

AGENDA – COUNCIL MEETING

Friday 11th December 2015

Level 11, 80 Boulcott Street Wellington			
9.15am		Refreshments on arrival	
9.30am		Meeting start	
10.25am		Morning tea	
12.30pm		Lunch	
3.30pm		Meeting close	
Section 1 - Council Governance			
9.30am	1.1	Council Only	-
	1.2	Council and CE only	-
9.50 – 10am	1.3	Apologies	-
	1.4	Councillors' Declarations of Interest	3
	1.5	Confirm Minutes – October 2015 Meeting	7
	1.6	Actions Register review	17
	1.7	Membership update	19
	1.8	Evote ratification	21
	1.9	Industry Scan – Issues & Opportunities	-
Section 2 – Strategic Priorities			
10.00am	2.1	Group Strategy Day Summary	23
10.15am	2.2	2016 Focus Areas for InternetNZ	25
10.25am	-	Morning Tea	-
Section 3 – Matters for Decision			
10.40am	3.1	2016 Budget – First Discussion	29
11.05am	3.2	Health & Safety Policies update	-
11.15am	3.3	Approach to dealing with Commercial In-confidence papers	35
11.25am	3.4	NetHui 2016 Approach	37
11.35am	3.5	Updated Strategic Partner Framework	39
Section 4 – Matters for Discussion			
11.45am	4.1	CEO Report	43
12.00pm	4.2	Management reporting:	
		• Internet Issues Programme Report	47
		• Community Programme Report	49
		• International Programme Report	55

		<ul style="list-style-type: none"> ○ ICANN 54 ○ IGF2015 • Operations Report • Governance and Members Report 	57 63 67 -
12.20pm	4.3	<ul style="list-style-type: none"> – INZ Group Consolidated Financial Report – October Financial Reports 	69 77
12..30pm		Lunch	-
Section 5 – Subsidiaries			
1.00pm	5.1	Alone time (Chairs, CE and Council - confidential)	-
1.10pm	5.2	Business Development Strategy and Policy <i>Discussion of feedback so far and decisions how to proceed.</i>	89
1.40pm	5.3	.nz Framework Policy	103
1.50pm	5.4	Letter regarding additional staff in technical research	113
2.00pm	5.5	Statements of Expectations 2016/17 – DNCL & NZRS	117
2.10pm	5.6	Business Development Update – NZRS	-
2.20pm	5.7	Subsidiaries Report <ul style="list-style-type: none"> • NZRS 2nd Quarter report • DNCL 2nd Quarter report • Joint .nz 2nd Quarter report 	131 139 141
2.35pm	5.8	Any other general items	-
Section 6 – Other Matters			
2.45pm	6.1	Report from Council Committees <ul style="list-style-type: none"> • Audit and Risk: <ul style="list-style-type: none"> ○ Public Benefit Entity (PBE) Declaration ○ Terms of Reference, ○ Draft minutes for October, November • Maori Engagement: <ul style="list-style-type: none"> ○ Maori Engagement Working Party ○ Terms of Reference • Membership • Chief Executive Review 	149 153 159, 163 - 167 169 - -
3.05pm	6.2	Matters for Communication – key messages <ul style="list-style-type: none"> • Communications in general • Upcoming events <ul style="list-style-type: none"> ○ Participation in APRICOT 2016 in Auckland 	-
3.15pm	6.3	General Business	-
3.20pm	6.4	Meeting Review	-

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 2014 - AGM 2018

Declaration Date: 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: 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: 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: 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: 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: 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: 31 July 2015

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: 23 November 2015

Interests:

- An employee of Quest Integrity NZ Ltd.
- Member of New Zealand Law Society
- Non-financial shareholder of Enspiral Foundation Ltd.
- 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: 10 October 2015

Interests:

- Consulting Economist with the Sapere Research Group. Clients generally telco/media/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, tech-economy discussion group
- Founder and Director of Kuda Ltd, a (very slow moving) big data analytics startup
- COO at Figure.NZ
- 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 2018

Declaration Date: 4 August 2015

Interests:

- 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

Interests:

- Employee at New Zealand Post
- Councillor's Honorarium for Internet NZ

The register was last updated in December 2015

DRAFT MINUTES OF COUNCIL MEETING

Status: Draft

Present: Jamie Baddeley (President), Joy Liddicoat (Vice President), Neil James, Dave Moskovitz, Hayden Glass, Sarah Lee, Amber Craig, Rochelle Furneaux, Brenda Wallace, Kelly Buehler and Richard Hulse.

In Attendance: Jordan Carter (Chief Executive), Maria Reyes (minute taker), Richard Currey (NZRS Chair, *in part*), Jay Daley (NZRS CE, *in part*), Adam Hunt (DNCL Board member), Barry Brailey (Acting Domain Name Commissioner, *in part*), Andrew Cushen (InternetNZ, *in part*), Ellen Strickland (InternetNZ, *in part*), Mary Tovey (InternetNZ, *in part*), Clare Denny (InternetNZ, *in part*).

Meeting Opened: 9.48am

1. Welcome
2. Council only
3. Council and CE only
4. Apologies

An apology was received from Richard Wood.

RN71/15: THAT the apologies be received.

(President/Vice President)
CARRIED U

5. Declaration of Interest

Hayden and Joy advised that they have a few recent changes in their interest and will email these changes to staff for updating.

AP28/15: Staff to update Hayden and Joy's register of interest once received.

RN72/15: THAT Council received the Councillors' Declarations as at 7 August 2015 as updated for this meeting.

(President/Vice President)
CARRIED U

6. Approval of minutes

RN73/15: THAT the minutes of the meeting held on 7 August 2015 be received and adopted as a true and correct record.

(President/Cr Wallace)

CARRIED U

7. Outstanding action points

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

Noted actions still requiring attention were:

- 08/15: Health & Safety policies and Risk Register for Council and staff functions [Legislation has been finalised. Jordan will be working with Clare on the Health & Safety policies and will have it ready by the December meeting]
- 18/15: Report on .nz Joint strategy initiatives [Have had the discussion with David Farrar. It will be discussed at the DNCL Strategy day and will have a paper ready at the December meeting]
- 20/15: Draft .nz Framework Policy [In progress. Consultations with the subsidiaries still being conducted]
- 21/15: Paper on approach to dealing with Commercial In-confidence papers [Delayed. Jordan advised that he will have a paper at the December meeting with the recommendation on what approach to take]

RN74/15: THAT the action list as at 30 September 2015 be received.

(President/Vice President)

CARRIED U

8. New Members List

RN75/15: THAT the new members list be noted.

(President/Cr Craig)

CARRIED U

9. Evote ratification

RN76/15: THAT the evote ratification update be noted.

(President/Cr Craig)

CARRIED U

Barry Brailey, Adam Hunt, Andrew Cushen, Ellen Strickland, Mary Tovey, and Clare Denny joined the meeting at 9.58am.

10. Reflection on Strategy Day 2015

Jamie asked for Council and staff's comments regarding the discussions at the Strategy Day held the day before.

Some of the comments raised were as follows:

- there should be a balance in our outreach and engagement efforts across the stakeholder groups
- sharing our success stories better and making it more visible in the community
- enabling members to join our cause and enabling them to be involved
- it was helpful to discuss whether the strategy were valid and to get the correct priorities agreed
- the day was a good opportunity to explore the strategy and identify what success looks like
- good to see and confirm that Council and staff have the same vision
- enjoyed the discussion around community and acknowledge the complexities of this area
- it's good to identify where we are at the moment and look at how we can move forward

Richard Currey and Jay Daley joined the meeting at 10.14am

AP29/15: Jordan to draft a brief paper for the December meeting regarding the outcome of the Strategy Day and implications for the Activity Plan in 2015/16 and beyond.

Jay Daley, Barry Brailey, Mary Tovey, Ellen Strickland, Andrew Cushen, and Clare Denny left the meeting at 10.15am

Council went into committee for the Chairs, CE and Council alone time.

Barry Brailey and Jay Daley joined the meeting at 10.25am

11. NZRS 1st Quarter 2015/16 report

Richard asked for any questions regarding the report.

There was a question regarding the costs included as "overhead" in the financial part of the report. Jamie noted that Brenda, as Council's representative on the NZRS Board, has expressed her confidence in the group and because of that it's reasonable to park the discussion around the breakdown of their overhead costs/expenses.

AP30/15: Jordan to look into the reporting requirements for NZRS regarding the segmentation of costs for delivering the core functions of the company, and discuss with Jay.

RN77/15: THAT the NZRS report for the first quarter 2015/16 be received.

(President/Vice President)
CARRIED U

There was a discussion regarding NZRS's reply to InternetNZ's letter regarding investment returns on funds held. Council agreed not to progress this matter further unless it can devise a way to deal with the need to keep funds liquid for transfer to a different designated manager if required.

12. Statement of Expectations 2016/17

Jordan noted that the purpose of the Statement of Expectations (SoE) was to give guidance to the subsidiaries in establishing their budget and strategy for the year. The point of the agenda item at this meeting was to give Council a chance to raise anything that needs to be considered for the 2016/17 Statements of Expectation.

A question was asked on how the SoE are assessed (i.e. whether expectations are met or not) and Jordan replied that it was left with the subsidiaries to report on their annual report in reference to the SoE.

Council agreed to investigate defining the "specific tasks" for the year in terms of the outcomes sought rather than by specifying tasks, and to apply this for 2016/17. Subsidiaries would then include in their SoDaG the methods they intended to use to achieve those outcomes.

Council discussed whether it will consider having the regular review of the SoE and progress against its requirements included in the quarterly reporting. Jordan advised that he can discuss it with the other CEs and provide feedback to Council.

AP31/15: Jordan to discuss with the subsidiaries CE regarding adding SoE review in each company's quarterly report.

13. 1st Draft Business Development Strategy and Policy

Jordan advised that this paper was in follow-up from the discussion held at the August Council meeting.

There was a brief discussion on how to gather feedback on the draft Business Development Strategy – whether to have in-person meetings vs online catch-ups. It was suggested that this topic be added in the discussion points for the next set of members meet-ups, due in November.

The 'no surprise' section of the strategy was discussed and a comment was raised that the outcome of business development processes might be a surprise to some people (e.g. members) since some of the discussion and information on this were not available to the public. Therefore, it should clearly define that it is the Council and the InternetNZ CEO that should suffer no surprises.

The international aspect was also discussed and a question was asked whether conducting business activity in international markets would affect InternetNZ's charitable status. Jay responded that they have sought legal advice on this and that running a business overseas does not affect the charitable status.

Regarding the proposed legal structures, for implementing business development projects past start-up stage, Jamie suggested that the preference for Council is to have a flat structure where any prospective new subsidiary still reports to Council. After a brief discussion, it was noted that this will depend on the outcome once the details around Business Development have been finalised. Council would decide the outcome.

Jordan was tasked with updating the draft strategy and policy and circulating it to Council to ensure the amendments are accurate.

Morning tea break at 11.28am – 11.47am

14. DNCL Report (Verbal Update)

Adam gave a brief verbal update on behalf of the DNCL Board. This was a verbal update as the 1st Quarter report had been presented to the previous meeting.

One of the highlights was the approval by the Board of the refreshed .nz policy framework, following the Policy Review consultation.

Adam also briefed the Council on the forthcoming WHOIS policy review. A summary of submissions will be collated and reviewed by the Board .

Joy left the meeting for the above discussion on the WHOIS policy review due to conflict of interest.

Discussions were held regarding the leaked TPP clauses that might affect .nz. He advised that this information is not yet confirmed; and the Board will keep an eye on this issue.

15. Business Development Update

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

Jamie noted that in future, Council requires the report in writing and circulated to Council prior to the meeting, and this will also be added as a standard item in the meeting agenda. Jordan asked that a for-publication version of the report also be prepared (both on a quarterly basis).

16. Other items (subsidiaries)

Discussions were held around a suggestion that InternetNZ write to AUDA suggestion a dialogue at a Governance level around NZ and AU's stances on a range of Internet Governance issues, including ICANN accountability. This suggestion was tabled to follow up later in the meeting.

Jay and Barry left the meeting at 12.17pm

Ellen and Andrew joined the meeting at 12.18pm

17. Approach to 20th Anniversary

The approach for the 20th Anniversary was discussed and Council were satisfied with the proposed activities as set out in the paper.

A brief discussion was held regarding Councillor's attendance to these events. More details will be provided to Council once the plans for the anniversary have been finalised.

RN78/15: THAT the Approach to the 20th Anniversary be approved.

(President/Vice President)
CARRIED U

18. Maori Engagement approach

Sarah and Amber gave a summary on their paper and advised that it reflects the conversations held before.

Council discussed whether the committee needs to be set-up differently compared to other Committees created in the past (i.e. Advisory Group vs Working Group), and should external members of the Committee receive any remuneration.

After a brief discussion, Council have agreed to go ahead with the Committee's proposal.

RN79/15: THAT the creation of a Māori Engagement Working Party Terms of Reference be circulated to Council for discussion and evote be approved.

(Cr Wallace/Cr Furneaux)
CARRIED U

RN80/15: THAT the creation of a Māori Advisory Group through a community process, supported by the Māori Engagement Working Party be approved in principle.

(Cr Wallace/Cr Furneaux)
CARRIED U

Clare and Mary joined the meeting at 12.34pm

Richard left the meeting at 12.46pm

19. Membership approach

Kelly spoke to her paper and asked for Council's comments around the proposed statement of the role of members. She advised that the statement will not be 'set in stone' and can be changed if needed; however, having this statement will provide clarity on members' role.

Comments were raised around revising some of the bullet points in the statement to make it more clear and understandable, including revising the first bullet point regarding accountability so it is clear that members elect the Council, but they are not accountable to InternetNZ.

AP32/15: Membership Committee to re-draft the membership statement as discussed at this meeting and circulate to Council for discussion and approve via evote.

Lunch break at 12.54 – 1.30pm

20. Schedule of 2016 meetings

Jordan noted that there were changes in the schedule for the 2016 meetings. The new proposed schedule for the Council meetings was to have these based on a quarterly reporting framework (four meetings) with two additional meetings focused on other matters. The details were set out in the paper presented to Council.

Discussions were held regarding changing some of the meeting dates and it was agreed that the proposed Marae visit in April be combined with the Council meeting in May; and move the Council Strategy Retreat in September to 24th and 25th instead.

Council asked the Chief Executive to revise the paper based on this feedback and submit it to Council for decision by evote.

AP33/15: Chief Executive to revise proposed meeting schedule for 2016 based on Council feedback, and circulate it for approval via evote.

21. Grants Committee recommendations on Projects Community Grants Round

No further comments were received from Council regarding the Grants Committee's recommendations on the Projects Community Grants Round.

RN81/15: THAT the transfer of the \$15,000 unused funds from 2014-15 Projects Community Grants Round to the 2015-16 Projects Community Grants Round be approved.

(President/Cr Buehler)
CARRIED U

RN82/15: THAT the Grants Committee recommendations on Projects Community Grants Round funding be approved.

(President/Cr Buehler)
CARRIED U

Discussions were held on future funding for the Kiwicon event, which InternetNZ have supported in the past, and whether funding (if the preference is to continue supporting this event) should come from the Operations budget instead of the Community funding budget.

RN83/15: THAT Council ask the CE to explore options on how to support the Kiwicon event (e.g. create some sort of partnership or agreement).

(President/Vice President)

CARRIED U

22. Management Reporting

Internet Issues

Andrew spoke to his report and one of the key points he highlighted was around work on the Government's Convergence policy programme. He also gave an overview on the team's next priorities.

Andrew left the meeting at 1.47pm

23. Chief Executive's report

Report was taken as read.

RN84/15: THAT the Chief Executive's report for the two months to 30 September 2015 be received.

(Cr Lee/Cr Hulse)

CARRIED U

24. Management reporting (continued)

Community Programme

Ellen thanked the Grants Committee for their contribution on the funding round work amidst having a new funding management system in place, new staff and change of Chair for the Committee.

She also gave a summary of her report and highlighted their priorities in the next two months such as the preparations for the APRICOT Fellowship, NZ Internet Research Forum, speaker series (one for December this year, and another in March), and the launch of the Internet Research community grant round in November.

Operations Report

Clare spoke to her report and gave a summary on what the Operations team have been working on since the last Council meeting including preparations for the upcoming APRICOT 2016 conference, working on the website development, branding update, implementation of SmartyGrants, CRM engagement project and the completion of the relocation to the new premises project.

Finance Report

The August Financial Report was taken as read.

RN85/15: THAT the management reports (Internet Issues, Community, Operations) and the monthly financial report to 30 September 2015 be received.

(Cr Craig/Cr Moskovitz)
CARRIED U

25. Auditors Engagement letter

RN86/15: THAT Crowe Horwath's engagement as auditor of Internet New Zealand be confirmed.

(Cr James/Cr Glass)
CARRIED U

26. 1st Quarter Supplementary Audit Report

Mary advised that Crowe Horwath were invited at the last Audit & Risk Committee meeting held in September to discuss this report. She advised that Crowe Horwath were happy with InternetNZ's processes and also noted Crowe Horwath's advice that with the quarterly reporting done; this will replace the audit visit scheduled in December.

RN87/15: THAT the 1st Quarter Supplementary Audit Report to the 30th of June be received.

(Cr James/Cr Craig)
CARRIED U

27. International Update

Jordan gave an overview of the International Programme management report and also gave a verbal update on ICANN regarding the effect of the transition of stewardship over the IANA functions from US to the Internet community.

He advised that the CEs and relevant staff from each group will be representing InternetNZ at the next ICANN meeting held in Dublin this month.

Jordan also noted to Council that Debbie Monahan, Domain Name Commissioner, has been nominated to be a member of the ccNSO's Council (replacing Keith Davidson).

RN88/15: THAT Council ask the President to write to AUDA Board Chair seeking a Board-level dialogue between AU and NZ on a range of Internet Governance matters including ICANN accountability to further mutual understanding of each other positions.

(Vice President/Cr Moskovitz)
Carried
Abstain: President

RN89/15: THAT the International programme report be received.

(President/Vice President)
CARRIED U

Next Meeting: The next scheduled Council meeting is Friday 11 December 2015 with the venue yet to be determined.

Meeting Closed: 2.30pm

2015 Action Point Register

	Action	Who	Status	Due by	Comment
FEBRUARY					
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	Briefing Dec '15; Policy Feb '16
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	Deferred to February 2016
AP20/15:	Draft .nz Framework Policy planned to 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	Complete	Oct-15	Paper to Dec '15 Council.
AUGUST					
OCTOBER					
AP28/15	Staff to update Hayden and Joy's register of interest once received.	Clare/Maria	Complete	Dec-15	
AP29/15	Jordan to draft a brief paper for the December meeting regarding the outcome of the Strategy Day and implications for the Activity Plan in 2015/16 and beyond.	Jordan	Complete	Dec-15	
AP30/15	Jordan to look into the reporting requirements for NZRS regarding the segmentation of costs for delivering the core functions of the company, and discuss with Jay.	Jordan	In progress	Dec-15	Review Reporting Policy in 2016
AP31/15	Jordan to discuss with the subsidiaries CE regarding adding SoE review in each company's quarterly report.	Jordan	In progress	Dec-15	Review Reporting Policy in 2016
AP32/15	Membership Committee to re-draft the membership statement as discussed at this meeting and circulate to Council for discussion and approve via evote.	Membership Cmte	Complete	Dec-15	
AP33/15	Chief Executive to revise proposed meeting schedule for 2016 based on Council feedback, and circulate it for approval via evote.	Jordan	Complete	Dec-15	

INTENTIONAL BLANK PAGE

INTERNETNZ MEMBERSHIP REPORT

Status: FINAL
Author: Maria Reyes

2015

	December 2015	October 2015	August 2015	June 2015
Fellows:	23	23	23	23
Individual:	248	240	235	289
Professional Individual:	64	61	59	75
Small Organisation:	21	21	20	29
Large Organisation:	5	5	5	8
Total Membership:	361	350	342	424

2014

	December 2014	October 2014	August 2014	June 2014
Fellows:	23	23	23	24
Individual:	270	262	256	302
Professional Individual:	71	70	68	81
Small Organisation:	28	27	26	31
Large Organisation:	8	8	7	7
Total Membership:	400	390	380	445

Membership by region

North Islands (Northern):

Joined in	Number
2015	13
2013-2014	28
2010-2012	29
2005-2009	31
Foundation-2004	3
TOTAL	104

North Islands (Southern):

Joined in	Number
2015	31
2013-2014	52
2010-2012	55
2005-2009	53
Foundation-2004	7
TOTAL	198

South Islands (Northern):

Joined in	Number
2015	2
2013-2014	13
2010-2012	17
2005-2009	4
Foundation-2004	1
<i>TOTAL</i>	<i>37</i>

South Islands (Southern):

Joined in	Number
2015	2
2013-2014	1
2010-2012	6
2005-2009	3
Foundation-2004	1
<i>TOTAL</i>	<i>13</i>

** International members – 9*

Recommendation:

THAT the new members be approved.

E-votes Ratification

Author: Maria Reyes

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

Evote:	Motion:	For:	Against:	Abstain:
19102015	<p>THAT Council approve the following wording be confirmed as InternetNZ's "membership role:"</p> <p>InternetNZ members are guardians of InternetNZ, enablers of the Internet community and networkers amongst themselves. In these roles, they:</p> <ul style="list-style-type: none">elect the governing council and influence the direction of InternetNZ;represent and contribute to the Internet community; andprovide links between and participate in various projects.	Richard Hulse Neil James Hayden Glass Dave Moskovitz Kelly Buehler Rochelle Furneaux Sarah Lee Amber Craig Richard Wood Jamie Baddeley Joy Liddicoat		
4112015	THAT Council adopt the Schedule of Meetings for 2016.	Hayden Glass Dave Moskovitz Amber Craig Kelly Buehler Richard Hulse Sarah Lee Richard Wood Rochelle Furneaux Neil James Jamie Baddeley Joy Liddicoat Brenda Wallace		

Recommendation: THAT the e-votes be ratified.

INTENTIONAL BLANK PAGE

Group Strategy Day Summary

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To summarise the conclusions from the Group Strategy Day and present the next steps to be taken.

Alongside the October meeting of the InternetNZ Council, the Council and senior staff participated in a Strategy Day. The purpose of the 2015 Strategy Day was to focus on three areas:

1. To **review** the 2015-18 InternetNZ Strategy, and the 2015-2020 InternetNZ Group Strategy, to test these as still relevant and useful.
2. To build shared understanding of, affirm or adjust InternetNZ's strategy in respect of **outreach and engagement**.
3. To build shared understanding across the group of how **culture** across the group is dealt with.
4. To develop **relationships** among and between participants.

The purpose of this document is to very briefly summarise the conclusions of the Strategy Day discussion and outline the next steps.

Conclusions

1. Broad agreement that both the InternetNZ and Group strategies remain useful and valid.
2. That InternetNZ should put more effort and resources to the strategic management of our relationships within the New Zealand Internet community, as this enhances all facets of InternetNZ's work.

In particular, outreach needs to improve in depth and in the breadth across the various sectors of the Internet community – business, technical, civil society, government and academia.

3. That a positive change has been made in terms of culture across the InternetNZ Group, and we do well respecting the different operational cultures appropriate to our different organisations. Cross pollination in work across the Group will be a natural, positive next step.

There is an appetite to make sure each business unit is cognisant of its own culture, exploring measurement of this where relevant, and to continue developing the group culture as appropriate.

Next Steps

These conclusions will influence the design of InternetNZ's Activity Plan for FY 2016/17, and further action will be incorporated into this plan.

Council will be briefed on these in that context in February as part of the presentation of the Draft Activity Plan.

Our initial high level thinking is:

- Finish the stakeholder management improvements in this year's plan and use these to broaden and deepen outreach.
- Structure next year's Activity Plan with Focus Areas and associated projects that are easier for people to understand and easier for us to reach out about.
- Ensure Focus Area projects integrate policy, technology, engagement approaches and involve both issues and engagement staff/contractors in a consciously "cross-disciplinary" approach.
- Include resources as required in the 2016/17 Activity Plan and Budget to allow this enhanced outreach to happen.
- Assess and if required adjust resources so that the communications support for improved outreach can be available.
- Take further steps in understanding and measuring InternetNZ team culture.
- Consider a more structured & comprehensive review of the InternetNZ 2015-18 Strategic Plan at the 18 month mark (September 2016) - and confirm this or choose a different approach at the August 2016 Council meeting.

Recommendation

THAT Council receive this paper showing conclusions of the 2015 Strategy Day, AND THAT Council note the proposed Next Steps to put the conclusions into practice.

Jordan Carter
Chief Executive

3 December 2015

Activity Planning 2016/17 – Focus Areas Proposal

Author: Jordan Carter and Andrew Cushen

Purpose of paper: To outline a proposal to define “Focus Areas” as part of InternetNZ’s activity planning, and to start discussion on the potential Focus Areas for the 2016/17 Activity Plan

Introducing Focus Areas

InternetNZ works across a broad range of topic areas and has two programmes that are outward facing – the community and issues programmes. The breadth of the work and the lack of a single organising system means it is often difficult for people – not just external – to understand what we are working on and why.

It is our responsibility to organise our planning and work in a way that is easy for people to understand and provide input on, and that makes best use of InternetNZ’s staff and financial resources. To do this better, we propose a change to our planning and work approach in 2016/17.

We intend to define three “Focus Areas” – areas that are the answer when asked “What is InternetNZ working on at the moment?”. These would be presented at the top of the Activity Plan, and would be the first part of any conversation we have with stakeholders.

The selection of these Areas is intended to be:

- Based on what environmental analysis tells us are the critical issues facing the Internet in the short run
- Aware of and responsive to the needs of stakeholders
- A broad span across the various sectors of the Internet community and among the various topic areas of Internet issues
- Consistent with InternetNZ’s strategy
- Most closely related to InternetNZ’s purpose, and where we can offer a uniquely relevant contribution

Each Focus Area would have a clear sense of what is being changed or achieved by the work, and two or three carefully defined Projects that would be done during the year (or over a two year timeframe).

