consists of the summarised management accounts and a commentary on financial, operational, and strategic issues in relation to the company's performance. There is nothing in the report that we regard as confidential.

This report meets the requirement of the Reporting Policy incorporated in the July 2008 INZ - NZRS Operating Agreement.

All reporting on .nz is found in our joint report with DNCL.

1. Financial

Enclosed are Statements of:

- Financial performance; and
- Financial position

These statements are based on our management accounts for the quarter.

The net profit before tax of $906,118 for the quarter was 7% above the budgeted $845,660.

Domain name growth was below budget for the quarter. Growth was 13,111 versus a budgeted 13,223. April's net growth was 8,074, May's net growth was 3,760 and June's net growth was 1,277.

Actual domain name fee income for the quarter was above budget by $19,430 (actual $2,428,779 versus budgeted $2,409,349).

NZRS Ltd

Level 9, 16-20 Willis Street, Wellington 6011 | P.O. Box 24361, Manners Street, Wellington 6142, New Zealand
phone +64 4 931-6970 | fax +64 4 931 6979 | reg1stry@nzrs.net.nz | www.nzrs.net.nz

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Expenses for the quarter were $48,793 below budget (actual $1,613,836 versus budgeted $1,662,629) due mainly to the timing of expenditure.

The company's liquidity ratio was met.

There were no dividends paid during this quarter.

2. Other Key Strategic and Operational Activities

a) Staff changes

During this quarter Sonya Trompetter joined us as an Application Support Analyst working alongside Mike Gray who is our Application Support Specialist. Her role includes supporting registrars, fault finding and testing of software releases.

b) Return on investment

We continued our work to look at the possibility of higher rates of return from investing deferred income as requested by Council.

3. Business/service development

In this quarter we continued our work on redeveloping the National Broadband Map and completed a partner preview and subsequent changes ready for a release in July.
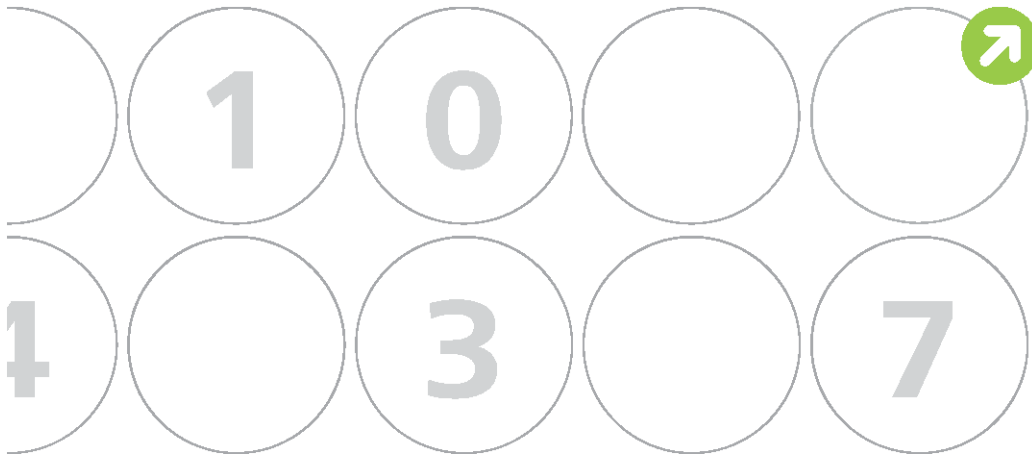
Please do not hesitate to contact me if you have any queries.

Yours sincerely

Richard Currey

Chair

Deloitte*private*

We're all about you O

NZRS Ltd

Financial Statements

For the Quarter Ended 30 June 2015

Deloitte.

Deloitte.

New Zealand Domain Name Registry Limited
Financial Statements
For the Quarter Ended 30 June 2015

Statement of Financial Performance

Balance Sheet

Statement of Cash Flows

Deloitte.

NZRS Ltd
For the 3 months ended 30 June 2015

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Income								
Registry Fees	2,428,779	2,409,349	19,43Q.t..	0.8%6-	2,428,779	2,409,349	19,43Q.t..	0.8%-6-
Total Income	2,428,779	2A09,349	19,430	0.8%	2,428,779	2,409,349	19,430	0.8%
Less Cost of Sales								
DNC Fee (348)	467,460	467,460	-	0.0%	467,460	467,460	-	0.0%
DNS Expenses	30,359	38,750	(8,391).....	-21.7%.....	30,359	38,750	(8,391)T	-21.7%.....
ISP/Hosting/Networking	96,138	93,773	2,365'6-	2.5%6-	96,138	93,773	2,365'6-	2.5%6-
Other IT	61,809	62,741	(932)T	-1.5%.....	61,809	62,741	(932)T	-1.5%.....
Total Cost of Sales	655,766	662,724	(6,958)	-1.0%	655,766	662,724	(6,958)	-1.0%
Gross Profit	1,773,013	1,746,625	26,388	2.0%	1,773,013	1,746,625	26,388	2.0%
Less Operating Expenses								
Depreciation & Amortisation	187,093	193,423	(6,330).....	-3.3%.....	187,093	193,423	(6,330)T	-3.3%.....
Overhead Expenses	770,978	806,482	(35,504)T	-4.4%.....	770,978	806,482	(35,504)T	-4.4%T
Total Operating Expenses	958,070	999,905	(41,835)	-4.2%	958,070	999,905	(41,835)	-4.2%
Operating Profit	814,943	746,720	68,223	9.0%	814,943	746,720	68,223	9.0%
Non-operating Income								
Interest Received (203)	91,175	98,940	(7,765)T	-7.8%.....	91,175	98,940	(7,765)T	-7.8%T
Total Non-operating Income	91,175	98,940	(7,765)	-7.8%	91,175	98,940	(7,765)	-7.8%
Net Profit	906,118	845,660	60,458	7.0%	906,118	845,660	60,458	7.0%

Balance Sheet

Deloitte.

NZRS Ltd
As at 30 June 2015

	30 Jun 2015	31 Mar 2015
Assets		
Bank		
Cash and Cash Equivalents	10,517,317	8,959,053
Total Bank	10,517,317	8,959,053
Current Assets		
Accounts Receivable	900,884	1,440,681
Interest Receivable (688)	117A60	89,556
Prepayments/Credits (687)	82,032	93,143
Total Current Assets	1,100,376	1,623,379
Fixed Assets		
Fixed Assets	*944A06*	1,087,270
Total Fixed Assets	944A06	1,087,270
Total Assets	12,562,098	11,669,703
Liabilities		
Current Liabilities		
Accounts Payable	275,073	301,048
Credit Cards	21,793	5,444
Deferred Income - Registry Fees	7A26,551	7,339,872
GST	30,680	121A56
Total Current Liabilities	7.754.097	7.767.819
Non-Current Liabilities		
Deferred Income - Adjustment (81700)	407,203	407,203
Total Non-Current Liabilities	407,203	407,203
Total Liabilities	8,161,300	8,175,022
Net Assets	4,400,798	3A94,681
Equity		
30,000 Ordinary Shares (60100)	30,000	30,000
Current Year Earnings	906,118	2,724,128
Retained Earnings (638)	3A64,681	740,553
Total Equity	4,400,798	3A94,681

New Zealand Domain Name Registry Limited
Statement of Cash Flows
For the Quarter Ended 30 June 2015

Deloitte.

	This Quarter			Year toDate				FullYNr	
	Actual	Budget	Variance	Actual	Budget	Variance	Last Year (YTD)	Budget	LY Actual
CUh Flow• From OperaUng Activities									
Cash Was Provld•d From:									
Registry Fees Received	3,305,812	3,451,544	(145,732)	3,305,812	3,451,544	(145,732)	2,608,472	12,561,057	10,647,837
Other Receipts	63,271	98,940	35,669]	63,271	98,940	35,669]	30,834	396,995	315,501
	3,369,084	3,550,484	(181,400)	3,369,084	3,550,484	(181,400)	2,639,106	12,958,052	10,983,338
C. Jh WH Distributed To:									
Payments to Suppliers and Employees	1,592,701	1,607,103	(14,402)	1,592,701	1,607,103	(14,402)	1,652,996	6,446,308	8,146,484
Net Taxation Paid	-	-	-	-	-	-	-	-	-
Net Dividend Paid								4,170,058	2,755,776
Net GST Paid	210,168	274,648	64,480]	210,168	274,648	64,480]	21,910	894,611	305,525
	1,802,889	1,881,751	Q:8,882]	1,802,869	1,881,751	78,882]	1,874,906	11,510,977	9,209,785
Net Cashtlowa from Operating	1,566,215	1,668,733	(102,519)	1,566,215	1,668,733	(102,519)	964,200	1,447,075	1,753,553
Cash Flows from Financing ActIvItIH									
Cash was Provided From:									
Share Capital									
Cash was Distributed To:									
Repayment of Redeemable Preference Shares									
Inland Revenue Use of Money Interest									
Net Cash nows from Financing									
Cash Flows fromhvHIhg AetIvIIIH									
CUh was Provided From:									
Fitout Contribution									
Cash waa DIstrtbuted To:									
Purchase of Fixed Assets & Formation Expenses	29,744	93,724	63,980]	29,744	93,724	63,980]	388,294	515,488	899,518
Net Cash nows fromhvesting Activities	(29,744)	(93,724)	63,980	(29,744)	(93,724)	63,980	(388,294)	(515,488)	(899,518)
Net Inaease (Deaease) in Cash Held	1,536,471	1,575,009	(38,538)	1,536,471	1,575,009	(38,538)	575,906	931,587	854,035
Plus Opening Cash Balance	8,959,053	8,959,053	–	8,959,053	8,959,053	–	8,099,572	8,959,053	8,099,572
Claalng Cash Carried Forward	10,495,524	10,534,062	(38,538)	10,495,524	10,534,062	[38,538)	8,675,478	9,890,640	918,966
Claaing Cash Compri...								-	1,288,395
ASB Bank Cheque Account	2,413,958		–	2,413,958	-	-	1,177,340		6,753,692
ASB Bank Call Account	1,300,036	-	–	1,300,036	-	-	252,956	-	5.444]
Term Deposits	6,803,323			6,803,323			7,258,884		
ASB Credit Cards	21,793]	-	–	21,793]	-	-	13,702]		
Total Caah Held {Incluthg CreIt Carda)	10,495,524	10,534,062	38,538]	10,495,524	10,534,062	38,538]	8,875,478	9,890,640	8,953,809
Plus ASB Credit Cards	21,793	-	–	21,793	-	-	13,702	-	5,444
Total Cash & Cuh Equivalents	10,517,317	10,534,062	(38,538)	10,517,317	10,534,062	[38,538)	8,689,180	9,890,640	8,959,053

2016/17 Statements of Expectations

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To seek input from Councillors on the 2015/16 Statements of Expectations for DNCL and NZRS to guide development of 2016/17 versions of the same.

Each year the Council establishes Statements of Expectations for our subsidiary companies.

These documents identify Council's priorities for each company in the coming year. The subsidiary responds with a Statement of Directions and Goals that explains how it will deliver the expectations & what it will cost to do so (i.e. the budget).

The longer-term role of each company is specified in a range of policy, strategy and operating documents (e.g. the Group Strategy; the Subsidiaries and .nz Framework policies; the Operating Agreements).

The Statements of Expectations were comprehensively re-written for the 2015/16 year.

The request at this meeting is for Councillors to review these documents and be prepared to talk about:

- Any questions about the contents
- Any suggestions for adjustments or changes

Staff will take this feedback into account and prepare any revisions, ready for discussion with the subsidiaries.

If there are no significant changes, the documents will be confirmed by email in the coming weeks. If significant issues requiring further discussion arise, they can be resolved at the December meeting.

Jordan Carter
1 October 2015

Attach:	2015/16 DNCL Statement of Expectations
	2015/16 NZRS Statement of Expectations

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Statement of Expectations: NZRS

2015-2016

1.   Introduction

This Statement of Expectations sets out InternetNZ's expectations for the 2015-16 year for New Zealand Domain Name Registry Ltd, trading as NZRS (NZRS).

It provides clarity for the company regarding its core role and the functions the shareholder expects the company to deliver. As well as a formal communication of shareholder expectations, to which the company will be held to account, it is also therefore an input to the company's strategic and business planning.

As sole shareholder InternetNZ's interest is in NZRS operating effectively and efficiency to achieve its core role and required functions. The detail of how that role and those functions are to be provided and the cost of doing so is determined by the company, and is to be set out in the company's Statement of Direction and Goals as detailed in section 8.

This document was finalised by Council on 5 December 2014 (RN 111/14).

2.   Strategic Framework

For 2015-2020 InternetNZ has created a Group Strategic Plan which is being finalised at the December 2014 Council meeting. It sets out the overall role of the InternetNZ group and assigns lead responsibility for areas of work to different units. The plan will be available in the register of governance documents at www.internetnz.nz.

Of particular relevance to NZRS is strategic Area 1: .nz as a world-class ccTLD that meets the needs of the local Internet community.

The shareholder expects the company to give effect to this area as its core strategic imperative. It should however consider the whole strategy as an input to its own planning process. In particular, given the company's secondary role strategic Area 5: Business development and diversification will be of interest.

The more detailed joint strategy guiding the development of .nz is a shared responsibility for DNCL and for NZRS. The strategy must be jointly developed by

both companies, and jointly submitted to the Council for comment and then approval from time to time as noted in the Group High Level Planning Cycle.

3. Core and Secondary Roles

The core role for NZRS is:

- To operate, maintain and develop the Shared Registry System and the .nz Domain Name System as part of the .nz ccTLD.

This description is a brief summary of the role set out for the company in the <.nz policy> and in the NZRS Operating Agreement. The <.nz policy> will be complete in April 2015. These documents are, or will soon be, available in the register of governance documents at www.internetnz.nz.

In addition to its primary role, the secondary role for NZRS is:

- Promotion and marketing of the .nz product.
- Technical research.
- Assist the shareholder with business development strategy, policy and implementation.

4. Core functions

In advancing the company's core role, the shareholder expects the functions set out below to be provided.

Function	Explanation
NZRS	
Shared Registry System (SRS)	Maintain and develop the Shared Registry System, the core infrastructure of the .nz register.
Domain Name System (DNS)	Maintain and develop the core DNS infrastructure for .nz.
.nz marketing and promotion	Develop the .nz product brand and promote it so as to increase awareness of and registration of .nz domain names.
ALONG WITH DNCL	
.nz international representation	Consistent with the group international strategy and plan, represent .nz at relevant international events.
.nz product development	Continue to develop the .nz product offering consistent with the group strategy goal regarding .nz being a world-class ccTLD.

The shareholder expects that the commencement of new functions, or significant changes to the resources applied to the functions set out in this SoE,

require explicit prior shareholder agreement.

Such approval could occur through approval of the annual Statement of Direction and Goals (SoDaG) where such changes are set out, or on a case by case basis through an exchange of letters.

Consistent with the no-surprises approach outlined below, where changes of this sort are contemplated they should be raised early with shareholder.

Secondary Functions

In addition to the primary functions set out above, the shareholder expects the secondary function/s set out below to be provided. It notes that performance of secondary functions must be managed in a manner that does not risk the company's ability to perform its primary functions.

Function	Explanation
NZRS	
Technical Research	Maintain a technical research capacity which contributes authoritative information about the New Zealand Internet or Internet technologies, and coordinate its work programme with InternetNZ's Internet Issues programme.
Business Development	Be the lead unit in advancing business development priorities, consistent with the agreed Group Business Development Strategy.

As for primary functions, the commencement of new secondary functions, or significant changes to the resources applied to the functions set out in this SoE, require explicit prior shareholder agreement.

5. Specific tasks in 2015-16

The shareholder expects the following specific tasks to be addressed by the company in the 2015-16 business year, and welcomes advice from the company as part of the Statement of Directions and Goals as to how these will be progressed in the coming year.

- Continue the work programme involved with rolling out registrations direct at the second level.
- Conduct with DNCL and InternetNZ a full review and debrief of the registrations direct at the second level project.
- Develop and share the company's approach to succession planning at the board and management level, to provide assurance as to the resilience of the company.
- Work with the shareholder to re-establish common premises for all units.

- Identify for discussion with the shareholder any steps it could take to allow for a higher return to be realised on funds held by the company.
- Assist the InternetNZ business unit with the development of a Group Business Development Strategy.

6.   Financial Requirements

The shareholder expects efficiency to be a key goal for the company. The most efficient and effective use of resources is important. By minimising costs consistent with delivering required functions, the company will assist the shareholder with maximising its ability to pursue its objectives, and will help give the public confidence that the group is a responsible steward for .nz.

The shareholder notes the following factors in respect of financial goals, practice and information for and from the company:

- Achieve an EBIT ratio of 40% in 2015-16 in respect of .nz operations.
  o This ratio applies to revenue from registrations of .nz domain names
  o The costs of the management fee to DNCL are excluded from calculating this target, as that is outside the company's control.
  o 25% of the costs of the technical research function should be included in calculating this target, as research is required for the ongoing development of the company's core functions.
- Achieve an EBIT ratio of 30% by the end of the 2015-2017 period in respect of new business development opportunities pursued by the company.
  o This ratio applies to all other revenue from commercial operations.
  o 25% of the costs of the technical research function should be included in calculating this target, as research is required in developing new business opportunities, products and so on.
- Retain a maximum exposure of $400,000 for business development purposes (in terms of direct costs) and utilise this consistent with group strategy and policy requirements.
- Aim for a dividend of $3.8m to the shareholder in 2015-16 (subject to finalisation of the company's growth forecasts and 2015-16 budget).
- Return any cash in excess of reserves to the shareholder following the conclusion of each financial year.

Council generally expects subsidiaries to:

A.   adopt sound organisational and financial management practices so as to safeguard and enhance InternetNZ's investment in the company;
B.   operate within the financial and operational scope of the Statement of Direction and Goals as agreed with InternetNZ while meeting the requirements of specific company policies and relevant provisions of Operating Agreements; and

C.   provide meaningful output and financial information reporting against the Statement of Direction and Goals (including changes to plans and priorities) to facilitate the monitoring of the organisation's performance.

7.   General Expectations

The shareholder's vision for the group is that it is highly collaborative, committed to working together and to building a vibrant, collegial and inclusive culture to maximise the group's success. Council, subsidiary Boards and all Chief Executives have an obligation to work together in leading the ongoing realisation of this vision.

Consistent with this vision, the shareholder expects subsidiaries to:

A.   continue to maintain a high standard of corporate governance;
B.   maintain an open and transparent approach to their activity, and operate a no-surprises policy across the group;
C.   operate consistent with established group strategy and policies, including by bringing group policies into effect in their own policy frameworks where required, as well as collaborating with other units across the group to develop and implement group strategy and policies;
D.   adopt a sound risk management strategy for all areas of their activities, including the timely reporting of critical operating and financial risks to InternetNZ, and contribution to the maintenance of the Group Risk Register;
E.   ensure that there are effective and productive day-to-day working relationships between all units and actively explore and implement ways to achieve greater co-operation and collaboration between units to the benefit of the wider Internet community; and
F.   operate in accordance with InternetNZ's core values – openness and transparency, leadership, ethical behaviour & stewardship and a can-do attitude.

