

# AGENDA – COUNCIL MEETING

Friday 15 February 2019

InternetNZ, Level 11, 80 Boulcott St, Wellington			
8.45am	Refreshments (coffee, tea, & scones) on arrival		
9.00am	Meeting start		
10.30am	Morning tea		
12.30pm	Meeting close		
12.30pm	Lunch		
Section 1 – Meeting Preliminaries			
8:45am	-	DNA Branding Presentation (foyer)	
09:00	1.1	Council only (in committee)	-
09:10	1.2	Council and CE alone time (in committee)	-
09:20	1.3	Karakia Apologies, Interests Register and Agenda Review	
	Section 2 – Strategic Priorities		
09:25	2.1	Environment Scan - updates, things noticed	
09:35	2.2	2019/20 Plan: Goals & measures, Key Projects <ul style="list-style-type: none"><li>• SMART Goals and their measures</li><li>• Key projects for Goals</li></ul>	
10:05	2.3	2019/20 Plan: Key financial trends <ul style="list-style-type: none"><li>• Main indicators<ul style="list-style-type: none"><li>◦ Revenue</li><li>◦ Expenditure</li><li>◦ Surplus / Deficit</li></ul></li></ul>	

10:30	Morning Tea	
10:45	2.4	.nz Policy - update on Comprehensive Policy Review <ul style="list-style-type: none"> <li>• Panel Terms of Reference</li> </ul>
10:55	2.5	Commercial Matters <ul style="list-style-type: none"> <li>• Commercial Strategy Briefing</li> <li>• Product decision-making</li> </ul>
Section 3 - Matters for Decision		
11:15	3.1	Grants Evolution <ul style="list-style-type: none"> <li>• Grant Making Recommendations</li> <li>• Grant Making Appendix</li> </ul>
Section 4 - Matters for Discussion		
11:25	4.1	President's Report
11:30	4.2	Management Items for Discussion
11:50	4.3	.nz Quarterly Report - Q3 2018/19
11:55	4.4	DNCL Quarterly Report - Q3 2018/19
Section 5 - Consent Agenda		
12:00	5.1	Health & Safety Update
12:05	5.2	<b>Consent Agenda Items</b> <ul style="list-style-type: none"> <li>• Council matters <ul style="list-style-type: none"> <li>◦ Minutes &amp; Actions – November 2018</li> <li>◦ Membership Update</li> <li>◦ Evote Ratification</li> </ul> </li> <li>• Draft Council Work Plan for 2019</li> <li>• Operational Reports for Q3 <ul style="list-style-type: none"> <li>◦ Activity Report</li> <li>◦ Group Financial Report</li> <li>◦ InternetNZ Financial Report</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>Committees Report <ul style="list-style-type: none"> <li>Council Committee Report</li> <li>Grant Committee Reporting</li> </ul> </li> </ul>	
5.3		<ul style="list-style-type: none"> <li>Final Strategic Framework</li> </ul>	
<b>Section 6 - Other Matters</b>			
12:15	-	CONTINGENCY <i>(for any overflow)</i>	-
	6.1	Matters for Communication – key messages <ul style="list-style-type: none"> <li>Communications in general</li> <li>Upcoming events</li> </ul>	-
	6.2	General Business	-
	6.3	Meeting Review	-
	6.4	Waiata	-
12:30	-	Meeting close	-
12:30	Lunch		

Next meeting:      Friday 29 March 2019 (morning) - Plan & Budget Approvals Meeting

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## SMART Goals, Key Projects and Capability 2019/2020

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**Author:** Jordan Carter

**Purpose of paper:** To seek Council decision on the key goals for the 2019/20 Plan.

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### Introduction

We have a responsibility to focus our effort and resources on work that is most critical to our vision: an Internet that is open, secure and for *all* New Zealanders.

To achieve that focus, we have developed 5 goals to drive our work this year. They are designed to be specific and measurable, achievable within a 12-18 month timeframe, and viable given our resources and capability.