Running each Focus Area would be teams comprised of both Internet Issues and Community staff, and the whole range of ways to work on the projects in the area – policy, technology, community engagement – would be applied to getting it done.

This therefore is a change in two respects:

- An easier way for people to understand (and shape) what InternetNZ’s work priorities are for the year
- A more deliberate cross-disciplinary approach to organising our work on the operational side

The work organised through the Issues and Community Programmes would be more focused on “business as usual” commitments.

Proposed Focus Areas 2016/17

The activities listed in this paper are proposals only, designed to demonstrate the way the Focus Areas could work.

The intention is that with Council agreement, we will seek member and wider stakeholder feedback and thinking on whether these are the right Areas, and what projects we could usefully complete in 16/17 to help achieve them.

In generating the proposed Areas we have undertaken an environment scanning exercise. We have assessed the environment versus our Strategic Plan, Activity Plans and targeted goals and transformations to assess priority.

Feedback is very welcome.

Focus Area 1: Improving Internet Law

What: We will work on a number of legislative projects relevant to the Internet in New Zealand, with the goal of informing law reform in a way that allows it to reflect the risks and potential of the modern Internet. We will also lead debate on new innovations in legislation and regulation.

Why: We will both respond to an increasingly large workload of legislative responses to the challenges of the Open Internet, as well as lead new discussion on further improvements to bring New Zealand’s Internet closer to our goal of being world leading.

How: Potential Activities:

- Internet Law Foundation collaboration with the Law Foundation
- Digital Regulation collaboration with the NZ initiative
- Convergence Programme of work
- Privacy Act Review

Focus Area 2: An Accessible Internet

What: We will tackle issues of digital divide in New Zealand through utilising our investments to point out where action is required. We will work directly with Partners and through our grants programme to make direct investments in improving and testing access mechanisms. And we will drive use through access initiatives in underprivileged areas and other excluded communities, both directly and through funding our community.

Why: InternetNZ has the opportunity to lead conversation and action on addressing digital divides in New Zealand, and ensuring that all New Zealanders have the opportunity to access the Internet.

How: Potential Activities:

- Telecommunications Act Review – ensuring a focus on access and skills.
- Digital inclusion work with 2020, including developing a new “overlay” of information relating to access.
- Innovation Partnership work on Business Use.

- Smart cities collaboration – exploring the methodology used in Whanganui as a model for extension in including the community in Internet access, skills and opportunity realisation.
- ISP Scorecarding – understanding best practice amongst New Zealand ISPs.
- 50mbps Scorecarding – owning the reporting on 50mbps Government target via further enhancement to the Broadband Map.

Focus Area 3: Safe, secure, trusted Internet

What: We will deliver a number of projects that make the Internet in New Zealand safer, more secure and more trusted. We will do this directly and through partnerships with organisations we trust and that share our values.

Why: New threats are emerging to the open Internet, and New Zealand needs to improve its capacity to meet them without curbing the potential of the Internet. This project spans privacy, security, surveillance with the intent being to educate users on how they can utilise the Internet safely, and on how the Internet as a platform can be preserved as trusted and secure.

How - Potential Activities:

- Computer Security Incident Response Team with the NZITF or NZ Govt.
- Responding to Government anti-terrorism/metadata retention/other terrorism related innovations.
- Exploring and deepening our International collaborations specifically on Internet Security and surveillance.
- NetSafe collaboration exploring user understanding on how to use tools to increase privacy and security online.
- Privacy Commission collaboration exploring the expectations and limitations of privacy online in New Zealand.

Next Steps

Once the approach is agreed and the proposed areas agreed as acceptable for engagement, staff will ask members and other stakeholders for input, and refine the Focus Areas for further consideration at the February Council meeting.

Recommendations

THAT Council note the changes to approach proposed by staff, and agree that Focus Areas should be used to highlight work priorities in 2016/17.

THAT Council agree the proposed Focus Areas set out in this paper (law reform, access and security) **[[as amended]]** are a suitable basis for further consultation.

Jordan Carter, Andrew Cushen
2 December 2015

INTENTIONAL BLANK PAGE

2016/17 Budget and 2015/16 EOY Forecast

Author: Jordan Carter, Mary Tovey

Purpose of Paper: Provide Council with information on the 2015/16 EOY forecast along with the high level 2016/17 Budget.

Introduction

This paper presents the 2015/16 EOY forecast, and the first draft high level budget for 2016/17.

Previously we have produced our first draft budget for Council at the December meeting, prior to receiving the draft Statement of Directions and Goals from NZRS, and prior to the development of the year's Activity Plan. This has proven to be counterproductive, resulting in three or four versions of the budget being presented to Council between December and April, as figures and planning information became available.

This year we are proposing a revised process for developing our budget for the next financial year. This process aligns with information as it becomes available. To start that process and the purpose of this paper is to outline and test our high level financial assumptions, which will underpin our activity planning from here.

2015/16 EOY Forecast

	2015/16	YTD	EOY	Variance 2015-16
	Budget	Oct-15	Forecast	+/-
Income				
	4595	1769	4565	-30
Expenses				
Internet Issues	679	395	655	24
Community Programme	1183	632	1167	16
International Engagement	249	142	174	75
Core Operations	1590	927	1810	-220
Governance and Members	426	201	426	0
International Events	255	174	239	16

Total Expenses \$000s	4382	2471	4471	-89
Net Ordinary Income \$000s	213	-702	94	-119

Reconciliation to:

Operational Expenditure reconciliation

Total Expenses \$000s	4382
Less subsidiaries rent	-59
Total Expenses \$000s	4323

The end of year forecast surplus presented is under the budgeted surplus of \$213k by \$119K, due predominantly to the fact that we are fully depreciating all fit-out costs (\$160k) relating to Levels 9 and 14 of the Grand Arcade, in the 2015/16 financial year.

We confirmed earlier in the year with the external accountants that the fit-out depreciation¹ should be calculated based on the remaining life (Nov 2015) of the lease on the Grand Arcade. However, when working on the EOY forecast we realised that this had not been done. We discussed our options and decided that, rather than write the costs off over the next couple of years, we would absorb it all this year.

The balance of the operational overspend was in recruitment, casual and temp costs, national travel, cleaning and electricity costs.

All other areas are forecast to be under budget for the year.

High-level Draft Budget 2016/17

The Budget we propose has been prepared with the following key principles in mind:

- A reasonably steady state approach in most areas
- Focus savings (from international) on priority areas (community funding and outreach)
- Achieve a Budget outcome that is roughly in balance (noting that the 2016/17 dividend is uncertain until NZRS completes its budget process).

With likely retained earnings of around \$5.4m on 1 April 2016, there is flexibility available to choose a different approach – that is, if Council wishes to see further investment in any areas, this can be financed. Alternatively, if Council wishes to accumulate further retained earnings, this can be done by reducing expenditure.

In the absence of a clear direction from Council pending the discussion this paper will generate, our view is that the steady-state approach is reasonable. We can, if Council wishes, prepare some priority areas where further resources would make the biggest impact.

See over the page for the draft high level budget 2016/17.

¹ Depreciation is an accounting transaction only; it spreads the cost of an asset over its useful life. The cash transaction that relates to this transaction took place at the time of the fit-out, over five years ago.

	Internet New Zealand Incorporated	2015/16 Budget	2016/17 Budget	Change from 2015/16 +/-
Income				
		4595	4274	-321
Expenses				
Internet Issues		679	630	-49
Community Programme less the \$90k carried forward funding from 2014/15 - RN18/15		1093	1276	183
International Engagement		249	179	-70
Core Operations – less \$80k approved by Council for the move		1510	1666	156
Governance and Members		426	439	13
International Events		255	35	-220
Total Expenses \$000s		4212	4225	13
Net Ordinary Income \$000s		383	49	-334

Reconciliation to:

Operational Expenditure reconciliation

Total Expenses \$000s	4212	4225
Less subsidiaries rent contribution	-59	-124
Total Expenses \$000s	4153	4101

2016/17 Draft Budget Assumptions

Income has been recorded as per the NZRS 2015/16 Statement of Directions and Goals.

The **Internet Issues** budget has been based on the 2015/16 budget, with a reallocation of costs between the Issues area and Operational area, to reflect more involvement of the Work Programme Director in the Operations area (Andrew will be leading these functions with Maria from 1 Apr 2016).

Community Programme has been increased to include an **additional \$100k for Community Funding**, taking the total budget for funding to \$ 600k, in line with Councils vision of providing \$1m by 2020. An **extra \$50k to support Community outreach** and engagement is also included. A general annual increase of 3% for staff remuneration and other areas that generally increase has also been budgeted.

International Engagement has been reduced in-line with the exit of Keith Davidson, and for a reduction in International travel.

Core Operations has been increased by the same percentage as the Issues programme has been reduced, re the Work Programme Director's reallocation of time. The increase in rent for a full financial year in the new premises, and depreciation on the current fit-out has also contributed to the budget increase. The depreciation on the new premises fit-out will be shared across the group as a recharge of facilities management.

Governance and Members see an increase by an annual general increase only.

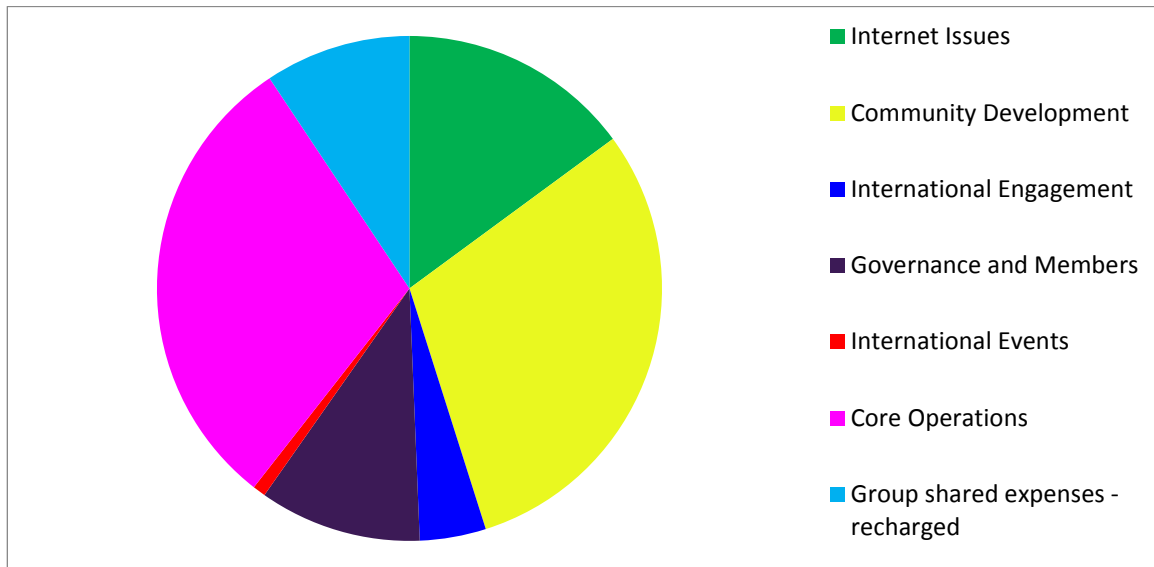
International Events has been reduced, as APRICOT will have taken place in February 2015, and AUDA are hosting the 2016 ANZIs. The amount provided for (\$35k) is InternetNZ's contribution to the ANZIs with an allowance to support our commitment to assist NZ judges with travel.

Overall the total budget expenditure, less subsidiaries contributions will be less than the 2015/16 budget by \$52k or 1.25%, while increasing the Community Funding.

2016/17 Draft Budget breakdown

The following table and chart provide a visual breakdown of InternetNZ's pre-business plan 2016/17 expense budget.

Activity	FTE		Expenses	
Internet Issues	3.05	26%	\$630,000	15%
Community Development	2.75	23%	\$1,276,000	30%
International Engagement	0.25	2%	\$179,000	4%
Governance and Members	1.57	13%	\$439,000	10%
International Events	0	0%	\$35,000	1%
Core Operations	3.65	31%	\$1,271,000	30%
Group Services Recharged	0.58	5%	\$395,000	9%
Grand Total	11.85	100%	\$4,225,000	100%



Capital Expenditure

The capital expenditure budget will be less than the 2015/16 budget of \$125k, and will be established as part of the detailed budget planning process.

Recommendations

1. That Council **note** the 2015/16 EOY Forecast
2. That Council **note** the 2016/17 Draft Budget.

Jordan Carter
Chief Executive

3 December 2015

INTENTIONAL BLANK PAGE

Confidential Council Documents

Author: Jordan Carter

Purpose of Paper: To propose an approach for Council to consider in dealing with commercial-in-confidence material.

Introduction

InternetNZ operates with a high degree of openness. The culture of the organisation, the values it upholds in seeking to promote an Open Internet, and a strong historical culture of openness mean that a very large amount of information most organisations keep confidential are publicly available.

Inevitably, sometimes openness cannot be the first response. For a variety of reasons, some material presented to the InternetNZ council to inform its decision-making is confidential. This can be for a variety of reasons:

- To protect the privacy of members (e.g. when lists of new members are approved) or other people
- To protect the organisation's ability to act (e.g. if legal advice or tactics/strategy were being discussed related to a dispute or campaign)
- To protect the organisation's reputation or ability to function (e.g. if a security flaw was discovered, or an employment dispute was being managed, or a newly-realised operational risk was being tackled)
- To protect the organisation's commercial interests (e.g. early stages of business development possibilities)
- As required for the proper administration of the .nz ccTLD (e.g. recommendations to change the wholesale fee for domain names from DNCL and NZRS are confidential until the decision is made).

Decisions about confidentiality are generally made by staff, sometimes in discussion with Council. The bias is towards openness – matters are not made confidential unless the risks of publication are seen as worth the price of breaching the general approach of having all material open.

What needs to change?

Council asked me to look at and think about this area. I offer the following observations and recommended changes to our approach.

First some observations:

- There is no policy framework in place to guide decisions on confidentiality or to put a responsibility on decision-makers regarding their decisions
- There is no document management system in place that keeps track of decisions regarding confidentiality of material
- Once a decision on confidentiality is made, there is no review process in place to later reassess that decision or to change it if circumstances warrant that – anything after the fact is ad-hoc

Given InternetNZ's role and values, these observations don't add up to an approach to confidentiality that is appropriate.

Some of these factors are, however, relatively easily changed.

I believe that the following changes should be made to InternetNZ's approach to confidentiality.

- The CEO should prepare a governance policy on Document Confidentiality, applicable to papers and other documents that form part of the Council's decision-making process
- The policy should set out grounds for keeping material confidential, paths for reconsideration, default review dates (with a presumption of disclosure at that date), and a general presumption of "as much openness as possible"
- The policy should have clear exclusions, again for transparency purposes – likely to include:
 - The Council's email lists
 - Staff email
 - Staff drafts of documents, where finals do get released
- The CEO should also investigate the most administratively simple and efficient means to put the policy into place, including where to publish released documents.

Recommendation

THAT Council ask the Chief Executive to prepare a governance policy relating to document confidentiality as set out in this paper for consideration at the next meeting, AND THAT the CEO report back to the next meeting on implementation options.

Jordan Carter
Chief Executive

2 December 2015

NetHui 2016 Activities Approach

Author: Ellen Strickland, Community Programme Director

Purpose of Paper: Outline proposed approach for NetHui 2016 Activities

Summary

This paper outlines a proposed approach for NetHui 2016 activities, following on from discussions at the Council Strategy Day in October 2015.

Proposed Approach

As discussed at the Council Strategy Day 2015, staff recommend a different approach to NetHui in 2016, which allows a broader engagement with the Internet community around New Zealand, as well as to focus on collaboration with other organisations and across sectors.

This approach would contain two components:

- Collaboration with other organisations and events to bring 'NetHui' sessions, or approaches into their events, potentially including with TUANZ's Rural event in April, ITX in July and Open Source Open Society at the end of August, as well as other events which we may identify as appropriate opportunities for collaboration.
- A three one-day NetHui events over a week taking place around the country, taking place in regional centres and with a youth stream. We are tentatively calling this 'NetHui On Tour' and are open to ideas for a name.

Proposed NetHui 'on Tour' Timing and Logistics

As a range of events in which we are collaborating or running take place over the first half of 2016-17, we recommend the first week of October 2016 for the NetHui "On Tour", which is school holidays and allows for a NetHui Youth component to the day. We propose a Monday/Wednesday/Friday for the three one day events, to allow travel and set-up and take down.

The 'On Tour' events would move up the country, with one in the South Island, one in a Regional centre of the North Island and a final day in Auckland, although perhaps in South Auckland to link into the South Auckland Digital Inclusion Initiative or North or West Auckland.

The locations of the events and the programme would be developed through community engagement and collaboration. If it had community support, we would seek to align the programme for the three days so that the sessions had similar themes/content, with community working from across the three locations (and

nationally) together to shape the sessions and discussions, with local facilitators for the session in each location. We would potentially take one keynote through the three events as well, but would seek to have local and panelists and facilitators as much as possible.

'NetHui Classic' for 2017

We recommend that the model of NetHui successfully developed over the last few years, and which is very popular to many in the community, be a continuing commitment however, and that NetHui 2017 be planned as a NetHui 'classic' which will be a three day event in either Wellington or Auckland in mid to late 2017.

Depending on the success of the 'On Tour' model, we envisage a two year NetHui cycle may be a way to balance managing one large national event biannually, as well as a year of regional and sector based collaboration.

Recommendation

That Council approves this approach for NetHui 2016 activities to be detailed in 2016-17 Activity Plan.

Strategic Partnership Framework Update

Author: Ellen Strickland, Community Programme Director

Purpose of Paper: To recommend to Council an Updated Strategic Partnership Framework for 2016-17

Summary

This paper outlines a proposed update to the InternetNZ Strategic Partnership Framework, following on from discussions at the Council Strategy Day in October 2015.

Proposed Approach

After discussion at the Council Strategy Day 2015, staff support stability in the approach to Strategic Partners and recommend continuation of the Strategic Partnership Framework Approach as used in the last two years with minor adjustments to the criteria and their application.

Minor adjustments to the Framework recommended are:

- Adding to Partners and Community Links Criteria assessment against: "Spread of impact across key stakeholder groups."
- Simplifying the Objects analysis to focus on our core Object rather than relating potential partnership organisations to full list of enumerated Objects/sub-Objects.

Proposed Strategic Partnership Framework

The following criteria were adopted by Council to align proposed partnerships with InternetNZ's purpose as well as identify the foundations for and mechanisms of partnership.

1. Strategic Fit

Strategic Partnerships represent the largest financial and time commitment of any of InternetNZ's Community Funding mechanisms. As such, Strategic Partnerships need to have the strongest links to InternetNZ's strategy.

This criterion is assessed by:

* Each potential partnership being assessed and related to both the InternetNZ Objects and current InternetNZ strategy. Only partnerships which clearly contribute to these will be entered into.

* All current and prospective partnerships are then assessed as a Portfolio, to ensure that we have a range of partner organisations which relate to a broad variety of the Objects and areas of work canvassed by the current strategy. Recommendations on Strategic Fit are therefore made on the Portfolio as a whole.

2. Additionality

Experience gained through current partnerships indicates that InternetNZ has the most tangible impact in achieving its objects through partnership funding when such funding is linked to clear outputs enabled by the strategic partnership, which would not be possible without Partnership Funding, and which align to shared goals and objectives.

This criterion seeks to capture the opportunity for new activity and new outputs enabled by the funding proposed, as opposed to the baseline of not entering into a partnership funding arrangement.

These is assessed by:

- * Preferring partnership opportunities which support new or additional outputs or capacity as of greater benefit to InternetNZ than supporting existing capacity.
- * Preferring partnership opportunities which support activities that would otherwise not be possible, or not possible in a way which aligns to InternetNZ goals and objects, without such funding support.

3. Capacity to Deliver

For any proposed partnership, InternetNZ must have confidence that the other party has the ability to deliver on the work envisioned by the partnership, within the overall resource base available to it including the proposed partnership funding.

This criterion is assessed based on:

- * Performance on past deliverables and relationship with InternetNZ.
- * Experience in working relationship with InternetNZ.
- * Overall organisational performance and working relationships with other partners.
- * The proposed partner's ability to continue to operate over the envisioned term of the partnership, as demonstrated by analysis of the organisation's financials and commitment of their leadership.

4. Partners and Community Links

This criterion links to the value of deepening our networks and community engagement through partnerships. In general, InternetNZ wishes to widen and deepen links across the Internet community.

This is assessed by:

- * Understanding and valuing other institutional and funding relationships, particularly those which are complementary to InternetNZ relationships.
- * Valuing links to community which support the organisation's work and are aligned and potentially beneficial to InternetNZ and vice versa.
- * Spread of impact across key stakeholder groups.

Next Steps

Next steps for Strategic Partnerships will be for staff to use this framework in discussions with current partners and potential partners over the next few months, with a proposed Strategic Partnership slate presented to Council at the February 2016 meeting.

Current partnerships for consideration of renewal and potential partnerships include:

- NetSafe (two year partnership term expires 31 March 2016)
- 2020 Communications Trust (two year partnership term expires 31 March 2016)
- Creation Commons Aotearoa (two year partnership term expires 31 March 2016)
- FigureNZ (one year partnership term expires 31 March 2016)
- Victoria University Wellington, School of Engineering and Computer Science (new/potential)

Recommendation

THAT Council approves the updated Strategic Partnership Framework and that staff present a recommended slate of Strategic Partnerships to the February 2016 Council meeting.

INTENTIONAL BLANK PAGE

Chief Executive's Report

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To update Council on progress in the two months to 30 November 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 October meeting of the Council, I have been focused on the following issues, generally in descending priority order:

- Celebrating InternetNZ's 20th anniversary, and associated stakeholder events (including the Christmas season's beginning)
- Staffing issues in resolving next steps for the Operations Team
- Participating at the ICANN meeting in Dublin and in ICANN accountability matters
- Membership committee work
- Preparing our planning process for the 2016/17 year
- Ongoing Business Development Strategy development
- APRICOT 2016 project ownership/oversight

Of the priorities identified in my October 2015 report, most have been advanced in the past two months.

Less progress than hoped for has been made on two identified priorities:

- Stakeholder management – it has taken us longer to get the system working as planned than expected and so more progress is due here early in 2016.

- Communications – while we continue to make step by step improvements, we will do a more thorough general look at this next year.

Operating team

The separate reports on the Internet Issues, Community and International programmes, along with Operations, set out the detail. In this report I will no longer summarise those (already summarised) reports.

The team has been working well and has been producing a good deal of work. They can look forward to the holiday season with a record of achievement.

I will note with thanks to Megan's work that sponsorship commitments for APRICOT exceed the budget target.

3: Priorities for the next three months

Chief Executive

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

1. **Team Building:** the particular focus in the next few months is in working with Maria, Mary and Andrew in developing the Operations team, based in part on the work our Temporary Office Manager completed.
2. **2016 Planning:** Preparing next year's Activity Plan and Budget, and the various discussions and meet ups with members and stakeholders, will be an important focus for me through to March.
3. **Stakeholder & Member Engagement:** we will continue to make reference to celebrating 20 years, and using the "A Voice for the Open Internet" tagline. As noted above, more to be done in 2016 on the systems side of this.
4. **APRICOT 2016:** we host this event in Auckland in the second half of February, and there are a range of responsibilities associated with my role as Project Owner in the lead up, and then during the event.
5. **Internal Policies / Strategies etc:** whatever next steps are agreed with Business Development strategy, I will be ready to implement.
6. **Communications:** the core story will be refreshed early in the year.
7. **International:** ICANN accountability should be resolved in the coming few months, with a hopefully final proposal out for consultation at the time of writing. Changes should be signed off at or before the next ICANN meeting in early March.
8. **Subsidiary and .nz stewardship:** public consultation on the ".nz Framework policy" arising from the .nz Framework review; and, still 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:** a decent holiday break, and a positive return to work for everyone in 2016.
- **Community:** assessing the Research Grants Round; holding the New Zealand Internet Research Forum early February 2016.
- **Internet Issues:** assessing the updated Government Cyber-Security Strategy, dealing with final copper broadband pricing decisions from the Commerce Commission, getting the State of the Internet report out the door for review, among other things.
- **International:** closing out the ICANN accountability work and participation in the next meeting.
- **Operations:** making the new team structure work well (Maria as lead here, reporting to Jordan, with Andrew developing leadership of this area from March 2016), and building on the current Quality Plan.
- **Communications and Events:** as noted above, 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, with the event being held in the coming period.

4: Longer Range Priorities

The big picture issues on my mind, in no particular priority order at this stage, are as follows – and are the same as last report with the removal of planning:

- **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.
- **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, Clare Denny has completed her role as Temporary Office Manager. She completed some important projects while with InternetNZ, including making the move of our premises happen, and some important foundational work on improvements to operations which will be seen in 2016.

Maria is stepping up into a new role of Administration Coordinator, taking on management of the Meetings Coordinator. Over the next few months, Andrew will develop responsibility for operations as well as issues, as a broadening of his areas of responsibility and development of his role as my deputy.

Megan is away from work for most of December for her wedding and honeymoon, and so while we have limited comms support in place, some social media activity may be less than it has been recently.

6: Other matters

- None to report.

The whole team was proud to celebrate 20 years of InternetNZ last month, and I know that we are feeling excited about a positive and productive 2016.

Best wishes for the holiday season!

Jordan Carter
Chief Executive

3 December 2015

Issues Programme Management Report to the December 2015 Council Meeting

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

Commentary

Our large response workload outlined at the October meeting is now complete. We are quite proud of the three detailed pieces of work on the Government's Convergence Programme of work (Convergence itself; Telecommunications Act; Content Regulation), as well as our views on Online GST. All of these were strengthened by useful and insightful input from our members.

With our externally generated response workload completed for now, we are moving onto ensuring that our objectives for 2015/16 are completed. We continue to work in the same dynamic environment we always do. We anticipate a new, unscheduled body of work around Internet Security and increased Government surveillance following the terrorist attacks in November 2015.