8.   Statement of Direction and Goals

The shareholder requires the company to prepare and present a Statement of Direction and Goals (SoDaG) for the 2015-16 year. The purpose of the SoDaG is to set out how the company intends to meet the expectations set out in this document.

The core components of the SoDaG are as follows:

A.   an outline of the company's long term strategy;
B.   an outline of the environmental factors that feed into the company's strategic planning;

C.   an outline of the key priorities and projects that the company has identified for 2015-16, including those set out in this Statement;

D.   an outline of proposed measures by which the shareholder can judge the company's performance against the requirements set out in this Statement; and

E.   a proposed budget for the 2015-16 financial year, as well as draft budgets for 2016-17 and 2017-18 (subject to adjustments for 2014-15 year end results).

The SoDaG must be presented to the Council as soon as convenient, and no later than its April 2015 meeting.

In keeping with the conclusions of the Financial Flows review of the InternetNZ Group, the shareholder requires the company's SoDaG to be agreed with the Council.

This is the key mechanism by which Council ensures that the scope of activity and the resources deployed by the company are in keeping with its expectations. Early discussions with the shareholder about core priorities and scope of financial requirements are encouraged.

Statement of Expectations: DNCL

2015-2016

1.   Introduction

This Statement of Expectations sets out InternetNZ's expectations for the 2015-16 year for Domain Name Commission Ltd (DNCL).

It provides clarity for the company regarding its core role and the functions the shareholder expects the company to deliver. As well as a formal communication of shareholder expectations, to which the company will be held to account, it is also therefore an input to the company's strategic and business planning.

As sole shareholder InternetNZ's interest is in DNCL operating effectively and efficiency to achieve its core role and required functions. The detail of how that role and those functions are to be provided and the cost of doing so is determined by the company, and is to be set out in the company's Statement of Direction and Goals as detailed in section 8.

This document was finalised by Council on 5 December 2014 (RN 110/14).

2.   Strategic Framework

For 2015-2020 InternetNZ has created a Group Strategic Plan which is being finalised at the December 2014 Council meeting. It sets out the overall role of the InternetNZ group and assigns lead responsibility for areas of work to different units. The plan will be available in the register of governance documents at www.internetnz.nz.

Of particular relevance to DNCL is strategic Area 1: .nz as a world-class ccTLD that meets the needs of the local Internet community.

The shareholder expects the company to give effect to this area as its core strategic imperative. It should however consider the whole strategy as an input to its own planning process.

The more detailed joint strategy guiding the development of .nz is a shared responsibility for DNCL and for NZRS. The strategy must be jointly developed by both companies, and jointly submitted to the Council for comment and then approval from time to time as noted in the Group High Level Planning Cycle.

3.   Core and Secondary Roles

The core role for DNCL is:

- To operate, maintain, develop and enforce the policy framework for the .nz ccTLD, and to monitor & hold accountable NZRS's performance against SLA standards of operation for .nz.

This description is a brief summary of the role set out for the company in the <.nz policy> and in the DNCL Operating Agreement. The <.nz policy> will be complete in April 2015. These documents are, or will soon be, available in the register of governance documents at www.internetnz.nz.

In addition to its primary role, the secondary role for DNCL is:

- Day to day oversight of the .nz market.

4.   Core functions

In advancing the company's core role, the shareholder expects the functions set out below to be provided.

Function	Explanation
DNCL	
.nz policy framework	Maintain and develop the policy framework that sets out how .nz operates, and enforce its requirements on relevant parties.
.nz dispute resolution	Provide a service for resolving disputes between registrants consistent with the .nz policy framework.
.nz Service Level Agreement	Monitor and develop as required the SLA that specifies the service levels required for the operation of the SRS and the DNS.
.nz oversight and assistance	Oversee the .nz market and provide support and advice for members of the public.
ALONG WITH NZRS	
.nz international representation	Consistent with the group international strategy and plan, represent .nz at relevant international events.
.nz product development	Continue to develop the .nz product offering consistent with the group strategy goal regarding .nz being a world-class ccTLD.

The shareholder expects that the commencement of new functions, or significant changes to the resources applied to the functions set out in this SoE, require explicit prior shareholder agreement.

Such approval could occur through approval of the annual Statement of Direction and Goals (SoDaG) where such changes are set out, or on a case by case basis through an exchange of letters.

Consistent with the no-surprises approach outlined below, where changes of this sort are contemplated they should be raised early with shareholder.

Secondary Functions
In addition to the primary functions set out above, the shareholder expects the secondary function/s set out below to be provided. It notes that performance of secondary functions must be managed in a manner that does not risk the company's ability to perform its primary functions.

Function	Explanation
DNCL	
Security	Provide a resource for the InternetNZ unit to contribute to Issues Programme work on security matters.

As for primary functions, the commencement of new secondary functions, or significant changes to the resources applied to the functions set out in this SoE, require explicit prior shareholder agreement.

5.   Specific tasks in 2015-16

The shareholder expects the following specific tasks to be addressed by the company in the 2015-16 business year, and welcomes advice from the company as part of the Statement of Directions and Goals as to how these will be progressed in the coming year.

- Continue the work programme involved with rolling out registrations direct at the second level.
- Conduct with NZRS and InternetNZ a full review and debrief of the registrations direct at the second level project.
- Develop and share the company's approach to succession planning at the board and management level, to provide assurance as to the resilience of the company.
- Work with the shareholder to re-establish common premises for all business units.

6.   Financial Requirements

The shareholder expects efficiency to be a key goal for the company. The most efficient and effective use of resources is important. By minimising costs consistent with delivering required functions, the company will assist the

shareholder with maximising its ability to pursue its objectives, and will help give the public confidence that the group is a responsible steward for .nz.

The shareholder notes the following factors in respect of financial goals, practice and information for and from the company:

- Manage expenditure so as to maintain or reduce nominal expenditure from 2014-15 levels in 2015-16 and beyond once registrations direct at the second level project work is complete.
- Return any cash in excess of reserves to the shareholder following the conclusion of each financial year.

Council generally expects subsidiaries to:

A.   adopt sound organisational and financial management practices so as to safeguard and enhance InternetNZ's investment in the company;
B.   operate within the financial and operational scope of the Statement of Direction and Goals as agreed with InternetNZ while meeting the requirements of specific company policies and relevant provisions of Operating Agreements; and
C.   provide meaningful output and financial information reporting against the Statement of Direction and Goals (including changes to plans and priorities) to facilitate the monitoring of the organisation's performance.

7.   General Expectations

The shareholder's vision for the group is that it is highly collaborative, committed to working together and to building a vibrant, collegial and inclusive culture to maximise the group's success. Council, subsidiary Boards and all Chief Executives have an obligation to work together in leading the ongoing realisation of this vision.

Consistent with this vision, the shareholder expects subsidiaries to:

A.   continue to maintain a high standard of corporate governance;
B.   maintain an open and transparent approach to their activity, and operate a no-surprises policy across the group;
C.   operate consistent with established group strategy and policies, including by bringing group policies into effect in their own policy frameworks where required, as well as collaborating with other units across the group to develop and implement group strategy and policies;
D.   adopt a sound risk management strategy for all areas of their activities, including the timely reporting of critical operating and financial risks to

InternetNZ, and contribution to the maintenance of the Group Risk Register;

E.   ensure that there are effective and productive day-to-day working relationships between all units and actively explore and implement ways to achieve greater co-operation and collaboration between units to the benefit of the wider Internet community; and

F.   operate in accordance with InternetNZ's core values – openness and transparency, leadership, ethical behaviour & stewardship and a can-do attitude.

8.   Statement of Direction and Goals

The shareholder requires the company to prepare and present a Statement of Direction and Goals (SoDaG) for the 2015-16 year. The purpose of the SoDaG is to set out how the company intends to meet the expectations set out in this document.

The core components of the SoDaG are as follows:

A.   an outline of the company's long term strategy;

B.   an outline of the environmental factors that feed into the company's strategic planning;

C.   an outline of the key priorities and projects that the company has identified for 2015-16, including those set out in this Statement;

D.   an outline of proposed measures by which the shareholder can judge the company's performance against the requirements set out in this Statement; and

E.   a proposed budget for the 2015-16 financial year, as well as draft budgets for 2016-17 and 2017-18 (subject to adjustments for 2014-15 year end results).

The SoDaG must be presented to the Council as soon as convenient, and no later than its April 2015 meeting.

In keeping with the conclusions of the Financial Flows review of the InternetNZ Group, the shareholder requires the company's SoDaG to be agreed with the Council.

This is the key mechanism by which Council ensures that the scope of activity and the resources deployed by the company are in keeping with its expectations. Early discussions with the shareholder about core priorities and scope of financial requirements are encouraged.

Business Development Strategy & Policy

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To explain what the attached two documents are and advise Council on decisions required relating to them.

There are two papers attached to this paper for Council discussion at this meeting:

- A first draft Business Development Strategy
- A revised Business Development Policy that would be consistent with the Strategy

The draft Strategy document includes a draft cover paper that would be about soliciting input and views from members and others on the content.

I wrote these papers following the discussion at the August 2015 Council meeting, and it is my hope that the contents are largely in accord with the Council's recollection of the debate at that meeting.

In preparing these for Council's consideration I have had some informal feedback from Richard Currey. Because my own drafting process was late, I have not had input from Jay Daley, and didn't seek input from DNCL at this stage.

Decisions to Make

I need Council and subsidiary to review these documents carefully to:

- Determine whether the strategy and policy outlined is consistent with what Council would like to seek wider views about [or direct changes in the proposed approach]
- Identify any gaps or poor wording that should be addressed before a version for wider consultation is finalised
- Be ready to discuss the scope and scale of public consultation required on these documents.

Please feel free to share thoughts in advance of the meeting, preferably on the council-subsidiaries email list.

Jordan Carter
1 October 2015

Business Development Strategy: First Draft

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To share a draft Business Development Strategy for the InternetNZ Group, for discussion with & feedback from InternetNZ members and others.

What is this paper?

This paper is to share a strategy for Business Development for the InternetNZ group. It's designed for discussion and debate by Council, members and others interested in this part of InternetNZ's work.

The first two pages explain what the issue is and how you can have your say. The rest of the paper is the draft Strategy. A revised Business Development Policy that is consistent with this Strategy is also attached for your feedback.

Once finalised, the Strategy will guide decisions across the InternetNZ group on business development matters. The Policy sets out the rules for doing it, including decision processes and spending limits.

Background

InternetNZ has been discussing the possibility of new lines of income-generating business for around five years. The strategy for executing business development plans has been left implicit, and since most work to date has been done by NZRS, entrusted to that company's Board. The Business Development Policy under which that work was done was created a few years ago, and most recently updated in February 2014.

In December 2014 the Council adopted a new Group Strategy for InternetNZ, designed to serve the organisation for the five years 2015-2020. One of the five goals in that Strategy was to do business development, and the Council agreed that a fleshed out, transparent strategy should guide business development.

A strategy is just an explanation of how you aim to achieve a goal. The goal Council adopted for Business Development is simple. By 2020:

> One million New Zealand dollars of group income comes from sources that are not dependent on being the designated manager for .nz

Who is accountable?

The Council will hold InternetNZ, DNCL and NZRS responsible for ensuring any work they do on business development is consistent with what is in this Strategy and with what the Policy requires.

InternetNZ's Council is responsible for the Group Strategy that set out the goal. It is responsible for this Strategy and for the associated Governance Policy that specifies requirements for how Business Development will be done.

Staff and contractors all across the InternetNZ group will be held accountable for behaving consistent with the requirements of this Strategy and Policy by the Council or by the relevant subsidiary Board.

In terms of outcomes – the Council is responsible for the decision to permit business development and for deciding the quantum of InternetNZ group financial resources at risk ($400,000 in direct costs in 2014-2017).

Council and subsidiary Boards are responsible for ensuring business development activities do not impede the delivery of other InternetNZ goals, most particularly the operation of the .nz ccTLD. They are also responsible for transparently accounting for the non-direct costs of business development activity, as set out in the Policy.

How can I have a say?

InternetNZ will be organising get-togethers to discuss this policy, along with other key direction questions, as part of its annual strategic conversations with members. These are scheduled as follows:

TBD

Besides these in person meetings, N online presentations and discussions will be held, as follows:

1.

You can provide feedback at any time by email to Jordan Carter, who will collate feedback. His email is jordan@internetnz.net.nz.

You are also very welcome to share your views with any or all Council members, and / or to discuss this work on the members-discuss@mailman.internetnz.net.nz mailing list. Staff will do their best to monitor social media but please don't rely on this being caught.

Feedback is hoped for by [20 November] so that it can be collated and prepared for a Council discussion at its December meeting.

We look forward to your thoughts.

Introduction

InternetNZ is involved in business development to reinforce sustainable financial resources for the organisation in the long term.

At the time of writing, InternetNZ's only significant funding source is from registrations of .nz domain names. These funds allow for the operation of the .nz country code top level domain, and surplus resources fund all of InternetNZ's activity.

InternetNZ operates the .nz ccTLD on behalf of the Internet community. In Council's view, it would not be prudent to assume that it will always have that role (though no changes are anticipated).

Since InternetNZ's vision is not likely to be realised in the short or medium term, and since greater financial resources would allow more work to be done in achieving it, a sustainable and diversified set of income sources are a requirement to ensure ongoing operations.

This Strategy sets out the goal for our business development efforts, the things we need to change to achieve that goal (strategic "transformations"), and the approach we proposed to take in doing this work.

It consists of the following sections:

- Our goal in business development
- Key strategic transformations
- Approach to business development
- Business development "pipeline"
- Limitations on business development
- Key risks and mitigations

There are a number of practical considerations about how business development is managed across the InternetNZ Group. These are set out in the "Group Policy – Business Development", a governance policy of the Council that is binding across the group.

Success in business development will be measured against the goal set out in this strategy. It would benefit New Zealand's Internet community by securing more resources for work on the Internet community's priorities. It would be demonstrated proof of an innovative, changing organisation that can take on new things and achieve more than it does today.

The Goal of Business Development

The goal for business development is to diversify revenue sources away from those that rely on InternetNZ's role as the .nz ccTLD manager. Our 2015-2020 Group Strategy defines the goal as follows:

> One million New Zealand dollars of group income comes from sources that are not dependent on being the designated manager for .nz

In practical terms this means the following:

- By the end of the 2019/2020 business year, there is reasonable confidence that in the financial year beginning 1 April 2020, there will be $1m/year profit after tax available to InternetNZ from business operations not in place at 1 April 2015.
- Such business operations will have no dependence on our current role as .nz ccTLD manager – that is, they will be unaffected by a change in .nz ccTLD manager (including by not relying on contractual arrangements with a future manager either during or after a transition, or contractual arrangements that were only possible due to that role).

Besides delivering on this Goal, we anticipate a number of other benefits from undertaking business development:

- Increases InternetNZ's resilience to the negative impact of volatility in the domain name market.

- Embeds a culture of innovation and keeps InternetNZ in touch with the changing needs of Internet users.

- Extends the delivery mechanisms available to InternetNZ to include direct service provision, which may be the best way to deliver a particular object.

- Expands the funds available to InternetNZ to use in pursuit of its objects.

Strategic Transformations

The following strategic transformations drive business development.

A "strategic transformation" notes a current situation or reality, and then defines what you want the future state to look like. The aim is to test your progress "from" the current state "to" the desired future state.

These are the Transformations from the Group Strategic Plan:

Group Strategy Transformation/s		
	From	To
5	All significant group income is dependent on being the designated manager for .nz	$1m of group income comes from sources that are not dependent on being the designated manager for .nz
5.1	Clarity about forms of business development to be pursued is missing	Agreement across the group regarding what forms of business development to pursue
5.2	No clear business development strategy	Clear business development strategy agreed after engagement with membership
5.3	No commercial products developed and in production	Three commercial products developed and in production by 2018

5.1 and 5.2 are realised by this Strategy. 5.3 is a route to delivering the overall goal.

The following Business Development Transformations are the core of this strategy, and NZRS as lead entity in pursuing business development is tasked with bringing them about.

Business Development Transformations		
	From	*To*
1	One product is in production	Three commercial products developed and in production (by 2018)
2	?? products in development	1-3 commercial products in development at any one time (by 2017)
3	Single channel/customer base of registrars/registrants	Dual channel/customer base of registrars/registrants and ISPs/Internet users
4	InternetNZ group not known as conducting business development	InternetNZ group recognised as succeeding at business development

Approach to business development

The following broad elements comprise the approach to business development that is being taken to deliver on the goal and the transformations set out in the previous section:

Who is responsible for doing it?

- NZRS is tasked with leading business development work, as the commercial vehicle within the group with greatest capacity to do so. In particular, the NZRS Board is the decision-maker with respect to particular projects.

- NZRS through its Board is held to account by InternetNZ's Council for pursuing business development consistent with this Strategy and with the Business Development Policy.

What sort of projects/products?

- Business development projects cannot be contradictory to InternetNZ's objects, but do not have to deliver them directly.

- The general approach is to build on existing capabilities and strengths – NZRS's core capability is as a provider of high reliability applications.

- Radical shifts in market focus that require divergent skill bases are unlikely to be preferred in the first instance without careful analysis.

- Projects of a range of sizes will be entertained, as to deliver the overall goal requires significant cashflow to be generated.

- There is a general preference for wholesale products – retail channels to market would only be contemplated in partnership with a proven retailer.

- There is a general preference for local markets – international markets will only be contemplated where a successful product has been identified and there is international demand for it.

Transparency

- The resources deployed in business development are accounted for transparently. There is a cap on the resources that can be deployed (both direct costs and staff resources exploring and managing business development).

- Business development is conducted on a "no surprises" basis – InternetNZ will never be put in a position of being surprised by NZRS. Regular reports on business development will be provided to InternetNZ and public versions made available on the website.

Business development "pipeline"

It is anticipated that most projects will be developed in-house by NZRS, but if a large project is contemplated a different ownership structure will be considered at the outset (may be a subsidiary company of NZRS, a new InternetNZ subsidiary, or some form of joint venture).

Where a project reaches the appropriate stage of success, NZRS will consult with InternetNZ as to whether it should be retained (i.e. for cashflow) and if so, as a separate company or as an NZRS activity, or whether it should be divested (i.e. for capital gain).

Limitations on business development

The following broad strategic limitations apply to business development, and are set out in more detail in the Business Development Policy:

- Business development projects cannot contradict InternetNZ's objects or jeopardise the group's charitable status.

- The limit on direct costs cannot be exceeded.

- No business development project will involve roles prohibited under the .nz policy framework (e.g. NZRS will not establish a .nz authorised registrar).

Key risks and mitigations

There are some key risks that arise through the business development process. These, along with key mitigations, are outlined below. Further risks identified in the consultation process for this draft Strategy will be added in the next version.