The first section of this paper sets out what each goal is, how it will be measured, and sets out initial thinking on some key projects we could undertake to achieve each goal.

These goals are **different** to those agreed by Council in November.

They are more “S.M.A.R.T” and they are, in our view, a stronger reflection of where the organisation should focus its work to advance in line with our Strategic Framework.

They are also presented in **priority order**.

A second section, to be developed for the final Plan, will set out projects that contribute to the elements of our mission but are more business-as-usual.

The third section, partly present in draft, will outline capability projects and resources that will help us do our work better. This is where we have placed work on our relationship with Te Ao Māori.

The next phases of our planning, once the goals are agreed, will be to further develop projects that achieve the goals and cost the work consistent with the high level financial plan.

**Goal 1:** To fund increased public good investment, drive higher sustainable growth in registrations of .nz domain names. Lead - David

**Rationale -**

This is a new goal. InternetNZ's ability to do its work is financed by .nz. The use of .nz domain names is a key way we help NZers harness the power of the Internet.

Setting a goal about growth will focus our attention on understanding how to make .nz more valuable to more people, and working out how we can inspire our channel partners to encourage registrations.

Sustainability is about "no cheap shots" - we want incremental improvement in outcomes that is sustained over time, not a quick lift followed by a quick drop.

This will grow our income for our key product faster than 'leaving it alone', allowing further public good investment sooner.

***Strategic alignment***

WHY: Purpose.

WHAT: Operate an excellent .nz ccTLD for Aotearoa New Zealand.

HOW: Various.

**Measures**

- increased revenue from domain name registrations (4+% year on year)
- increased numbers of domain name creates
- increased proportion of domain names are renewed
- average registration and renewal terms increase

Possible Projects	Explanation	Timeframe
<i>.nz website</i>	Serves needs of Registrars and Potential Registrants, platform for marketing	Q1-Q2 2019/20
<i>Marketing - Registrar Channel</i>	Influence increase in registrations of domains and market share in NZ. Adopt international best practice for registrar marketing engagement.	Q1-Q2 2019/20
<i>Marketing - Potential Registrants (dependency on web platform)</i>	Influence increase in registrations of domains and market share in NZ. Evidence and experiment based to establish what levers can be used to impact growth	Q3-Q4 2019/20

**Goal 2:** Modernise and improve the policy and security environment for .nz, consistent with our aim of being a globally excellent ccTLD. Lead - Jordan

**Rationale -**

This goal began as a commitment to understanding and improving excellence in .nz. We have decided to be more specific in the 2019/20 timeframe by recognising two committed areas of work that will contribute to this.

Our strategy process identified security and stability as a threat to realising our purpose and to our ccTLD responsibilities. A security improvement programme for InternetNZ and .nz flows from this.

Refreshing the .nz policy framework through a community review process, and clearly separating policy from process, will improve its quality and usability and ensure it is responsive to the public's needs.

***Strategic alignment***

WHY: Purpose.

WHAT: Operate an excellent .nz ccTLD for Aotearoa New Zealand.

HOW: Various.

**Measures**

- Progress to agreed milestones as documented in comprehensive review
- our cyber security investment and practice is improved on 18/19 baselines, consistent with our role and the threats posed by our environment
- all high priority risks identified in the 2019 risk register review are sufficiently mitigated
- work with registrars to develop and implement improved security covering
  - at least 80% of the market
  - registrars of high profile domain names

Possible Projects	Explanation	Timeframe
Risk review	Following a revised threat assessment, compile and respond to a new risk register for the group.	Q1
.nz Policy framework review	Comprehensive review to modernise the policy framework for the .nz domain name space.	Q1 2019/20 to Q2 2020/2021
.nz security state assessment	Work with registrars to develop a shared understanding of the risks that .nz faces and how we can work together to mitigate these.	Q1-Q2

**Goal 3** InternetNZ will have two new non-.nz services, validated through our new business processes, delivering annual recurring revenue and each on a path to profitability. Lead - David

**Rationale -**

By successfully developing new products and services aimed at making a profit, we can help more people harness the power of the Internet in new ways. In so doing we can improve our financial resilience and devote further resources to public good investment.