We take this opportunity to touch in on our goal as presented in the Activity Plan for 2015/16: *delivering real change to the Internet in New Zealand through clarity of roles and clear prioritisation.*

As we have now crossed the midpoint of the year, the Issues team have been reflecting on this and present our conclusions for comment:

1. Our initiatives are having an impact – for example, leading the way on CSIRT and protecting the Internet on the Trans-Pacific Partnership. Our submissions are strong, informed by our principles and member input.
2. The team has formed well, with good hires and a positive, productive and supportive team culture built in Issues.
3. Good progress made on our internal processes for manage our workloads across the team; diagnose emerging issues quickly and make resourcing/priority calls.
4. Working within the Membership Committee framework to progress how our members interact with the Issues Programme. Still ad-hoc, but a plan of work outlined and being implemented.
5. Getting good cut through on our communications.

Our focus for the remainder of this FY is to finish our Activity Plan commitments.

Highlights:

- Our most significant output and focus in this period has been the last of our four big submissions: Regulating Communications for the Future, with associated engagement, media work and advocacy.
- Reaching the sponsorship target for CSIRT NZ, meaning that this is a viable, community led option for New Zealand Computer Security.
- Significant progress made on the State of the Internet Report, but – see lowlights.
- Ben's trip to the Internet Governance Forum was excellent for connections and discussion, particularly on Internet Security.
- James' being invited to prepare a chapter reviewing the TPP for an external publication being produced by the Law Foundation.
- Design of an ISP feature comparison analysis completed, with delivery commencing in December.
- Positive stakeholder engagements leading to potential collaborations with the Law Foundation on Internet Law Observatory and the New Zealand Initiative on Digital Regulation.
- First phase review of the Electronic Frontier Foundation's Plan to End Global Surveillance.
- Strategising and focuses for 2016/17

Lowlights:

- Workload: the submission load, particularly on the Telecommunications Act, has been a toll on the team. We have also had in this period Ben being away at the Internet Governance Forum and James responding to the Trans-Pacific Partnership. We have been working at our capacity.
- Despite significant progress on the State of the Internet Report, it is still not completed. Weekly progress meetings are now established to keep this going. It will be completed by the end of the calendar year.

Next Priorities:

- Announcements for the Copper Final Pricing Principle process expected from the Commerce Commission on the 15 December,
- Announcements on UFB-2 and RBI-2 expected pre-Christmas.
- Finally finishing the State of the Internet Report
- Exploring potential collaboration with Law Foundation on Internet Law Observatory.
- Go/No Go on CSIRT once the new National Cyber Security Strategy is announced and implications understood.
- Experiments in member engagement on Issues Programme, Loomio style.
- Internet Exchange Point survey/market assessment piece

Community Programme Management Report to the December Council Meeting

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

Commentary

The focus of the last two months has included:

- Community Grants management including finalising contracts with the recipients of the 2015-16 Projects and Conference Attendance Round
- Launch and promotion of the 2015-16 Internet Research and Conference Attendance Community Grant Round,
- Preparation for the December speaker series and upcoming NZ Internet Research Forum.
- International engagement at ICANN and IGF
- Planning work for 2016-17

Strategic partnerships update reports are in the Council I drive available through OwnCloud and I encourage you to read these. Of special note:

- AUT ICDC has now completed data collection for the WIP 2015 survey and data merging and analysis is underway. A focus for the partnership is the February 2016 NZ Internet Research Forum event, which AUT is hosting.
- CCANZ has continued to progress range of education work has been completed, including a schools policy toolkit, and CCANZ have convened a steering group to organise a series of at least six open educational resource sprints on 30 April 2016. A web home for the project will be launched in early December. Open research policy adoption work is progressing, with Marsden and Health Research Council, as well as MBIE agreeing they will look at the issue in 2016.
- 2020 have two new Auckland based trustees, as well as a new deliver partner and technician in Auckland and work on the Digital Inclusion work there is progressing. 2020 are signing an MoU with Public Libraries NZ, which should be a valuable collaboration partner. Vanisa Dhiru has agreed to be a judge for the 2016 ANZIA awards.
- NetSafe's focus of note is ongoing discussions around decisions regarding the implementation the Harmful Digital Communications Bill, including its application to be the approved agency. NetSafe also collaborated with us on the 'Sex and the Internet' speaker series, as a speaker, taking place this month.

- Figure.NZ has done a wide range of community engagement over the last two months, and specifically around the Education area of focus, through engagement Figure.NZ now has a plan on how to support teachers and educators based on feedback of their needs. On Internet data, Figure.NZ have increased the number of graphs on the Internet that are published on Figure.NZ from 108 to 240. The data comes from international and domestic sources, and can be found at <http://figure.nz/search/?query=internet&types=g>

We have are working as part of the steering committee for ITX2016 in Wellington in July 2016. This is event being organised by IITP which focuses on IT professionals, the tech and business communities. We are still scoping options for an INZ or a NetHui-style event as part of ITx.

INZ Sponsorship has been approved for the MobileTECH 2016 event in March next year- an industry conference for showcasing new "mobile" technologies designed to increase innovation & productivity across New Zealand's Agriculture, Horticulture and Forestry industries

Community Grants reporting update attached. There are a few outstanding reports which are currently being chased and reporting and communications processes are now being reviewed. All reports are available in the Council I drive through OwnCloud.

Highlights:

- IGF 2016: report in International but was a strong event which fed into planning for 2016 and beyond.
- APRICOT fellowships programme with APIA: InternetNZ supporting 3 Pacific Islands fellows using funds received from Pacific Internet Partners and over 20 fellowship have gone out to a diverse set of potential attendees, including women from the Pacific islands
- December Speaker Series Event- which takes place after this paper is being written but has a been a positive experience in organising with a range of interested speaker and we hope will be an engaging and interesting event.

Lowlights:

- Food poisoning epidemic at IGF 2015 :-S

Next Priorities:

- Internet Research Community Grants Round Stage One decisions
- NZIRF to take place 4-5 February in Auckland
- 2016-17 Planning

Issues on the Radar:

2020 have raised that UFB connection time (for participants) and hurdles (especially for libraries) to get connected continue to be an ongoing issue.

Grants reporting for Management Report – December Council Meeting

Date signed	Name	Round	Amount awarded	Purpose	Report received
02/04/2015	Greg Smith (Addington Net Inc)	Canterbury 2014	\$3,000	Funding for IT support for Addington.net - a community computing centre established in 2001 as a practical solution to help bridge the digital divide and to bring free/low cost computer access to a community suffering the effects of low income and low skill levels.	Mid-year report
15/04/2015	Carl Pavletich (Fabriko)	Canterbury 2014	\$3,500	Suite of laptops for delivering technology workshops to low decile schools and communities.	Mid-year report
15/04/2015	Carl Pavletich (Fabriko)	Canterbury 2014	\$15,000	Utilising the Internet of Things to gather data on cycling	Mid-year report
16/04/2015	Linda Tame (Greater Christchurch Schools' Network Trust)	Canterbury 2014	\$47,500	Funding to employ someone with experience to manage the establishing of a low cost leasing option for those families over a three year period and also to provide financial backing for some bad debts which could occur.	Mid-year report
15/04/2015	Michael Trengrove (Code Club Aotearoa)	Canterbury 2014	\$20,000	Expand Code Club Aotearoa (a network of volunteer-led after school coding clubs for kiwi kids aged 8 -12), particularly to rural areas and lower-decile urban areas.	Mid-year report
10/08/2015	Tony Garry (University of Otago)	Research 2013/14	\$26,000	Compromising Privacy for convenience and Wellbeing on the Internet of Things.	Mid-year report
05/05/2015	Sivadon Chaisiri, Ryan Ko (University of Waikato)	Research 2013/14	\$9,000	Survey of New Zealanders' Mobile Internet Security Awareness	Mid-year report 12

29/06/2015	Rose Wilkinson (Association of Blind Citizens of New Zealand Incorporated)	Community projects 2014/15	\$15,000	To further develop initiatives like CAPTCHA and to introduce them to a much wider audience at grass roots level.	Mid-year report
14/03/2015	Aniket Mahanti (University of Auckland)	Conference attendance March 2015	\$3,900	Conference Attendance 9th International IEEE Workshop on Network Measurements (WNM) 26-29 Oct 2015 (Clearwater, US)	Final report

In addition, we are expecting the following reports prior to April 2016

Research 2013/14 Final reports:

Date signed	Name	Amount awarded	Purpose
06/06/14	Qiang Fu (Research Trust of Victoria Uni of Wellington)	\$20,000	Understanding the Practical Issues on the Adoption of SDN in Production Networks

Research 2015/16 Mid-year reports:

Date signed	Name	Amount awarded	Purpose
08/05/2015	Syed Faraz Hasan (Massey University)	\$15,000	Establishing the foundations of Future Software-Defined Mobile Internet

Canterbury 2014 Final reports:

Date signed	Name	Amount awarded	Purpose
02/04/2015	Greg Smith (Addington.net)	\$3,000	Funding for IT support for Addington.net - a community computing centre established in 2001 as a practical solution to help bridge the digital divide and to bring free/low cost computer access to a community suffering the effects of low income and low skill levels.
15/04/2015	Carl Pavletich (Fabriko)	\$3,500	Suite of laptops for delivering technology workshops to low decile schools and communities.

15/04/2015	Carl Pavletich (Fabriko)	\$15,000	Utilising the Internet of Things to gather data on cycling
15/04/2015	Michael Trengrove (Code Club Aotearoa)	\$20,000	Expand Code Club Aotearoa (a network of volunteer-led after school coding clubs for kiwi kids aged 8 -12), particularly to rural areas and lower-decile urban areas.
16/04/2015	Linda Tame (Greater Christchurch Schools' Network Trust)	\$47,500	Funding to employ someone with experience to manage the establishing of a low cost leasing option for those families over a three year period and also to provide financial backing for some bad debts which could occur.
14/08//2015	Pref. Tim Bell (University of Canterbury, Computer Science Education Research Group)	\$20,000	Improving 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.

Projects 2014/15 Final reports:

Date signed	Name	Amount awarded	Purpose
09/01/2015	Tanya Gray (Gather Workshops)	\$15,000	Funding for Rural Workshops: to extend their reach outside of Auckland to rural high schools through a series of workshops
16/02/2015	Holly Snape (Web Access Waikato: Computer in Homes Waikato)	\$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.
29/ 6/2015	Rose Wilkinson (Association of Blind Citizens of New Zealand Incorporated)	\$15,000	To further develop initiatives like CAPTCHA and to introduce them to a much wider audience at grass roots level.

Conference attendance August 2015 Final reports:

Date signed	Name	Amount awarded	Purpose
05/10/2015	Dr Qiang Fu (Victoria University of Wellington)	\$3,500	IEEE GLOBECOM 2015 (6-10 Dec. 2015, San Diego, USA) - Presenting "Selected Areas in Communications - Software Defined Networking (SDN) and Network Functions Virtualisation (NFV)." Which is designed to engage with the international SDN/NFV community and present what we New Zealand is doing in this area.

Community projects 2015/16 Final reports

Date signed	Name	Amount awarded	Purpose
17/11/2015	Simon Howard (Kiwicon)	\$20,000	Kiwicon was awarded \$20,000 for the provision of its ninth New Zealand 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.

The following reports are outstanding and being chased up by staff

Date signed	Name	Round	Amount awarded	Purpose	Report due
11/3/2015	Tanya Gray (Gather Workshops)	Conference attendance March 2015	\$1,200	Conference Attendance ULearn 2015 7-9 October (Auckland)	Final report 16/10/2015
17/3/2015	Natalie Dudley	Conference attendance March 2015	\$4,800	Conference Attendance Grace Hopper Celebration of Women in Computing. 14-16 Oct 2015 (Texas, US)	Final report 23/10/2015
17/3/2015	Adon Moskal	Conference attendance March 2015	\$3,000	Conference Attendance Association of Internet Researchers: IR16 21-24 Oct 2015 (Arizona, US)	Final report 02/11/2015
17/3/2015	Mark Frater	Conference attendance March 2015	\$5,050	Conference Attendance Broadband World Forum. 20-22 Oct 2015 (London, UK)	Final report 22/11/2015
15/5/2015	Winston Seah (The Research Trust of Victoria University of Wellington)	Research 2014/15	\$30,000	Traffic classification in Enterprise Networks using Software Defined Networking	Mid-year report 30/11/2015

International Management Report to the December 2015 Council Meeting

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

Commentary

The past two months have been focussed on International engagement activity.

First, the ICANN54 Meeting in Dublin, Ireland, held between 18-22 October. InternetNZ was well represented with a delegation including operational and governance members from all three parts of our organisation. A particular focus was on developing and discussing ICANN accountability and the IANA Stewardship transition. Since the meeting the Accountability group's third draft proposal has been finalised and is out for public consultation.

Second, the 10th Meeting of the United Nations Internet Governance Forum in Joao Pessoa, Brazil, held between 10-13 November. InternetNZ was represented by Ellen and Ben, with a focus on maintaining our relationships with the wider set of predominantly international civil-society organisations, and participating in Internet policy discussions particularly on Security. A separate trip report is available with more detail.

The attached reports set out more detail on each matter.

Highlights:

- Accountability group finalising its third draft proposal at the end of November.
- Security focus at the Internet Governance Forum.

Lowlights:

- ICANN efforts to push back on community efforts to improve accountability, which was not successful.

Next Priorities:

- Completing the ICANN Accountability process.
- Planning for 2016.

INTENTIONAL BLANK PAGE

ICANN 54 Joint Report

November 2015

The 54th ICANN meeting was held in Dublin from 18-22 October 2015. Attendance from across the group was as follows (the numbers explained by this being the meeting with the general meeting of friendly ccTLDs as per London last year):

- Jamie Baddeley, Jordan Carter, Keith Davidson, Ellen Strickland from InternetNZ
- Richard Currey, Jay Daley and David Morrison from NZRS
- David Farrar and Debbie Monahan from DNCL

Summary

This meeting was dominated by the ICANN Accountability work with some IANA Stewardship transition on the side. There was not a lot else of real substance undertaken over the week with the focus clearly on the Accountability and Stewardship transition groups. This report highlights the key parts of that and also gives an overview of other areas where the .nz staff attendees spent their time.

Governance level participants from .nz caught up with staff and participated in sessions that were of interest to them during the event, with a particular presence at the ccTLDs event described below.

ICANN Accountability and IANA Stewardship

The following key points arose at this meeting.

- The IANA Stewardship Transition Coordination Group (ICG) decided to go into recess, awaiting completion of the Accountability work at which point it will validate whether or not requirements are met.
- The CWG-Stewardship (the Names community Stewardship transition plan group) met and was also awaiting the Accountability work.
- The CCWG-Accountability had a very heavy meeting load of working sessions, public sessions, and extensive preparatory and debrief work which was Jordan's main focus throughout the meeting (along with ccNSO obligations).
- The group made major strides in preparing for a third draft proposal for ICANN accountability improvements, following risks to the schedule of work created by the ICANN Board's interventions in Los Angeles in September. Key decisions included:
 - A change from a "member" to a "designator" based approach to enforceability of the community powers.

- Development of a new escalation process for the consideration by the community of the use of community powers.
- Development of a new decision process for the use of community powers – from “voting” that could be disaggregated within SOs and ACs, to consensus calls with specified minimum thresholds of support and maximum thresholds of objection among SOs and ACs.
- Amendments and adjustments to the community power on budget vetos.
- Some significant issues (the community power to veto bylaws changes interacting with Policy Development Processes; the Stress Test 18 debate on the role of the GAC’s advice and how ICANN must respond) remained to be resolved at the end of the meeting.
- The Accountability work is slated to publish a summary of its third draft proposal on 15 November, and a full version at the end of the month. There is some risk to these schedules, and to making sure the remaining outstanding issues are resolved.
- Professional writing assistance and a new format should ensure the next version of the proposal is more readable.

Board/CEs meeting with other ccTLDs

For the last few years a group of ccTLDs have met to discuss topics of interest relating to ccTLDs and the domain name market. They are Board and CE level meetings with .nz generally represented by the 3 CEs, the NZRS and DNCL Chairs and the InternetNZ president.

It was agreed to try and meet up at one ICANN meeting a year and for 2015 this was set for the Dublin meeting with participant ccTLDs being .nz, .au, .uk, .no, .dk, and .ca.

Items discussed at this meeting included:

Business and Strategy

This was a wide ranging discussion around how the ccTLDs were managing flattening growth and options for business development. The focus for most was on leveraging existing skills and technologies but extending the scope and audience. With .au considering whether to move to allow second level registrations, and .nz and .uk having just recently done so, there was a discussion around the success of adopting that sort of change.

Relationships between ccTLDs and Governments

One interesting aspect that came out of this discussion is that .nz was the only ccTLD around the table that did not have legislation passed specifically relating to the ccTLD operation. For .dk they have quite specific and onerous legislative

requirements while for .uk and .au there is “sleeper” legislation that would enable government to take control of the ccTLD operation should it be enacted.

Industry and community participation

The different ccTLDs spoke about the range of engagement with different stakeholders to share their expertise. .nz shared what we do in the courses we run in training for investigators which has since been followed up on by .dk and .no.

Engagement with members

.uk led a discussion around how to engage with members in general and what services they should be looking at offering. From the discussion that followed it was clear that though many were membership organisations there were differences in how they were structured and with the responsibilities on members. The .nz model with the members being part of the parent organisation and not directly involved in the ccTLD operations was different to the other models.

Future Meetings Strategy

ICANN will be switching next year to an ‘ABC’ meeting schedule where the A meeting is as per current meetings, the B meeting is a cut-down one for those engaged in working groups and the C meeting is as current with some additional “AGM” type sessions. It is likely that .nz attendance at the B meeting will be minimal (at most, one staff member from each business unit).

Reports from individual participants

Note: not all participants have provided reports, but key staff outlines are below:

Jordan Carter

Focus was on the Accountability work, participation in the ccNSO included. This consisted of extensive offline sessions negotiating a range of points, CCWG preparatory and debrief meetings, CCWG working sessions and public sessions, presentations and discussion in the ccNSO, and some outreach with numbers and protocols people.

Keith Davidson

Focus on ccNSO Council responsibilities, and on IANA Stewardship Transition Coordination Group proceedings. Keith was also recognized at the ccNSO Cocktails for his extensive contributions in the ICANN environment over the past ten and more years. (Keith stands down from the ccNSO Council when his term concludes in March.)

Debbie Monahan

The ccNSO Strategic and Operating Plan Working Group (SOP) met with ICANN staff to discuss progress on the operational plan and budget and the ongoing development of key performance indicators and measures for those.

It is pleasing to see progress being made in this area though it was noted that there remains a number of objectives that do not have clear KPIs and where the reporting is still subjective. The inconsistency across the different projects reflects that not all managers are equal when it comes to identifying outcomes and reporting against clear measures as to progress. It is hoped that this will continue to improve as the ICANN staff adopt the new operating plan process and the reporting requirements around that.

As part of demonstrating that they intend to be accountable in how they are progressing the objectives in the strategic and operating plans, ICANN has created a dashboard setting out all the objectives and measuring progress towards achieving them. This dashboard is still in beta and can be seen at <https://www.icann.org/progress>.

The public part of the Law Enforcement meetings is now titled 'Public Safety'. The focus of the session in Dublin was around the GAC Public Safety Working Group. This group met first in Buenos Aires in June 2015 and is going to be covering topics like WHOIS, aspects of the registry agreement, contractual compliance and security threats.

A transcript of the session can be seen through <https://meetings.icann.org/en/dublin54/schedule/mon-gac-pswg-afternoon>.

More information on the Working Group is at <https://gacweb.icann.org/display/gacweb/GAC+Public+Safety+Working+Group>

It will be interesting to monitor the work of this group given the government focus with membership mostly from GAC and law enforcement.

Jay Daley

Technical

An increasing number of registries are now engaged in large scale data collection and analysis, using the results for internal purposes, helping customers and informing the local community. We remain a leader in this area, as cited by a number of other TLDs, but have notably fewer resources at our disposal which means that we can't provide the same level of finished products as others.

Industry organisation

The industry self-organisation continues. The new trade association (DNA) continues to push for a better organised industry and has now started on the path of cleaning up our industry. There is also a push for trade meetings away from ICANN policy and governance meetings, which would provide some of us with much more value.

Business development

As usual the Swedes are well ahead of the game. They have two new services to talk about. The first is a free web server that analyses your web page and provides a variety of metrics and advice. They have no idea how to commercialise it, but it is growing in use. The second is a service to authenticate access to content that is turning into a platform strategy. They already have multiple sales into the educational sector and are now turning to the e-health sector.

Ellen Strickland

Primary engagement was with the Civil Society constituencies, which included a focus on the At-Large constituency as well as participation in the Non-Commercial Stakeholders Constituency included. The focus of discussion was largely Accountability, and I also attended a number of sessions on Civil Society outreach and of the Cross-community Working Party on Human Rights and ICANN. Out of session, I met with the Community Funding managers from Nominet and .SE and we planned developing an information sharing community of those involved globally in Internet community funding, which will include online as well as meeting at the ICANN 2016 C meeting.

David Morrison

Focus was on Registrar meetings, engagement with peers at .fr and .nz, attendance at Domain Name Association (DNA) sessions and several “How it Works” sessions hosted by ICANN. The DNA, of which .nz is a member, continues to grow its membership and momentum within the industry. It is interesting to note that several ccTLDs (.nz, .au, .uk, .nl, .at, .ca) have joined as members as DNA holds attraction and value beyond its original focus on nTLDs.

INTENTIONAL BLANK PAGE

INTERNET GOVERNANCE FORUM 2015 REPORT

Author: Ellen Strickland, Community Programme Director

Purpose of Paper: Update Council on the Internet Governance Forum 2015

Summary

This paper provides an update from InternetNZ attendees at the Internet Governance Forum 2015, Ben Creet and Ellen Strickland.

Overall impressions

IGF 2015 was somewhat dominated with the WSIS+10 process and the looming decision about the future of the IGF which will take place at the UN General Assembly in New York this month.

However, IGF 2015 had a very strong youth participation and an active and engaged group of fellows attending which gave a dynamic energy to participation in many sessions. The Internet Society Ambassadors were very active throughout the sessions and there was a large, vocal group of Youth delegates Latin America and the Caribbean ([read their declaration](#) from the IGF).

Sessions highlights and key takeaways

From sessions on national & regional IGFs, we learned that NetHui is one of the largest national or regional IGFs in the world, with one of the most inclusive and diverse sets of attendees, as well as being noted for its innovative community-led programme. Ellen moderated the almost 4 hour long annual 'Roundtable' of national and regional IGF initiatives where there was best practice sharing and discussion. Input and flows of ideas between the IGF and initiatives like NetHui was a key point of discussion- many felt the IGF isn't learning enough or reflecting enough the bottom-up energy and interest of initiatives.

The Politics of Encryption session was informative and timely given New Zealand's current Independent Review of Intelligence and Security (IRIS). IRIS will report back in 2016 and it is likely that intelligence agencies will seek further surveillance powers and could potentially seek legislative powers to compel 'extraordinary access' to New Zealand technology companies services and content (aka a government backdoor). The session at the IGF provided some useful insights and potential talking points to combat such agency overreach.

Ben also found the experience very useful in terms of organising the different Internet Governance organisations in his head.

Other sessions that were relevant and useful to our community or issues programmes:

- The Right to Be Forgotten: topical legal issue that can have profound impacts on Internet balkanisation and human rights (rights of 1 individual vs rights of others).
- Net Neutrality session(s): there were many sessions that addressed net neutrality.
- Community Networks session- looking at Wifi, mesh network and other community owned and operated networking solutions project approaches, including case studies, which relate to some of the community grants we have given.
- There were a number of strong and important sessions focusing on issues around gender and sexual rights online, which are topics we will engage the community on over 2015/16.

Action Items/Things to Follow-up

WSIS+10 & New Zealand Government

We have already provided an initial briefing to relevant NZ Government officials from MFAT, MBIE & DPMC about the IGF and our thoughts on pertinent issues for the UN General Assembly. We will keep in contact with them and provide any support we can as decisions about the future of the IGF and WSIS take place over December.

Links between NetHui and New Zealand community and IGF

This is a core component of our interaction at the IGF. The links between ground-up national and regional initiatives and the global IGF came up as a key area of discussion over and over. There was a lot of support for the community as a whole to carefully review and evolve links between the UN IGF and the initiatives, if and when the UN extends the IGF mandate. It is considered the great unforeseen success of the IGF and the energy and input of communities, through these initiatives, are supported by many as key to the future of the IGF. We will continue to support the network of National and Regional IGFs and will seek to contribute for its work leading up to IGF 2016.

Best Practice Forum on CSIRT

The Best Practice Forums represent one of the more action orientated components of the IGF. The BPF on Computer Security Incident Response Teams (CSIRT) is one best practice forum that Ben Creet, as the Issues team lead on the Internet Security portfolio will seek to contribute for its work leading up to IGF 2016.

'Death and the Internet' topic

The 'best session award' went to a session about Death & the Internet, run by Narelle Clark from Australia, which looked at how online presence is dealt with at death and other related topics. A very interesting topic that we are considering as a part of our 2016 Speaker Series, including inviting Narelle over to New Zealand.

ISOC fellowships as an example for future NetHui

Fellowships that ISOC ran were really supportive and designed around ensuring that the fellows got the most out of it. Some lessons there for the way we organise our fellowships / scholarships for NetHui. Also the impact of fellows to the IGF this year was so important that we will consider the viability of future NetHui IGF fellowships, like we did to Bali, to help connect and bring more NZ voices to the IGF.

Oceania School on Internet Governance

Ellen has a range of meetings and hallway discussions with people involved in the series of Schools of Internet Governance, and there is wide interest and support for the idea, including from ISOC, ICANN, as well as regional partners. These can be rather intensive events to organise and a small, focused event to start was encouraged by those who have been involved in them in other regions. This project will be progressed in 2016.

INTENTIONAL BLANK PAGE

Operations Management Report to the December 2015 Council Meeting

Author:	Maria Reyes, Administration Coordinator
Purpose of paper:	To summarise the activity undertaken in the Operations team in this reporting period

Commentary

Since the October Council meeting the Operations team have been working on the Health & Safety Review, Operations Team Structure, the 20th Anniversary Celebrations, the APRICOT event logistics, and Operation Policy Review.