Risk	Mitigation

Risk	Mitigation
Perceived self-dealing / conflict of interest (commercial versus public good imperatives)	Commercial activity is done by/in limited liability companies with governing bodies differently composed than InternetNZ Council. Transparency and community involvement in establishing policy principles and detailed stances on issues. Clear internal understanding of and external transparency around the relationship between commercial activity and public good for any specific product or service. Staff that pursue commercial and public good activities have clear policy frameworks regarding appropriate boundaries and relationship between the two.
Conflict over use of .nz funds for new activities	Clear establishment of mandate to take this approach. Clear and consistent communication across the group as to the limited scope of such resource use.
Conflict through entering new markets that sees InternetNZ competing with existing businesses.	Competitor conflict assessed in making business development decisions with regard to potential for public good, delivery of objects and competitor responses. Preference for novel or innovative business development that means that the competition introduced by us is good for the consumer.
Perceived incompatibility between .nz steward role and any new commercial activity	Principled case made consistently across the group for the desirability of securing InternetNZ's objects independent of its role as the .nz steward. Regular testing of this question with the local Internet community. Clear information regarding actions of other ccTLD stewards in this arena.
Perceived risk of loss of focus on .nz caused by diversification	Conduct new business development in commercial entities that are not already commercial entities (i.e. so only in NZRS or a new subsidiary). Staff that pursue commercial and .nz activities have clear policy frameworks regarding appropriate boundaries.

Business Development

Policy	GRP-BUS: Business Development
Version	Version 3.1
Date in force	tbd
Planned review	Two years after "Date in Force"

About this document

This draft update to the Business Development Policy has been prepared to be the policy alongside the draft Business Development Strategy. Both are open for input from members and any other interested parties. Council will take all such input into account in finalising, or preparing a further draft of, this policy.

Business Development Strategy

InternetNZ's Group Strategic Plan sets out the imperative for business development: to diversify income beyond that arising from .nz domain name registrations.

A Business Development Strategy that sets out the strategic approach to business development has been prepared. That is the document that sets out the rationale for business development and the overall approach taken.

Purpose of this policy

The purpose of this policy is therefore to:

1. Establish authority and responsibility for business development;

2. Describe the high level test of eligibility by which business development opportunities are measured;

3. Establish limits to the resources applied to business development;

4. Outline return expectations for business development;

5. Establish transparency requirement for business development; and

6. Ensure that governance bodies, staff and members are appropriately involved throughout the decision making process.

The lead entity for Business Development is NZRS. The NZRS Board is accountable for ensuring that it complies with this policy.

Authority & Responsibility

The final authority for implementing new business opportunities rests with NZRS. NZRS is responsible for delivering on the Business Development Strategy.

Progress in delivering the strategy will be formally reported to the shareholder on an annual basis at the end of each financial year, and a public version of such report will be published.

NZRS is required to operate on a no-surprises basis with Council.

Council may consult members and the public on individual opportunities where it identifies particular issues or sensitivities that make this necessary. Otherwise, all business development projects will include stakeholder and member engagement plans.

Where any business development project interacts with the .nz policy framework, DNCL's role is to assess whether the project complies with the framework, which it will do in a timely fashion.

Eligibility

For any business development opportunity there are a number of key steps that are not related to the potential viability of a proposal that need to be addressed first.

Step 1:

Does the proposal conflict with the objects of InternetNZ?
Proposals do not have to deliver the objects, but they cannot conflict with them.

Step 2:

Would the proposal endanger the charitable status of InternetNZ?
Charitable status is of considerable financial benefit to InternetNZ. Any proposition likely to endanger this would need special consideration.

Step 3:

Would the proposal result in significant stakeholder conflict?
The existence of a competitor in the same area would not necessarily disqualify a business case from being advanced but it would need special consideration.

Resource limits

Pursuant to the Strategy, the following limits apply:

Limit type	Limit value
Overall gross direct expenditure on business development.	$400,000 (either opex or capex) from 1 April 2014 to 31 March 2017.

GRP-BUS: Business Development

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Expectations of return

There are three levels of financial return that may be provided by any new service:

1. Profitable, returning dividend to InternetNZ.
2. Financially self-sustaining through commercial activity.
3. Running at a loss and requiring ongoing financial investment.

The decision on the expected return of any individual opportunity will be made on a case-by-case basis. It may be that a single service could be provided in different ways, each with a different level of financial return, in which case all options should be considered at the same time.

Where business development work suggests a new project or service that isn't commercial (i.e. service development not business development) it is not covered by this Business Development Policy. Any business unit which contemplated such a project would discuss it with Council prior to committing direct financial resources.

Transparency

It is recognised that commercial confidentiality may restrict the general principle of transparency that the group adopts, but this restriction should only be applied where necessary, in as limited a manner as possible and for a limited a period as possible.

The resources deployed by NZRS in conducting business development, and the income gained, will be transparently reported on as follows:

- Direct costs and direct revenue will be included in the company's regular financial reports to the shareholder – and, for costs, in aggregate over the three-year period of the expenditure limit noted above.
- Indirect costs will be disclosed in the Statement of Direction and Goals on an annual basis, through a best-efforts estimate of staff salaries devoted to business development (both development of opportunities and implementation of projects).
- Regular reporting on business development projects and overall progress, to give effect to the no surprises commitment, will be done on a quarterly basis to the shareholder, and will include a public version which will be published.

Implementation

The expenditure limit set out above is designed to allow NZRS to finance the initial phases of a project. When a project has developed to the point it is considered viable, NZRS will recommend to Council for decision what legal structure and financial arrangements should be put in place around that opportunity in order to:

- Partition risk.
- Allocate and make best use of resources.
- Make best use of skills and expertise.

GRP-BUS: Business Development

The options for legal structure are:

1. As an ongoing project within an existing entity (InternetNZ or one of its subsidiaries).
2. A new subsidiary of InternetNZ.
3. A new subsidiary of an existing subsidiary.

InternetNZ's 20 year anniversary

The 20th anniversary of InternetNZ is on Sunday 15 November 2015. The purpose of this memo is to propose tasks in order to celebrate this key milestone.

Stakeholder functions (proposed)
Auckland - 18 November 2015 – External venue (bar/restaurant)
Wellington - 20 November 2015 – InternetNZ offices at 80 Boulcott St

Invitees

- Members
- Key external stakeholders
- Council
- InternetNZ staff
- InternetNZ fellows
- Creators of InternetNZ, in particular, Colin Jackson, Roger Hicks, John Houlker, John Hine, Pete Dengate Thrush, Simon Riley, Alick Wilson, Frank March and Keith Davidson

Format:

- 5:00pm – arrival with drinks and canapés
- 5:45pm – welcome from Jordan Carter and introduce Jamie to say a few words
- 5:55pm – speech from Jamie as President
- 6:05 – continue with more canapés and drinks – networking
- Option – add a speech from one of the InternetNZ creators?

We need to get invites out by 21 October 2015 to give people enough notice.

2015/16 annual report (proposed)

InternetNZ's 2015/16 annual report should have the 20th year anniversary as a theme. This can dictate the look and feel of the document. The letters from the President and Chief Executive should use the 20th anniversary as a theme and reflect on the last 20 years – how far we have come etc.

Collateral (proposed)
We will ask a designer to make up the following pieces of collateral:

- InternetNZ logo including a tagline or similar stating 20 years
- Mail chimp template to use for invites and announcements
- social media image and banner
- advertisement for Trade Me or Stuff (optional)

We have asked Grizzly Digital for a quote for this work.

20 years of tech (optional)

Ask the membership for help to gather information on the key IntenetNZ tasks and also the most well-known tech inventions for the past 20 years. Collect best info and agree on one short paragraph for each year. Design an A3 sheet with both snippets of information and images of tech inventions. Promote on website and social media.

Social media campaign/s (optional)

Run a competition/s on Facebook and Twitter for two weeks from 16 November. We will use our new logo and image/banner as an eye catcher. Competitions could include:

1. Gift 20 free InternetNZ memberships. "Like our Facebook page and comment why you want to be a member of INZ to be in to win." (note there is a risk here that we cannot give 20 away as people who will follow and may be engaged are already members)
2. Gift 20 people a free .nz domain name. "Like our Facebook page and comment why you want a .nz domain name and how it will improve your life." (note may be logistically challenging)
3. Give away $20,000 to go to the best idea for improving the Internet in NZ, judged by INZ fellows.

Advertising (optional)

Produce a banner ad that we can display on Trademe and/or Stuff. Depending on which social media campaigns we choose this could determine the content of the ad. Another option for an ad is showcasing that InternetNZ is turning 20 years old and encourage people to join Or using the 20 years of tech material as the pull for the ad.

Costings

What	Cost
Proposed	
Logo: Design a birthday themed custom lock-up (logo) for use in online and printed communications throughout the celebration.	$375 - $500
Social media images: • Create birthday themed banners for InternetNZ Twitter and Facebook pages. • Create up to three birthday themed images for sharing via Twitter and facebook (content to be supplied by InternetNZ).	$375 - $500
eDM Template: Create a themed eDM template for multiple use throughout the campaign (e.g. event invite).	$500 - $750

Implement the template in Mailchimp.	
Stakeholder functions – drinks, canapés and tray service (based on 100 attendees at both locations). This price also includes singer for background music.	Approximately $9000 (for both locations)
Solo singer at stakeholder functions to provide background music	TBC (awaiting quote) Note awaiting quotes from Anita Prime and April Phillips
Annual report	No extra costs other than that budgeted
Total of proposed	**$7750**
Optional	
Banners for online advertising: Design and produce a set of static image banners in the following sizes: 300x250, 300x600, 160x600, 728x90. These images will be based on the creative developed for the social media images.	$500 - $750
Advertisement – Trademe ad will cost $11 per 1000 page views. There is a minimum spend of $2000 (if we spent this amount this would give us 181,000 page views).	$2000
Infographic – 20 years of InternetNZ: Design an infographic to visually depict the key milestones from the last 20 years of the internet in NZ and the role InternetNZ has played. Content to be supplied by InternetNZ. Images to be supplied jointly by InternetNZ where possible.	$1,250-$1,750
20 free InternetNZ memberships	No cost
20 free .nz domain names	20x 1 year domain names through "Free parking" = $500
Competition – give away $20,000 to go to the "best" idea for improving the Internet in NZ, judged by INZ fellows.	$20,000
Total of optional	**$25000**
Total of proposed and optional	**$32,750**

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Māori Engagement Strategy Working Party Meeting Report to the October Council Meeting

Author:	Ellen Strickland, Community Programme Director
Purpose of paper:	To summarise meeting and proposal for Māori Advisory Group

Commentary

Meeting held on Tuesday 1 September.

Present: Sarah Lee, Jordan Carter, Andrew Cushen, Ellen Strickland. Apologies: Joy Liddicoat and Amber Craig

The agenda item for this meeting was to discuss the need for advice and support around INZ Māori engagement. It was agreed there was broad support for this from previous meetings, and so the meeting focused on drafting a proposal for how to create an appropriate advisory relationship.

The options of a person or group were discussed, as previously discussed at past meetings. It was agreed that a group would be preferable to a person, to engage with a wider diversity of views and advice.

Following is a proposal for Council for the creation of an INZ Māori Advisory Group which the working group recommend Council consider for approval of purpose, scope and process, which all members of the working party have reviewed including those not present at the meeting.

Māori Advisory Group Proposal: Purpose, Scope, and Process

Purpose

- Advice on appropriate protocol in operations work
- Advice and input into Issues Programme work
- Advice and support for Community Programme work
- Governance and Te Tiriti advice.

Scope

- Gives advice to Council and CE, through engagement with Māori Engagement Working Party.
- No decision making power.
- 'Māori Advisory Group' a preferred name for this group reflect this.

Membership/Skills for members

- IT and Internet background preferred.
- Networks and connections in the Internet/IT and Māori communities
- Open to community, not just INZ members

How INZ engages and supports this group

- Through a formally constituted internal Maori Engagement Working Party.
- It was discussed that election working party may be a relevant model and subsidiary board appointment process also may be worth referencing.
- ToR for this needs to be solidified but group proposes:
  - o 3 governance and 3 staff (CE, Work programme director and Community Director)
  - o Jordan leading staff engagement (to give maximum respect and top-level engagement to members) Sarah offering to be lead governance contact.
  - o Working Party makes selections/appointments to Advisory Group.

Proposed Advisory Group Creation Process

The group proposes that INZ having agreed a purpose, scope and process (including our own working party to lead this) put detailed issues and questions around the group, its creation and support be out for community input in an open process as an integral step in creating the group.

Draft Timeline

October council: Advisory group purpose and scope, working party processes, and proposed community process for creation for discussion.

October: Finalise and adopt Working Party ToR. Document for community input drafted with Council feedback on Advisory Group and appointment process proposal. Community input and engagement planning.

November: Community engagement and input on group creation

December Council: Working party to present draft Advisory Group ToR and process which reflects community feedback for approval to Council.

Dec to Feb: Appointment process, as agreed in previous step.

Feb/March: Bring group together to flesh out ToR/rest of questions.

April Council: welcome the group (potentially on marae)

Further Issues: questions for discussion and community input

- Monetary implications for participation: are members paid?
- Membership of Advisory Group: Should any preference be given to members? Should members be a part?
- Question of appointment models: how to appoint members to group. Options include but not limited to:
  o Shoulder tap (discussed as not ideal, would cause problems)
  o Nomination and selection
  o EoI
  o Elections (discussed and thought too high a burden to implement)

  If preference for EoI or nominations: how would decision be made from those nominated/interested? (In discussion it was thought that this should be internal working party but should we also have potential cultural advisor if can find someone neutral.)

- Appointment period.
- Numbers: How many? (Group discussed 3-5 but open.)
- Community Process: what are principles and practice?
  o Methods of transparency
  o Communications should be done openly
  o Online… and in person?
- Conflict of Interest Issues
- Does membership of Advisory Group impact ability to stand for Council or apply for funding?

Recommendations

- That Council approve the creation of a Māori Engagement Working Party Terms of Reference to be circulated to Council for discussion and e-vote.
- That Council approve in principle the creation of a Māori Advisory Group through a community process supported by the Māori Engagement Working Party.

Role of Members

Author:	Kelly Buehler, Chair of Membership Committee
Purpose of paper:	To seek Council agreement to a statement on the role of members for discussion with members.

At its most recent meeting (30 Sept – minutes to come) the Membership Committee discussed the need for greater clarity about the role of members within InternetNZ.

It seeks Council decision on a summary of the various elements of the role, or feedback on how to adjust this to the point where Council agrees with it.

InternetNZ members are guardians of InternetNZ, enablers of the Internet community and networkers amongst themselves. In these roles, they:

- *function as part of the accountability framework for InternetNZ*
- *provide a system to cause INZ to change course if needed*
- *are a route to contributing to the Internet community*
- *are links between and participants in various projects*
- *are links between members and other members*

This statement of the role of members reflects the role of the membership as guardians of, and as participants within, the organisation.

The Committee welcomes your thoughts.

Kelly Buehler
Chair, Membership Committee

1 October 2015

Schedule of Meetings for 2016

Author: Clare Denny

Purpose of paper: To agree the schedule of Council meetings in 2016.

The table below sets out proposed dates for key internal meetings (Council, members) and external meetings for 2016. Note this is a move away from two-monthly meetings to quarterly meetings. Consultation with subsidiaries has suggested that meeting dates at the end of the month would enable quarterly reports to be ratified at their board meetings prior to presentation to the Council. This would ensure a more timely presentation to Council within two calendar months from the period end.

Schedule of Meetings for 2016

Month	Date	Internal	External/Int'l
2016			
Feb			NZIRF 1st-5th Feb
Feb	Mon 15th – Fri 26th	APRICOT	
Feb	Fri 26th	**Council** – Quarterly Meeting (AKL)	APNIC AGM 26th Feb
Mar		**Members** Meetups Operational focus	ICANN 55 Marrakech 5th-10th Mar
Apr	Fri 5th -Sat 6th	**Council** – Marae Visit? Activity Plan & Budget Meeting	
May	Fri 27th	**Council** – Quarterly Meeting (WLG)	
Jun			ICANN 56 Latin America 27-30th June
Jul	Fri 29th	**AGM** (WLG + online)	ITX
Aug	Fri 26th	**Council** – Quarterly Meeting (WLG)	
Sep	Fri 23rd – Sat 24th	**Council** - Strategy Retreat	
Oct		**Members** Meetups Strategic focus	ICANN 57 Nth America 29th Oct – 4th Nov
Nov	Fri 25th	**Council** – Quarterly Meeting (WLG)	
Dec		**Members** Meetups – Xmas	

Recommendation

THAT Council adopt the Schedule of Meetings for 2016.

Jordan Carter
Chief Executive

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InternetNZ Projects Community Grant Round 2015-16

Author: Grants Committee and Nicole Skews-Poole Community Programme Liaison

Purpose of paper: Grants Committee recommendations to Council

Background

InternetNZ's Projects Community Grants Round for 2014-15 was launched at NetHui on 10 July 2015, along with Conference Attendance Community Grants which have already been approved by Council.

$100,000 in funding was made available to fund individuals or organisations undertaking community-based projects which would contribute to achieving InternetNZ's Objects and which support more widely available access to the Internet or which deliver greater and better use of the Internet.

Expressions of Interest closed 3 August and 23 applications were received. Following Grants Committee consideration, 13 applications were shortlisted by the Committee and invited to progress to Stage 2.

Cancelled Grant Contract

Related to last year's Projects Community Grants round, there has been a recently cancelled grant contract, which we would like to incorporate funding from into this grant round.

Ask Away received funding of $15,000 from InternetNZ for their project in the 2014-15 Projects Community Grants Round. However, due to some issues, they advised that the project is no longer going ahead, and the contract is being cancelled. With this $15,000 never invoiced, it remains in the community funding budget, and the Grants Committee recommend to transfer this amount to this current Projects Community Grants Round as additional funds.

Grants Committee decision-making process & evaluation criteria:

Stage 1 Process:
- With the new Smarty Grants system, staff provided the Grants Committee access to all applications and comments from the Grants Input List (i.e. selected INZ staff and the subsidiaries CE) around conflict of interest, overlap with any existing projects, and previous engagement with the individual or host organisation, as well as general feedback on the application.

- Grants Committee meeting held on 1 September to assess Stage 1 applications and shortlist applicants to invite to progress to Stage 2.

- Applications were assessed against the following criteria:
  - **Alignment with purpose**
    This criterion relates to the extent to which the conference attendance is aligned with the community grant purpose and related community goals and objectives.
  - **Potential benefit**
    With this criterion the committee is assessing the outcomes and potential benefit of the conference attendance, including value for money.
  - **Likelihood of Success**
    With this criterion the committee is assessing the likelihood of the conference attendance successfully delivering the outcomes and benefits intended.

- Grants Committee scores each application against each criterion on a 7-point scale (being 7 as the highest). Applications need to have a consensus score of at least 2 in each category for the proposal to be considered.

- Where an application scores less than 2 in any of the criteria, this means it will not be recommended for Stage 2. No applications scored less than 2 on any criteria in this round.