A rigorous approach to product development will drive success in these goals. The approach is set out in a companion paper outlining the Commercial Strategy and approach.

***Strategic alignment***

WHY: Any of the WHYs - openness, security, for all.

WHAT: Non-.nz commercial activity.

HOW: Great org capability, financial sustainability.

**Measures**

- business processes that generate a pipeline of ideas, and develop these in reasonable timeframes, are established and operating
- two new services are planned, built, launched and have earned first sale revenue
- each new service has reached net profit within 24 months of first sale

**Possible Projects**

**Explanation**

**Timeframe**

*Innovation Pipeline*

Moves ideas through a process of  
 - ideation  
 - exploration  
 - validation  
 Each of these will require cross organisation input.  
 Allowance for time and budget in explore to develop prototypes, run experiments etc.

Q1-Q4

*New product 1(TBC DNS F/W)*

Business Case, Build, Marketing, Launch and operation of a new service.

Q1-Q2

*New product 2*

Business Case, Build, Marketing, Launch and operation of a new service

Q2-Q4

**Goal 4:** InternetNZ will collaborate with others to identify, agree and effect significant progress on four interventions to bridge different digital divides (motivation, access, trust, skills). Lead - Ellen.

**Rationale -**

Significant digital divides block people from being able to realise their potential, given how much of life now happens online.

We want to influence significant action on closing digital divides by others, so that resources far greater than we can deploy are helping to meet the challenge.

We also understand that working out what will work best will take patient collaboration and shared understanding, so that will ground our approach.

***Strategic alignment***

WHY: Internet for all

WHAT: Inform and influence

HOW: Ecosystem player; insight, evidence and analysis.

**Measures**

- demonstrated collaboration with key stakeholders and these stakeholders acknowledge a leading role.
- progress through interventions cover a range of drivers of digital divides and of communities facing them.
- the impact is of an adequately extensive scale, which can be judged by, for example:
  - new funding of \$20m per year is being invested in digital divides initiatives.
  - 50,000 people are on track to benefit each year from these new initiatives.

Possible Projects	Explanation	Timeframe
<i>Government Engagement</i>	Exercise influence with officials and politicians, through public and private means, to help secure the overall goal.	Q1-3 2019/20
<i>Digital Divides / Broadband Map</i>	Find opportunities to combine resources and maximise the combined impact of digital divides and broadband map to better inform and influence stakeholders with data about digital divides"	Q1
<i>Community Grants round focused on Digital Divides Projects and Research</i>	Have special grant round for Digital Divides related projects and research	Q2 (if funding)



**Goal 5:** To champion the open Internet, InternetNZ shares analysis of the state of Internet openness, designs opportunities to improve it, and we as well as others take action inspired by this work. Lead - Andrew

**Rationale -**

No other organisation understands what Internet openness means as well as us. Our environment scanning identified significant threats to it, which is why it is a “WHY” in our strategic framework.

This goal sees us communicating clearly what the concept means, sharing analysis of the current situation and seeing those findings applied both by ourselves and by other organisations.

Aotearoa-New Zealand can be a champion of Internet openness. Achieving this goal will help us make that so.

***Strategic alignment***

WHY: Openness

WHAT: Inform and influence, Support the Internet community

HOW: Ecosystem player; insight, evidence and analysis.

**Measures**

- “Internet openness” is defined and its dimensions are explained.
- a local analysis is collaboratively developed and published.
- findings are applied to InternetNZ activity.
- identified stakeholders who can make a difference are meaningfully committed to doing so.