Please note that Maria Reyes now has a new reporting line to Jordan and a new title as Administration Coordinator. She will be leading most of the Operational and Administration functions in InternetNZ. Georgia Mackfall role has been amended to take responsibility for membership management and returning officer/AGM duties.

Clare Denny has left the Office Manager position as of 30th November, having satisfactorily fulfilled the project functions that she was contracted to fulfil. We wish her well in her future endeavours.

Highlights:

- APRICOT Keynote presenters: Scott Bartlett, CE of Kordia has confirmed. We are still waiting confirmation from Minister Adams office but hope that she will present a short welcome speech at the opening plenary
- APRICOT Fellowship applications have closed and offers have been sent to the successful Fellows
- APRICOT registrations are open. Early bird registrations will close on 30 November
- APRICOT sponsorship going well and we have reached our target, however we are still seeking further sponsors
- Successful 20th Anniversaries events held in Wellington and Auckland
- Great progress on stakeholder contact details spreadsheet.
- Handover of Temporary Office Manager to Administration Coordinator
- Audit and Risk work programme agreed and underway.
- Draft High-level Budget for 2016/17
- Group Consolidated reporting Q2

Lowlights:

- Nothing to report.

Next Priorities:

- Council approval of PBE reporting tier
- New Public Benefit Entity reporting template with Deloitte Crowe Horwath
- Communications Stakeholder Management Project
- Core story amends and display on website
- Quality Plan implementation ongoing

Internet New Zealand
Consolidated Financial Statements
For the Quarter Ended 30 September 2015

Internet New Zealand
Table of Contents
For the Quarter Ended 30 September 2015

Compilation Report	1
Consolidated Income Statement	2
Statement of Movements in Equity	3
Balance Sheet	4
Statement of Cash Flows	5
Cash Flow Reconciliation	5

**Internet New Zealand
Compilation Report
For the Quarter Ended 30 September 2015**

1. Scope

On the basis of information you provided, we have compiled the Financial Statements, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, for Internet New Zealand. These are special purpose financial statements.

2. Responsibilities:

You are solely responsible for the information contained in the Financial Statements and have determined that the Financial Reporting Act 1993 used is appropriate to meet your needs and for the purpose that the Financial Statements were prepared. The Financial Statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the Financial Statements.

3. No Audit or Review Engagement Undertaken:

Our procedures use accounting expertise to undertake the compilation of the Financial Statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

4. Disclaimer of Liability:

Neither we nor any of our employees accept any responsibility for the reliability, accuracy or completeness of the information from which the Financial Statements have been compiled nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

Deloitte
Wellington NZ
9-Nov-15

Consolidated Income Statement
For the Quarter Ended 30 September 2015

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	2,475,892	4,918,758	80,818	157,789	2,457,309	4,886,088	484,460	960,920
Other Income	345	345	345	345	0	0	0	0
Dividends Received	0	0	1,570,058	1,570,058	0	0	0	0
Interest Received	114,623	213,019	4,535	10,421	101,591	192,766	8,497	9,832
Managed Funds Income	(26,519)	28,210	(26,519)	28,210	0	0	0	0
Total Income	2,564,341	5,160,332	1,629,237	1,766,823	2,558,900	5,078,854	492,957	970,752
Less Expenses								
Direct Expenses	162,152	350,458	0	0	629,612	1,285,378	0	0
Other Expenses	2,439,489	4,718,956	1,137,571	2,111,870	963,368	1,921,438	417,785	836,767
Total Expenses	2,601,641	5,069,414	1,137,571	2,111,870	1,592,980	3,206,816	417,785	836,767
Net Profit (Loss) Before Tax	(37,300)	90,918	491,666	(345,047)	965,920	1,872,038	75,172	133,985
Less Provision for Tax	0	0	0	0	0	0	0	0
Net Profit (Loss) After Tax	(37,300)	90,918	491,666	(345,047)	965,920	1,872,038	75,172	133,985

Notes:

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

1. GSE paid by NZRS and DNCL to INZ
2. The DNCL fee paid by NZRS to DNCL
3. The dividend paid by NZRS to INZ

The Group year to date net profit is \$1,570,058 (quarter \$1,570,058) less than the sum of the individual entities due to the dividend received by INZ from NZRS being removed from income while the payment by NZRS shows under their statement of movements in equity on page 3.

Internet New Zealand
Statement of Movements in Equity
For the Quarter Ended 30 September 2015

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	9,020,405	8,892,187	4,325,218	5,161,931	4,370,799	3,464,681	324,388	265,575
Plus:								
Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	(37,300)	90,918	491,666	(345,047)	965,920	1,872,038	75,172	133,985
Less:								
Dividend Paid	0	0	0	0	1,570,058	1,570,058	0	0
Closing Equity	8,983,105	8,983,105	4,816,884	4,816,884	3,796,661	3,796,661	979,560	979,560

**Internet New Zealand
Balance Sheet
As at 30 September 2015**

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	12,813,358	1,567,348	10,160,981	1,085,029
Managed Funds	2,404,389	2,404,389	0	0
Other Current Assets	1,486,210	116,615	1,330,267	39,328
Total Current Assets	16,703,957	4,088,352	11,491,248	1,124,357
Property, Equipment & Software	1,288,690	432,193	817,900	38,597
Intangible Assets	0	0	0	0
Investments				
Shares and Loans	0	610,000	0	0
Total Assets	17,992,647	5,130,545	12,309,148	1,162,954
Less Liabilities:				
Deferred Income	8,145,931	0	8,145,931	0
Trade and Other Payables	863,611	313,661	366,556	183,394
Total Liabilities	9,009,542	313,661	8,512,487	183,394
Net Book Value of Assets	8,983,105	4,816,884	3,796,661	979,560
Represented By:				
Total Equity	8,983,105	4,816,884	3,796,661	979,560

Internet New Zealand
Statement of Cashflows
For the Quarter Ended 30 September 2015

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,788,414	5,317,959
Interest Received	114,623	213,019
Managed Funds Income	(26,519)	28,210
Total Received	2,876,518	5,559,188
Cash was distributed to:		
Payments to Suppliers and Employees	2,720,441	4,728,291
Total Payments	2,720,441	4,728,291
Net Flows From Operating Activities	156,077	830,897
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	114,378	169,901
Net Cash Flows From Investing & Financing Activities	(114,378)	(169,901)
Net Increase Decrease in Cash & Cash Equivalents	41,699	660,996
Plus Opening Cash	15,176,048	14,556,751
Closing Cash Carried Forward	15,217,747	15,217,747
Closing Cash Comprises		
Cash & Cash Equivalents	12,813,358	12,813,358
Managed Funds	2,404,389	2,404,389
	15,217,747	15,217,747
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	(37,300)	90,918
Plus (Less) non cash items		
Depreciation	198,536	409,911
Subtotal	161,236	500,829
Movement in Working Capital		
(increase) decrease in receivables	(273,860)	326,836
increase (decrease) in payables	(43,476)	(395,624)
increase (decrease) in deferred income	312,177	398,856
Net Cash Flows From operations	156,077	830,897

INTENTIONAL BLANK PAGE

Financial Report: 31 October 2015

Author: Jordan Carter, Chief Executive

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

Commentary to the Accounts

For the period ending October 2015, the accounts report a deficit result of \$701,919, against a budgeted deficit result of \$862,338 reflecting a variance of \$160,419. 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 \$27k, with recruitment and casual & temporary costs being over by \$19k. ACC, miscellaneous staff costs, staff training, wages and salaries (offset against casual/temp costs over-run) and contracted technical services are all lower than budgeted by \$46k. This is due to less training scheduled for the first part of the year, and the change in contract of ICT provider.
- **Operational costs** are under budget by \$10k. Within that:
 - Remuneration is over by \$12k attributable to recruitment and casual and temp (reception) costs.
 - the following areas are over budget: bank charges, domain names, postage & couriers, printing and stationery, subscriptions, telecommunications, travel-national, web site updates, 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 \$26k, the budget variance is due to the following:
 - Remuneration, consultants, meeting costs, national travel, emerging issues, use and law & right portfolios being under budget by \$41k.
 - An area of note that is over budget by \$19k is Internet Access, additional expense in the Copper Pricing matter with the Commerce Commission. As previously briefed to Council, participating in the process requires participation in all stages to maintain position and there have been more stages than anticipated.
- **Community Funding** is under budget by \$24k, Within that:
 - Remuneration, consultant, national travel, stakeholder perception research and funding engagement are all under.
 - Subscriptions are over by \$3k as the smarty grants software was expected to be capitalised.
- **Community Engagement** is under by \$41k, due to remuneration, conferences, consultants, national travel being under by \$15k, and NetHui coming in under budget by \$16k, the remaining \$10k is due to budget phasing.
- **Governance and Members** is under by \$29k, due to an even budget split.

Other Expected Major Budget Variances

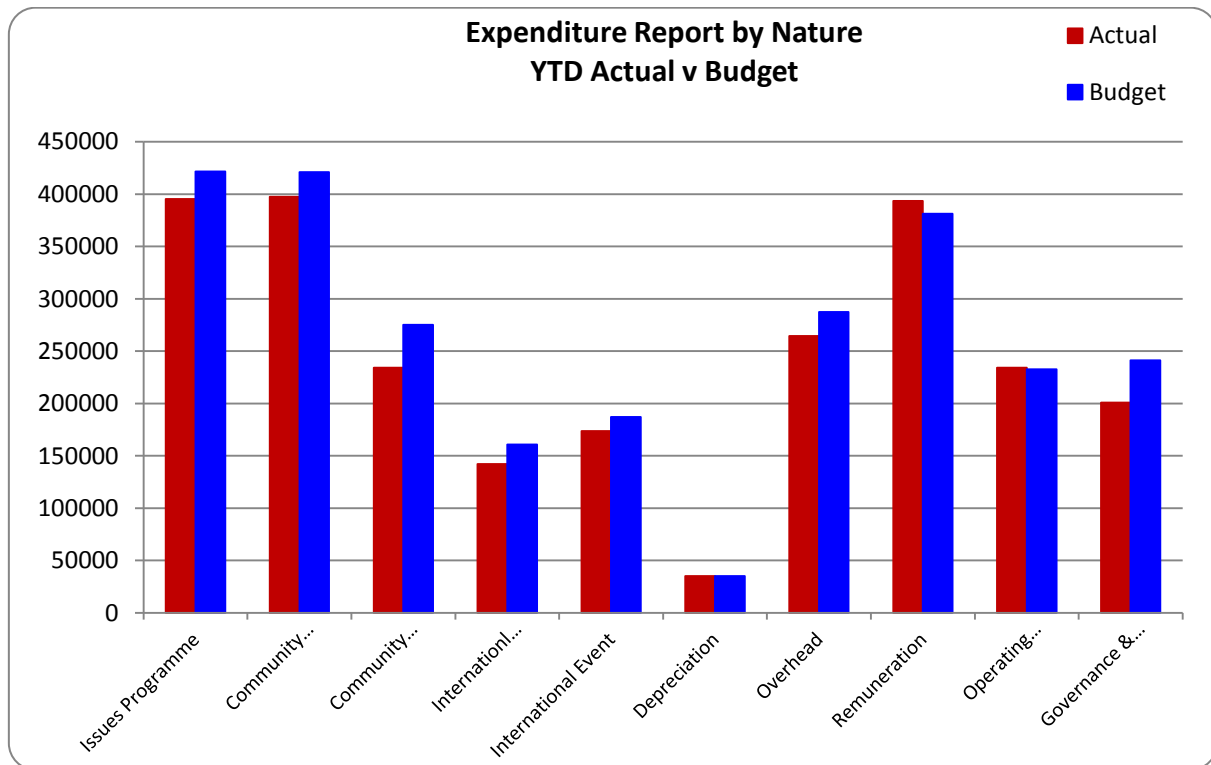
There are no other major variances to report.

Condensed Income and Expenditure Report

Actual v Budget by Nature As at 31 October 2015

	YTD Actual \$	YTD Budget \$	Variance \$
Income – total	1,769,379	1,780,990	-11,611
Expenditure			
Issues Programme	395,254	421,596	-26,341
Community Funding	397,550	421,123	-23,573
Community Engagement	234,288	275,031	-40,744
International Engagement	142,288	160,754	-18,466
International Event	173,729	186,964	-13,235

Depreciation	35,000	35,000	0
Overhead	264,473	287,333	-22,860
Remuneration	393,481	381,374	12,106
Operating Expenses	234,250	232,785	1,465
Council & Members	200,985	241,367	-40,383
Expenditure – total	2,471,298	2,643,328	-172,030
Net Income	-701,919	-862,338	160,419



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

Jordan Carter
Chief Executive

27 November 2015

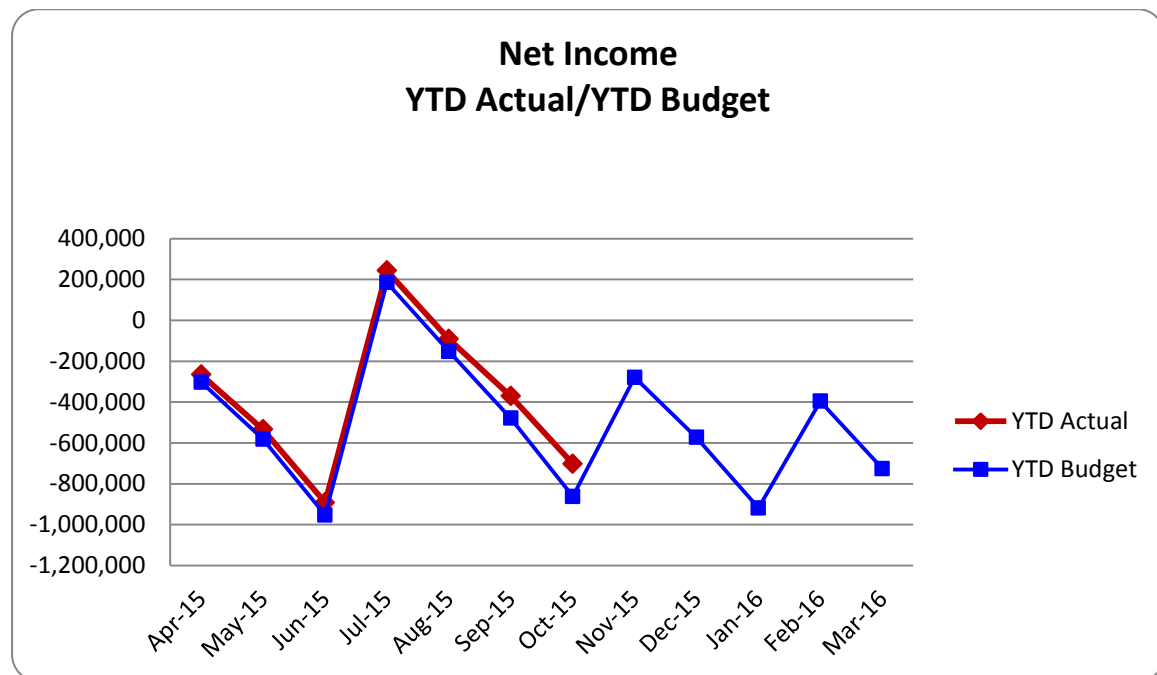
Attachment A: Profit and Loss Statement

InternetNZ Profit and Loss Statement As at 31 October 2015

InternetNZ YTD	Apr - Oct 15	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
500 · Operating Income			
530 · Shared Group Services	183,171.68	183,457.00	(285.32)
542 · Membership - Corporate	2,400.00	5,425.00	(3,025.00)
546 · Membership - Individual	4,526.09	7,050.00	(2,523.91)
Total 500 · Operating Income	190,097.77	195,932.00	(5,834.23)
570 · Sundry Income	345.00	0.00	345.00
580 · Investment Income			
583 · Dividends	1,570,058.00	1,570,058.00	0.00
586 · Interest	8,878.00	15,000.00	(6,122.00)
Total 580 · Investment Income	1,578,936.00	1,585,058.00	(6,122.00)
Total Income	1,769,378.77	1,780,990.00	(11,611.23)
Expense			
600 · Remuneration			
601 · ACC Levy	3,129.24	5,435.06	(2,305.82)
625 · Miscellaneous Staff Costs	2,723.34	4,676.42	(1,953.08)
630 · Recruitment	105,667.96	96,136.00	9,531.96
635 · Staff Training	9,455.85	23,848.61	(14,392.76)
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Contribution	22,413.87	22,121.59	292.28
651 · Wages & Salaries - Other	640,305.97	666,188.48	(25,882.51)
Total 651 · Wages & Salaries	662,719.84	688,310.07	(25,590.23)
653 · Wages - Casual & Temporary	14,317.30	4,620.00	9,697.30
655 · Contracted Technical Services	1,798.26	3,640.00	(1,841.74)
Total 600 · Remuneration	799,811.79	826,666.16	(26,854.37)
800 · Operating Expenses			
801 · Accountancy Fees	11,882.42	12,000.00	(117.58)
805 · Advertising & Marketing	1,615.92	3,936.10	(2,320.18)
808 · Audit Fees	30.00	0.00	30.00
809 · Bank Charges	1,632.97	1,273.56	359.41
811 · Conferences	4,271.18	5,834.08	(1,562.90)
813 · Consultants	63,301.72	100,120.00	(36,818.28)
816 · Depreciation	35,000.00	35,000.00	0.00
817 · Domain Names	451.95	324.00	127.95
820 · General Office Expenses	21,030.65	21,004.89	25.76
822 · Governance Training	7,241.04	21,000.00	(13,758.96)
824 · Honoraria	117,289.02	116,828.04	460.98
826 · Legal Fees	8,583.18	26,000.00	(17,416.82)
829 · Meeting Costs	47,715.55	55,123.71	(7,408.16)
835 · Postages & Couriers	2,959.29	2,455.67	503.62
851 · Repairs and Maintenance	1,653.69	1,690.29	(36.60)
853 · R & M - Software	2,539.21	4,895.90	(2,356.69)
855 · Printing & Stationery	15,542.96	13,916.88	1,626.08

860 · Subscriptions	23,638.56	17,073.17	6,565.39
870 · Telecommunications	38,376.04	38,577.00	(200.96)
872 · Travel & Accommodation - International	9,186.08	12,000.00	(2,813.92)
873 · Travel & Accommodation - National	44,841.26	41,624.16	3,217.10
875 · Web Site Updates & Hosting	2,958.00	2,660.00	298.00
Total 876 · Issues Programme	323,155.33	329,490.00	(6,334.67)
Total 878 · Community Funding	326,693.89	333,834.00	(7,140.11)
Total 880 · Community Engagement	133,779.88	157,667.00	(23,887.12)
Total 887 · International Event	161,643.18	175,000.00	(13,356.82)
Total 800 · Operating Expenses	1,407,012.97	1,529,328.45	(122,315.48)
900 · Overheads			
915 · Cleaning Costs	21,359.83	22,212.00	(852.17)
933 · Electricity	14,544.85	16,095.00	(1,550.15)
950 · Insurance	5,496.19	6,126.19	(630.00)
972 · Moving expenses	35,395.95	55,000.00	(19,604.05)
975 · Rent Paid	185,401.50	185,730.20	(328.70)
980 · Security	2,275.04	2,170.00	105.04
Total 900 · Overheads	264,473.36	287,333.39	(22,860.03)
Total Expense	2,471,298.12	2,643,328.00	(172,029.88)
Net Ordinary Income	(701,919.35)	(862,338.00)	160,418.65
Other Income/Expense			
Other Income			
1000 · Special Dividends			
1010 · Special Dividends - Interest	2,174.62	0.00	2,174.62
1030 · Investment Income	79,867.48	0.00	79,867.48
Total 1000 · Special Dividends	82,042.10	0.00	82,042.10
Total Other Income	82,042.10	0.00	82,042.10
Other Expense			
1900 · Special Dividend Expenses-Overhead			
1950 · Investment Funds Management Fee	5,270.66	0.00	5,270.66
Total 1900 · Special Dividend Expenses-Overhead	5,270.66	0.00	5,270.66
Total Other Expense	5,270.66	0.00	5,270.66
Net Other Income	76,771.44	0.00	76,771.44
Net Income	(625,147.91)	(862,338.00)	237,190.09

Attachment B: Net Income actual against budget



Attachment C: Balance Sheet

InternetNZ
Balance Sheet
As at 31 October 2015

ASSETS**Current Assets****Cheque/Savings**

Total Cheque/Savings	357,875.80
----------------------	------------

Total 121 - Term Deposits-Special Dividends	819,845.12
---	------------

130 - USD Bank Account	346.77
------------------------	--------

150 - Petty Cash	400.00
------------------	--------

122 - Investment Funds

122-01 - GMI Investment	1,216,310.52
-------------------------	--------------

122-20 - Milford Asset	1,238,925.58
------------------------	--------------

Total 122 - Investment Funds	2,455,236.10
------------------------------	--------------

Total Other Current Assets	126,661.88
----------------------------	------------

Total Current Assets	3,760,365.67
----------------------	--------------

Fixed Assets

Total Fixed Assets	507,933.46
--------------------	------------

Other Assets

270 - Ordinary Share Capital	30,000.00
------------------------------	-----------

271 - Shares in DNCL	580,000.00
----------------------	------------

Total Other Assets	610,000.00
--------------------	------------

TOTAL ASSETS	4,878,299.13
--------------	--------------

LIABILITIES & EQUITY**Liabilities****Current Liabilities****Accounts Payable**

300 - Accounts Payable	176,334.97
------------------------	------------

Total Accounts Payable	176,334.97
------------------------	------------

Other Current Liabilities

305 - Accruals	116,190.64
----------------	------------

311 - Lease Incentives	8,330.14
------------------------	----------

Total 327 - Payroll Liabilities	40,660.54
---------------------------------	-----------

Total Other Current Liabilities	165,181.32
---------------------------------	------------

Total Current Liabilities	341,516.29
---------------------------	------------

Total Liabilities	341,516.29
-------------------	------------

Equity

412 - Retained Earnings	5,161,930.75
-------------------------	--------------

Net Income	(625,147.91)
------------	--------------

Total Equity	4,536,782.84
--------------	--------------

TOTAL LIABILITIES & EQUITY	4,878,299.13
----------------------------	--------------

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	1,216,311
20/06/2013	Milford	1,238,925
Total \$		2,455,236

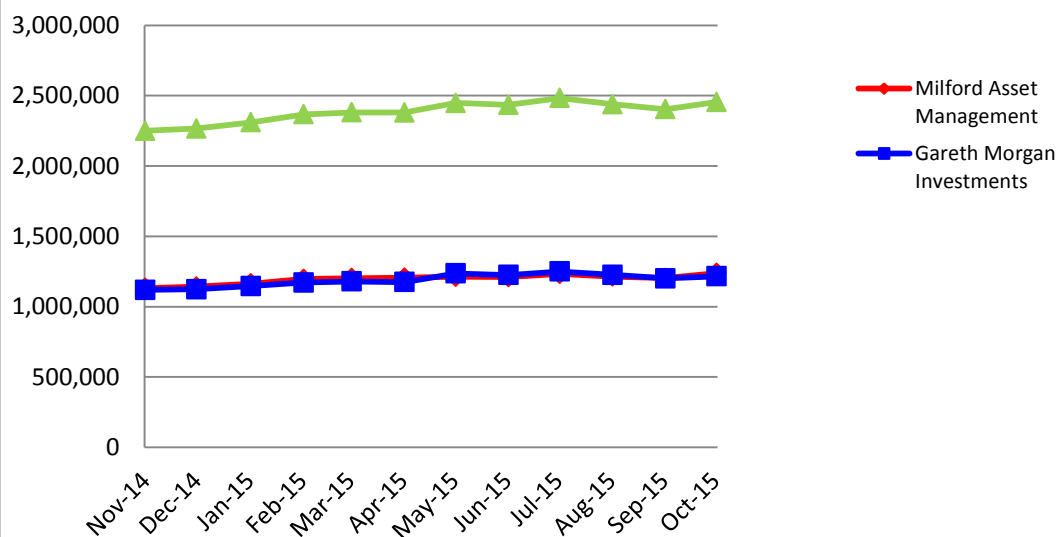
Managed Investment funds recorded at market value on 31 October 2015.