- For the remaining applications, the score for each criterion are then weighted equally and summed to determine total score. The applications are then ranked.

Shortlisted Projects:

- **Kiwicon ($20,000)**

  "Kiwicon (now in its ninth year) is New Zealand's information security (infosec) community conference, to be run in Wellington on 10-11 December 2015. A grassroots event run by volunteers and for the infosec community, Kiwicon brings together security professionals, enthusiasts, students and the wider IT industry to present the latest developments, recruit for the industry, and to provide a touchpoint for the community as a whole."

- **Welcome Bay Community Centre Inc. ($9,792)**

  "The project is to install two outdoor rated Ubiquiti "Unifi" access points to provide controlled public internet access to the area containing Welcome Bay Hall, the Community Centre and Waitaha Park, also encompassing the playground adjacent to the Centre. By installing a separate controlled public network, we can improve the Centre's day-to-day service offerings to the public by giving them open access to two online computers."

- **Venture Southland ($15,000)**

  "This project seeks to make better use of internet connections for both rural and urban users (both private and commercial) through digital connections liaison and enablement support. This project will focus on 2 areas. 1) to increase awareness and streamline technology pathways and connection options for end users and 2) increase digital competence through enablement support. "

- **WIC NZ ($24,937.80)**

  "We will provide access to Internet through free WiFi, CodeClub, Minecraft Club and robotics workshops for adolescents and adults and a Video Factory to

enable the community to tell their new and existing stories. By innovating in a creative way, we will create a shared social space for the entire community, from public displays on the weekend, to monthly classes."

- **MakerBox ($21,149)**

   "We plan to deploy a trained Digital Corps to introduce youth to the building blocks of the web through project-based learning in a two-term pilot programme. Through partnerships with existing after-school programmes, we will meet youth where they are, enabling us to reach those whose circumstances might not otherwise allow them to easily attend a specialised technology programme."

- **Virtual Learning Network Primary School ($35,000)**

   "This project is about providing equity and access to learning opportunities for New Zealand students. It aims to connect schools through a collaborative online network (the virtual school) in order to open up access to specialist teachers, share the best of our teaching strengths, and to build professional capability that enables schools to become more flexible and open places of learning for our children."

- **National Collective of Independent Women's Refuges Inc. ($22,000)**

   "The RefugeOnline Project will ensure that the 41 tauiwi and tangata whenua refuges affiliated with Ngā Whare Whakaruruhau o Aotearoa / National Collective of Independent Women's Refuges (NCIWR) have an accessible online presence which encourages clients to seek help online as a first port of call.

   While all refuges use email to correspond with existing clients, this project will make the world of difference to the thousands of women, teenagers and children whose first point of contact or only means of contacting their closest refuge is online."

- **Sub Urban Co-Working ($6,120)**

   "Our first initiative is creating a suburban co-working space for all ages and industry types based out of a shop in the Johnsonville Mall in Wellington. Sub Urban is an enterprise hub - connected to local business groups, high schools, innovation groups - that provides a fast internet, desk space, meeting rooms and a collaborative community to belong to."

- **Literacy Aotearoa Porirua ($2,400)**

   "Tutoring adult students how to access and use the internet, for communicating with whanau and community, community and government agencies, and for accessing job opportunities."

- **Matihetihe Marae Trust ($30,000)**

   "Mitimiti on the Grid 1" saw the arrival of a full telecommunications infrastructure in a small, isolated marae in the Far North in March 2015. "Mitimiti on the Grid 2" - related to this application - aims to "water the seeds" and to generate a self-sustainable global community from Mitimiti. We seek support for the part of our journey that will help to consolidate local and diaspora support amongst tribal members around the world - and its future business partners."

- **Wild Lab Ltd ($24,000)**

   "Our aim is to use the internet to increase the amount of time NZ children aged 8-12 years and their families spend interacting with NZ nature and science activities — to open up their 'wild eyes' to the possibilities of the natural and

scientific world around them; get them off-screen and outdoors. The trick is that we will use screens and the internet to do it, thus meeting the Minecraft generation on their own turf."

- **Northcote School ($35,000)**

  "Raising student achievement at Northcote School through using Internet-based resources which lead to higher engagement levels. This year we have trialled 3 internet based resources - Mathletics, Accelerated Reader and Brainpop Jr. We have noted higher engagement levels from the students using these resources which has led to improved achievement levels."

- **Hatch Education Ltd ($20,373)**

  "Hatch is a space, initially based in Dunedin, which is an incubator for future-focused learning based on design thinking. The programmes on offer will be designed to foster creativity, innovation and entrepreneurship in children of primary and high school age through the use of digital and hands-on technologies. This is a space where children can take part in workshops, work on ongoing projects, connect with experts and love the process of learning."

Stage 2 Process:
Following Grants Committee assessment, 13 applications were shortlisted to proceed to the second stage. Applications were received from all shortlisted applicants for assessment in stage 2.

- The Committee completed individual assessments of the Stage 2 applicants through Smarty Grants. Applications were assessed on the same criteria as the Stage one process with additional details and full proposals provided by applicants.

- Staff provided the full Stage 2 applications, references and a summary sheet with the details of all application to the Grants Committee before the Committee met on 21 September to discuss consensus scoring. Applications were then ranked highest to lowest scoring.

- Grants Committee agreed to recommend full funding of the three aplications with the highest ranking.

- There were five applications with the same, next-highest score, and due to the funding amount available, all these applications could not be funded.

- As outlined in the Grants Policy Framework, the Grants Committee went through a process to consider concentrations of proposals and to adjust rankings to achieve balance among projects to be recommended, from the equally scored applications. The concentration considerations were as follows:
  - o Demographic audience.
  - o Geographic audience.
  - o Whether the project promoted better use of the Internet, more access to the Internet or both.

- The Committee met on 29 September to discuss the five equally scored applications and these concentration considerations and to finalise rankings of applications for recommendation for Council for funding.

- The Committee agreed to recommend providing slightly rounded-down funding for 3 of the 5 equally scoring applicants. These recommendations

reflect total of $115,062 exceeding the $115,000 budget for the Community Projects round by $62.00.

- The remaining 7 lower ranking applications are recommended to be declined due to lack of available funds.

Projects Recommendations:

Projects Recommended for Funding (Total $115,062)
- Kiwicon ($20,000*)
- Venture Southland ($15,000)
- Welcome Bay Community Centre Inc ($9,062.00)
- National Collective of Independent Women's Refuges Inc. ($22,000)
- Matihetihe Marae Trust ($25,000 of $26,093 applied for)
- WIC NZ ($24,000 of $24,937 applied for)

Please note staff are currently inquiring about partial funding of Kiwicon. The Committee agreed that any remaining funds left by partial funding of Kiwicon be given to Virtual Learning Network.

Projects Recommended Funding Declined
Lower-ranked applications that were declined due to lack of funding:
- Virtual Learning Network Primary School ($35,000): Grants Committee recommends that InternetNZ offer to write a statement or letter of support for this project, although not able to fund it.
- MakerBox ($21,149)
- Sub Urban Co-Working ($6,120)
- Literacy Aotearoa Porirua ($2,400)
- Wild Lab Ltd ($24,000)
- Northcote School ($35,000)
- Hatch Education Ltd ($20,373)

Next steps:

After Council's decision regarding recommendations, staff to communicate Council decisions to successful and unsuccessful applicants and arrange community grant contracts and payment to recipients.

Grants Committee have raised with staff and would like Council to be aware that they would like a review of the handling of large, regular event funding such as for Kiwicon and where this comes from, in planning for 2016-17. Kiwicon has been funded as sponsorship by InternetNZ for the last 5 years but they chose to apply to the community grants seeking more funding than is offered in Sponsorship. They had had feedback last year that due to the sponsorship objectives and the very limited sponsorship funding available, ongoing fundiing at the high level they want was difficult to offer from that pool of funding.

Recommendations:

- That Council approve the transfer of the $15,000 unused funds from 2014-15 Projects Community Grants Round to the current 2015-16 Projects Community Grants Round.
- That Council approve the Grants Committee recommendations for funding as detailed above.

Crowe Horwath
New Zealand Audit Partnership
Member Crowe Horwath International

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Wellington 5010 New Zealand

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www.crowehorwath.co.nz

30 September 2015

Members of the Council
Internet New Zealand Incorporated
PO Box 11-881
Manners Street
WELLINGTON 6146

Attention: Mary Tovey, Finance Manager (via email to mary@internetnz.net.nz)

Dear Councillors,

Engagement as auditors

The purpose of this letter is to reconfirm our engagement as auditors of Internet New Zealand Incorporated (the Incorporated Society) in accordance with the Society Rules.

Executive summary

This letter addresses the terms and conditions of our engagement, as follows:
- Section 1 sets out our responsibilities for auditing the annual financial report(s) of the Incorporated Society;
- Section 2 sets out the Council's responsibilities under the Society Rules, including preparing financial reports and records, establishing and maintaining internal controls, particularly those preventing and detecting fraud and error and providing us with any information, explanations and assistance we require for our audits;
- Sections 3, 4 and 5 set out the scope of our audits and reporting considerations including distributing financial reports electronically or otherwise;
- Sections 6, 7 and 8 set out details of the engagement team, reporting timetable and fee arrangements;
- Sections 9, 10 and 11 set out general matters and other services that Crowe Horwath New Zealand Audit Partnership ("Crowe Horwath") may provide.

This letter is effective for services performed for the annual financial reporting period ended 31 March 2016 and each subsequent reporting period (unless otherwise agreed in writing).

Please arrange for the Councillors to sign and return the attached copy to indicate that it is in accordance with the Society's understanding.

1   Our responsibilities as auditors

1.1   Annual financial reports

We will include in the audit report on the financial statements:
- The work done by the auditor

- The scope and limitations of the audit
- The existence of any relationship (other than that of auditor) which Crowe Horwath has with, or any interests which Crowe Horwath has in, the reporting entity or any of its subsidiaries
- Whether we have obtained all information and explanations that we have required
- Whether, in the auditor's opinion, the financial statements and any group financial statements comply with the accounting policies disclosed in the financial statements, and if they do not, the respects in which they fail to comply
- Whether, in the auditor's opinion, the financial statements and any group financial statements fairly reflect the matters to which they relate, and, if they do not, the respects in which they fail to give such a view.

We cannot provide assurance that an unqualified opinion will be issued.

1.2 Auditor's independence declaration

We have established policies and procedures designed to ensure our independence, including policies on holding financial interests in the Incorporated Society and other related parties, business relationships and employment relationships, and the provision of non-audit services. These policies comply with relevant legislation and professional body requirements.

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of New Zealand Institute of Chartered Accountants: Code of Ethics: Independence in Assurance Engagements (the Code). In meeting the requirements of the Code we are also in compliance with the External Reporting Board's (XRB) Professional and Ethics Standards (PES 1 and PES 3).

To assist us in meeting our independence requirements we request you discuss with us:
- the provision of services offered to you by us or any of our Crowe Horwath Australasia Limited and Crowe Horwath network firms prior to engaging or accepting the service;
- the prospective employment opportunities of any current or former principal or professional employee of Crowe Horwath Australasia Limited prior to the commencement of formal employment discussions with the current or former principal or professional employee.

The Code includes specific circumstances and relationships that may create threats to independence between the audited entity and its auditors. To assist us in meeting the independence requirements of the Code, we will be required to discuss these circumstances with you.

Circumstances or relationships that will require discussion include, but are not limited to:
- the provision of non-audit services
- close or immediate family relationships
- financial interests
- potential employment or having recently been an officer of the Incorporated Society
- self interest
- loans and gifts.

It is important to note that the Code not only requires actual independence but also perceived independence between you and our firm. To that end, the provision of non-audit services, such as accounting and bookkeeping services, must be delivered by our firm within the safeguards set out in the Code.

These safeguards include our firm:
- not authorising, executing or consummating a transaction on your behalf
- not determining which recommendation(s) (of ours) should be implemented
- not reporting, in a management role, to those charged with governance.

We will discuss any actual or perceived threats to our independence with you throughout the engagement in a timely manner.

1.3 Other financial information in reports

We read the financial information contained in any and all documents or statements issued with the financial reports, including the Council's reports, to identify material inconsistencies with the financial reports. However, we will not verify such other information.

1.6 Quality control

The conduct of our audit, in accordance with Auditing Standards issued by the XRB, means that information acquired by us in the course of our audit is subject to strict confidentiality requirements. All personal information will be dealt with as prescribed by our Privacy Policy, which is compliant with the Privacy Act 1993. Information will not be disclosed by us to other parties except as required or allowed for by law or professional standards or with your express consent.

Our workpaper files may, however, be subject to review as part of the quality control review programmes of either the Financial Markets Authority (FMA) or the New Zealand Institute of Chartered Accountants (who monitor compliance with professional standards). In addition, as part of our internal audit processes, our file may be subject to a quality control review to ensure that we continue to meet the high standards of audit performance and client service required by Crowe Horwath and Crowe Horwath International. We advise you that by signing the letter you acknowledge that, if requested, our workpaper files relating to our audit be made available under any of these review programmes. The same strict confidentiality requirements apply in these circumstances as apply to us as your auditor.

2 Council's responsibilities

We direct your attention to the fact that the responsibility for preparation of the financial statements, including adequate disclosure, is that of the Councillors. The Council must maintain written financial records that correctly record and explain the Incorporated Society's transactions, financial position and performance, and that enable true and fair financial reports to be prepared and audited.

The Councillors and other officers of the Incorporated Society must establish and maintain internal controls relevant to the preparation and fair presentation of the financial report that are free of material misstatement. This includes:
- those for selecting and applying appropriate accounting policies at the entity
- those for making accounting estimates that are reasonable in the circumstances
- those for preventing and detecting fraud and error.

Such internal controls reduce, but do not eliminate, the risk of misstatements in the financial report from fraud or error. The Councillors and other officers assume responsibility for such risk. Whilst the conduct of an audit may act as a deterrent against fraud or error we cannot be held responsible for preventing it.

The Councillors and other officers of the Incorporated Society are responsible for disclosing their knowledge of:
- known actual or possible non-compliance with laws or regulations that could have a material effect on the financial report in the event of non-compliance;
- allegations of fraud, or suspected fraud, affecting the Incorporated Society's financial report communicated by employees, former employees, analysts, regulators or others;
- communications from regulatory authorities concerning non-compliance with, or deficiencies in, financial reporting practices.

The Council must determine whether the financial reporting framework to be applied in the preparation of the financial report is acceptable and complies with relevant New Zealand Financial Reporting Standards. This includes a determination of whether the financial report meets the common financial information needs of the intended users.

We expect the Council and management to advise us of any known material and/or contentious issues relating to preparation of the financial reports.

Management are responsible for adjusting the financial reports to correct identified material misstatements. At the conclusion of each financial reporting engagement we will provide management with a summary of any uncorrected misstatements we have identified. We will request management confirm in writing that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial reports when taken as a whole.

The Councillors and management will make available to us, at all reasonable times, all the books of the Incorporated Society, including any registers and general documents, and give us any information, explanations and assistance we require for the purposes of our audit.

3 SCOPE

3.1 Audit

Our audits are conducted in accordance with the Auditing Standards issued by the XRB. This includes complying with relevant ethical requirements relating to audit engagements and planning and performing the audits to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including our assessment of the risks of material misstatement in the financial report(s), whether due to fraud or error.

An audit also includes evaluating the appropriateness of the financial reporting framework, accounting policies used, and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial report.

Our approach to the audit will be based extensively on the Crowe Horwath International methodology, modified to ensure compliance with International Standards on Auditing (New Zealand). This involves obtaining a detailed understanding of your Incorporated Society, an assessment of the accounting and internal control systems, the environment in which you operate, and an evaluation of your business risk areas.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that some material misstatements may remain undiscovered.

In making our risk assessments, we consider internal controls relevant to the Incorporated Society's preparation of the financial report(s) in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Incorporated Society's internal controls.

Where the Council relies upon any third party expert when preparing financial reports, we evaluate the expert's objectivity, scope of work performed and the adequacy of the expert's work for the purpose of our procedures. We consult with management first if we consider it necessary to retain our own independent expert to assist us in forming our opinion.

Where the work of another member in public practice is used for some aspects of the engagement, the details and extent of the involvement should be described.

3.2 Reporting to the Council and management

In addition to our report on the financial statements, we expect to provide you with a separate management report concerning any material weaknesses in accounting and internal control systems we become aware of during the course of our audit. This report will not include all matters that came to our attention, but rather only those that we regard as being important and requiring the Council's attention. As our audit approach is designed only to enable us to issue an opinion on the Incorporated Society's financial statements, we will not necessarily review all aspects of your internal control systems.

Any such management report issued may not be provided to a third party without our written consent, and we accept no duty or responsibility to any such third party in relation to such a report.

3.3   Management representations and assistance

We will communicate the assistance we require from Incorporated Society staff to keep our time and fees to a minimum.

We are required by auditing standards to request management make certain written representations and provide written confirmation of significant oral representations concerning the financial reports. In particular, we will seek confirmation from the Council that the adoption of the going concern assumption is appropriate. We are also required to communicate to the Council any significant difficulties we encounter during the audit.

4   Use of reports

Our prior written consent is required before our name is quoted in any material other than annual financial reports. The definitive version of a financial report is one bearing our original manuscript signature and management are responsible for any errors or inaccuracies appearing in any reproduction in any form or medium.

The Council are responsible for all controls over the security and integrity of the Incorporated Society's website and for electronic distribution of financial reports. We will not consider or examine such matters unless requested as a separate engagement. Our reports are to be attached to website versions of financial reports only when the financial reports are published in their entirety and are not linked to other sections of the website containing information not dealt with by our reports.

5   Ownership of documents

All original documents obtained from the client during the engagement shall remain the property of the client. However, we reserve the right to make a reasonable number of copies of the original documents for our records.

The firm has a policy of exploring a legal right of lien over any client documents in our possession in the event of a dispute. The firm has also established dispute resolution processes.

6   Engagement team

Your engagement team will be:
- Audit Engagement Principal: Paolo Caccioppoli
- Audit Assistant Manager: Jennifer Rapanut

7   Timetable

Incorporated Societies are required to prepare annual financial statements and group financial statements within the timeframe stipulated by the Society Rules.

8   Fees

The fees for our services are based on actual time expended on the engagement at a standard hourly rate for the individuals assigned. Our standard rates exclude out-of-pocket expenses and goods and service tax. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required by the engagement.

Please refer to Appendix II for details of our Fee Estimate.

Circumstances may arise that require additional work. If it appears the estimated fee will be exceeded we will bring this to your attention immediately. If we are required to respond to requests for information from regulators in relation to our engagement as auditor, the Incorporated Society will reimburse us at standard billing rates for our professional time and expenses, including reasonable legal fees, incurred in responding to such requests.

This engagement includes only those services specifically described in this letter. Costs and time spent in legal matters or proceeds arising from our engagement, such as subpoenas, testimony or consultation involving private litigation, arbitration or government regulatory inquiries either at your request or by subpoena, will be billed to you separately.