Attachment E: Managed Invested Funds

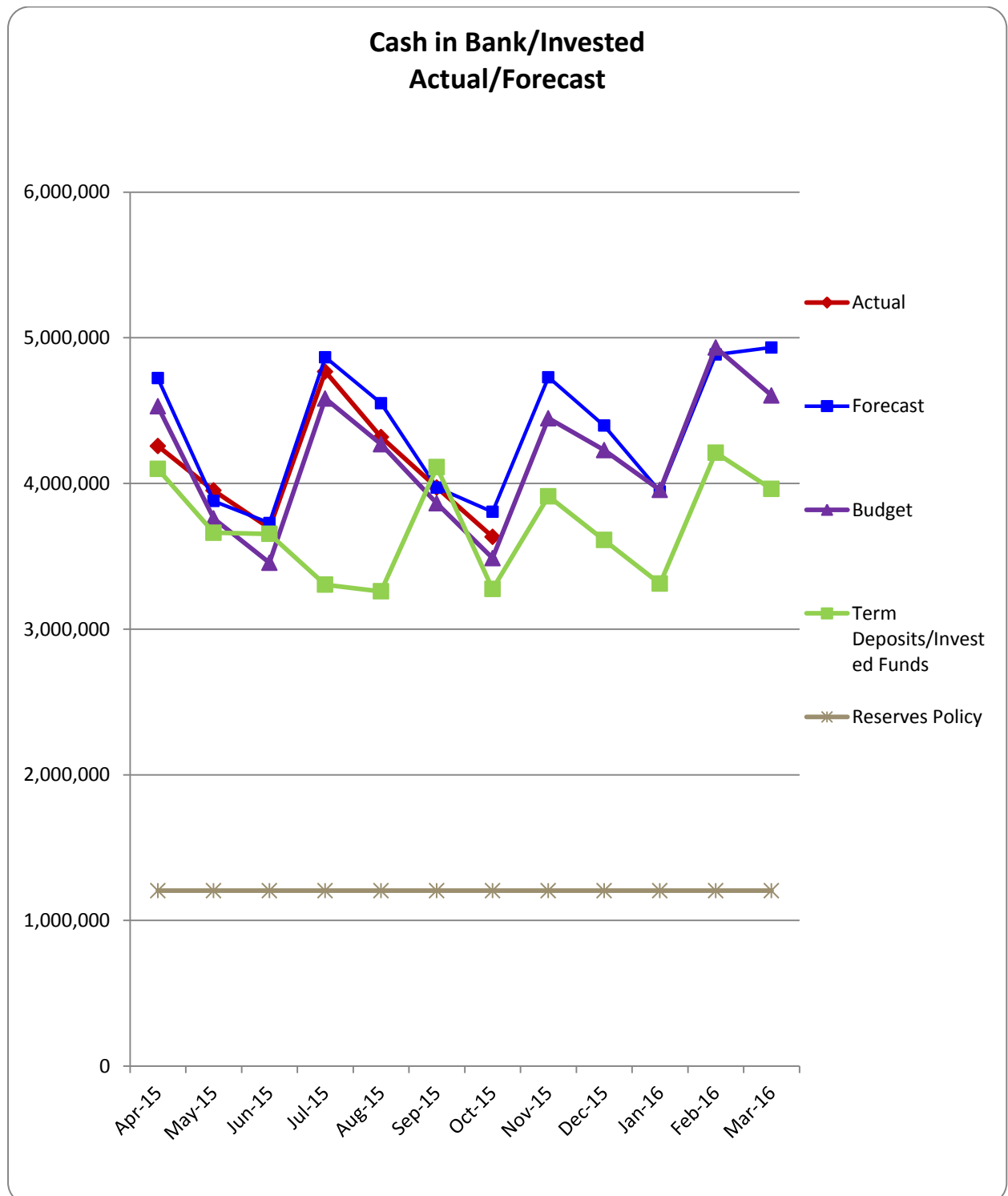
Investment Funds

	Milford Asset Management	Gareth Morgan Investments	Total
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	2,439,103
Sep-15	1,203,796	1,200,593	2,404,389
Oct-15	1,238,926	1,216,311	2,455,236

Investment Funds Monthly Closing Balances



Attachment F – Cash in Bank/Invested actual compared with forecast



Attachment G: Cash flow forecast to October 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	Actual	Actual	Proj	Proj	Proj	Proj	Proj	Proj
Invoiced Sales	234,513	55,501	13,930	19,502	71,187	40,804	130,882	8,657	36,835	36,836	36,836	524,302	1,209,785
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	58,114	0	0	0	0	0	192,975
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	1,312	631	1,736	2,289	927	1,976	3,904	20,024
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	0	0	4,050	4,796	0	1,131	0	17,109
RWT Received	0	0	0	0	0	0	0	0	0	0	0	0	0
GST	0	56,616	55,932	0	0	64,831	5,788	0	132,670	0	79,994	0	395,831
	235,874	193,418	74,948	1,651,452	72,993	106,947	195,415	1,314,443	176,590	37,763	1,419,937	528,206	6,007,986
PAYMENTS													
Invoiced Costs	508,731	422,121	208,465	463,472	415,741	364,701	452,247	176,335	298,214	393,956	405,079	354,104	4,463,166
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	54,898	60,774	56,841	85,478	56,837	56,841	85,908	765,376
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	34,478	20,427	46,650	35,048	35,050	27,996	35,156	380,888
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	454,077	533,448	279,826	418,740	485,843	489,916	475,168	5,624,831
NET CASH FLOW	-320,982	-305,203	-257,118	1,073,358	-449,183	-347,130	-338,033	1,034,617	-242,150	-448,080	930,021	53,038	383,155
OPENING BANK	4,577,995	4,257,013	3,951,810	3,694,692	4,768,050	4,318,867	3,971,737	3,633,704	4,668,321	4,426,171	3,978,091	4,908,112	4,577,995
CLOSING BANK	4,257,013	3,951,810	3,694,692	4,768,050	4,318,867	3,971,737	3,633,704	4,668,321	4,426,171	3,978,091	4,908,112	4,961,150	4,961,150

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	502,288	302,916					
ANZ Current	63,211	114,917	39,776	1,463,689	558,158	244,815	54,960					
ANZ Term Deposit	505,088	0	0	0	0	0	0					
ASB Term Deposit	440,965	440,965	445,803	445,803	445,803	445,803	445,803					
BNZ Term Deposit	488,602	488,602	488,602	88,602	88,602	88,602	88,602					
Kiwibank Term Deposit	285,439	285,439	285,439	285,439	285,439	285,439	285,439					
USD Bank Account (NZD)	0	0	0	0	0	0	347					
Petty Cash	400	400	400	400	400	400	400					
Investment Funds	2,380,397	2,448,227	2,434,169	2,483,614	2,439,104	2,404,389	2,455,236					
	4,257,013	3,951,810	3,694,692	4,768,050	4,318,867	3,971,737	3,633,704	0	0	0	0	0

Business Development

Author: Jordan Carter

Purpose of Paper: To spark Council discussion on next steps for the Business Development Strategy and Policy.

As requested by Council at the October Meeting, a draft Business Development Strategy and Policy was updated and shared with InternetNZ members for comment and feedback in late November. Copies of these documents are **attached**.

Members were advised that Council would be considering the matter further at the December meeting, and were asked to offer feedback if possible no later than 2 December.

A vigorous debate followed, on mailing lists and in some social media platforms.

At a high level, I would characterise the discussion so far (this paper finalised on 1 December) as follows:

- More participants than many debates have seen in the past few years.
- Some polarised / stark views, with most of those in this mode strongly opposed to the general approach
- A feeling that the mailing list does not provide the best forum for discussion of issues like this
- Questions about the degree to which this issue had been previously canvassed and the nature of the Council's mandate to proceed or otherwise
- A combination of issues relating to the Bus Dev Strategy and policy, and the Group Strategic Plan which set out the overall goal (but which didn't attract significant feedback)
- Those opposed are opposed for a combination of principled and pragmatic reasons – for instance, that such development should not occur within a ccTLD manager, or that the culture of the chosen business unit is not right for business development.
- Supportive voices have tended to support the reason for the overall goal (improved ability to work on the Objects) and see the effort proposed as reasonable).

I am reticent to offer any further summary at this point. Council members will have read all the debate, and it is moving fast. New points will have been raised by the time you consider this paper.

Councillors may recall that to some extent, the PDP and the consultation steps in it function as a “Flag” – if a proposed policy or strategy attracts significant attention then it may be a signal further consideration is required. For this Strategy and Plan, past efforts to consult and engage on the issue have seen people largely say “looks OK”. Both in specific terms (the March 2014 feedback request) and in broader discussions, this is the first time recently that significant engagement on the issues has happened.

There are a number of possible approaches as to what to do next:

- Council could decide to take the time for further discussion and engagement on this issue over the next few months, and should incorporate discussion on the relevant part of the Group Strategic Plan. This would be with InternetNZ members, but a low-key effort to draw the attention of other Internet Community stakeholders is also worth undertaking. While members are the ultimate decision-makers in InternetNZ governance, the organisation’s role and mandate are such that broad community understanding of the proposed approach is important.
- A specific survey following some further discussion may be of interest.
- Adjustments to the draft Strategy or Policy could be proposed, building from the conversation to date.

Councillors and members may have other, further, ideas.

Whatever approach is decided, it is important to convey the reality that InternetNZ takes the views of members seriously. Being clear that the Council is in favour of the approach it has proposed whilst being open minded on whether it is the right one, is appropriate in my view. There is no “one right way” to proceed.

I look forward to the conversation.

Recommendation:

I recommend that Council discuss this paper and determine what next steps should occur.

Jordan Carter
Chief Executive

1 December 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 members and other interested parties.

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 (revenue) 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?

You can provide feedback at any time by email to Jordan Carter, who will collate it for Council consideration. 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 would be ideally shared by Wednesday **2 December** so that it can be collated and prepared for a Council discussion at its December meeting.

If the discussion among members indicates a significant level of interest, InternetNZ will look at organising specific meetings (in person or online) to talk about the draft Strategy and policy.

We look forward to your thoughts.

Jamie Baddeley, President

Jordan Carter, Chief Executive

20 November 2015

Business Development Strategy (Draft)

Introduction

InternetNZ is involved in business development to reinforce sustainable financial resources for the organisation in the long term. More income will allow InternetNZ to do more to pursue its objects, and to work in the public interest to promote the Internet's benefits and uses and protect its potential..

At the time of writing, InternetNZ's only significant funding source is from registrations of .nz domain names¹. 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.

¹ Total income across the group was \$8.7m in 2014/15, and InternetNZ received around \$2.7m of this by way of dividend from NZRS. An infographic showing the use of funds is available on the website at <https://internetnz.nz/about-us/internetnz-group>

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 (revenue) comes from sources that are not dependent on being the designated manager for .nz

In practical terms this means:

- 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 in revenue 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 (revenue) 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 complement those from the Group strategy, and NZRS as lead entity in pursuing business development is tasked with bringing them about.

Business Development Transformations		
	<i>From</i>	<i>To</i>
1	One product is in production	Three commercial products developed and in production generating positive cashflow (by 2018)
2	N product/s 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.
- 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.

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 “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
<p>Perceived self-dealing / conflict of interest (commercial versus public good imperatives)</p>	<p>Commercial activity is done by/in limited liability companies with governing bodies differently composed than InternetNZ Council.</p> <p>Transparency and community involvement in establishing policy principles and detailed stances on issues.</p> <p>Clear internal understanding of and external transparency around the relationship between commercial activity and public good for any specific product or service.</p> <p>Staff that pursue commercial and public good activities have clear policy frameworks regarding appropriate boundaries and relationship between the two.</p>
<p>Conflict over use of .nz funds for new activities</p>	<p>Clear establishment of mandate to take this approach.</p> <p>Clear and consistent communication across the group as to the limited scope of such resource use.</p>
<p>Conflict through entering new markets that sees InternetNZ competing with existing businesses (including, potentially, those of InternetNZ members).</p>	<p>Competitor conflict assessed in making business development decisions with regard to potential for public good, delivery of objects and competitor responses.</p> <p>Preference for novel or innovative business development that means that the competition introduced by us is good for the consumer.</p>
<p>Perceived incompatibility between .nz steward role and any new commercial activity</p>	<p>Principled case made consistently across the group for the desirability of securing InternetNZ's objects independent of its role as the .nz steward.</p> <p>Regular testing of this question with the local Internet community.</p> <p>Clear information regarding actions of other ccTLD stewards in this arena.</p>
<p>Perceived risk of loss of focus on .nz caused by diversification</p>	<p>Conduct new business development in commercial entities that are already commercial entities (i.e. so only in NZRS or a new subsidiary).</p> <p>Staff that pursue commercial and .nz activities have clear policy frameworks regarding appropriate boundaries.</p>

INTENTIONAL BLANK PAGE

Business Development (DRAFT)

Policy	GRP-BUS: Business Development
Version	Version 3.1
Date in force	December 2015
Planned review	December 2017

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. Actions under this policy must be aimed at achieving, and be consistent with, the Business Development Strategy.

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.

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

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

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.

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.
4. Disposal of the business activity (sale to another).
5. Licensing of the product/service or relevant IP.

Draft .nz Governance Policy: .nz Framework Policy

Author: Jordan Carter

Purpose of Paper: To share with Council a new draft .nz Governance Policy, the .nz Framework Policy, seeking feedback on the draft and agreement to begin public consultation.

In 2014, InternetNZ and the subsidiaries reviewed the overarching policy framework for the .nz country code top level domain, and clarified the roles and responsibilities of the various parts of the InternetNZ group in some detail.

It was agreed as part of the review that a capstone **.nz Framework Policy** should be created, a “.nz Governance Policy” under the Policy Development Policy. The .nz Framework Policy sums up at the highest level the various roles and responsibilities of the various parts of the group in operating .nz.

I've worked with Jay and Debbie on a draft policy, which would when finalised be published along with the more detailed spreadsheet setting out the various details (but the spreadsheet would not be policy, per se).

The draft Policy is **attached**, and the detailed spreadsheet is also **attached** for information.

NZRS and DNCL Boards have done initial reviews on the draft, and the main point of contention so far is the highlighted clause 4.4.5 on monitoring.

Though the process to develop this Policy has not quite been in the usual order (as set out in the Policy Development Policy), my aim is that after the Council meeting we will be into the public consultation phase as set out for .NZ Policies.

This is, essentially, a status quo document - it brings the agreements from last year into a clear, short statement. It doesn't change the framework in place.

Recommendation:

THAT Council approve the draft .nz Framework Policy as a new draft .nz Governance Policy, and ask the Chief Executive to commence public consultation on the draft Policy as per the PDP.

Jordan Carter
Chief Executive

2 December 2015

INTENTIONAL BLANK PAGE

Policy: NZP - .nz Framework Policy
Draft: V5 - November 2015
Into effect: October 2015 (or TBC)
Review: October 2017 (or TBC)

1. Introduction

- 1.1. This policy sets out the high level framework by which InternetNZ and its subsidiary companies fulfil the role of designated manager for the .nz domain name space, also referred to as the .nz country code top level domain (in this policy, referred to as the “.nz TLD”).
- 1.2. InternetNZ serves as the designated manager (or ccTLD manager) at the pleasure of the local Internet community. It regards this role as one being done on trust and on behalf of that community. Consistent with RFC1591, there is no concept of “ownership” involved.
- 1.3. Changes to this policy are made according to the process set out in the Policy Development Policy available at www.internetnz.nz.

2. Principles for the .nz domain

- 2.1. The following overarching principles govern the operation of the .nz TLD:
 - 2.1.1. **Rule of law:** the laws of New Zealand apply and the lawful instructions of the courts and the authorities made as part of due process will be complied with – noting that this may require action that overrides the following principles.
 - 2.1.2. **First come first serve:** any domain name can be registered if it is available for registration on a first come first serve basis.
 - 2.1.3. **Registrants rights come first:** the rights and interests of registrants are safeguarded.
 - 2.1.4. **Low barriers to entry:** entry requirements are set no higher than necessary to maintain a competitive and stable market for registrars.

- 2.1.5. **No concern for use:** the ccTLD manager is not concerned with the use of a domain name.
 - 2.1.6. **Structural separation:** regulatory, registry and registrar functions are structurally separated.
 - 2.1.7. **Clear chain of relationships:** all registrants have agreements with their registrar, and all registrars with the registry. Where appropriate the regulator can intervene in these relationships consistent with this policy.
- 2.2. These overarching principles apply to all decisions and policy frameworks for the .nz TLD.
 - 2.3. Any changes to these overarching principles would only be made after extensive public consultation and discussion within the local Internet community.
 - 2.4. General principles for the management of top level domains have been published by InternetNZ and give further explanation of how .nz is intended to be operated. These are available at <https://internetnz.nz/tld-principles>

3. Other reserved matters

- 3.1. Besides the principles set out in Section 2, the following matters are reserved for decision by the Council:
 - 3.1.1. the long-term strategy for the .nz TLD;
 - 3.1.2. the monthly registration fee for .nz domain names;
 - 3.1.3. changes to the strategic .nz position on international issues;
 - 3.1.4. intellectual property rights in the .nz register;
 - 3.1.5. any changes to this policy.

4. Operating framework & allocation of responsibilities

- 4.1. The critical elements required for the operation of the .nz TLD are as follows:

- 4.1.1. Day to day management of the .nz TLD
- 4.1.2. Operation of the .nz register
- 4.1.3. Operation of the .nz DNS
- 4.1.4. Maintenance of the security, stability and resilience of the .nz TLD
- 4.1.5. Establishment, development and enforcement of the policy framework applying to the .nz TLD
- 4.1.6. Establishment, development and enforcement of the contractual framework applying to the .nz TLD
- 4.2. The operation of the .nz TLD will be consistent with the long-term strategy mentioned in 3.1.1 above.
- 4.3. InternetNZ has established two subsidiary companies to implement its responsibilities as designated manager. These are:
 - 4.3.1. Domain Name Commission Ltd
 - 4.3.2. NZRS Ltd
- 4.4. Domain Name Commission Ltd (DNCL) is delegated the responsibility for managing and administering the .nz domain, and as such has general oversight of the domain. In doing so it is responsible for:
 - 4.4.1. developing and enforcing the policy framework within which the .nz TLD operates;
 - 4.4.2. developing and enforcing the contractual framework within which the .nz TLD operates;
 - 4.4.3. negotiating and agreeing with NZRS the service level that NZRS must deliver in the operation of the .nz register and DNS, and monitoring these agreed service levels;
 - 4.4.4. providing dispute resolution services for registrants;
 - 4.4.5. monitor the operation of the .nz TLD; and

- 4.4.6. being the lead representative for .nz in regional and global Internet Governance forums working on domain name policy matters (e.g. within ICANN or APTLD). In performing this role it collaborates closely with NZRS and InternetNZ.
- 4.5. NZRS is delegated the responsibility for managing and operating certain elements of the .nz TLD. In doing so it is responsible for:
 - 4.5.1. the operation of the .nz register and .nz DNS consistent with the requirements agreed with DNCL in the SLA;
 - 4.5.2. billing relationships with authorised .nz registrars; and
 - 4.5.3. marketing of the .nz TLD so as to help drive an increase in registrations over time.
- 4.6. Together, the companies are responsible for:
 - 4.6.1. maintenance of the security, stability and resilience of the .nz TLD;
 - 4.6.2. the promotion of the .nz TLD; and
 - 4.6.3. the ongoing development of the product offering (e.g. the introduction of DNSSEC).
- 4.7. InternetNZ holds both companies accountable for performing their roles according to the Operating Agreements, this policy, and annual Statements of Expectations that set out shorter run objectives for the companies.
- 4.8. The delegated responsibilities in this policy are the full responsibility of the named subsidiary. InternetNZ holds them to account for their performance of these responsibilities. In turn, InternetNZ will not seek to interfere in the subsidiaries' exercise of these responsibilities.
- 4.9. Both companies report to InternetNZ on their corporate performance, and on the operation of the .nz TLD, as set out in the Planning and Reporting policy.

5. Other related policies and documents

- 5.1. There are a number of other documents that are related but are not part of this policy but are consistent with it.
- 5.2. Particular attention is due to the Constitutions and Operating Agreements for each company, which set out specifics of the roles and responsibilities each has.
- 5.3. These documents can be found on the website at <https://internetnz.nz/governance-policies-register>.
- 5.4. A detailed breakdown of roles and responsibilities for each of the three parts of the InternetNZ group is presented in the attached spreadsheet. This is a “for information” sheet and records agreed approaches, but is not a part of this policy – it is updated from time to time by agreement across the group.

INTENTIONAL BLANK PAGE

- 1 ANY means that any business unit may do it. A specific name means that business unit is expected to do it as part of their normal processes.
- 2 &' means that all those listed do it jointly, 'or' means that either does it depending on the circumstances
- 3 Verify is a hard stop like Approval - if a change doesn't pass verification then it doesn't happen.
- 4 We are missing guidelines on how Verification works and when things are Consulted on.
- 5 Propose Change' means proposing a change to the element not to the ownership of the element
- 6 Where 'Consult with LIC' has more than one business unit then the nature of the change under proposal determines which business units does the consultation

Elements	Ownership			Change Process										Source
	Owner	Delegated To	Formal Reporting	Propose Change	Notified	Verify -	Verify -	Review for SLA	Consult with LIC	Verify -	Approve Change	Implement	After the fact intervention	Document
						Principles & Policy	Technical & Commercial			Community acceptance				
IANA database	INZ	-	-	DNCL or NZRS or ANY	ALL	-	-	-	-	-	INZ	INZ	-	-
This framework	INZ	DNCL & NZRS	DNCL & NZRS to INZ	DNCL or NZRS or ANY	ALL	-	-	-	-	-	INZ	NZRS & DNCL	-	This framework
InternetNZ reserved principles	INZ	-	-	INZ or ANY	ALL	-	-	-	DNCL	INZ	INZ	DNCL	-	DNCL OA
Structure of the market (SRS)	INZ	-	-	INZ or ANY	ALL	-	-	-	INZ or DNCL	INZ	INZ	INZ	-	?
Fee	INZ	-	-	DNCL & NZRS	ALL	DNCL	NZRS	-	-	-	INZ	NZRS	-	Both OAs
SLA	INZ	DNCL & NZRS	NZRS to DNCL, DNCL to INZ	DNCL & NZRS	NZRS & DNCL	DNCL	NZRS	-	-	-	DNCL & NZRS	NZRS & DNCL	-	Both OAs
.nz Strategy	INZ	DNCL & NZRS	DNCL & NZRS to INZ	DNCL or NZRS or ANY	ALL	DNCL	NZRS	-	-	-	DNCL & NZRS	DNCL or NZRS	-	Both SoEs
.nz Identity	INZ	DNCL & NZRS	DNCL & NZRS to INZ	DNCL or NZRS or ANY	ALL	DNCL	NZRS	-	-	-	DNCL & NZRS	DNCL or NZRS	-	-
.nz Policy Framework	INZ	DNCL	DNCL to INZ	DNCL or ANY	NZRS or ALL	DNCL	NZRS	-	DNCL	DNCL	DNCL or INZ	DNCL or NZRS	-	DNCL OA
Registry operation (non-SLA)	INZ	NZRS	NZRS to INZ	NZRS or ANY	DNCL or ALL	DNCL	NZRS	NZRS & DNCL	DNCL or NZRS	DNCL	NZRS	NZRS	DNCL	NZRS OA
DNS operation (non-SLA)	INZ	NZRS	NZRS to INZ	NZRS or ANY	DNCL or ALL	DNCL	NZRS	NZRS & DNCL	DNCL or NZRS	DNCL	NZRS	NZRS	DNCL	NZRS OA
New services for .nz	INZ	NZRS	NZRS to INZ	NZRS or DNCL or ANY	ALL	DNCL	NZRS	NZRS & DNCL	DNCL	DNCL	NZRS	NZRS	DNCL	NZRS OA
Registry data	INZ	NZRS	NZRS to INZ	NZRS or DNCL or ANY	DNCL	DNCL	NZRS		DNCL or NZRS	DNCL	NZRS	NZRS	DNCL	NZRS OA
DNS data	INZ	NZRS	NZRS to INZ	NZRS or ANY	DNCL	DNCL	NZRS		DNCL or NZRS	DNCL	NZRS	NZRS	DNCL	NZRS OA
.nz Marketing Brand	INZ	NZRS	NZRS to INZ	NZRS or ANY	ALL	DNCL	NZRS		-	-	NZRS	NZRS	-	-
.nz DNCL Brand	INZ	DNCL	DNCL to INZ	DNCL or ANY	ALL	DNCL	NZRS		-	-	DNCL	DNCL	-	-
Registrar compliance	DNCL	-	DNCL to INZ	DNCL or ANY	NZRS	DNCL	-		DNCL	-	DNCL	DNCL	-	.nz policies
Registrar authorisation	DNCL	-	DNCL to INZ	DNCL or ANY	NZRS	DNCL	NZRS		DNCL	-	DNCL	DNCL	-	.nz policies
Registrar connection	NZRS	-	NZRS to DNCL	NZRS or ANY	DNCL	-	NZRS		NZRS	-	NZRS	NZRS	-	NZRS CA
Registrar billing	NZRS	-	?	NZRS or ANY	DNCL	DNCL	NZRS		NZRS	-	NZRS	NZRS	-	NZRS CA
Registrar <-> Registrant security	DNCL	-	DNCL to INZ	DNCL or ANY	NZRS	DNCL	NZRS		DNCL	-	DNCL	DNCL & NZRS	DNCL or NZRS	.nz policies
Registrar <-> Registry security	NZRS	-	NZRS to DNCL	NZRS or ANY	DNCL	DNCL	NZRS		NZRS	-	NZRS	NZRS	DNCL	NZRS CA
	Delegated													
	Owner	To	Formal Reporting	Propose Change	Notified						Approve Change	Implement		
	INZ	-	?	ANY	ALL	-	-			-	-	INZ	INZ	-
	INZ	DNCL	DNCL to INZ	DNCL or ANY	ALL	-	-			-	-	INZ	DNCL	-
	INZ	DNCL	DNCL to INZ	DNCL or ANY	ALL	-	-			-	-	INZ	DNCL	-
	INZ	NZRS	NZRS to INZ	NZRS or ANY	ALL	-	-			-	-	INZ	NZRS	-
	INZ	DNCL	DNCL to INZ	ANY	ALL	-	-			-	-	INZ	DNCL	-
	INZ	DNCL	DNCL to INZ	ANY	ALL	-	-			-	-	INZ	DNCL	-
	Delegated													
	Owner	To	Formal Reporting	Initiate	Notified	Verify - Principles & Policy	Verify - Technical & Commercial				Approve	Implement	After the fact intervention	Document
	DNCL	-	DNCL to INZ	DNCL	NZRS	DNCL	NZRS				-	-	?	.nz policies
	NZRS	-	NZRS to INZ	NZRS	DNCL	DNCL	NZRS				-	-	DNCL	.nz policies
	ANY	-	ANY to INZ	NZRS or DNCL	NZRS or DNCL	DNCL	NZRS				-	-	?	.nz policies
	ANY	-	ANY to INZ	NZRS or DNCL	NZRS or DNCL	DNCL	NZRS				-	-	DNCL	.nz policies
	ANY	-	ANY to INZ	NZRS or DNCL	NZRS or DNCL	DNCL	NZRS				-	-	DNCL	.nz policies
	ANY	-	ANY to INZ	NZRS or DNCL	NZRS or DNCL	DNCL	NZRS				-	-	DNCL	.nz policies

INTENTIONAL BLANK PAGE

24 November 2015

Jamie Baddeley
President
InternetNZ
PO Box 11 881
Wellington

Additional staffer for Technical Research

Dear Jamie

In our Statement of Direction and Goals for 2015-16 we noted that we had budgeted for an additional staff member for Technical Research but would not be employing anyone to that role until we had agreement from InternetNZ to us to increase the level of investment in Technical Research. I am now in a position to write to you seeking that agreement.

As background, the Technical Research team carries out research into various areas including domain names, Internet connectivity and use of the Internet in NZ. All the output of the team is published on an open basis allowing anyone to use it for their own research or commercial purposes.

Some of this research output is used by other parts of NZRS for both operational improvement and business. For example, the National Broadband Map began as a research team project investigating into wireless coverage of rural areas. Another example is the registry data quality metrics that are now built into our registrar portal.

The list of research projects that the team are undertaking can be categorised into two. The first category includes active research projects all of which are being used by the rest of the company to develop new features for .nz or new services:

- Registry data quality metrics
- ANZSIC coding of the register
- Domain popularity ranking

- Scanning of the .nz zone

The second category is a longer list of inactive projects that have all delivered a first stage of output to demonstrate their value but with the limited resources of the team are either on hold or only seeing very slow progress:

- Network Topology Maps
- New technique for malware detection using observed queries
- RPKI Validator
- Full .nz web scan
- Domain name registrant classification
- Modelling of churn within the register
- String distance registry augmentation
- Domain labels broken into words

Beyond that there are many more research areas that have the potential to deliver value to the NZ Internet community that the team is not able to start work on. The team are expecting to support the State of the Internet Report that InternetNZ have been planning for the last year, which may turn out to have major resource requirements.

It is the view of the board that we should increase the resources available to the team by employing another researcher so that these projects can progress.

We do not expect any adverse financial from this change as this post was fully funded in our budget presented with our Statement of Direction and Goals and domain name growth is above budget.

Please let me know if we have the agreement of Council to increase the resources of the Technical Research team by employing another researcher. Both the CE and I will be available at the next Council meeting to answer any queries you may have.

Yours sincerely



Richard Currey
Chair

INTENTIONAL BLANK PAGE

Statement of Expectations 2016/17

Author: Jordan Carter

Purpose of Paper: To seek Council agreement of new Statements of Expectations for NZRS and DNCL for the 2016-17 year.

Statements of Expectations documents are the key tool Council uses to set out yearly requirements for the subsidiary companies.

Last year the SoEs were substantially revised with a new format showing core and secondary functions. The new approach seems to have worked well so far, and there are no significant issues that have been drawn to my attention that require significant review.

The **attached drafts** therefore only make minor changes, evolving the list of time-specific matters to be relevant to the coming year, but largely unchanged otherwise. They are red-line mark ups of the 2015-16 documents, and are proposed for Council adoption for 2016-17.

Given the lack of significant change, these were provided in soft copy to subsidiaries for review only just before the papers were finalised. Subsidiaries are invited to raise any comments at the Council meeting for discussion and if necessary resolution.

Recommendations

THAT Council adopt the Statement of Expectations for Domain Name Commission Limited for 2016-17.

THAT Council adopt the Statement of Expectations for NZRS Limited for 2016-17.

Jordan Carter
Chief Executive

2 December 2015

INTENTIONAL BLANK PAGE

Statement of Expectations: DNCL

201~~65~~-201~~76~~

1. Introduction

This Statement of Expectations sets out InternetNZ's expectations for the ~~2015-16~~2016-17 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 efficiently 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-X~~ December ~~2014-2015~~ (RN ~~110XX/1415~~).

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~~is 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 was jointly developed by both companies, and was approved by the Council in June 2015.~~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 Framework Policy>~~ (currently in draft, expected to be finalised in early 2016) 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
<i>DNCL</i>	
.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.
<i>ALONG WITH NZRS</i>	
.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 group projects in 2015-16~~2016-17

The shareholder expects the following ~~specific tasks group projects~~ to be addressed by the company in the ~~2015-16~~2016-17 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~~ Conduct the planned review of the policies related to the work programme involved with rolling out registrations direct at the second level registrations.
- ~~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 revise and update the Operating Agreement.~~
- ~~Work with the shareholder to review group policies related to reporting.~~
-

- ~~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~~2016-17 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:

- adopt sound organisational and financial management practices so as to safeguard and enhance InternetNZ's investment in the company;
- 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
- 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:

- 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 and practical, 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~~2016-17 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~~2016-17, 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~~2016-17 financial year, as well as draft budgets for 2017~~6~~-18~~7~~ and 2018~~7~~-19~~8~~ (subject to adjustments for 2015~~4~~-16~~5~~ year end results).

The SoDaG must be presented to the Council as soon as convenient, and no later than its ~~April-May 2016~~ meeting.

~~In keeping with the conclusions of the Financial Flows review of the InternetNZ Group, the~~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: NZRS

~~20152016-20162017~~

1. Introduction

This Statement of Expectations sets out InternetNZ's expectations for the ~~20152016-17~~ 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 efficiently 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-X~~ December 20~~15~~~~14~~ (RN ~~XX111/1514~~).

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~~ is 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~~ was jointly developed by both companies, and ~~was approved by the Council in June 2015. 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 Framework Policy>~~ ~~(currently in draft, expected to be finalised in early 2016)~~ 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 and Policy .

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-group projects in 2015~~2016-1617

The shareholder expects the following ~~specific tasks-group projects~~ to be addressed by the company in the 201~~65~~-176 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 revise and update the Operating Agreement.~~
- ~~Work with the shareholder to review group policies related to reporting.~~
- ~~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 201~~65~~-1~~76~~ in respect of .nz operations.
 - This ratio applies to revenue from registrations of .nz domain names
 - The costs of the management fee to DNCL are excluded from calculating this target, as that is outside the company's control.
 - 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.
 - This ratio applies to all other revenue from commercial operations.
 - 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 **\$3.806m** to the shareholder in 201~~65~~-1~~76~~ (subject to finalisation of the company's growth forecasts and 201~~65~~-1~~76~~ 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~~2016-16~~17~~, 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~~2016-16~~17~~ financial year, as well as draft budgets for ~~2016~~2017-17~~18~~ and ~~2017~~2018-18~~19~~ (subject to adjustments for 201~~5~~4-1~~6~~5 year end results).

The SoDaG must be presented to the Council as soon as convenient, and no later than its ~~April-May~~ 2016~~5~~ meeting.

~~In keeping with the conclusions of the Financial Flows review of the InternetNZ Group, the~~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.

30 September 2015

Jamie Baddeley
President
InternetNZ
PO Box 11 881
Wellington

Dear Jamie

Re: 2nd Quarter 2015 - 2016 Report

We enclose our second quarterly report of the 2015 - 2016 year; the quarter ended 30 September 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.

As requested our financial performance statements include a breakdown of expenditure by activity.

The net profit before tax of \$965,921 for the quarter was 10.0% above the budgeted \$874,353.

Domain name growth was above budget for the quarter. Growth was 7,006 versus a budgeted 1,531. July's net growth was 3,544, August's net growth was 2,472 and September's net growth was 990.

Actual domain name fee income for the quarter was above budget by \$26,269 (actual \$2,457,309 versus budgeted \$2,431,040).

Expenses for the quarter were \$147,343 below budget (actual \$2,692,028 versus budgeted \$2,544,685) due mainly to the timing of expenditure.

The company's liquidity ratio was met.

\$1,570,058 was paid in dividends during this quarter.

2. Other Key Strategic and Operational Activities

Along with the rest of the group, NZRS moved to new office premises in this quarter.

3. Business/service development

In this quarter we launched the National Broadband Map and our Internet Data Portal.

4. New report section

In response to a request made by the InternetNZ CE at the last Council meeting, our quarterly reports will now include a section on Activity Based Expenditure. This shows expenditure against budget for the core activity of .nz and secondary activities of .nz marketing, technical research and business development.

As requested the costs for each activity include specific costs and shared costs apportioned on a head count basis. These are shown as separate columns on the new report.

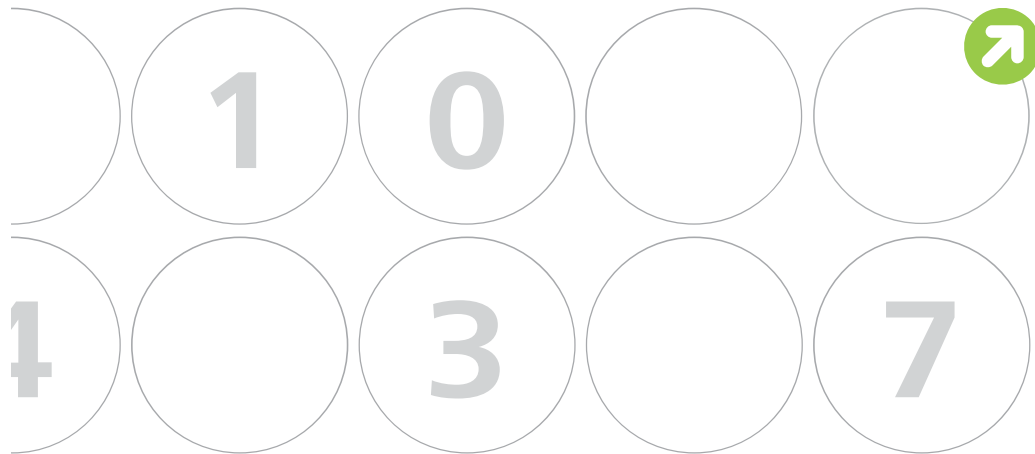
Please do not hesitate to contact me if you have any queries.

Yours sincerely



Richard Currey

Chair



NZRS Ltd

Financial Statements

For the Quarter Ended 30 September 2015

NZRS Ltd
Financial Statements
For the Quarter Ended 30 September 2015

Statement of Financial Performance

Balance Sheet

Statement of Cash Flows

Profit & Loss

NZRS Ltd For the 3 months ended 30 September 2015

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Income								
Registry Fees	2,457,309	2,431,040	26,269▲	1.1%▲	4,886,088	4,840,389	45,699▲	0.9%▲
Total Income	2,457,309	2,431,040	26,269	1.1%	4,886,088	4,840,389	45,699	0.9%
Less Cost of Sales								
DNC Fee (348)	467,460	467,460	-	0.0%	934,920	934,920	-	0.0%
DNS Expenses	34,009	38,750	(4,741)▼	-12.2%▼	64,368	77,500	(13,132)▼	-16.9%▼
ISP/Hosting/Networking	95,161	93,772	1,389▲	1.5%▲	191,299	187,545	3,754▲	2.0%▲
Other IT	32,981	62,478	(29,497)▼	-47.2%▼	94,790	125,219	(30,429)▼	-24.3%▼
Total Cost of Sales	629,612	662,460	(32,848)	-5.0%	1,285,378	1,325,184	(39,806)	-3.0%
Gross Profit	1,827,698	1,768,580	59,118	3.0%	3,600,711	3,515,205	85,506	2.0%
Less Operating Expenses								
Depreciation & Amortisation	174,072	185,991	(11,919)▼	-6.4%▼	361,165	379,414	(18,249)▼	-4.8%▼
Overhead Expenses	789,295	806,484	(17,189)▼	-2.1%▼	1,560,273	1,612,966	(52,693)▼	-3.3%▼
Total Operating Expenses	963,368	992,475	(29,107)	-2.9%	1,921,438	1,992,380	(70,942)	-3.6%
Operating Profit	864,330	776,105	88,225	11.0%	1,679,273	1,522,825	156,448	10.0%
Non-operating Income								
Interest Received (203)	101,591	98,248	3,343▲	3.4%▲	192,766	197,188	(4,422)▼	-2.2%▼
Total Non-operating Income	101,591	98,248	3,343	3.4%	192,766	197,188	(4,422)	-2.2%
Net Profit	965,921	874,353	91,568	10.0%	1,872,038	1,720,013	152,025	9.0%

Balance Sheet

NZRS Ltd As at 30 September 2015

30 Sep 2015
30 Jun 2015

Assets

Bank		
Cash and Cash Equivalents	10,160,981	10,517,317
Total Bank	10,160,981	10,517,317
Current Assets		
Accounts Receivable	1,146,477	900,884
Interest Receivable (688)	96,104	117,460
Prepayments/Credits (687)	87,686	82,032
Total Current Assets	1,330,267	1,100,376
Fixed Assets		
Fixed Assets	817,900	944,406
Total Fixed Assets	817,900	944,406
Total Assets	12,309,147	12,562,098

Liabilities

Current Liabilities		
Accounts Payable	242,582	275,073
Credit Cards	15,811	21,793
Deferred Income - Registry Fees	7,738,728	7,426,551
GST	108,163	30,680
Total Current Liabilities	8,105,283	7,754,097
Non-Current Liabilities		
Deferred Income - Adjustment (81700)	407,203	407,203
Total Non-Current Liabilities	407,203	407,203
Total Liabilities	8,512,486	8,161,300
Net Assets	3,796,661	4,400,798

Equity

30,000 Ordinary Shares (60100)	30,000	30,000
Current Year Earnings	1,872,038	906,118
Retained Earnings (638)	1,894,623	3,464,681
Total Equity	3,796,661	4,400,798

NZRS Ltd
Statement of Cash Flows
For the Quarter Ended 30 September 2015



	This Quarter			Year to Date				Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Last Year Year To Date	Budget	LY Actual
Cash Flows From Operating Activities									
Cash Was Provided From:									
Registry Fees Received	2,810,341	3,048,544	(238,203)	6,116,153	6,500,088	(383,935)	5,146,407	12,561,057	10,647,837
Other Receipts	122,947	98,248	24,699	186,218	197,188	(10,970)	147,124	396,995	303,295
	<u>2,933,287</u>	<u>3,146,792</u>	<u>(213,505)</u>	<u>6,302,371</u>	<u>6,697,276</u>	<u>(394,905)</u>	<u>5,293,531</u>	<u>12,958,052</u>	<u>10,951,132</u>
Cash Was Distributed To:									
Payments to Suppliers and Employees	1,587,075	1,614,860	(27,785)	3,179,776	3,221,963	(42,187)	2,971,393	6,446,308	6,148,484
Net Taxation Paid	-	-	-	-	-	-	-	-	-
Net Dividend Paid	1,570,058	1,570,058	-	1,570,058	1,570,058	-	1,355,776	4,170,058	2,755,776
Net GST Paid	73,743	155,563	(81,820)	283,911	430,211	(146,300)	87,861	894,611	305,525
	<u>3,230,876</u>	<u>3,340,481</u>	<u>(109,605)</u>	<u>5,033,745</u>	<u>5,222,232</u>	<u>(188,487)</u>	<u>4,415,029</u>	<u>11,510,977</u>	<u>9,209,784</u>
Net Cashflows from Operating	<u>(297,590)</u>	<u>(193,689)</u>	<u>(103,900)</u>	<u>1,268,625</u>	<u>1,475,044</u>	<u>(206,418)</u>	<u>878,502</u>	<u>1,447,075</u>	<u>1,741,348</u>
Cash Flows from Financing Activities									
Cash was Provided From:									
Share Capital	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash was Distributed To:									
Repayment of Redeemable Preference Shares	-	-	-	-	-	-	-	-	-
Inland Revenue Use of Money Interest	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash flows from Financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities									
Cash was Provided From:									
Fitout Contribution	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash was Distributed To:									
Purchase of Fixed Assets & Formation Expenses	52,765	140,588	(87,823)	82,509	234,312	(151,803)	592,660	515,488	899,518
	<u>(52,765)</u>	<u>(140,588)</u>	<u>87,823</u>	<u>(82,509)</u>	<u>(234,312)</u>	<u>151,803</u>	<u>(592,660)</u>	<u>(515,488)</u>	<u>(899,518)</u>
Net Cash flows from Investing Activities	<u>(52,765)</u>	<u>(140,588)</u>	<u>87,823</u>	<u>(82,509)</u>	<u>(234,312)</u>	<u>151,803</u>	<u>(592,660)</u>	<u>(515,488)</u>	<u>(899,518)</u>
Net Increase (Decrease) in Cash Held	(350,355)	(334,277)	(16,077)	1,186,117	1,240,732	(54,615)	285,842	931,587	841,831
Plus Opening Cash Balance	10,495,524	10,534,062	(38,538)	8,959,053	8,959,053	-	8,099,572	8,959,053	8,099,572
	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>8,385,413</u>	<u>9,890,640</u>	<u>8,941,403</u>
Closing Cash Carried Forward	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>8,385,413</u>	<u>9,890,640</u>	<u>8,941,403</u>
Closing Cash Comprises									
ASB Bank Cheque Account	334,677	-	-	334,677	-	-	533,580	9,890,640	918,966
ASB Bank Call Account	907,154	-	-	907,154	-	-	503,576	-	1,286,395
Term Deposits	8,919,150	-	-	8,919,150	-	-	7,374,749	-	6,741,486
ASB Credit Cards	(15,811)	-	-	(15,811)	-	-	(26,492)	-	(5,444)
	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>8,385,413</u>	<u>9,890,640</u>	<u>8,941,403</u>
Total Cash Held	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>10,145,170</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>8,385,413</u>	<u>9,890,640</u>	<u>8,941,403</u>
Plus ASB Credit Cards	15,811	-	-	15,811	-	-	26,492	-	5,444
Total Cash & Cash Equivalents	<u>10,160,981</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>10,160,981</u>	<u>10,199,785</u>	<u>(54,615)</u>	<u>8,411,905</u>	<u>9,890,640</u>	<u>8,946,847</u>

NZRS Ltd
Activity Based Expenditure Report
For the Quarter Ended 30 September 2015



		This Quarter		Total	Year to Date		Total
		Specific to this Activity	Apportionment of Shared Costs		Specific to this Activity	Apportionment of Shared Costs	
.NZ	Actual	1,096,790	210,647	1,307,437	2,182,419	446,984	2,629,403
	Budget	1,114,214	236,470	1,350,684	2,237,763	472,696	2,710,459
	Variance	17,424	25,823	43,247	55,344	25,712	81,056
.NZ Marketing	Actual	141,711	25,055	166,766	272,898	54,598	327,496
	Budget	133,289	25,863	159,152	266,841	50,106	316,947
	Variance	(8,422)	808	(7,615)	(6,058)	(4,491)	(10,549)
Technical Research	Actual	77,182	32,284	109,465	154,908	70,848	225,756
	Budget	93,622	38,777	132,399	187,244	77,513	264,758
	Variance	16,440	6,493	22,934	32,336	6,665	39,001
Business Development	Actual	972	8,338	9,310	972	23,188	24,160
	Budget	1,275	11,425	12,700	2,550	22,851	25,401
	Variance	303	3,087	3,390	1,578	(338)	1,240
Total	Actual	1,316,655	276,324	1,592,979	2,611,197	595,618	3,206,816
	Budget	1,342,400	312,535	1,654,935	2,694,398	623,166	3,317,564
	Variance	25,745	36,211	61,956	83,201	27,548	110,748

December 2015

Jamie Baddeley
President, InternetNZ

Dear Jamie,

Second Quarter 2015/16 report

This report includes DNCL's quarterly Profit and Loss Statement, information regarding DNCL Security and Training and an update regarding succession planning. If Council requires any further information please let me know so I can include it in future reports.

	July - Sept 2015			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
INCOME						
Authorisation Fees	3,000	0	3,000	6,000	3,000	3,000
DRS Complaint Fees	14,000	12,000	2,000	20,000	20,000	0
Management Fees	467,460	467,460	0	934,920	934,920	0
Income - Other	0	0	0	0	0	0
Interest Income	8,497	1,900	6,597	9,832	3,800	6,032
Total Income	492,957	481,360	11,597	970,752	961,720	9,032
EXPENDITURE						
DNCL Board	34,533	43,439	8,906	70,676	86,874	16,198
Communications	2,017	18,752	16,735	4,567	37,500	32,933
Dispute Resolution Services	22,200	21,687	(513)	26,875	39,374	12,499
DNC Activities	3,764	6,875	3,111	5,002	13,749	8,747
International	26,805	35,000	8,195	38,165	98,000	59,835
Office and Administration	47,562	48,411	849	96,911	98,112	1,201
Personnel and Staff	253,249	265,720	12,471	518,619	525,752	7,133
Professional Services	18,192	21,000	2,808	57,206	70,498	13,292
Total Expenditure	408,322	460,884	52,562	818,022	969,859	151,837
Depreciation	9,464	13,375	3,911	18,746	26,750	8,004
Net Profit/Loss	75,172	7,101	68,071	133,984	(34,889)	168,873

Variances against budget for this quarter reflect the budget being evenly distributed across the year whereas the activities undertaken are not so linear. Expenditure is expected to increase under communications with the upcoming WHOIS consultation.

Security and Training

In August, a three hour training and overview session was provided to the Medsafe/MoH investigation team on Domain Names, DNS and Internet Investigations. This is the second time the entry level course has been run and it was well received.

Throughout the quarter DNCL provided co-ordination and communications support for the inaugural InfoSec Awards New Zealand (iSANZ) which are to take place in Wellington on the 8th of December 2015.

The NZITF continued the development of the Cyber Security Incident Response Team (CSIRT). This team will be unique in New Zealand with a focus on supporting small and medium sized private sector companies and non-profit organisations. This initiative has been supported by the InternetNZ group.

Succession planning

The Board of DNCL has approved a succession plan for the company. It is intended to identify options and actions for ensuring DNCL continues to operate effectively in the case of staff absences or loss of key personnel. This plan will be continually reviewed to ensure that all required actions have been undertaken and that it remains current and relevant.

The Board of DNCL recommends that the Council of InternetNZ receives this report. Please do not hesitate to contact me if you have any questions.

Yours sincerely

A handwritten signature in black ink that reads "David Farrar". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

David Farrar
Chair, DNCL

.nz Quarterly Report

Second Quarter ended 30 September 2015

Introduction

This is the second joint .nz quarterly report for the 2015/16 financial year. Council is asked for feedback on this report and what changes, if any, Council would like to see for reports for the remainder of the year. It is the intention of DNCL and NZRS to continue to provide a joint report to prevent the ongoing duplication of .nz information. There is nothing in this report that is confidential.

1. Global Domain Name Environment

At the end of the quarter a total of 298.4m domain names had been registered among all TLDs. A further breakdown of this figure is provided in the table below:

Domain name registrations as at 30 September 2015	
ccTLDs	137.2m
gTLDs (pre 2012)	153.7m
gTLDs (post 2012)	7.7m

The number of delegated TLDs passed 1,000 in July and, at the end of September, 751 new TLDs had been delegated as part of the ICANN 2012 application process.

There are currently 10,295 .kiwi registrations – down from a high of approximately 12,000 after their first anniversary.

2. Activities

a) .nz Promotion and Marketing

During the quarter, two .nz infographics – ‘where the money goes’ and ‘who owns .nz’ – were finalised and promoted via social media channels. A1 printed versions have found a home in the Wellington boardroom.

Communications planning was a feature of the quarter, with plans developed for DNSSEC and DNCL’s .nz WHOIS review. The DNSSEC plan will be put into action following the DNSSEC go-live of .govt.nz. The WHOIS plan is underway now – promoting the review’s second public consultation.

During this quarter NZRS conducted a number of surveys:

- Registrar Satisfaction Survey
- Registrant Survey
- Reseller Surveys
- Colmar Brunton Public Research of consumers and business

Survey results will be presented at the November 2015 Registrar Conference – which is to be held in Wellington this year.

Media enquiries concerning registrations direct at the Second Level, a .nz domain locked due to a court order, and a Dispute Resolution Service expert decision were received and responded to by DNCL.

A suite of marketing assets was made available by NZRS for registrars to use when communicating with their customers about yearly .nz renewals. NZRS also began a new advertising campaign, underpinned by the strapline ‘whatever your business, we’re behind you’. Advertisements appeared online, including on Google Display, Trade Me and Facebook. Advertisements also appeared offline, on bus backs and billboards in Auckland, Wellington and Christchurch. Associated sponsored editorial featured in Retail Magazine, Tech Day and Biz Buzz.

b) Registrations at the Second Level

A total of 550 conflicts were resolved between 1 July and the end of September.

Total Resolved Statistics

	April	May	June	Total for Q1	July	Aug	Sept	Total for Q2
Conflicts Resolved	219	185	209	613	175	210	165	550

c) International Engagement

- The DNC spent time with the Vanuatu Telecommunications and Radio Communications Regulator to assist them in the next steps towards implementing a shared registry system for .vu.

d) .nz Policy

- Following a public consultation, the DNCL Board has approved the new policy framework for .nz. Under the new policy framework, the old list of 14 .nz policies has been simplified down to four .nz policies - The Policy Development Policy, the Principles and Responsibilities Policy, the Operations Policy and the Dispute Resolution Service Policy. The new Policy Framework will come into effect on 9 November 2015.