9 Standard Terms of Engagement

Our Standard Terms of Engagement are attached as Appendix I. These terms and conditions form part of, and should be read in conjunction with, this Engagement Letter except as specifically provided for. We specifically exclude clause 8 of the Standard Terms of Engagement attached as Appendix I: We will not accept funds belonging to you into our trust account where we are your auditor.

10 Other services

We will be pleased to provide any additional services that may be required from time to time, provided such services do not impair our independence. However, this Engagement Letter and Appendix I apply only to the work described in this letter. Should additional work be required, separate terms of engagement will need to be agreed upon.

11 General matters

This letter and its appendices constitute the entire agreement between us. Neither party may rely on any arrangement, understanding or agreement which is not expressly set out in this letter and its appendices.

Once signed by both parties, this letter and its appendices supersede any previous engagement letter for audit services. This letter and its appendices shall not be amended, modified, varied or supplemented except in writing signed by both parties.

Should any provision of the engagement letter or the attached Standard Terms of Engagement be found to be illegal or invalid for any reason then, notwithstanding that illegality or invalidity, all the provisions of the engagement continue to apply save for the illegal or invalid provision.

The terms of this letter will be effective for future years unless we advise you of any change in our arrangement. Exception to this is our quantum of fees which will be re-addressed and agreed upon prior to the commencement of any future work.

Conclusion

If the arrangements described in this letter are acceptable to you and the services outlined are in accordance with your requirements, please sign and return ONE copy of this letter to us.

We look forward to working with you and your staff on this engagement.

Yours sincerely,
Crowe Horwath New Zealand Audit Partnership

Paolo Caccioppoli
Principal - Audit and Assurance

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E paolo.caccioppoli@crowehorwath.co.nz

Enc(s):

- Acknowledgment copy
- Appendix I – Crowe Horwath Standard Terms of Engagement
- Appendix II – Fee Estimate

Acknowledgement

The terms and conditions of the above engagement letter and Appendices I and II have been read and understood by the Council and I am authorised on behalf of the Council to accept them for and on behalf of Internet New Zealand Incorporated.

Signed:_____   Date:_____

Name:_____   Position: _____

Appendix I: Crowe Horwath Standard Terms and Conditions

1. Application

These terms and conditions apply to work performed for you by CROWE HORWATH New Zealand Audit Partnership. In the terms below "CROWE HORWATH" and "we" are used as generic terms to describe any or all of the above entities, unless otherwise specified. "Our" should be construed accordingly.

If any item in these terms and conditions is at variance with what is specified in the engagement letter, then the terms specified in the engagement letter will take precedence.

2. Services

CROWE HORWATH will provide the services as specified in the engagement letter or any subsequent engagement letter. Any material change to the services provided is to be documented in a supplementary or replacement engagement letter.

3. Our advice

Any advice given will be based on our understanding of the statute, case law and practice as at the date of the advice and any subsequent changes in the law and practice may therefore affect its conclusions. We are under no legal obligation to update the advice for subsequent changes in law, and do not undertake to do so. Therefore, you should ask us to confirm advice previously given if you want to repeat a transaction or if an action that we have advised on is delayed.

It is our policy to set out in writing (which may be by e-mail) any advice on which you may wish to rely. In many cases, our advice will include a summary of our understanding of the facts or background on which our advice is based. It is important that you tell us if you think this summary does not accurately reflect the facts since our analysis of the transaction and resulting advice may then change.

We will rely on the information you provide to us as being complete and accurate.
We intend to provide a prompt and efficient service in giving tax advice. In many instances, advice is requested ad hoc initially and very often orally with no subsequent written confirmation being sought. In these circumstances, we will accept no liability for your reliance on any oral advice on technical matters, until we have subsequently reconfirmed that advice in writing.

4. Information and documents

You should let us know about any changes to your circumstances that may affect our engagement, so that the implications of these changes on our current engagement can be properly assessed. Where possible, you should let us know your intentions before making any such changes, as we may be able to advise you of a more beneficial course of action.

In regard to documents such as (but not limited to) company constitutions, trust deeds, partnership agreements and shareholder agreements it is necessary for us to hold copies of these documents to ensure that our engagement complies with the terms of these documents. We will need to review any relevant document as part of the engagement and you will need to provide us with details of any changes to or replacement of any documents that have a potential impact on our engagement.

We will be entitled to retain copies of documents you provide to us.

5. Responsibilities for legal documents

If our advice involves lawyers acting separately for you in drafting, preparing or finalising any legal documents, it is agreed that we have prime responsibility for giving advice and will review as requested such legal documents. However, in implementing the advice, prime responsibility for ensuring the documents and agreements achieve their legal and commercial objectives rests with your lawyers. You should understand that failure to provide us with drafts of relevant documents will clearly affect our ability to comment on and properly advise you on any matters.

6. Fees

Fees are payable as set out in the Audit Service Plan. Please tell us immediately if you receive an invoice which you have any questions or if these terms are unable to be adhered to. We reserve the right to charge interest on overdue amounts.

We will be entitled to require payments on account once significant amounts of time have been incurred. Expenses, including travel and subsistence, and goods and services purchased on your behalf, will be charged to you.

Unless otherwise specifically agreed in the engagement letter, fee estimates given by CROWE HORWATH are only estimates and the fees may be adjusted if the work has to be extended for reasons beyond our control. We will let you know if we consider the estimate is likely to be exceeded.

On termination of the engagement, we will be entitled to our fees incurred until the date of termination.

7. Electronic communication

During the engagement, we may wish to communicate electronically with each other. However, electronic transmission of information cannot be guaranteed to be secure or virus or error free and information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. We each agree to use commercially reasonable procedures to check for the then most commonly known viruses before sending information electronically, but we recognise that these procedures cannot be a guarantee that transmissions will be unaffected by hazards.

We confirm that we each accept these risks and authorise electronic communications between us. We will each be responsible for protecting our own systems and interests in relation to electronic communications. Neither you nor us (in each case including our respective directors, employees, sub-contractors or agents) will have any liability to each other on any basis, whether in contract, tort (including negligence) or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between us or our reliance on the information.

8. Liability

CROWE HORWATH will perform the engagement with reasonable care and skill and acknowledges that it will be liable to you for losses, damages, costs or expenses

("losses") caused by its negligence or wilful default, subject to the following provisions:

- CROWE HORWATH shall have no other liability of any nature, whether in contract, tort or otherwise, for any losses, whatsoever and howsoever caused, arising from or in any way connected with this engagement;
- CROWE HORWATH will not be liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to any acts or omissions of any person other than CROWE HORWATH;
- The aggregate liability of CROWE HORWATH, whether to you or any third party, of whatever nature, whether in contract, tort or otherwise, for any losses (including interest) whatsoever and howsoever caused arising from or in any way connected with this engagement shall not exceed 5 (five) times the fees invoiced under this engagement letter.
- In no circumstances will CROWE HORWATH be liable to you for accidental, indirect, special, punitive or consequential damages whatsoever (including loss of profits) even if CROWE HORWATH has been advised of, knew or should have known of the possibility of such loss or damage.

Nothing in this agreement shall exclude, restrict (or prevent suit in respect of) any liability arising from fraud or dishonesty or other liabilities which cannot lawfully be limited or excluded.

Unless and to the extent that they have been finally and judicially determined (including by the conclusion of any appeal) to have been caused by the fraud, wilful default or negligence of any of the CROWE HORWATH Parties, you will indemnify on demand and hold harmless the CROWE HORWATH Parties against all actions, claims, proceedings, losses, damages, costs and expenses whatsoever and howsoever caused arising from or in any way connected with this engagement.

You agree to indemnify CROWE HORWATH against all liabilities, including litigation costs, resulting from reliance on the information supplied by or obtained with the knowledge of yourself and failure by yourself to disclose material information, except to the extent that the losses arise from negligence by CROWE HORWATH.

For the purposes of this agreement "CROWE HORWATH Parties" is defined as CROWE HORWATH New Zealand Audit Partnership, and all partners, employees and agents of all such entities, along with all such parties' successors and assignees. You will not bring any action against any of the CROWE HORWATH Parties, except for the specific entity you have engaged for this assignment. The CROWE HORWATH Parties may (individually or collectively) in their own right enforce the provisions of this agreement which refer to the CROWE HORWATH Parties.

You agree that you have fully considered the provisions of this section and all the other provisions of this agreement and that they are reasonable in the light of all the factors relating to this engagement.

If any terms or provisions of this agreement (or parts thereof) are or become invalid, illegal or unenforceable, the remainder shall survive unaffected to the fullest extent permitted by law.

9. Equitable sharing of liability

Subject to the maximum aggregate liability specified in clause 8, CROWE HORWATH's aggregate liability shall be limited to that proportion of the total damage for which it is responsible. Each party shall bear only that part of any loss or damage that is proportionate to the loss or damage it has directly caused. In determining responsibility for loss or damage caused, account shall be taken of any loss or damage that is reasonably attributable to any third party. Nothing in these terms and conditions affects the rights, obligations or remedies of the parties under the Contributory Negligence Act 1947 or the Law Reform Act 1936.

10. Third party rights

Our advice to you will be specific to your current circumstances and intentions and therefore will not necessarily be suitable for use at a different time, in different circumstances or to achieve other aims or for the use of others. Accordingly, you should only use the advice for the intended purpose, and no other person is entitled to rely on the advice for any purpose. We shall have no responsibility or liability towards any person other than the addressee.

Any deliverables issued in the course of our work (including but not limited to services, reports, advice or other information and any parts of those documents) cannot be passed on to third parties unless prior approval has been given in writing by CROWE HORWATH (which approval may be withheld by CROWE HORWATH in its sole discretion). CROWE HORWATH may grant approval subject to any conditions it considers appropriate, which may include a requirement for the third party involved enters a direct relationship with CROWE HORWATH which excludes all liability to such third party.

11. Use of name and logo

In no circumstances is the name or logo of CROWE HORWATH, as part of a deliverable, to be distributed to a third party (including by way of electronic distribution) without the prior written consent of CROWE HORWATH.

12. Our Staff

We invest large amounts of time and effort to develop the professional skills and client familiarity of our staff. In the event any of our staff who have worked on your engagement leave us to join you we reserve the right to charge you a placement fee of 20% of their gross annual salary package in partial compensation to us for the loss of their services.

13. Confidentiality

We will not disclose any confidential information that we obtain in dealing with your affairs to any other person without your permission except as required by law, regulations, Court or arbitration proceedings, regulatory authorities, professional duty or as is necessary to protect our own legitimate interests.

Where appropriate, we use in internal and external publicity material the credentials obtained in doing work for clients. We will always ask your permission before publicly claiming credit for our work for you. However, unless you expressly forbid us doing so, we may refer to our work for you in proposals (or other similar submissions to prospective clients).

You acknowledge our legal obligations to keep confidential any relevant information obtained from any other client (or potential client) and you agree that, if we have or obtain any such confidential information, we will not disclose it to you or make use of it for your benefit.

Along with other chartered accountancy firms, our audit and accounting practices are subject to review by the Practice Review Board of the New Zealand Institute of

Chartered Accountants. In addition our files are also subject to review by Crowe Horwath International. In these reviews we are required to produce any document or other material in our possession or power and to co-operate in the review process. The work we perform for you may be selected by the examiners for their review. If so, they are obliged to keep all information confidential.

You agree not to disclose confidential information about CROWE HORWATH or CROWE HORWATH's concepts or techniques unless required to do so by law.

14. Force Majeure

Neither party to these terms and conditions shall be liable in any way for failure to perform, or delay in performing, its obligations under these terms and conditions if the failure or delay is due to a cause outside the reasonable control of the party that has failed to perform.

15. Ownership and retention of documents

All papers (including work papers), documents, concepts and techniques we produce in the course of our work for you, regardless of whether they form part of the finished product, are and will remain the property of CROWE HORWATH and must be kept confidential by you. We also retain the copyright and all intellectual property rights in all original material provided to you.

We acknowledge that some documents may legally belong to you. We reserve the right to destroy correspondence and other papers once we (reasonably) believe they need no longer be retained for legal reasons, unless you write to us telling us not to do so.

You agree to records and documents being converted to an electronic format.

16. Trust account

We may sometimes hold money on your behalf. It will be held in trust in a client bank account, which is completely separate from CROWE HORWATH funds. The New Zealand Institute of Chartered Accountants has strict rules about the way accountancy firms must handle their client monies, and we comply with these rules.

17. Health and Safety

The Health & Safety in Employment Act 1992 obliges CROWE HORWATH to take all practical steps to ensure the health and safety of its staff on any assignment. The client and CROWE HORWATH will be mutually responsible to ensure the safety of CROWE HORWATH staff and to see that no harm is caused to them in the client workplace.

The client shall ensure the Act is fully complied with when CROWE HORWATH staff visit client sites. Contact with the client's health and safety representative could involve a safety briefing at the beginning of the assignment to those involved, regarding work hazards with CROWE HORWATH staff may be exposed to on the client site, management of the hazards, awareness of the accident reporting procedures and emergency procedures.

18. Ethical and practice guidelines

We will observe the ethical guidelines of the New Zealand Institute of Chartered Accountants and accept instructions to act for you on the basis that we will act in accordance with those guidelines.

19. Quality of service

If, at any time, you believe our service to you could be improved, or if you are dissatisfied with any aspect of our service, you should raise the matter with the principal responsible for providing our audit services to you.

We will investigate all complaints. You have the right to take any complaint up with the New Zealand Institute of Chartered Accountants.

20. Jurisdiction and governing law

You agree that this agreement shall be governed by, and interpreted in accordance with, New Zealand law. You and we irrevocably agree that the Courts of New Zealand shall have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) that may arise in connection with the validity, effect, interpretation or performance of, or the legal relationship established by, the terms and conditions in this contract or otherwise arising in connection with this engagement.

21. Commencement and termination

This engagement will commence when we receive, at the above address, a copy of this letter signed on your behalf, and it shall continue in force until terminated by either party. You or we may end this agreement by giving 30 days notice in writing.

Appendix II: Fee Estimate

Year ended 31 March 2016

Our proposed fees for 2016 (exclusive of GST and disbursements) are as follows:

Annual financial statement audit	$3,900
Supplementary audit, procedures 1 to 4	$2,900

This proposal is dependent upon us being supplied on a timely basis with complete financial statements by your staff, together with all supporting reconciliations and workpapers. Should any of this information not be provided to us on a timely basis, or should any circumstance arise that may require additional audit work or other services, any possible additional fee will be discussed with you prior to further work commencing.

The proposed fee is based on the following assumptions:

Audit
- Field work commencing on time, as agreed. Deferring commencement could result in additional costs which would be billed to you separately. We would notify you of these costs at any such time.
- Completion of the checklist we provide you to assist us in completing your audit no later than one week prior to the commencement of fieldwork. Your staff should prepare a working paper file prior to the commencement of our audit, including reconciliations and details of each item appearing in the Balance Sheet, along with supporting documentation.
- Your trial balance being substantially finalised prior to the commencement of the audit. Once the audit has begun, only minor adjustments should be required.
- The accuracy of the information provided to us in relation to the Incorporated Society. Our engagement fee assumes no significant changes in size or level of operations since the planning for the audit was completed and agreed upon.
- Your accounting systems and accounting resources being adequate for the scale of operations of your Incorporated Society.
- A requirement for review of no more than two draft sets of financial statements. Further drafts will be billed at our usual hourly rates (available on request).

Taxation
- There being no major tax issues that give rise to additional tax considerations.
- Provision to us of all information relating to tax matters in prior periods and all relevant breakdowns and analyses for the current year's calculations.
- Exclusion of preparation of tax effect accounting entries, any consultancy and/or tax planning advice. Should you require this, we would be pleased to provide it at an additional fee.
- No additional time required in relation to the accounting treatment for current/deferred tax balances. Should any additional work be required in order to account for these balances, we would make an additional charge for the time incurred.

Should there be any changes to the above assumptions, we would need to amend our fee accordingly.

Billing

Our fees will be billed up front and all invoices are payable within 21 days of issue. The quoted fee does not include our direct out of pocket expenses, which will be billed separately as incurred.

A direct debit form has been provided for your convenience. Please complete and return this to your auditor along with your signed engagement letter prior to the commencement of fieldwork.

We reserve the right to refuse to complete the engagement or provide further service where your account exceeds 90 days.

Chief Executive's Report

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To update Council on progress in the two months to 30 September 2015, and to set out goals and priorities for the coming quarter.

Introduction

This report sets out critical risks or other risks Council should be aware of, my priorities in the period since the August Council meeting, planned priorities for the three months from now until the end of December 2015, longer range priorities, and a brief update on staffing and contractor issues.

It should be read in conjunction with the management reports.

1:   Critical / Other / Potential Risks

There are no critical risks to advise the Council of at the reporting date.

2:   Recent Priorities

Chief Executive
Since the August meeting of the Council, I have been focused on the following issues, generally in descending priority order:

- Team building among what remains a fresh team
- Some work on stakeholder management systems
- Development of a draft Business Development Strategy
- Communications plan reboot
- Participating in ICANN accountability matters
- MC at the ANZIAs, held in Auckland at the end of August
- APRICOT 2016 project ownership/oversight

As such, all of the priorities identified in my August 2015 report have been advanced in the past two months, though less progress has been made on stakeholder & member engagement than I had hoped.

Operating team
The separate reports on the Internet Issues, Community and International programmes, along with Operations, set out the detail.

The Issues team has been busy responding to the Government's Convergence programme of work; released content explaining our position and challenges in

Digital Distribution; developing submissions on Online GST and continuing work on Copper pricing.

In the Community Programme it has been a busy period of change for Community Grants: implementing the new policy framework and new grants software in the Projects Grant round, and welcoming a new Chair and secretary to the Grants Committee. Stakeholder engagement and management planning has been progressed and implementation is now underway for new processes.

Operations team has been focused on a range of projects bedding in the new premises, and associated systems changes e.g. the new ICT and travel providers' induction, and roles for staff continuing to be clarified. New work plan with Audit and Risk is also working well, with development of an improved risk management framework a priority.

Special note should be made of the hosting of the ANZIAs in Auckland at the end of August. Yvonne led a hugely successful event where we had very positive feedback from all, including our partners at AUDA, and a record number of Kiwi entries and, I believe, winners.

3: Priorities for the next three months

Chief Executive
Here are my key priorities for my work to the end of December. These are in my intended priority order:

1. **Team Building:** Half the staff team have worked for InternetNZ for less than a year. Building a high performing team is critical work in the next few months: it is the precondition for the "delivery" focus I committed to at the AGM. In particular developing the Operations team based on the work our Temporary Office Manager has been doing.

2. **Stakeholder & Member Engagement, incl 20th Anniversary:** we are building a clearer plan for what to do in this area and will be implementing improvements as we go. The 20th Anniversary celebrations will be a focus.

3. **Internal Policies / Strategies etc:** consultation on the draft Business Development strategy as agreed at this meeting, and updates to Statements of Expectations as part of the annual cycle.

4. **Communications:** working with our new Comms Lead to complete the update of our communications strategy and plan, and completing the review of the 'core story'.

5. **International:** ICANN accountability remains on the agenda, with finalisation of the Accountability group's work delayed, and subject to extensive discussion at the ICANN meeting in Dublin in the second half of October.

6. **Subsidiary and .nz stewardship:** two areas of focus in the coming two months: completing development of the ".nz Framework policy" arising from the .nz Framework review; and, hopefully, finalisation for debate and approval of an MOU between MBIE and InternetNZ regarding .nz.

I particularly welcome Council feedback on this set of priorities.

Operating Team
The following priorities are set out in the separate reports. I will highlight:

- **Team wide:** team building to incorporate arriving members, following up on a session held in early October.
- **Community:** dealing with contracts for the Projects Grants Rounds and opening the Research Grants Round; progressing planning for the New Zealand Internet Research Forum to be held in February 2016.
- **Internet Issues**: the Telecommunications Act review and more broadly the Convergence Programme; working with NZITF on CSIRT; our research launch on ISP Scorecard and finally, a State of the Internet Report; and TPPA follow up if the agreement progresses.
- **International**: a range of commitments in October and November including participation in the Australian and global Internet Governance Forum events, and in the 54th ICANN meeting in Dublin.
- **Operations:** ongoing bedding in of the new premises and associated changes, and implementation of the Quality Plan developed by the Temporary Office Manager.
- **Communications and Events:** With website content largely upgraded, the focus in comms is on updating our overall communications plan, reviewing the current "core story", and working out whether we have the right level of resource in place. APRICOT 2016 is the main events focus.

4: Longer Range Priorities

The big picture issues on my mind, in no particular priority order at this stage, are as follows:

- **Team and Group culture and dynamics:** getting the best bang-for-buck across the group is important, and restoring common premises will see more interaction between various parts of the group.

- **Planning for 2016/17:** ensuring the process of developing next year's Activity Plan and Budget is a success.

- **Identity:** living up to the new brand identity and "spreading the word" on this, so that our public profile becomes clearer.

- **Role of and relationship with Members:** there is a good deal to do to better understand our members and develop a stronger culture of respect and inclusion among them.

Across all of these, "delivery" is a key theme – being crisper, sometimes faster, to get our view out.

5: Staffing and Contractor matters

Since the last meeting, Georgia Mackfall has joined the team as Meetings Coordinator – a new role that takes over and re-focuses the previous Receptionist role. She is getting up to speed quickly and the team are enjoying her arrival.

Between now and the next meeting I will be making decisions with the management team about the future of the Office Manager role that Clare Denny has been filling on a fixed term basis. Council will be kept informed as appropriate.

With the extensive team changes, I reiterate my advice that there may be some elements of our operations that are affected by responsibilities moving or new people getting up to speed. I would welcome any feedback on any issues you notice that may arise from this (or from any other cause!).

6: Other matters

- None to report.

Jordan Carter
Chief Executive

1 October 2015

InternetNZ

Issues Programme Management Report to the October 2015 Council Meeting

Author:	Andrew Cushen, Work Programme Director
Purpose of paper:	To summarise the activity undertaken in this reporting period

Commentary

The "wave" of work that we have been anticipating all year has now arrived, and is larger than we anticipated. As an Issues team, we are very happy to see the Government's announcement of the "Convergence" programme of work – this is the right way for the Government to approach the range of challenges and opportunities the Internet has created. We are also quite proud that many of these documents reflect back the advice we have provided to Government over the last 12 months – Net Neutrality is a particular example. This demonstrates that our strategy of becoming the Issues authority is indeed having an impact – we are being heard, we are having influence, and we are setting the agenda in many of these areas prior to public discussion.

Of course, now we need to respond to this programme – and to eight different streams of work where we were anticipating one. We have discussed with MBIE working with them collaboratively to respond to these reviews, and to encourage and solicit a wider range of participants than would otherwise be involved. We are intending, and the time this report is read indeed would have already, delivered much of this. It is still however a lot more effort than anticipated.

In addition to that our work on our existing projects has continued. This is leading to a very busy, but productively happy, Issues team. We relish this work and are excited by it, but our capacity to take on more is limited.

We have also continued to do our work on developing our norms of operation as an Issues team; continuing our process development and internal prioritisation work with excellent results, and otherwise enjoying each other's company and the work we are doing.

Highlights:

- Seeing so much of our thinking reflected back in the Convergence papers, and indeed the scope of the Convergence programme in general.
- James' fantastic animation and cartoon illustrating the challenges in Digital Distribution, in response to Global Mode.

- Ben leading the NZITF to developing a proposal for a CSIRT in New Zealand, and attracting an initial set of sponsors.
- Finalisation of our Parliamentary engagement plan, and first set of execution in successful meetings with all major parties.
- Submission on Online GST, and participation from the membership via the Policy Advisory Group.
- Submission on Content Regulation as part of the Convergence Programme, again with successful advice from the membership.
- Submission on the Convergence Programme itself.
- Sessions on the Telecommunications Act Review component of the Convergence Programme, in conjunction with TUANZ.
- Full scoping of the ISP Scorecard project.
- Approval for InternetNZ becoming a Trustee of the Innovation Partnership, represented by Andrew.

Lowlights:

- Challenges on our CSIRT work, with competing initiatives suggested from the Government.
- Copper Final Pricing Principle process is not likely to resolve in favour of the New Zealand Internet Community, with higher prices than otherwise as a result. We have assessed the option of legal challenge to this, which is likely to be both prohibitively expensive and time consuming – an additional two years. We can address many of the issues raised instead via the legislative review process.
- Ongoing delay in the State of the Internet Report. This is Andrew's responsibility, and is languishing without sufficient attention due to other work that has emerged. I am working on a new plan to resolve this – splitting it into a series of reports to release progressively between October and December this year.
- Sicknesses and bereavements ☹

Next Priorities:

- Submission on the Telecommunications Act Review and continuing the Convergence workload.
- Working the media angles on Copper FPP process.
- Finally finishing the State of the Internet Report
- Commencement of planning for 2016/17, and review of Issues Strategy with new team.
- Commencing our review of the Electronic Frontier Foundation's Global Plan to address Internet Surveillance.
- Go/No Go on CSIRT and InternetNZ's involvement
- Membership involvement in Issues Programme following the Council Strategy Retreat, as part of the wider review of Membership at InternetNZ.
- Government Officials engagement planning, in mould of the Parliamentary plan already done.

![InternetNZ logo]

Community Programme Management Report to the October Council Meeting

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Author:	Ellen Strickland, Community Programme Director
Purpose of paper:	To summarise activity undertaken in this reporting period

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Commentary

The core focus of the last two months had been the 2015-16 Projects and Conference Attendance Community Grants Round. Conference Attendance grants were decided by Council, and Projects recommendations from Grants Committee are in a separate paper for this Council.

Planning for the next NZ Internet Research Forum is underway, working collaboratively with the research community and NZRS. Due to better timing for preparation it will be in the first week of February 2016, as it was this year. The Community Grants Research and Conference attendance round will open late this year with the recipients to be announced around the NZIRF event.

Strategic partnerships organisations things of note and milestones include:

- AUT ICDC is now underway with the WIP 2015 survey. Also we have agreed they will be providing the NZRS Internet Data Portal with all past data as well as 2015, as soon as possible.
- CCANZ have some promising discussion on open access requirements for funded research underway with Marsden and Health Research Council. They have also redesigned their NZ Commons website.
- 2020 have seen progress on the digitialinclusion.nz mapping project and Stepping Up has 9 new sights coming on board. A lowlight was the proposed Understanding and Measuring Digital Inclusion project was declined by MBIE.
- NetSafe's focus of note is ongoing discussions around the decision regarding agency implementing the Harmful Digital Communications Bill.
- Figure.NZ had a very successful speaking series in September in collaboration with TUANZ and InternetNZ, with the total attendance of around 30 each in Christchurch and Wellington and 60 in Auckland.

The full report on NetHui 2015 was published and promoted, along with videos from the event. The NetHui 2016 paper will come to Council in December, with input from Council at Strategy Day taken into account.

We have committed to being involved in IITP Itx2016 which will take place in Wellington in July 2016. This is event being organised by IITP which focuses on IT

professionals, the tech and business communities, which will bring together a range of organisations under the ITx event banner in a week of events. We will be working with the programme committee and internally to scope options for an INZ or a NetHui-style event as part of ITx.

Sponsorship has been approved for the National Digital Forum, the New Zealand Discourse Conference and for the Digi Awards Night for the MOA Kluster - a celebration of success for a group of 4 schools and their communities in South Taranaki working towards becoming STEM schools.

Community Programme areas of website have all been updated, as Jordan discussed with members, with some additional work to be done on further improvements to the grants section as part of planned activity around grants reporting.

Highlights:

- Community Grant round process complete for Projects and Conference Attendance applications with exciting range of grant recipients. Grant reporting updated- please see attached spreadsheet for recent reporting.
- INZ hosted TUANAZ After 5 speaker series with Figure.NZ went very well. The new Wellington premises are excellent for small event.

Lowlights:

- Smarty Grants reporting and system have had some teething issues.
- Related to this; Grants Committee and staff workload has been intense, as we manage this new system, new policy framework, new staff responsibility and a new Chair of the Grant Committee simultaneously.

Next Priorities:

- APRICOT fellowships programme with APIA.
- NZIRF planning and programme work.
- Launch of next Community Grants Round in November.
- December Speaker Series events planning.
- NetHui 2016 options scoping.
- Oceania SSIG discussions: around AuIGF, ICANN and IGF
- External relations/stakeholder management implementation.
- Ellen at International: AuIGF, ICANN and IGF.

Issues on the Radar:

The Harmful Digital Communications Bill has two agencies interested in taking on the primary role, including NetSafe, and conversations continue on which agency will be selected. Decisions are expected by the end of year with agency ramping up in first half of next year.

Attachment
Grants reporting for Management Report – October Council Meeting

Date signed	Name	Round	Amount awarded	Purpose	Report received
6/6/2014	Awinder Kaur (AUT)	Research 2013/14	5,000	Ipv6 Adoption and Assimilation in NZ Public Sector	Final report
1/5/2014	Burwood Academy for Independent Living	Research 2013/14	10,000	Internet use by people living w/ neurological conditions: Scoping Study	Final report
6/6/2014	Qiang Fu (Research Trust of Victoria Uni of Wellington)	Research 2013/14	20,000	Understanding the Practical Issues on the Adoption of SDN in Production Networks	Mid-year report
9/1/2015	Eunice Price (University of Auckland)	Conference attendance October 2014	2,900	Conference Attendance DML (Digital Media Literacy): Equity by Design 11-13 June 2015 (LA, California)	Final report
9/3/2015	Nicole Price	Conference attendance October 2014	2,500	Conference Attendance 2015 No 2 Bullying Conference 29-30 June (Gold Coast, AU)	Final report
14/8//2015	Prof Tim Bell (University of Canterbury, Computer Science Education Research Group)	Canterbury 2014	20,000	The funding being applied for would enable them to vastly improve the CS Field Guide (and include more emphasis on internet technologies), to make the Unplugged website more useful for educators (particularly tying it in better with new curricula), and having a subsidised service available for Canterbury schools where we work with the school to introduce these subjects into their mainstream programme.	Mid-year report
29/1/2015	Meg Howie (Ask Away)	Community projects 2014/15	N/A	AskAway has requested a cessation of their contract to "Create a multi-tenant site where users can create their own Ask Away forums - an open source project, so people can host their own platforms "due to barriers in update in schools and a lack of cross-party engagement.	Cessation of contract report

29/6/2015	Blind Citizens NZ (Rose Wilkinson)	Community projects 2014/15	15,000	To further develop these briefs (i.e. supplementary brief about CAPTCHA) and to introduce them to a much wider audience at grass roots level.	Mid-year report OVERDUE
9/1/2015	Gather Workshops (Tanya Gray)	Community projects 2014/15	1,200	Conference Attendance ULearn 2015 7-9 October (Auckland)	Mid-year report
16/2/2015	Web Access Waikato	Community projects 2014/15	9,000	Provide an affordable pre-pay internet service that will allow those on low or unreliable incomes to access the internet without financial over-commitment.	Mid-year report
20/1/2015	West Coast Technology Education Trust	Community projects 2014/15	26,000	Purpose for this proposal is to support the establishment of the Techspace environment in Greymouth.	Mid-year report
16/2/2015	Charles Crothers (AUT)	On-demand 2014/15	5,000	Research project to analyse portions of the data collected by the NZ Election study [NZES] after the 2014 election through a large survey, and to defray some of the costs of the data-collection.	Final report
10/6/2015	Kevin Prince	On-Demand 2015/16	3,500	Conference Attendance International Association of Accessibility Professionals (IAAP) 21-23 Oct 2015	Final report
7/5/2015	Matthew Hayes (Victoria University of Wellington)	On-Demand 2015/16	5,000	Conference Attendance Funding to support travel to attend the IFIP Networking 2015 will be held on 20-22 May 2015. They will be presenting a research paper that has been accepted by the conference.	Final report

InternetNZ

International Programme Management Report

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To summarise the activity undertaken in this reporting period

Commentary

In the past two months, our international work has focused on the ongoing transition of stewardship over the IANA Functions in ICANN, from the United States to the Internet community. The accountability aspects in particular are now the subject of serious contention and debate, with resolution no longer likely at the ICANN meeting in October.

The upcoming 10 year review of the World Summit on the Information Society has been another strand of work of interest, and discusssion of that review will be a feature of the Internet Governance Forum being held in November. Finally, two staff will represent New Zealand at the AUIGF in Melbourne in early October.

Highlights:

- IANA Stewardship Transition proposal almost complete by global community.

Lowlights:

- Challenges to completion of IANA Stewardship Transition due to lack of consensus on accountability changes tied to the proposal (including at accountability meetings in Los Angeles 25-26 September).

Next Priorities:

- ICANN 54 meeting in Dublin, Ireland (17-22 October)
- ICANN Accountability work (leading up to ICANN 54 - Jordan)
- Particiation in AUIGF (Ellen and James)
- Preparation for and participation in the Internet Governance Forum (November – Ellen and Ben)
- Watching brief on WSIS+10 review (United Nations General Assembly)

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InternetNZ

Operations Team Management Report to the September 2015 Council Meeting

Author: Clare Denny

Purpose of paper: To summarise the activity undertaken in this reporting period

Commentary

Since the August Council meeting the Operations team have been working on the APRICOT 2016 Conference, Website development, Branding update, CRM engagement project, Smartygrants Implementation and relocation of the premises.

Highlights:

- Successful ANZIA awards evening.
- Implementation of Smartygrants Funding Management System.
- ICT Support Partner Think Concepts commenced on the 1st September 2015
- Move to new premises.
- Meetings Co-ordinator role filled.
- Quarterly Crowe Horwath Report presented.
- Audit and Risk work programme agreed and underway.
- Sponsorship for APRICOT well underway.
- Wider Communication Strategy underway.

   Lowlights:

- Integration of membership database CVCRM and mailman – complexities and challenges may cause delays
- Logistical delays with bank signatories updates.
- Review of SkyCity contract for APRICOT due to APNIC changes.

Next Priorities:

- Health and Safety Co-ordination within wider INZ Group
- Administrative Review ongoing
- Quality Plan implementation ongoing
- Internal Digital Communications Tools Review
- Operational Policy Audit
- Policy and Procedure Review
- Risk register development
- Getting better reporting from Smartygrants
- 2nd Quarter Crowe Horwath Audit
- Membership Database and Mailman integration for subscribe/unsubscribe to mail lists
- Communications Stakeholder Management Project
- Media Relationship Planning Strategy
- Office Decoration
- Support for Membership Engagement
- Front of house design and furnishing

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InternetNZ

Financial Report: to 31 August 2015

Author: Jordan Carter, Chief Executive

Purpose of Paper: To provide an update on the financial performance of InternetNZ.

Commentary to the Accounts

For the period ending August 2015, the accounts report a deficit result of $91,572, against a budgeted deficit result of $151,783 reflecting a variance of $60,211. Detailed commentary on the variances follows.

There follow a number of attachments with further information for Council:

- A - The profit and loss statement
- B - A chart showing net income, actual against budget
- C - The balance sheet
- D - Information about the spread of assets across institutions
- E – Managed Invested Funds, balance per month and chart
- F - A chart showing cash in bank, actual against forecast
- G - The cash flow forecast to March 2016.

Expenditure variances

Areas of difference are:

- **Remuneration** in total is under budget by $4k, with recruitment and casual & temporary costs being over by $21k. ACC, miscellaneous staff costs, staff training, wages and salaries and contracted technical services are all lower than budgeted by $25k due to the phasing.

- Operational costs are over budget by $1k. Within that:

  - Remuneration is over by $3k attributable to recruitment and casual and temp (reception) costs.

  - the following areas are over budget: accountancy fees, bank charges, domain names, postage & couriers, printing and stationery, subscriptions, web site updates, electricity, and security due to an even budget split.

  - all other areas are under budget also due to the even budget split.

- Internet Issues Programme is under budget by $1k

- Community Funding is under budget by $14k, due to the even budget split.

- Community Engagement is under by $31k, due to NetHui coming in under budget by $16k and an even budget split.

- Governance and Members is under by $8k, due to an even budget split.

Other Expected Major Budget Variances

There are no other major variances to report.