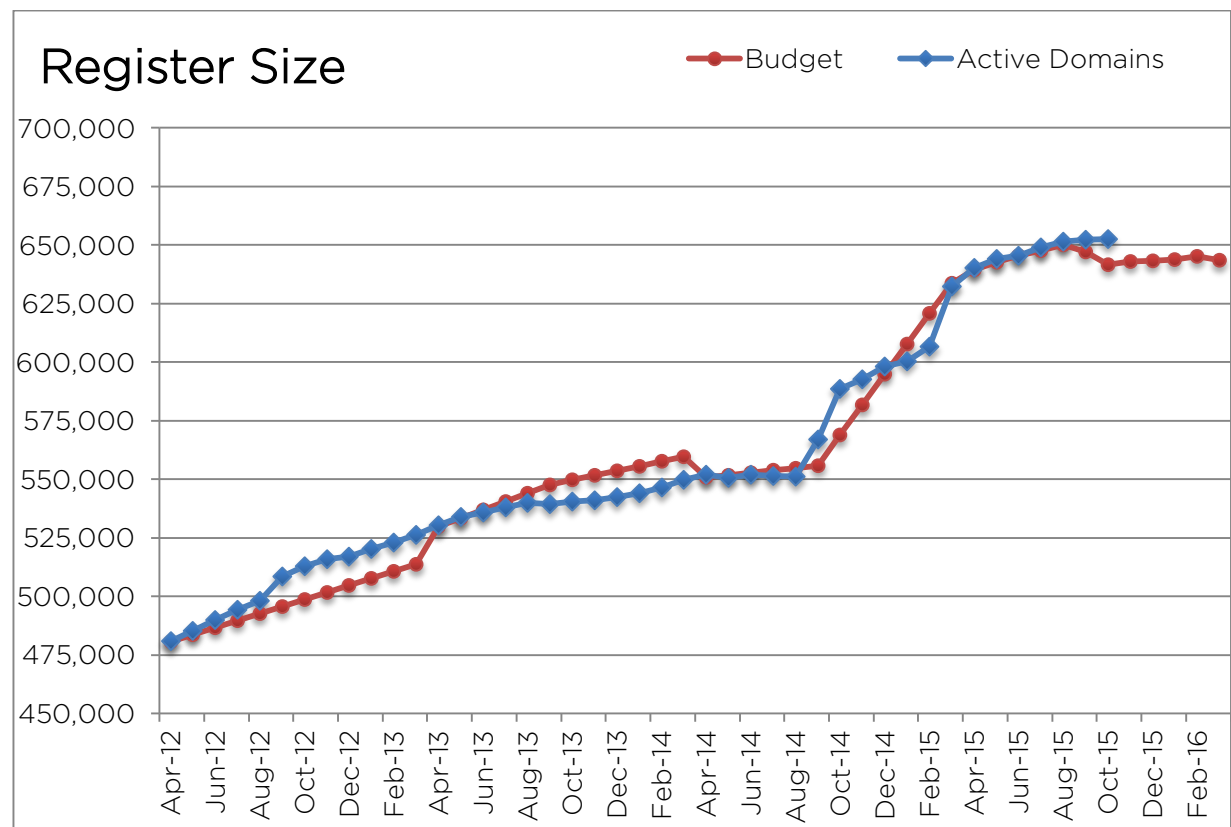
e) Other matters

- A meeting of the DNCL Board was held in August with minutes available at <http://dnc.org.nz/story/minutes-dncl-board-meeting-14-august-2015?m=309>

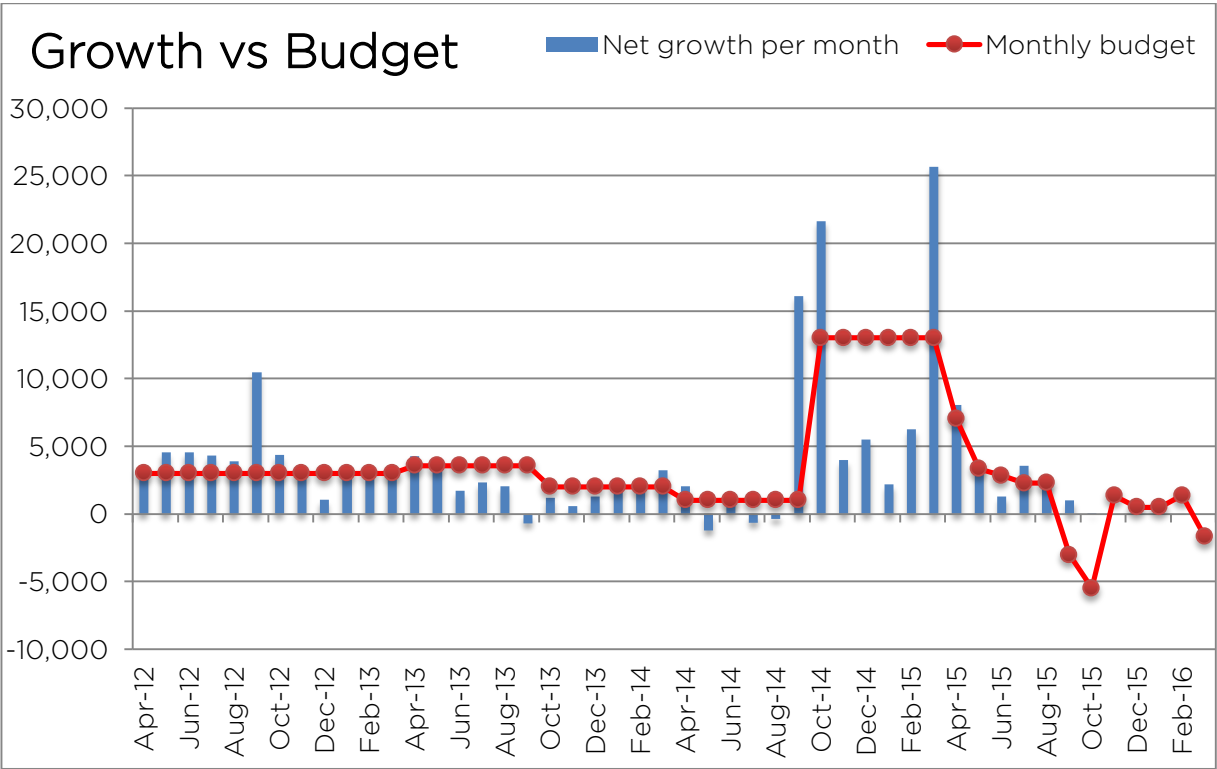
3. .nz data

a) Domain Names

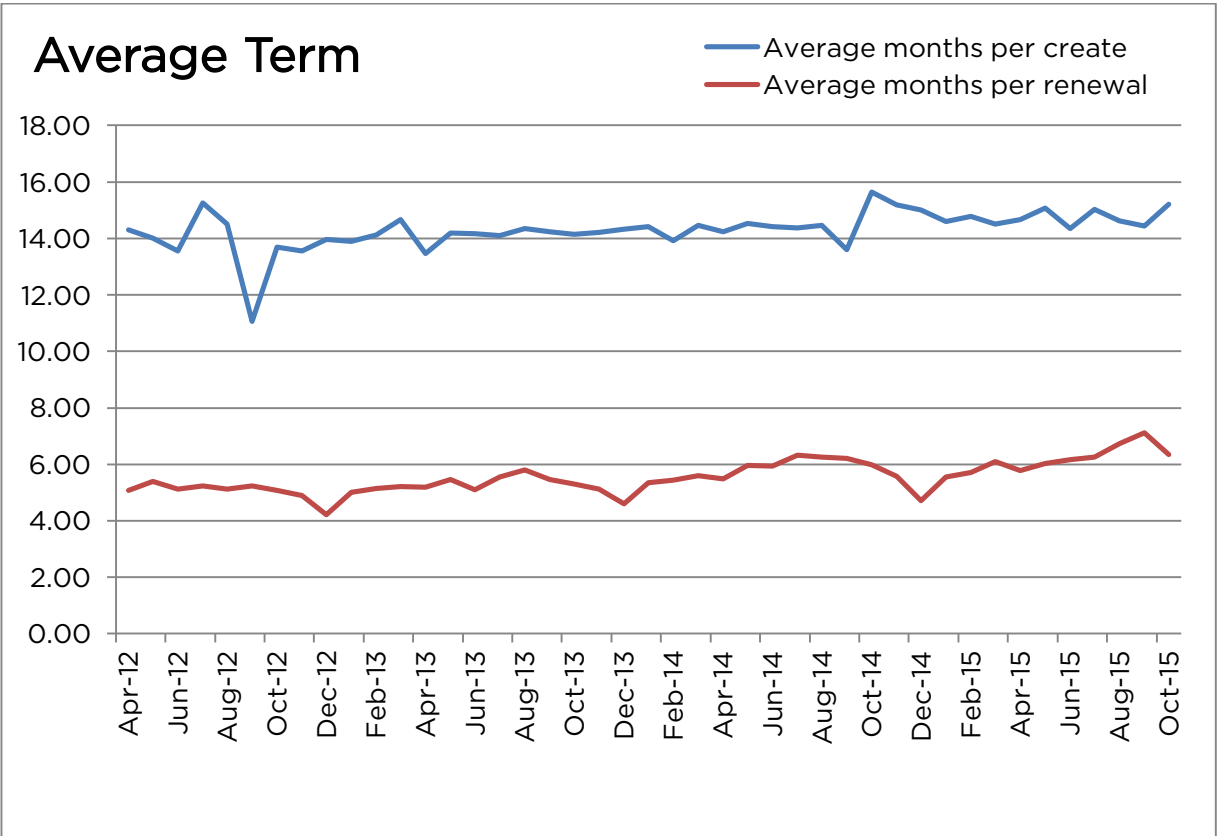
The size of the register against NZRS budgeted growth is shown in the chart below:



The actual growth against NZRS budgeted growth is shown in the chart below:



The average term (average number of months a domain is registered/renewed for) is shown in the chart below:



The breakdown of domain name growth by second level is noted in the table below:

	Jul-15	Aug-15	Sep-15
.nz	97,940	100,974	101,936
.ac.nz	2,217	2,217	2,230
.co.nz	478,997	478,533	479,265
.cri.nz	7	7	7
.geek.nz	1,127	1,106	1,095
.gen.nz	1,262	1,257	1,248
.govt.nz	1,025	1,023	1,021
.health.nz	215	219	219
.iwi.nz	92	93	92
.kiwi.nz	6,309	6,266	5,711
.maori.nz	984	973	991
.mil.nz	31	32	32
.net.nz	26,884	26,968	26,837
.org.nz	28,295	28,189	28,156
.parliament.nz	10	10	10
.school.nz	3,528	3,528	3,535
Total	648,923	651,395	652,385
Growth over previous month	3,544	2,472	990

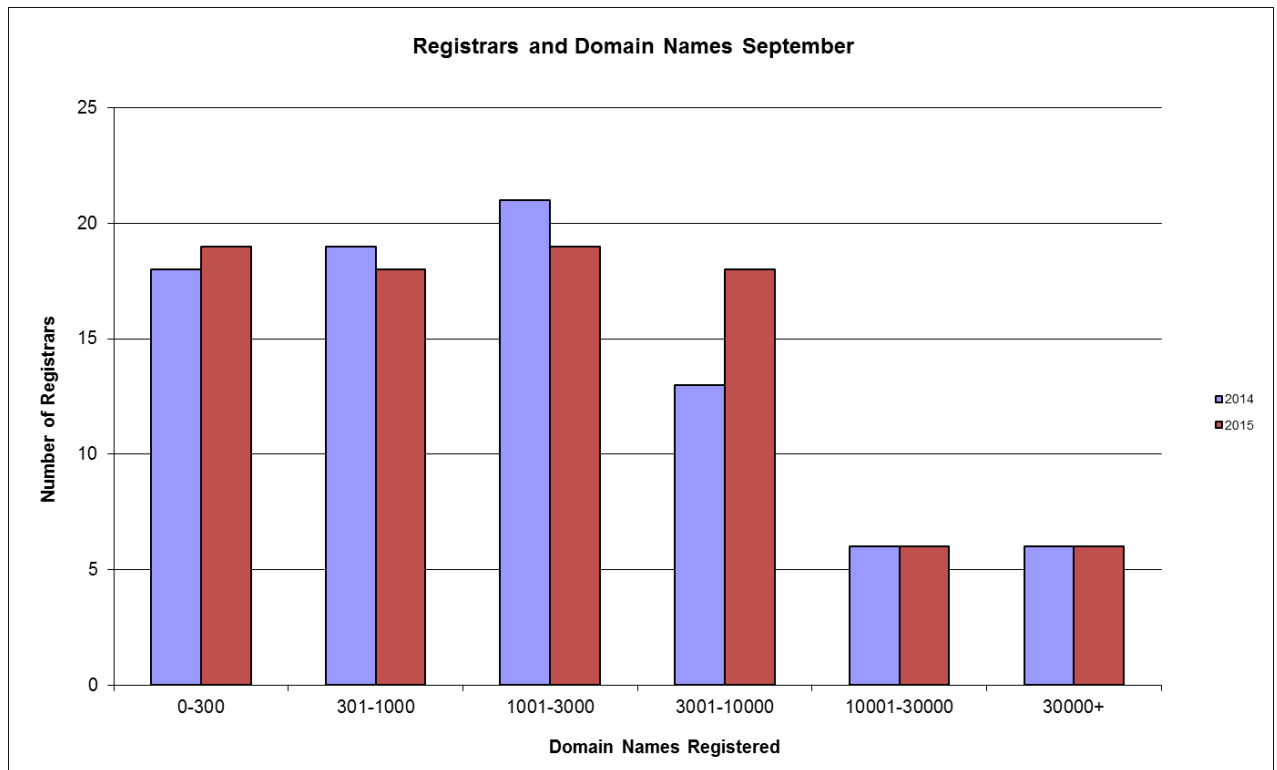
Over the quarter, .nz domain names have increased from 645,379 to 652,385 – a net increase of 7,006 or 1.09%. This compares with growth of 15,033 or 2.65% in the same quarter last year.

b) Registrars

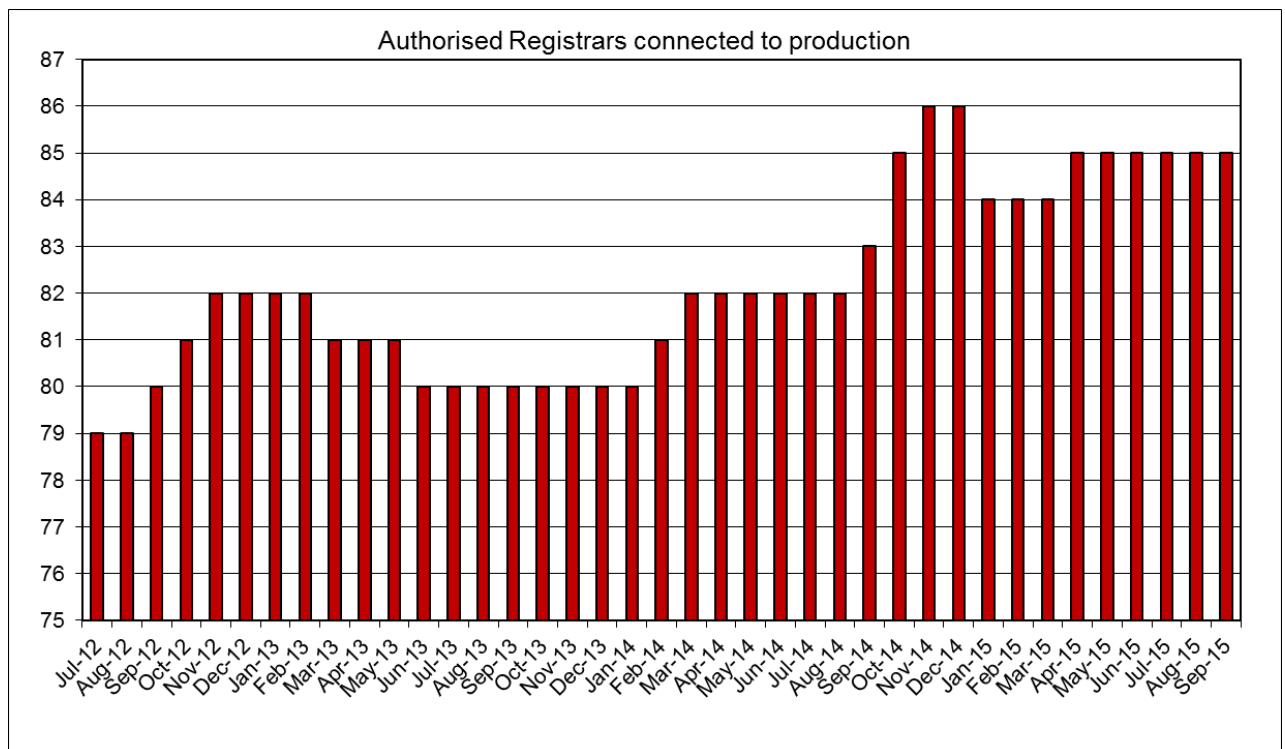
Registrars authorised	89
Registrars connected	86

Number connected during the quarter: 0
Number authorised during the quarter: 0
Number de-authorised during the quarter: 0

The following chart shows the spread of registrars across the level of domain name registrations:



The following chart shows the number of registrars (excluding the DNC) connected to the SRS:



4. Registry Performance

a. SRS Validation Error

In early August, an SRS validation error allowed a .nz name to be registered that exceeded the maximum allowed number of characters at the third level of the name. Under .nz policy, the maximum length of each name element is 63 characters.

The domain was rejected by the DNS zone build validation. The domain was not included in NZRS' zone push to the name servers and was subsequently cancelled. A change to the SRS has been applied to resolve the validation issue.

SLA targets achieved for July, August and September 2015.

SRS, DNS and WHOIS availability is noted in the table below:

System	SLA %	Jul-15	Aug-15	Sep-15
SRS	99.90%	100	100	100
DNS	100%	100	100	100
Whois	99.90%	100	100	100



David Farrar
Chair, DNCL



Richard Currey
Chair, NZRS

INTENTIONAL BLANK PAGE

Public Benefit Entity Declaration

Author:	Anthony Heffernan – Auditor Crowe Horwath
Purpose of paper:	Resolution to confirm basis for preparing annual financial statements for the year ended 31 March 2016

1.0 Introduction

The Financial Reporting Act 2013 (the “Act”) became effective for accounting periods commencing on or after 1 April 2015. The Act introduces statutory financial reporting requirements for registered charities.

Internet New Zealand Incorporated (InternetNZ) as a registered charity is required to prepare annual financial statements in accordance with the new legislative requirements for the year ended 31 March 2016.

The Act requires annual financial statements to be prepared in accordance with Generally Accepted Accounting Practice (GAAP) as defined by Accounting Standards issued by the New Zealand External Reporting Board (XRB).

Two suites of Accounting Standards have been issued:

- Those applicable to For-Profit Entities; and
- Those applicable to Public Benefit Entity.

If a reporting entity does not meet the definition of a Public Benefit Entity, it will be required to adopt the For-Profit Accounting Standards Framework.

2.0 Public Benefit Entity Status

- 1.1 External Reporting Standard A1 (XRB A1) defines a Public Benefit Entity (PBE) as:

“Reporting Entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view of supporting that primary objective rather than for a financial return to equity holders.”

- 1.2 In accordance with XRB A1 the governing body of each reporting entity is required to determine if they are a PBE or a For-Profit Entity for financial reporting purposes.

The InternetNZ Council is required to determine if the objectives of InternetNZ are consistent with the definition of a Public Benefit Entity.

- 1.3 The objectives as set out in the Constitution of Internet NZ are provided in Appendix 1.

None if these objectives appear to contradict the definition of a PBE.

3.0 PBE Financial Reporting Tier

3.1 InternetNZ Financial Reporting Tier

The XRB has issued 4 Tiers of Financial Reporting Standards for Public Benefit Entities (PBE) based on the reporting entity's expenditure.

InternetNZ has over \$2 million annual expenditure and less than \$30 million annual expenditure, therefore in accordance with the new PBE Financial Reporting Framework will be required to adopt Tier 2 PBE Reporting Standards for the year ended 31 March 2016.

Tier 2 is defined as New Zealand equivalents to International Public Sector Accounting Standards with the Reduced Disclosure Requirements (NZ IPSAS with RDR).

3.2 Subsidiary Entities Financial Reporting Tier

InternetNZ consistent with current practice will be required to prepare Group financial statements under the new PBE Accounting Standards for the year ended 31 March 2016, consolidating the financial statements of subsidiary entities.

To allow for Group financial statements to be prepared, InternetNZ as the Parent entity for financial reporting purposes; will require its subsidiaries to prepare their separate annual financial statements on a consistent basis.

InternetNZ will require NZRS Limited and Domain Name Commission Limited to prepare their annual financial statements in accordance with Tier 2 PBE Accounting Standards, regardless of the level of expenditure in any one subsidiary entity.

Resolutions

1. For statutory financial reporting purposes the Council resolve that InternetNZ is a Public Benefit Entity and will prepare annual financial statements in accordance with Tier 2 PBE Accounting Standards as issued by the XRB for the year ended 31 March 2016.
2. InternetNZ as the Parent entity for financial reporting purposes; will require its subsidiaries (NZRS Limited and Domain Name Commission Limited) to prepare their separate annual financial statements in accordance with Tier 2 PBE Accounting Standards for the year ended 31 March 2016.

2. OBJECTS

Internet New Zealand Incorporated trading as InternetNZ ("the Society") is a non-profit common interest society to maintain and extend the availability of the Internet and its associated technologies and applications in New Zealand, both as an end in itself and as means of enabling organisations, professionals and individuals to more effectively collaborate, cooperate, communicate and innovate in their respective fields of interest. It is intended that the Society be the principal organisation representing the interests of Internet users and Internet Service Providers in New Zealand. The Society's objects are:

- 2.1 To promote the competitive provision of Internet access, services and facilities in an open and uncaptureable environment.
- 2.2 To develop, maintain, evolve, and disseminate standards for the Internet and its inter-networking technologies and applications.
- 2.3 To develop, maintain, evolve and disseminate effective administrative processes for the operation of the Internet in New Zealand.
- 2.4 To promote and conduct education and research related to the Internet and inter-networking.
- 2.5 To coordinate activities at a national level pertaining to good management of centralised systems and resources which facilitate the development of the Internet, including but not limited to the Domain Name System.
- 2.6 To collect and disseminate information related to the Internet and inter-networking, including histories and archives.
- 2.7 To develop and maintain formal and informal relationships with the international Internet community, including the Internet Society.
- 2.8 To represent the common interests of the wider New Zealand Internet community both nationally and internationally.
- 2.9 To promote widely and generally available access to the Internet.
- 2.10 To liaise with other organisations, New Zealand Government authorities, and the general public for coordination, collaboration, and education in effecting the above objects.

INTENTIONAL BLANK PAGE

Audit and Risk Terms of Reference

Policy	COM-AUR: Audit and Risk Terms of Reference
Version	Version 1.2
Date in force	5 December 2014
Planned review	December June 2015

Constitution

The Audit and Risk Committee (*"the Committee"*) is a committee of Council with specific delegated powers as set out in this Terms of Reference.

Objectives

The purpose of the Committee is to assist the InternetNZ Council (*"Council"*) in the effective discharge of its responsibilities for financial reporting, internal controls, risk management, statutory compliance, ~~and~~ external audit, ~~and health and safety~~. The committee is also responsible for oversight and development of financial policies at the governance level – those related to expenditure control, investment and treasury functions and delegated authorities. Within the boundaries of this purpose, the Committee's scope is direct oversight of InternetNZ operations while, in relation to the subsidiary organisations, it has the same scope as Council has as shareholder.

The Committee provides the opportunity for Councillors to dedicate specific time to consider audit, risk management and related issues.

The Committee does not relieve any Councillors of their responsibilities for these matters.

Membership

The Committee shall consist of between three and five Councillors who have, between them, relevant skills and experience, including finance, risk management and accounting.

Council shall appoint members and a Chair (*"the Chair"*) of the Committee and review these appointments annually at its first ordinary meeting after the Annual General Meeting of the Society.

Members of the Committee:

1. shall be Councillors;
2. must be able to read and understand financial statements;
3. are not necessarily financial or accounting experts;
4. are not personally required to conduct accounting reviews or audits;
5. are entitled to rely on employees of the Society and professional advisers where they reasonably believe that the employee or adviser is reliable and competent and the reliance was made in good faith and after making an independent assessment of the information.

6. Any member who ceases to be a Councillor ceases to be a member of the Committee.
7. The InternetNZ President is not a member of the Committee ex-officio and is not eligible to be the Chair of the Committee.

Any policy of Council on conflicts of interest applies to the Committee. At its discretion, the Committee may exclude a Councillor who, in the Committee's view, has a conflict of interest with an item of business before the Committee or who is the subject of an investigation by the Committee from proceedings that are relevant to that conflict or investigation.

Attendance

The Committee shall, in consultation with the Chief Executive, appoint a member of staff to act as Committee Secretary.

The Chief Executive and Committee Secretary shall normally attend meetings of the Committee but shall not be members of the Committee. Other staff may be invited to attend meetings at the discretion of the Committee.

At its discretion, the Committee may choose to meet in whole or in part without staff or advisers present.

Councillors who are not members of the Committee shall have the right of attendance (except in the case of a conflict of interest, as determined by the Committee).

Meetings

The Committee shall meet at least three times each year but shall otherwise itself determine the frequency of its meetings.

Meetings of the Committee shall be scheduled by agreement with the Chair and with due regard to reasonable notice, the availability of Committee members and staff and so as to avoid unnecessary re-scheduling of meetings.

Any member of the Committee may request that a meeting of the Committee be convened.

A majority of Committee members, present in person or by using any technology, shall constitute a quorum.

Unless directed by the Chair, the Committee Secretary shall distribute an agenda and any related papers in advance of a meeting to:

- a) members of the Committee;
- b) Councillors who are not members of the Committee; and
- c) the Chief Executive.

Minutes

The Committee Secretary shall prepare minutes of meetings and have them approved by the Chair.

Minutes of meetings shall be confirmed at the next meeting of the Committee.

Responsibilities

The Committee shall consider any matters it thinks relevant to the audit, financial affairs, health and safety, and risk management of the Society and the policies applicable to these.

The duties of the Committee are to:

Annual Report and Financial Statements

- a) Review the Annual Report and financial statements, and recommend them to Council for approval.
- b) Review and assess the appropriateness of the Society's accounting policies and principles.
- c) Review and monitor compliance with statutory responsibilities relating to financial reporting and with accounting policies.

Risk Management

- d) Review risks facing InternetNZ and the shared risks facing the group to ensure that there are appropriate levels of mitigation.
- e) Consider whether the Society has effective risk management systems in place to review, assess and manage business, financial and operational risk.
- f) Review and consider the policy and processes used by management to monitor and ensure compliance with laws, regulations and other requirements.
- g) Monitor and advise the Council on the implementation and maintenance of the Council's risk management strategy, framework and procedures.
- h) Recommend risk management policies to be approved by Council.

Audit

- i) Review and agree with the auditor the terms of engagement for the auditor.
- j) Review the scope of the external audit with the auditor, including identified risk areas and approve external audit plans.
- k) Review the findings of the external audit.
- l) Review and monitor management's responsiveness to the external audit findings.
- m) On a regular basis, meet with the auditor without management present.
- n) Monitor the effectiveness and independence of the auditor.
- o) Review and assess the provision of non-audit services by the auditor, considering any potential to impair, or appear to impair, the auditor's judgment or independence of the Society.
- p) Make recommendations to Council on the appointment, reappointment or replacement of the auditor and any fees.

Health and Safety

- q) Review and monitor health and safety objectives and strategic plan.

Formatted: Normal

Formatted: Font: Gotham Light, 11 pt

Formatted: Font: Gotham Light, 11 pt

Formatted: List Paragraph, Space Before: 7 pt, After: 3 pt, Line spacing: 1.5 lines, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63 cm + Indent at: 1.27 cm

- r) Review and monitor health and safety performance and programme progress.
- s) Review and monitor health and safety risks.
- t) Review health and safety reviews and audit findings.
- u) Provide health and safety updated to Council and provide health and safety advice as appropriate.
- v) Engage with the Health and Safety Officer regarding health and safety updated performance, risk and areas of concern.

Formatted: Font: Gotham Light, 11 pt

Formatted: Font: Gotham Light, 11 pt

Formatted: Font: Gotham Light, 11 pt

Formatted: Font: Gotham Light, 11 pt

Formatted: Font: Gotham Light, 11 pt

Formatted: Font: 11 pt, Not Italic, Font color: Auto

Formatted: Indent: Hanging: 1.27 cm, Space Before: 7 pt, After: 3 pt

Council Policies

- w) Maintain an oversight of policies relating to the Committee's role and where appropriate provide advice to Council on proposed amendments or updates.
- x) Review Council policies periodically to ensure compliance.
- y) Review Council resolutions periodically to ensure consistency and compliance.

Other Matters

- z) To review and advise Council on material changes advised by subsidiaries in policies and forecasts that have a material impact on the financials and risks of InternetNZ and its subsidiaries as a whole.
- aa) Supervise or initiate any special investigations.
- bb) Consider any other matters that are referred by staff where these are generally consistent with the Committee Terms of Reference.
- cc) Consider any other matters referred by Council.

Authorities

The Audit and Risk Committee is an advisory body with no executive powers.

The Committee shall have the authority to seek any information it requires from any employee of the Society and from the Society's accountants and auditors.

The Committee is authorised to obtain such independent professional advice as it considers necessary at expense of the Society.

The Committee is authorised to make reasonable arrangements as it considers necessary for travel, accommodation, meals and meeting facilities for members of the Committee, advisers to the Committee and staff at the expense of the Society.

The Committee must exercise the powers delegated to it in accordance with any directions of Council.

The Committee can invite other parties to attend meetings from time to time as circumstances require.

The Committee may initiate special investigations as it sees fit in relation to matters set out in this Terms of Reference or as directed by Council, or the President.

Reporting

After each Committee meeting, the Chair shall report the Committee's findings and recommendations to Council.

Unless directed by the Chair, the minutes of all committee meetings shall be circulated to Councillors, the Chief Executive, the Society's accountants, the external auditors and to such other persons as the Committee directs.

At its discretion, the Committee may from time-to-time choose to specify that parts of its proceedings are confidential and that the record of those proceedings is not to be included in the minutes of the Committee circulated to the Chief Executive, the Society's accountants, the external auditors and such other persons. Except in the case of a conflict of interest, Councillors shall be entitled to have access to the confidential proceedings of the Committee by whatever means the Chair deems appropriate.

Communication

The Chief Executive and the Society's accountants shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Society, any material breakdown in internal controls, and any material event of fraud or malpractice.

The committee shall maintain direct lines of communication with the external auditors, the Chief Executive, the Society's accountants and with staff generally including those responsible for non-financial risk management.

Review

This Terms of Reference document and the performance of the Committee shall be subject to annual review by Council.

INTENTIONAL BLANK PAGE

DRAFT MINUTES OF AUDIT AND RISK COMMITTEE MEETING

Status: Draft

Present: Neil James (Chair, *via video conference*), Amber Craig (*via video conference*) Joy Liddicoat, and Richard Hulse

In Attendance: Jordan Carter, Mary Tovey (minute taker).

Apologies: None

The Chair opened the meeting at 12.05.pm

1. Minutes from previous meeting held 24 September 2015

The minutes of the previous meetings held on 24 September 2015 were approved with no comments or questions were raised from the Committee.

2. Review – Terms of Reference for The Audit and Risk Committee

Neil explained that reviewing the Terms of Reference (ToR) was a regular exercise for the Committee; he noted there was no reference to Health and Safety.

Discussion was held on the responsibility of the Committee to advise Council of their responsibilities in this area. Jordan advised that consultants had been commissioned to review INZ's policies in relation to the new legislation; they could list out what is required for the Committee and Council.

Amber suggested a 101 for Council on Health and Safety be presented at the December Council meeting. Jordan recommended a broader list of liabilities for Council, and suggested a pack be prepared with the lawyers as to what comes with being an operator of the Society.

Joy commented that there are a few areas of risk, and to show that the Committee is aware of them, an update on the policy and where the review is going should be presented to Council.

No other comments.

It was decided that the 101 on Health and Safety be presented to Council at the December meeting, and a more comprehensive pack be presented to the A&R Committee in January 2016, then at the February 2016 Council meeting.

3. Review – Revised Health and Safety Policy and Procedure re-new legislation (April 2016)

Jordan advised that the document provided was to show the current framework in place, and what is to be reviewed by external consultants to ensure compliance with the new legislation which comes into force in April 2016.

Neil commented on the size of the document, and favoured a summary one pager for the Committee.

The acronym of PCBU (Person conducting a business or undertaking) in the legislation was mentioned.

The paper was tabled and noted as received as a work in progress. Joy also commented that it was not the Committees job to review it line by line.

4. CE presentation on Operational Policies

Jordan advised that when he arrived in the role of CE no internal operational policies were in place, so they were developed in a hurry. He identified the basics are there but gaps need to be closed, and that all policies need to be reviewed as per the dates.

He advised the Committee that the most useful information would be that of identifying any missing policies, or if the Committee members had any comment on the content, as he wanted to draw from the Committees knowledge and experiences.

Discussion was had on various policies that included workplace safety and bullying. Richard commented that he thought Health and Safety interlinked with both. Richard offered to provide a copy from the organisation he currently works for.

Joy agreed with Jordan's approach, that the Committee was to ensure a no gap in policies approach. Joy observed that there did not seem to be any group or shared policies. Discussion was had how certain policies could be strengthened across the group if shared.

It was agreed that Jordan would raise this with his fellow CEO's; the need for a higher level set of policies.

Richard suggested a master set of policies across the group, Jordan to consult with other CE's. It could include appendix's for individual entities if only applicable to a subsidiary.

No gaps noted

Neil asked how aware the staff were of the policies, Jordan advised the HR document is distributed on a regular basis, others not so, but work was being

done on how best to communicate that over the next couple of months.

Neil commented that it would be good to have a central place to refer to for all policies.

Amber requested more detail on the Optometrist policy, Jordan explained the reasoning behind it, and it was suggested that maybe that could be changed to an employee benefit in the future.

This lead to a discussion on employee benefits across the group, as each entity has its own thoughts on this. Neil commented that he thought there was risk in having differences in this area across the group.

5. Other Business

Amber asked if NZRS and DNCL have their own Audit and Risk Committee's, and if so could there be more collaboration. It was identified that NZRS do but DNCL do not.

After some discussion on the structure of having two A&R Committees and how they could collaborate better, it was decided that Neil would approach Richard Curry and David Farrar re collaboration.

The Chair closed the meeting at 12.34.pm.

Date of next meeting: 12pm, Friday 20 November 2015

Signed as a true and correct record:

Neil James, Chair

INTENTIONAL BLANK PAGE

DRAFT MINUTES OF AUDIT AND RISK COMMITTEE MEETING

Status:	Draft
Present:	Neil James (Chair), Amber Craig, and Richard Hulse
In Attendance:	Mary Tovey, Maria Reyes (minute taker), and Paul Pettit (Deloitte)
Apologies:	Joy Liddicoat and Jordan Carter

The Chair opened the meeting at 11.59pm

1. Minutes from previous meeting held 29 October 2015

The minutes of the previous meeting held on 29 October 2015 were approved.

It was noted that Amber's suggested changes to the minutes (sent via email) were noted and added.

Paul offered to send someone from Deloitte who is an expert on the new Health & Safety legislation to attend the December Council meeting and discuss this topic with Council.

2. Clarification regarding item 2 from the October meeting – Obligations of Council (re Health & Safety)

Committee agreed that a statement should be explicitly included in the Audit & Risk Committee's TOR in reference to Health & Safety.

After a short discussion, Paul advised that he's happy to provide some wording on this but will need a copy of the TOR.

3. Public Benefit Entity paper

Mary gave a brief summary on the purpose of providing a recommendation paper for Council regarding the statutory financial reporting requirement under the Financial Reporting Act 2013.

Discussions were held on whether there's a need for a rule change as the Constitution is currently silent on the basis for preparing annual financial statements.

After a brief discussion, the Committee agreed that a rule change is not necessary as InternetNZ already complies with the required financial reporting standard.

Mary advised that she will provide an amended copy of this paper with the recommendation to change the rules in relation to the Act removed and send it to the Committee for review before sending it to Council for discussion at the December meeting.

4. Review & update of the Audit & Risk Committee Work Plan

It was noted that there are delays for some of the activities in the work plan but the Committee has no concerns on these.

The Committee agreed to have a meeting in January rather than December, however if the proposed new quarterly reporting template from the Crowe Horwath needs to be reviewed or discussed, these templates can be circulated to the Committee and have the discussion online.

It was also agreed that instead of having a Christmas lunch, the Committee will do a New Year's lunch for the January meeting.

Mary advised that once she's got the confirmation on the timings, she will amend the work plan and send it to the Committee.

5. Audit & Risk Committee Induction

Discussion was held on what needs to be included or covered in the induction pack for the Committee members.

Richard commented that it was helpful for him that he had the Council induction first prior to having one for the Audit & Risk Committee. However, he suggested that it would be helpful getting more information on the Third Party relationships and suggested that maybe it should be added to the induction pack.

Committee were happy with Mary's suggestion, for her to create a template work on the email that Neil sent to Richard and work on a template which includes the suggestions noted in the meeting (e.g. inclusion of info on 3rd Party relationships).

Another suggestion was to group the information and documents and have it by tier – e.g. governance policies/procedures vs operational policies – and go through the high-level stuff first then work through the other documents.

6. Other Business

Amber asked whether the letter regarding the collaboration across INZ, NZRS and DNCL on audit and risk matters had been sent to the subsidiaries, and had there been any response, Mary advised that the letters will be sent to the subsidiaries as soon as Neil has signed it.

The Chair closed the meeting at 12.26pm.

Date of next meeting: 12pm, Tuesday 19 January 2016

Signed as a true and correct record:

Neil James, Chair

INTENTIONAL BLANK PAGE

Māori Engagement Working Party Update

Author: Ellen Strickland, Community Programme Director

Purpose of Paper: Update from Working Party including recommended Terms of Reference for the establishment of the Māori Engagement Committee

Summary

To update Council on the Māori Engagement Working Party and to recommend Terms of Reference for the establishment of the Māori Engagement Committee

Update

The Māori Engagement Working Party worked via email over the period since the last Council meeting.

In discussion was the Terms of Reference and creation of a committee, as well as discussion of how to proceed beyond that.

The working party drafted a Terms of Reference for a Māori Engagement Committee, which will take the place of this working party, and it was agreed to present at the December Council meeting for discussion and decision, rather than by e-vote as discussed at the October Council meeting.

Next Steps

Contingent on approval of the ToR (attached), the Committee will then meet early 2016 to draft a community engagement plan for creation of the Māori Advisory Group.

Recommendations

1. THAT a Maori Engagement Committee be created and the Maori Engagement Working Group be retired.
2. THAT the draft Terms of Reference for the Maori Engagement Committee be approved, and that the members of Council appointed as members of the Committee be: Joy Liddicoat, Sarah Lee and Amber Craig.

INTENTIONAL BLANK PAGE

Terms of Reference for the Māori Engagement Committee

Constitution

The Māori Engagement Committee ("the Committee") is a committee of Council with the specific delegated powers as set out in this Terms of Reference.

Objectives

The purpose of the Committee is to be the recommendation-making body for InternetNZ's formal Māori Engagement processes. Overall, it provides Council with ongoing support for formal Māori Engagement processes.

Membership

The Committee shall consist of three Councillors who have, between them, relevant skills and experience, including community engagement, understanding of community organisations and prospective partners, and general due diligence experience, as well as attendance by three senior Employees, including the Chief executive, the Work Programme Director, and the Community Programme Director, who participate actively in the Committee's work.

Council may decide to co-opt other Officers of the Society, Directors of its Subsidiaries or appoint an external independent person to the Committee should it wish, to ensure necessary skills and expertise are represented.

Council shall appoint members of the Committee and review these appointments annually at its first ordinary meeting after the Annual General Meeting of the Society. The Committee shall appoint its own Chair from among the members of Council on the committee, who shall have a deliberative and a casting vote.

Members of the Committee:

- a. shall be Councillors with senior Staff in attendance and participating as outlined;
- b. are entitled to rely on employees of the Society and professional advisers where they reasonably believe that the employee or adviser is reliable and competent and the reliance was made in good faith and after making an independent assessment of the information.

Any member who ceases to be a Councillor or Employee ceases to be a member of the Committee.

Any policy of Council on conflicts of interest applies to the Committee. At its discretion, the Committee may exclude a member who, in the Committee's view, has a conflict of interest with an item of business before the Committee.

Attendance

The Committee shall, in consultation with and agreement of the Chief Executive, nominate a member of staff to act as Committee Secretary. This will generally be the Community Programme Liaison staff member.

The Committee Secretary shall normally attend meetings of the Committee but shall not be a member of the Committee. Other staff may be invited to attend meetings at the discretion of the Committee.

Councillors who are not members of the Committee shall have the right of attendance (except in the case of a conflict of interest, as determined by the Committee).

Meetings

The Committee shall meet as frequently as required for the effective operation of formal Māori Engagement Processes and the discharge of the Committee's responsibilities.

Meetings of the Committee shall be scheduled by agreement with the Chair and with due regard to the requirements of current work, the need for reasonable notice, the availability of Committee members and staff and so as to avoid unnecessary re-scheduling of meetings.

Any member of the Committee may request that a meeting of the Committee be convened.

A majority of Committee members, present in person or by using any technology, shall constitute a quorum.

Unless directed by the Chair, the Committee Secretary shall distribute an agenda and any related papers in advance of a meeting to members of the Committee.

Minutes

The Committee Secretary shall prepare notes of meetings and have them approved by the Committee by email in between meetings.

Minutes of meetings shall be confirmed at the next meeting of the Committee.

Responsibilities

The Committee generally oversees InternetNZ's formal Māori Engagement process. Its primary responsibility is for making decisions or recommendations relating to establishing and the ongoing working of an InternetNZ Māori Advisory Group.

The duties of the Committee are to:

- In collaboration with staff, develop **recommendations** to the Council as required regarding a Māori Advisory Group (MAG) and its creation.
- Monitor effectiveness of the Māori Engagement processes.
- Maintain a general overview of Māori Engagement processes, and help generate ideas for ongoing development and improvement.

- Review this Terms of Reference annually prior to the Annual General Meeting and recommend any updates as/if required for Council to consider at its subsequent meeting.

Other Matters

- Consider any other matters referred by Council.

Authorities

The Grants Committee's authority is limited to the approvals and recommendations set out below.

In general and in summary, these are as follows:

Activity	Approvals / Recommendations
MAG Creation Process	Make recommendations to Council
MAG membership	Make recommendations to Council
Other Māori Engagement processes	Make recommendations to Council

In fulfilling its other responsibilities as set out above, it is an advisory body only.

The Committee must exercise the powers delegated to it in accordance with any directions of Council.

The Committee can invite other parties to attend meetings from time to time as circumstances require.

Reporting

After each Committee meeting, the Chair shall report the Committee's findings and recommendations to Council. Therefore, unless directed by the Chair, the notes of all Committee meetings shall be circulated to Councillors, the Chief Executive, and to such other persons as the Committee directs.

Communication

The Committee shall maintain direct lines of communication with the members of the Committee and with staff generally.

Review

This Terms of Reference document and the performance of the Committee shall be subject to annual review by Council.

Revision Date: 30 November 2015

Status: Draft

INTENTIONAL BLANK PAGE

Glossary of Terminology	
2020	2020 Communications Trust
2TLD	Second Level Domain
3TLD	Third Level Domain
ACCC	Australian Competition & Consumer Commission
ACTA	Anti-Counterfeiting Trade Agreement
ADA	Australian Digital Alliance
ANZIAs	Australia New Zealand Internet Awards
APEC	Asia-Pacific Economic Cooperation
APIA	Asia Pacific Internet Association
APNIC	Asia Pacific Network Information Center (<i>RIR for the Asia Pacific region</i>)
APRICOT	Asia Pacific Regional Internet Conference on Operational Technologies
APTLD	Asia Pacific Top Level Domains Associations (<i>organisation for ccTLD registries in Asia Pacific region</i>)
auDA	.au Domain Administration Ltd (<i>Australian equivalent of DNCL</i>)
BCOP	Best Current Operational Practices
BIM	Brief to Incoming Minister
CCANZ	Creative Commons
ccNSO	County Code Names Supporting Organisations
ccTLD	Country Code Top Level Domain (<i>such as .nz for New Zealand, .uk for United Kingdom</i>)
CCWG-Accountability	Cross Community Working Group on Enhancing ICANN Accountability
CDMA	Code Division Multiple Access (<i>server</i>) (<i>a means to transmit bits of information</i>)
CFH	Crown Fibre Holdings
CIRA	Canadian Internet Registry Authority (<i>operators of the .ca ccTLD</i>)
CSIRT	Computer Security Incident Response Team
DHB	District Health Boards
DIDO	Distributed-Input Distributed-Output (<i>wireless protocol system</i>)
DNCL	Domain Name Commission Limited
DNS	Domain Name System
DNSSEC	DNS Security (<i>adds security to the Domain Name System</i>)
DSLAM	Digital Subscriber Line Access Multiplier
DRS	Dispute Resolution Service
FTTH	Fibre To The Home
GAC	Government Advisory Committee
GCSN	Greater Christchurch Schools Network Trust

Glossary of Terminology	
GNSO	Generic Name Supporting Organisation (<i>makes recommendations re gTLD to ICANN</i>)
gTLD	Generic Top Level Domain (<i>such as .com / .edu</i>)
HDC	Harmful Digital Communications
IANA	Internet Assigned Numbers Authority
ICANN	Internet Corporation for Assigned Names and Numbers
ICG	IANA Stewardship Transition Coordination Group
ICT	Information and Communications Technologies
IGF	Internet Governance Forum
ISOC	Internet Society
ISPANZ	Internet Service Provider Association of New Zealand
ITAC	Internet Technical Advisory Committee
ITU	International Telecommunications Union
ITR	International Telecommunications Regulations
LFC	Local Fibre Company
MAG	Multistakeholder Advisory Group
MBIE	Ministry of Business, Innovation and Employment
MTR	Mobile Termination Rates
NCSG	Non-Commercial Stakeholders Group (<i>committee under ICANN's GNSO</i>)
NTIA	U.S. Commerce Department's National Telecommunications and Information Administration
NZITF	New Zealand Internet Task Force
NZNOG	New Zealand Network Operators Group
OECD	Organisation for Economic Co-operation and Development
OFDM	Optical Frequency Division Multiplexing
PAG	Policy Advisory Group
PBE	Public Benefit Entity
PIP	Pacific Internet Partners (<i>group revived by Keith to help IGF</i>)
RBI	Rural Broadband Initiative
RIR	Regional Internet Registry
STD	Standard Terms Determination
TCF	Telecommunications Carriers' Forum
TLD	Top Level Domain
TPP	Trans-Pacific Partnership
TPPA	Trans-Pacific Partnership Agreement
TSO	Telecommunications Services Obligation

Glossary of Terminology	
TUANZ	Telecommunications Users Association of New Zealand
UBA	Unbundled Bitstream Access
UCLL	Unbundled Copper Local Loop
UFB	Ultra Fast Broadband
WSA	Wholesale Services Agreement
W3C	World Wide Web Consortium

ANNOTATED AGENDA – COUNCIL MEETING

Friday 11th December 2015

Level 11, 80 Boulcott Street Wellington			
9.15am	Refreshments on arrival		
9.30am	Meeting start		
10.40am	Morning tea		
12.20pm	Lunch		
3.30pm	Meeting close		
Section 1 - Council Governance			
9.30am	1.1	Council Only	-
	1.2	Council and CE only	-
9.50 – 10am	1.3	Apologies <i>THAT the apologies be received.</i>	-
	1.4	Councillors' Declarations of Interest <i>THAT Council receive the Councillors' Declaration of Interest as at 1 December 2015.</i>	4
	1.5	Confirm Minutes – October 2015 Meeting <i>THAT the minutes of the meeting held on 10th October 2015 be received and adopted as a true and correct record.</i>	8
	1.6	Actions Register review <i>THAT the action point register as at 30 November 2015 be received.</i>	18
	1.7	Membership update <i>THAT the new members be approved.</i>	20
	1.8	Evote ratification <i>THAT the evotes noted as at 30 November 2015 be ratified.</i>	22
	1.9	Industry Scan – Issues & Opportunities	-
Section 2 – Strategic Priorities			
10.00am	2.1	Group Strategy Day Summary <i>THAT Council receive this paper showing conclusions of the 2015 Strategy Day</i> <i>THAT Council note the proposed Next Steps to put the conclusions into practice.</i>	24

10.15am	2.2	2016 Focus Areas for InternetNZ <i>(relates to pending AP 29/15)</i> <i>THAT Council note the changes to approach proposed by staff, and agree that Focus Areas should be used to highlight work priorities in 2016/17.</i> <i>THAT Council agree the proposed Focus Areas set out in this paper (law reform, access and security) [as amended] are a suitable basis for further consultation.</i>	26
10.25am	-	Morning Tea	-
Section 3 – Matters for Decision			
10.40am	3.1	2016 Budget – First Discussion <i>THAT Council note the 2015/16 End-of-year Forecast</i> <i>THAT Council note the 2016/17 Draft Budget</i>	30
11.05am	3.2	Health & Safety Policies update <i>(relates to pending AP 08/15)</i>	-
11.15am	3.3	Approach to dealing with Commercial In-confidence papers <i>(relates to pending AP 21/15)</i> <i>THAT Council ask the Chief Executive to prepare a governance policy relating to document confidentiality as set out in this papers for consideration at the next meeting</i> <i>THAT the CEO report back to the next meeting on implementation options.</i>	36
11.25am	3.4	NetHui 2016 Approach <i>THAT Council approves this approach for NetHui 2016 activities to be detailed in 2016-17 Activity Plan.</i>	38
11.35am	3.5	Updated Strategic Partner Framework <i>THAT Council approves the updated Strategic Partnership Framework and that staff present a recommended state of Strategic Partnership to the February 2016 Council meeting.</i>	40
Section 4 – Matters for Discussion			
11.45am	4.1	CEO Report <i>THAT the Chief Executive's report for the two months to 30 November 2015 be received.</i>	44

12.00pm	4.2	<p>Management reporting:</p> <ul style="list-style-type: none"> • Internet Issues Programme Report • Community Programme Report • International Programme Report <ul style="list-style-type: none"> ◦ ICANN 54 ◦ IGF • Operations Report • Governance and Members Report <p><i>THAT the management reports (Internet Issues, Community, International, and Operations) be received.</i></p>	48 50 56 58 64 68 -
12.20pm	4.3	<p>– INZ Group Consolidated Financial Report</p> <p>– October Financial Reports</p> <p><i>THAT Council approves the InternetNZ Consolidated Financial Report for the quarter ended 30 September 2015</i></p> <p><i>THAT the monthly financial report to 31 October 2015 be received.</i></p>	70 78
12.3.0pm		Lunch	-
Section 5 – Subsidiaries			
1.00pm	5.1	Alone time (Chairs, CE and Council - confidential)	-
1.10pm	5.2	<p>Business Development Strategy and Policy</p> <p><i>Discussion of feedback so far and decisions how to proceed.</i></p> <p><i>THAT Council discuss this paper and determine what next steps should occur.</i></p>	90
1.40pm	5.3	<p>.nz Framework Policy</p> <p><i>THAT Council approve the draft .nz Framework Policy as a new draft .nz Governance Policy, and ask the Chief Executive to commence in public consultation on the draft Policy as per the PDP.</i></p>	103
1.50pm	5.4	Letter regarding additional staff in technical research	113
2.00pm	5.5	<p>Statements of Expectations 2016/17 – DNCL & NZRS</p> <p><i>THAT Council adopt the Statement of Expectations for Domain Name Commission Limited for 2016-17.</i></p> <p><i>THAT Council adopt the Statement of Expectations for NZRS Limited for 2016-17.</i></p>	117
2.10pm	5.6	Business Development Update - NZRS	-

2.20pm	5.7	Subsidiaries Report <ul style="list-style-type: none"> NZRS 2nd Quarter report DNCL 2nd Quarter report Joint .nz 2nd Quarter report <p><i>THAT the NZRS report for the second quarter 2015/16 be received.</i></p> <p><i>THAT the DNCL report for the second quarter 2015/16 be received.</i></p> <p><i>THAT the Joint .nz report for the second quarter 2015/16 be received.</i></p>	131 139 141
2.35pm	5.8	Any other general items	-
Section 6 – Other Matters			
2.45pm	6.1	Report from Council Committees <ul style="list-style-type: none"> Audit and Risk: <ul style="list-style-type: none"> Public Benefit Entity (PBE) Declaration Terms of Reference, Draft minutes for October, November Maori Engagement: <ul style="list-style-type: none"> Maori Engagement Working Party Terms of Reference Membership Chief Executive Review 	149 153 159,163 - 167 169 - -
3.05pm	6.2	Matters for Communication – key messages <ul style="list-style-type: none"> Communications in general Upcoming events <ul style="list-style-type: none"> Participation in APRICOT 2016 in Auckland 	-
3.15pm	6.3	General Business	-
3.20pm	6.4	Meeting Review	-