Condensed Income and Expenditure Report

Actual v Budget by Nature
As at 31 August 2015

	YTD Actual $	YTD Budget $	Variance $
Income – total	**1,703,626**	**1,708,768**	-5,142
Expenditure			
Issues Programme	273474	274998	-1,524
Community Funding	280773	295127	-14,354
Community Engagement	187380	218037	-30,657
International Engagement	90204	96778	-6,574
International Event	177214	177216	-2
Depreciation	25000	25000	0
Overhead	171209	173858	-2,649
Remuneration	301674	298493	3,181
Operating Expenses	150405	149054	1,352
Council & Members	137863	151989	-14,126
Expenditure – total	**1,795,198**	**1,860,551**	**-65,354**
Net Income	**-91,572**	**-151,783**	**60,211**

**Expenditure Report by Nature
YTD Actual v Budget**

■ Actual
■ Budget
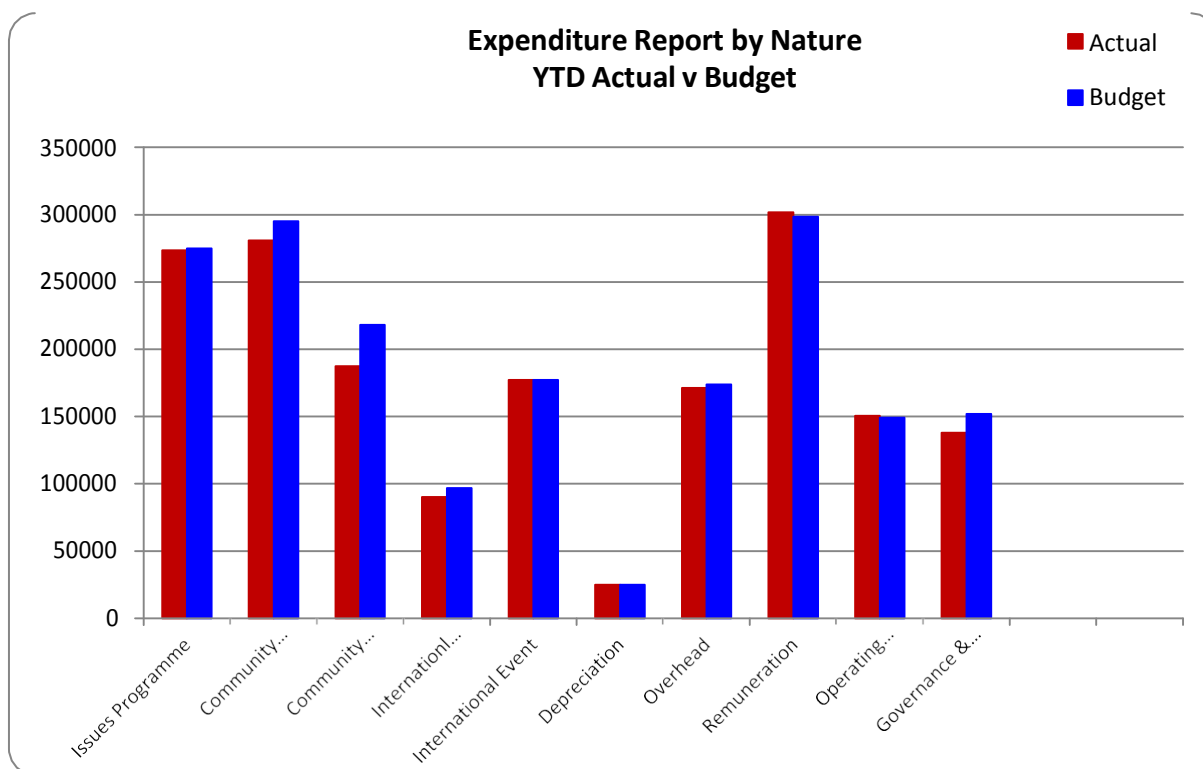
As always, I welcome any questions or comments in response to this report.

Jordan Carter
**Chief Executive**

29 September 2015

Attachment A: Profit and Loss Statement

InternetNZ
Profit and Loss Statement
As at 31 August 2015

InternetNZ YTD	Apr - Aug 15	Budget	$ Over Budget
Ordinary Income/Expense			
Income			
500 · Operating Income			
530 · Shared Group Services	119,806.20	119,805.00	1.20
542 · Membership - Corporate	2,300.00	5,155.00	-2,855.00
546 · Membership - Individual	4,180.79	6,750.00	-2,569.21
Total 500 · Operating Income	126,286.99	131,710.00	-5,423.01
580 · Investment Income			
583 · Dividends	1,570,058.00	1,570,058.00	0.00
586 · Interest	7,280.77	7,000.00	280.77
Total 580 · Investment Income	1,577,338.77	1,577,058.00	280.77
Total Income	1,703,625.76	1,708,768.00	-5,142.24
Expense			
600 · Remuneration			
601 · ACC Levy	3,129.24	3,310.50	-181.26
625 · Miscellaneous Staff Costs	2,576.59	3,340.30	-763.71
630 · Recruitment	105,667.96	93,990.00	11,677.96
635 · Staff Training	7,810.85	17,035.15	-9,224.30
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Cont	15,797.45	15,559.85	237.60
651 · Wages & Salaries - Other	459,402.13	473,770.95	-14,368.82
Total 651 · Wages & Salaries	475,199.58	489,330.80	-14,131.22
653 · Wages - Casual & Temporary	13,110.17	3,300.00	9,810.17
655 · Contracted Technical Services	1,798.26	2,600.00	-801.74
Total 600 · Remuneration	609,292.65	612,906.75	-3,614.10
800 · Operating Expenses			
801 · Accountancy Fees	10,482.42	10,000.00	482.42
805 · Advertising & Marketing	716.65	2,811.50	-2,094.85
808 · Audit Fees	30.00	0.00	30.00
809 · Bank Charges	1,372.48	910.04	462.44
811 · Conferences	4,104.56	4,167.08	-62.52
813 · Consultants	29,775.17	44,660.00	-14,884.83
816 · Depreciation	25,000.00	25,000.00	0.00
817 · Domain Names	355.95	324.00	31.95
820 · General Office Expenses	13,770.63	15,003.35	-1,232.72
822 · Governance Training	7,137.56	13,000.00	-5,862.44
824 · Honoraria	67,140.00	66,765.54	374.46
826 · Legal Fees	6,772.59	16,800.00	-10,027.41
829 · Meeting Costs	33,858.20	39,345.87	-5,487.67
835 · Postages & Couriers	2,599.16	1,754.05	845.11
851 · Repairs and Maintenance	924.34	1,207.35	-283.01
853 · R & M - Software	2,374.90	3,497.06	-1,122.16
855 · Printing & Stationery	11,804.36	10,069.20	1,735.16

860 · Subscriptions	14,227.48	12,195.11	2,032.37
870 · Telecommunications	27,053.93	27,555.00	-501.07
872 · Travel & Accom - International	9,137.48	9,500.00	-362.52
873 · Travel & Accom - National	31,927.74	29,945.84	1,981.90
875 · Web Site Updates & Hosting	2,570.00	1,900.00	670.00
Total · Issues Programme	189,294.55	186,708.00	2,586.55
Total · Community Funding	229,131.89	234,167.00	-5,035.11
Total · Community Engagement	124,699.68	147,500.00	-22,800.32
Total · International Event	168,434.07	169,000.00	-565.93
Total 800 · Operating Expenses	1,014,695.79	1,073,785.99	-59,090.20
900 · Overheads			
915 · Cleaning Costs	13,696.47	15,580.00	-1,883.53
933 · Electricity	14,969.02	12,925.00	2,044.02
950 · Insurance	3,925.85	4,375.85	-450.00
972 · Moving expenses	32,353.81	35,000.00	-2,646.19
975 · Rent Paid	104,337.30	104,427.60	-90.30
980 · Security	1,926.64	1,550.00	376.64
Total 900 · Overheads	171,209.09	173,858.45	-2,649.36
Total Expense	1,795,197.53	1,860,551.19	-65,353.66
Net Ordinary Income	**-91,571.77**	**-151,783.19**	**60,211.42**
Other Income/Expense			
Other Income			
1000 · Special Dividends			
1010 · Special Dividends - Interest	2,174.62	0.00	2,174.62
1030 · Investment Income	62,123.79	0.00	62,123.79
Total 1000 · Special Dividends	64,298.41	0.00	64,298.41
Total Other Income	64,298.41	0.00	64,298.41
Other Expense			
1900 · Special Dividend Exp-Overhead			
1950 · Investment Funds Management Fee	3,771.50	0.00	3,771.50
Total 1900 · Special Dividend Exp-Overhead	3,771.50	0.00	3,771.50
Total Other Expense	3,771.50	0.00	3,771.50
Net Other Income	60,526.91	0.00	60,526.91
Net Income	-31,044.86	-151,783.19	120,738.33

Attachment B: Net Income actual against budget

**Net Income
YTD Actual/YTD Budget**

Legend:
- YTD Actual
- YTD Budget
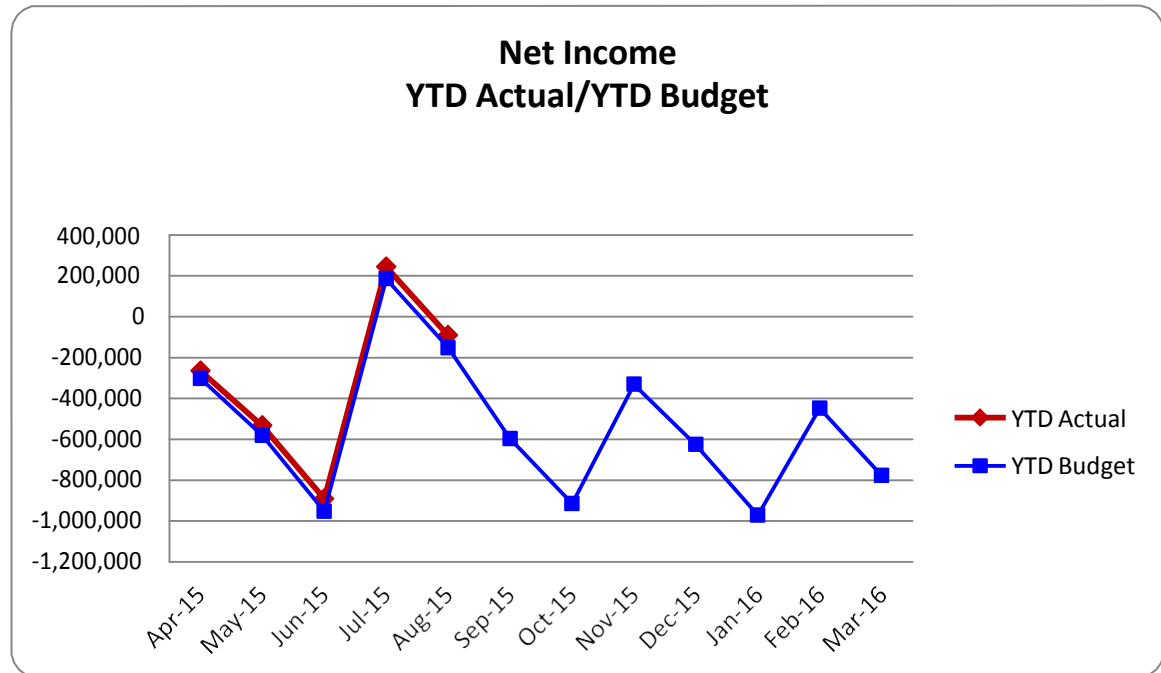
Attachment C: Balance Sheet

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InternetNZ
Balance Sheet
As at 31 August 2015

</div>

	August 31, 15
ASSETS	
Current Assets	
Total Cheque/Savings/	1,059,518.30
Total · Term Deposits	819,845.12
Petty Cash	400.00
Total Cash	1,879,763.42
Investment Funds	
GMI Investment	1,226,115.47
Milford Asset	1,212,988.45
Total Investment	2,439,103.92
Other Current Assets	209,232.58
Total Other Current Assets	209,232.58
Total Current Assets	4,528,099.92
Fixed Assets	
Total Fixed Assets	424,180.50
Other Assets	
Ordinary Share Capital	30,000.00
Shares in DNCL	580,000.00
Total Other Assets	610,000.00
TOTAL ASSETS	**5,562,280.42**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Total Accounts Payable	265,514.00
Other Current Liabilities	
Accruals	127,883.64
Lease Incentives	8,330.14
Payroll Liabilities	29,666.75
Total Other Current Liabilities	165,880.53
Total Current Liabilities	431,394.53
Total Liabilities	431,394.53
Equity	
Retained Earnings	5,161,930.75
Net Income	-31,044.86
Total Equity	5,130,885.89
TOTAL LIABILITIES & EQUITY	**5,562,280.42**

Attachment D: Spread of assets across institutions

Special Dividend Investment Information

Date	Bank	Term	Amount
02/12/2014	Kiwibank	12 months	285,439
11/11/2014	ASB	12 months	445,803
28/02/2015	BNZ	12 months	88,602
Total $			**819,844**

Update the start dates

Investment information is recorded separately from the InternetNZ operating reserves as a distinct balance sheet line item, as per the InternetNZ Funds Investment Management Policy Principle 1.

Managed Investment Funds Information

| Date	Managers	Amount
20/06/2013	GMI	1,226,116
20/06/2013	Milford	1,212,988
Total $		**2,439,104**

Managed Investment funds recorded at market value on 31 August 2015.

Attachment E: Managed Invested Funds

Investment Funds Monitoring report			
	Milford Asset	GMI Investment	Total
Sep-14	1,102,186	1,078,958	2,181,144
Oct-14	1,120,427	1,097,774	2,218,201
Nov-14	1,131,757	1,118,854	2,250,611
Dec-14	1,141,590	1,124,028	2,265,618
Jan-15	1,163,252	1,146,806	2,310,058
Feb-15	1,196,742	1,170,894	2,367,636
Mar-15	1,201,944	1,178,979	2,380,923
Apr-15	1,205,222	1,174,443	2,379,665
May-15	1,212,508	1,235,719	2,448,227
Jun-15	1,209,782	1,224,387	2,434,169
Jul-15	1,233,368	1,250,246	2,483,614
Aug-15	1,212,988	1,226,115	2,439,104

Investment Funds
Monthly Closing Balances
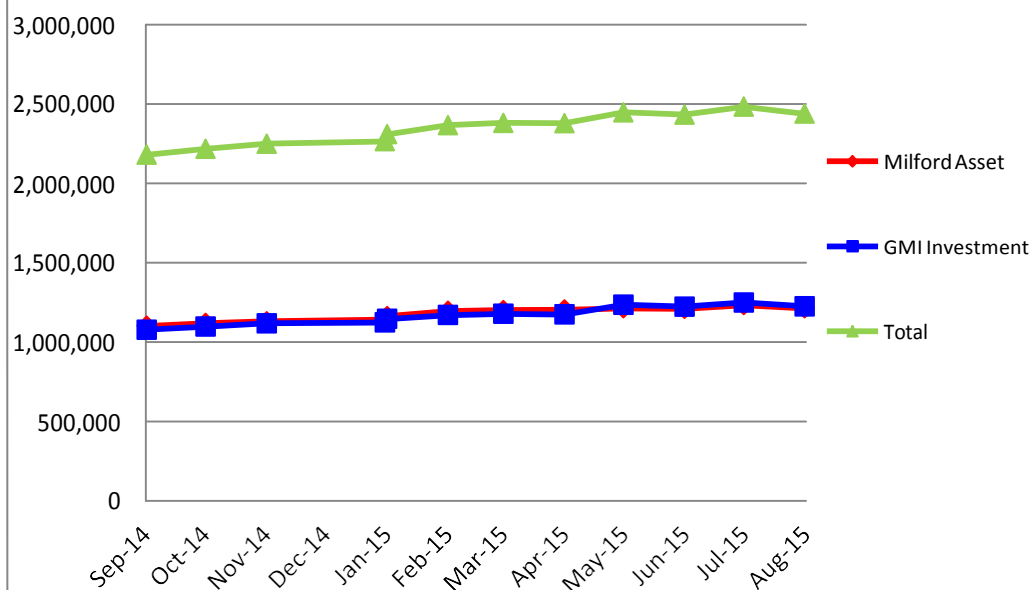
Attachment F – Cash in Bank/Invested actual compared with forecast

Cash in Bank/Invested
Actual/Forecast
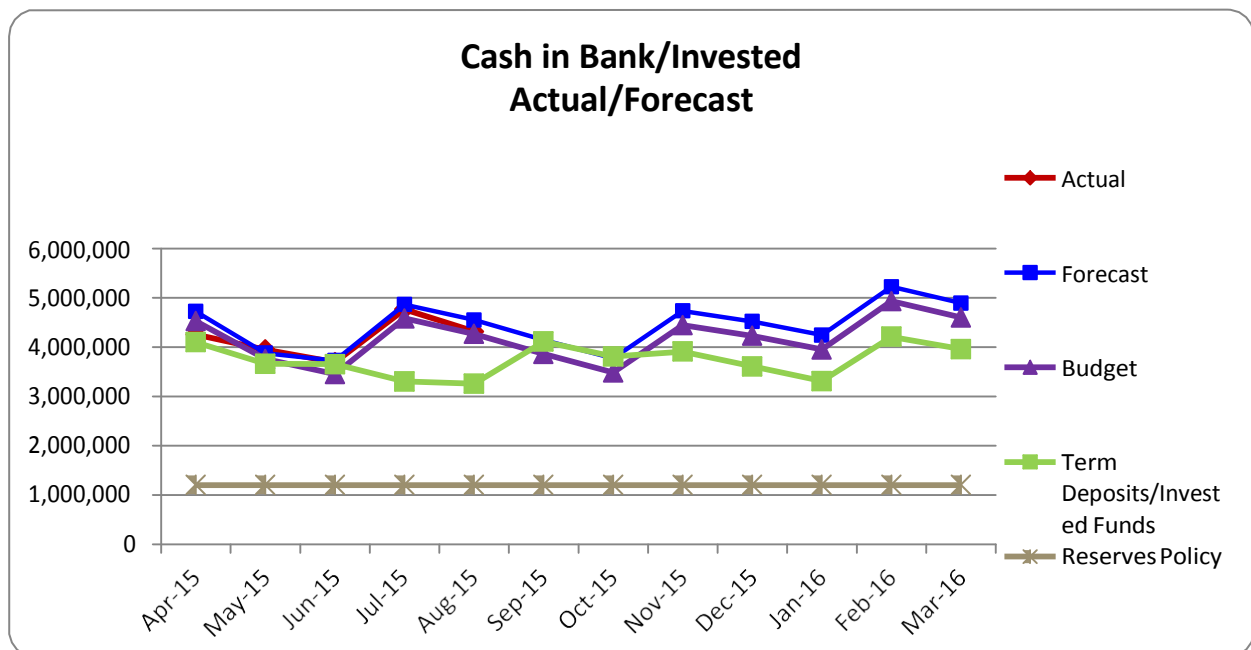
Attachment G: Cash flow forecast to August 2015

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
RECEIPTS	Actual	Actual	Actual	Actual	Actual	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Invoiced Sales	234,513	55,501	13,930	19,502	71,187	23,338	36,836	36,836	36,835	36,836	36,836	414,913	1,017,063
Special Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Income	232	77,155	0	57,474	0	0	0	0	0	0	0	0	134,861
Special Dividends Interest	0	0	2,174	0	0	0	0	0	0	0	0	0	2,174
Dividends	0	0	0	1,570,058	0	0	0	1,300,000	0	0	1,300,000	0	4,170,058
Interest	0	30	0	0	0	0	0	0	0	0	0	0	30
Interest Received	990	2,443	248	1,762	1,806	1,243	1,299	2,948	3,349	1,944	2,966	4,900	25,898
Special Dividend Term Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Receivable	139	1,673	2,664	2,656	0	1,144	3,751	4,050	4,796	0	1,131	0	22,004
RWT Received	0	0	0	0	0	0	0	0	0	0	0	0	0
GST	0	56,616	55,932	0	0	0	154,770	0	51,317	0	82,968	0	401,603
	235,874	193,418	74,948	1,651,452	72,993	25,725	196,656	1,343,834	96,297	38,780	1,423,901	419,813	5,773,691
PAYMENTS													
Invoiced Costs	508,731	422,121	208,465	463,472	415,741	231,362	414,093	324,889	222,067	425,456	400,353	250,340	4,287,090
ACC Levies	0	0	0	3,520	0	0	0	0	0	0	0	0	3,520
Salary & Wages	33,571	47,041	92,643	76,192	58,352	65,478	56,841	56,841	85,478	56,837	56,841	85,908	772,023
Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
RWT	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYE	9,562	29,459	30,958	34,213	41,891	43,376	35,048	27,997	35,048	35,050	27,996	35,156	385,754
GST	4,992	0	0	697	6,192	0	0	0	0	0	0	0	11,881
	556,856	498,621	332,066	578,094	522,176	340,216	505,982	409,727	342,593	517,343	485,190	371,404	5,460,268
NET CASH FLOW	-320,982	-305,203	-257,118	1,073,358	-449,183	-314,491	-309,326	934,107	-246,296	-478,563	938,711	48,409	313,423
OPENING BANK	4,577,995	4,257,013	3,951,810	3,694,692	4,768,050	4,318,867	4,004,376	3,695,050	4,629,157	4,382,861	3,904,298	4,843,009	4,577,995
CLOSING BANK	4,257,013	3,951,810	3,694,692	4,768,050	4,318,867	4,004,376	3,695,050	4,629,157	4,382,861	3,904,298	4,843,009	4,891,418	4,891,418

Bank Account Balances as per BS	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
ANZ Savings	92,911	173,259	502	503	501,360							
ANZ Current	63,211	114,917	39,776	1,463,689	558,158							
ANZ Term Deposit	505,088	0	0	0	0							
ASB Term Deposit	440,965	440,965	445,803	445,803	445,803							
BNZ Term Deposit	488,602	488,602	488,602	88,602	88,602							
Kiwibank Term Deposit	285,439	285,439	285,439	285,439	285,439							
Petty Cash	400	400	400	400	400							
Investment Funds	2,380,397	2,448,227	2,434,169	2,483,614	2,439,104							
	4,257,013	3,951,810	3,694,692	4,768,050	4,318,867	0	0	0	0	0	0	0

Supplementary Audit Services

Internet New Zealand Incorporated

Final Report

Confidential

Prepared for: Internet New Zealand Incorporated

Prepared by: Paolo Caccioppoli, Principal – Audit & Assurance
Martyn Solomon, Senior Manager – Audit & Assurance

Date: 30 September 2015

Audit | Tax | Advisory

Contents

1 Executive Summary

1.1 Audit Conclusion

We did not identify any unauthorised transactions for the quarter ended 30 June 2015.The detailed descriptions of our tests and the results of our testing are provided in section 2 below.

Based on our review of the controls and the risk ratings we have assigned, we recommend that the scope of future testing be as follows:

1. With many of the existing suppliers having been validated, and with dual control in place over changes to existing suppliers, verification now only needs to be carried out for new suppliers and existing suppliers with whom there have previously been no transactions. The audit team will implement a system through interrogation of data extracted from bank feeds, to automatically identify any new supplier bank account numbers or a change in supplier bank account numbers. This can continue to be carried out on a quarterly basis.

    We recommend, however, that the Society implement its own new supplier validation process, with dual control over the review and loading of bank account details. This would help to ensure that the risk of fictitious suppliers being loaded can be immediately mitigated.

2. Invoices are subject to an independent review when batch payments are processed. This addresses the risk of fictitious invoices being paid so long as the review of invoices at that point continues to be effective. The risk of payments being made to the wrong bank account number is mitigated by the supplier validation process and independently exercised dual controls over changes to supplier details. The additional verification of all invoices and payments therefore adds little value in that it duplicates the operation of these review controls.

    Our standard audit procedures, carried out during our interim audit visit and at year end, test the controls over authorisation and payments, so as to conclude on whether they have operated effectively. We also perform analytical review procedures to ensure the level of payments being made appears reasonable. The work on reviewing controls can be carried out each quarter rather than at the interim visit, so removing the need to perform an interim visit.

    We recommend that the supplier payment validation work be limited to a review of the operational effectiveness of controls, and that this be done each quarter, with specific reporting being provided to you on the operating effectiveness of the control environment.

3. In respect of our payroll testing, we note that new employee details and changes to employee details such as bank account numbers require dual authority, with payments also being reviewed by two authorisers.

    The risk of fictitious employees or unauthorised payments being made to bona fide employees is mitigated by the dual authority automatic payment set-up process, using a print-out of employee details from the ACE Payroll application.

    Once again, we recommend that the future focus of testing be on the continuing operating effectiveness of these controls.

1.2 Objectives and Review Approach

Objective of review

The objective of this assignment was to identify and report on unauthorised transactions.

Scope of testing

In accordance with our proposal document dated 12 February 2015, the following supplementary assurance procedures were undertaken for every payment from all bank accounts held by the Society:

1. We identified all payments from all bank accounts – achieved through extracting data direct from bank feeds. No data was used where staff members had the ability to amend data provided.

2. We agreed all payments to:

   - supplier invoices/statements;
   - employment contract and payroll systems;
   - other source documents .

   We reviewed the validity of the transaction and review for appropriate authorisation in accordance with delegated authority policies.

3. We confirmed the payment recipient's bank account agreed with the supplier's bank account. This was achieved through positive confirmation direct between the supplier and ourselves (either via phone, or direct correspondence). We have compiled a database of independently verified supplier bank account details. In this way the validity of a supplier bank account number only needs to be verified once. The audit team will implement a system through interrogation of data extracted from bank feeds, to automatically identify any new supplier bank account numbers or a change in supplier bank account number. In these instances the audit team will again seek positive confirmation of the supplier bank account number directly from the supplier.

4. We have agreed all payroll payments either to timesheets or employment contracts. This process also included verifying that timesheets, employment contracts and payroll payments have been appropriately authorised.

1.3 Management Comments

In finalising the report we asked management to review the report for any factual errors which they believe should be addressed.

In addition, management have provided responses for each recommendation in section 2. We requested that management clearly identify:

- if management agrees, disagrees or partially agrees with the finding;
- what action is to be taken;
- who will be responsible for the proposed action; and
- when the issue is likely to be addressed.

1.4 Key to significance of risk rating

Key to significance of risk rating

Rating	Definition	Guidance	Action required
High	Issue represents a control weakness, which could cause or is causing major disruption of the process or major adverse effect on the ability of the process to achieve its objectives.	• Material errors and departures from the organisation's policies and procedures • Financial management / accountability / probity concerns • Non-compliance with governing legislation and regulations may result in fines or other penalties • Collective impact of many moderate or low issues	• Requires significant senior management intervention and may require significant mobilisation of resources, including external assistance. • Ongoing resource diversionary potential. • Requires high priority to immediate action
Moderate	Issue represents a control weakness, which could cause or is causing moderate adverse effect on the ability of the process to meet its objectives.	• Events, operational, business and financial risks that could expose the organisation to losses that could be marginally material to the organisation • Departures from best practice management procedures, processes	• Requires substantial management intervention and may require possible external assistance. • Requires prompt action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	• Events, operational and business risks that could expose the organisation to losses which are not material due to the low probability of occurrence of the event and insignificant impact on the operating capacity, reputation and regulatory compliance • Departures from management procedures, processes, however, appropriate monitoring and governance generally mitigates these risks.	• Requires management attention and possible use of external resources. • Requires action commensurate with the process objective.

1.5 Basis and use of report

This report has been prepared in accordance with the objectives and approach set out in the engagement letter dated 2 September 2015, and subject to the limitations set out in Appendix 1 "Basis and Use of Report".

2 Tests and results

No.	Test	Result	Risk Rating	Management Response
2.1	Identify all payments from all bank accounts			
	Gaining access to internet banking			
1.	We obtained access to all bank statements for all bank accounts held by Internet New Zealand Incorporated from the read only access to internet banking provided to Crowe Horwath. The transaction details were obtained for the period 1 April 2015 to 30 June 2015.	No issues noted.	No rating assigned	
2.2	Agree all payments to source documentation			
	Agreed to supplier invoice/statements and other source documents			
2.	For each payment identified, we agreed the payment to source documentation via review of payment batches.	For batch payments and payment of one off invoices, we noted all invoices were appropriately authorised. For credit card payments, we noted the Direct Debit amounts agreed to the monthly statement which were supported by receipts, reviewed and appropriately authorised before the Direct Debit date. Automatic payments were appropriately authorised in ANZ banking, and the payments were supported by authorised documentation. Direct Debits:	No rating assigned	

		There was a limitation for Direct Debit fees as, unlike payment batches or automatic payments, we were unable to see the recipient's bank accounts. However, we noted the description was same as the standard description on ANZ Bank's bank statements we have noted in other clients we audit. These fees add up to less than $500 NZD (including credit card fees) for the period April to June 2015 and so we did not consider that they warranted further detailed testing.		
3.	For incoming payments, the majority of the income related to the monthly billing to the related entities. We agreed the income received to the monthly invoices/remittances or where the money was received from NZRS Limited, we agreed to transactions tested during our supplementary testing of NZRS Limited transactions Where membership fees were paid online, we noted the funds direct credited were correctly reconciled in the accounting system.	All income agreed to the supporting documentation.	No rating assigned	

2.3   Confirm the recipient's bank account in relation to payments

	Obtaining independent confirmation of bank accounts directly from Supplier.			
4.	For the suppliers transacted with during the period 1 April 2015 to 30 June 2015, we obtained independent confirmation by requesting suppliers respond directly to Crowe Horwath confirming their bank accounts. Where we did not have the email IDs or	In total it was noted Internet New Zealand Incorporated transacted with 138 suppliers in the period Crowe Horwath received independent confirmation from 135 out of 138 supplier bank accounts. All suppliers confirmed the bank account details held on	No rating assigned	

	responses were not received, we phoned or mailed the Suppliers directly requesting confirmation.\n\n.	their records matched to that on Internet New Zealand's records.\n\nWe are continuing to follow up on the suppliers for whom no response had been received as at the date of this report. At this stage we do not have any concerns about the validity of these suppliers.		
2.4	Agree all payroll payments either to timesheets or employment contracts			
	Agreed to employment contracts and payroll systems			
5.	We obtained current employment contracts along with the latest authorised pay review statement.\n\nWe also obtained the pay reports for ACE payroll for each of the fortnightly pays for the period.\n\nWe further obtained the dual-authorised ANZ Automatic Payment authority form held in each of the employee's files.	We agreed the pay rates from the latest authorised pay review statement to that loaded in ACE Payroll without any issue.\n\nWe noted the ACE Payroll pay reports agreed directly to the dual-authorised bank authority form which was agreed to the automatic payment processed in the bank statements.	No rating assigned	

Appendices

Appendix 1 – Basis and Use of Report

This report is prepared on the basis of the limitations set out below:

This report has been prepared in accordance with the objectives and approach agreed in the engagement letter dated 2 September, and is subject to the following limitations:

- Our procedures were designed to provide limited assurance which recognises that absolute assurance is rarely attainable, due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions, and the use of selective testing, and because much of the evidence available for review is persuasive rather than conclusive in nature.

- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout a specified period and any tests performed were on a sample basis.

- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

- Recommendations for improvement should be assessed by management for their full commercial impact, before they are implemented.

- This Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advice or any information contained within this Report. In this regard, we recommend that parties seek their own independent advice. Crowe Horwath disclaims all liability to any party other than the client for which it was prepared in respect of or in consequence of anything done, or omitted to be done, by any party in reliance, whether whole or partial, upon any information contained in this Report. Any party, other than the client for which it was prepared, who chooses to rely in any way on the contents of this Report, does it so at their own risk.

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DRAFT AGENDA – AUDIT AND RISK COMMITTEE MEETING

Thursday 24 September 2015, 12:00pm

InternetNZ Offices, Level 11, 80 Boulcott Street, Wellington	
Item	
1.	Apologies
2.	Minutes of previous meeting (27 August 2015)
3.	Review - Q1 audit report from Crowe Horwath
4.	Review - Draft Risk Management Policy
5.	Review - Revised Draft Treasury Policy
6.	Sign-off the Financial Management Policies
7.	Discuss recommendation to Council to sign-off Auditors Engagement Letter
8.	Discussion with Paolo Caccioppoli Principal – Audit & Assurance from Crowe Horwath
9.	Any other business
10.	Next Meeting - Thursday 29 October 2015

MINUTES OF MEMBERSHIP ENGAGEMENT COMMITTEE

Status:	Draft
Present:	Kelly Buehler, Amber Craig
In Attendance:	Jordan Carter, Andrew Cushen *(video)*, Ellen Strickland *(video)*, Maria Reyes (minute taker)
Apologies:	Joy Liddicoat, Hayden Glass

Meeting started at 1.05pm

Committee Chair
The Committee agreed to appoint Kelly Buehler as Chair of the committee.

Update from last meeting
There were no further changes or comments in the minutes of the previous meeting.

Review of action points:
- Andrew advised that he has completed his action point on sending the notes from the membership meet-ups, however the analysis on this and collation of the long-term view has not been completed yet. He advised that he will try to have this ready within a fortnight and will circulate it to the Committee for review/comments.

> **ACTION POINT:** Andrew to resend the summary for the Membership meet-ups to the Committee, and send the analysis on this within a fortnight.

- Action point on the AUP (Acceptable Use Policy) and Code of Conduct, Maria advised that the AUP of all members mailing list have been updated however the code of conduct cannot be added to the email template and can only be sent as a separate email – which means that members will receive two emails each month. Jordan suggested that having the AUP should suffice and just add a link to the code of conduct if necessary.

> **ACTION POINT:** Maria to send a copy of the AUP and code of conduct to the Committee.

- Action point for setting up a mailing list for new members hasn't been done yet as well as the drafting of the personal email from Jordan to new members. However, Jordan noted that there's currently a standard letter addressed from him included in the information pack sent to new members.

- Membership survey on the proposed changes – Pending
Jordan suggested two approaches: one is to ask members what they want or expect from the membership; and the other option is to provide five proposed

changes to members and seek their comments on this. The preference was to do the latter option.

ACTION POINT: Andrew/Jordan to draft the membership survey on the proposed changes and send it to the Committee for review.

- Update on members 'areas of interest' – Pending and still needs to be completed.

Actions for next steps

Amber and Jordan gave an overview of the Committee's previous discussion around memberships to Kelly so she can have a better understanding on the topics discussed – including issues on the membership, clarity on the purpose of the membership, etc.

Kelly raised a point that having a simple clear statement on who we are, what we are here for and how people can join – have this information available in a form of an info sheet/ postcard – might help promote the membership. This would also be something we can do as part of the 20th year anniversary celebration.

ACTION POINT: Andrew to send the Committee a copy of the notes from the previous Council strategy retreat regarding membership discussion.

Jordan raised a question on how much time the Committee can commit on this work and Kelly advised as Chair, she's able to commit more time on this over the next 3 months.

Amber suggested that it might be best to do what Audit & Risk Committee does which is having a work plan and INZ staff liaising with the Committee Chair.

ACTION POINT: Jordan to send the Committee copy of the core story for information

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In summary, the Committee agreed to have a work plan that captures the tasks/activities that needs to be done. The Committee also agreed to have a monthly meeting until the end of the year to go through the work plan and invite Megan Bartrum, Communications Lead, to the meeting.

ACTION POINT: Develop a work plan for the committee for discussion with the Chair and then the Committee.

The meeting closed at 1.55pm.

Next meeting: 1.30pm, Thursday 1 October 2015

ANNOTATED AGENDA – COUNCIL MEETING

Saturday 10th October 2015

Level 11 80 Boulcott Street Wellington			
8.45am	Refreshments on arrival		
9.00am	Meeting start		
11.25am	Morning tea		
1.00 pm	Lunch		
3.30 pm	Meeting close		
Secton 1 - Council Governance			
9.00am	1.1	**Council Only**	
	1.2	**Council and CE only**	
9.30- 9.45am	1.3	Apologies *THAT the apologies be received.*	
	1.4	Councillors' Declarations of Interest *THAT Council receive the Councillors' Declarations of Interest as at 30 September 2015.*	3
	1.5	Confirm Minutes – August 2015 Meeting *THAT the minutes of the meeting held on 7th August 2015 be received and adopted as a true and correct record*	7
	1.6	Actions Register review *THAT the action point register as at September 2015 be received.*	17
	1.7	Membership update *THAT the new members be approved.*	19
	1.8	Evote ratification *THAT the evotes noted in the 28 September 2015 update be ratified.*	21
Section 2 – Strategic Priorities			
9.45-10.15am	2.1	Reflection on Strategy Day 2015	
Section 3 – Subsidiaries			
10.15am	3.1	Alone time (Chairs, CE and Council - confidential)	
	3.2	Subsidiaries reports NZRS 1st Quarter 2015/2016 report *THAT the NZRS report for the first quarter 2015/16 be*	23

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		received.	
	3.3	Statements of Expectations 2016/17	31
	3.4	1st Draft Business Development Strategy & Policy	45
	3.6	Any other general items	
11.25-11.40am		*Morning Tea*	
Section 4 – Matters for Decision			
11.40-11.55am	4.1	Approach to 20th Anniversary *THAT the Approach to the 20th Anniversary be approved.*	57
11.55-12.05pm	4.2	Maori Engagement approach *THAT the creation of a Māori Engagement Working Party Terms of Reference be circulated to Council for discussion and e-vote be approved.* *THAT the creation of a Māori Advisory Group through a community process, supported by the Māori Engagement Working Party be approved in principle.*	61
12.05-12.15pm	4.3	Membership approach	65
12.15-12.25pm	4.4	Schedule of Meetings 2016 *THAT the Schedule of Meetings 2016 be approved.*	67
12.25-12.35pm	4.5	Grants Committee recommendations on Projects Community Grants Round *THAT the transfer of the $15,000 unused funds from 2014-15 Projects Community Grants Round to the current 2015-16 Projects Community Grants Round be approved.* *THAT the Grants Committee recommendations on Projects Community Grants Round funding be approved.*	69
12.35-12.45pm	4.6	Auditors Engagement letter *THAT Crowe Horwath's engagement as auditors of Internet New Zealand be confirmed.*	75
Section 5 – Matters for Discussion			
12.45-1.15pm		*Lunch*	
1.15-1.30pm	5.1	CEO Report	87

		THAT the Chief Executive's report for the two months to 30 September be received.	

1.30-2.00pm	5.2	Management reporting:
		    • Internet Issues Programme Report
		    • Community Programme Report
		    • International Programme Report
		    • Operations Report
		    • Finance Report
		
		THAT the management reports (Internet Issues, Community, International, Operations) and the monthly financial report to 30 September 2015 be received.
			91

2.10-2.20pm	5.3	1st Quarter Supplementary Audit Report *THAT the 1st Quarter Supplementary Audit Report to the 30th of June be received*	113
2.20-2.35pm	5.4	ICANN Update	
<td colspan="4" align="center">Section 6 – Other Matters</td>			

2.35-2.50pm	6.1	Report from Council Committees
		    • Audit and Risk: Draft minutes August, September
		    • Membership: Draft Minutes September x2
			123

2.50-2.55pm	6.2	Matters for Communication – key messages
		    • Communications in general
		    • Upcoming events	

2.55-3.05pm	6.3	General Business	
3.05-3.15pm	6.4	Meeting Review	

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