Possible Projects	Explanation	Timeframe
<i>Define/Explain “Internet Openness”</i>	Research, develop and release our view of “Internet openness”, identifying its dimensions and serving as a base for the rest of engagement and discussion.	Q1-Q2
<i>NetHui 2019</i>	Openness as a theme of NetHui, and use this as a space to discuss and engage stakeholders.	Q3
<i>Colmar Brunton Research 2019</i>	Ask NZers in general about their perceptions of Openness	Q3-Q4

The full Plan for the year will include final proposed projects as above (the above possible ones may remain, change or be replaced), a second section showing projects that relate to the Mission (where BAU work fits - to be developed) and a third on Capability projects (part of which is below).

## Capability

### Projects

To work effectively as an organisation, InternetNZ retains and grows the capability of outstanding people. The domains in which we do this are set out in

the Strategic Framework. In 2019/20, there are some projects we will complete to improve our capability.

Project	Explanation/Deliverable	Timeframe
<i>Maori Internet Community engagement.</i>	Building on the Council's work last year, identifying and developing relationships with key organisations and individuals in the Māori Internet Community to inform shared objectives and understanding of our work in relation to Te Ao Māori.	Q1 2019/20
<i>Te Ao Maori.</i>	Building on Council's work last year, and the outcomes of the Engagement work in CPI, a new staged plan for changing and developing how InternetNZ works in relation to Te Ao Maori will be developed, with implementation beginning immediately.	Q2-Q3 2019/20
<i>Te Reo Maori</i>	Analyse and select some content to be translated and presented on line in Te Reo.	Q1-Q2 2019/20

Following the discussion at the Council meeting in November about the importance of developing InternetNZ's relationship with Te Ao Māori, we have set out the capability projects above. That work is very important because it is a foundation for us - it will help us better engage with the Māori Internet community, and it will help reflect our reality of being an organisation in Aotearoa New Zealand into the 2020s and beyond.

In terms of achieving our overall purpose and vision, we do not think it is in the same category as the SMART goals in this paper. It is permanent, not time bound, and designed to infuse the way we work at Council, staff, member level and with stakeholders. That is why we have described it as a "Capability" goal, with the projects above presented for comment.

## People

As set out in the high level budget summary, we are proposing some personnel increases that will either see us more adequately resource existing work, or introduce expanded capability to do new things.

The main areas proposed are:

Area	Info
Security	Create two new security-focused roles to provide focused leadership on security practice in the group, and to be a more capable advocate for security issues in community discussion.
Technology Services	Create two new roles - a new sysadmin and a new tester - to respond to existing demand and ensure that new product development demands can be catered for.
Outreach and Engagement	Budgets already include resource for a membership-focused role, but that has not yet been filled. It will be in 2019/20. In addition, an additional 0.5 FTE in communications staffing is proposed.
Commercial	New capacity will be required in the commercial team to manage our portfolio of products and to sell them.
Research	Add a Data Engineer as FTE to help build solid data collections and workflows that will provide evidence to support the strategic goals.

## Recommendations

THAT Council **adopt** the five key goals and their measures as presented in this paper, to drive focus and prioritisation of the organisation's work and resources in the 2019/20 year.

THAT Council **note** that the proposed projects under each goal will be further developed and may change by the time the final plan is presented.

THAT Council **note** that the proposed capability projects and people information in this paper will flow through to the 2019/20 Plan and Budget.

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## **2019-2022 High Level Financial Plan**

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Author: Catherine Fenwick, Organisational Services Director

Purpose of paper: To outline to Council the High Level Financial Plan for 2019-2022 and to solicit feedback on this, and finally to set key income targets and expenditure limits to guide preparation of the 2019/20 Budget.

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### **Introduction**

This paper provides a brief overview of current status of the high level Budget for 2019/20 and the following two year period. The purpose is to share and explain management's current view of the financial investment required to support the new Strategic Framework and the proposed Goals for 2019/20.

The driving factors in developing the Budget have been to support the agreed Goals and to ensure we invest in a sustainable model to the organisation. Following a year of operation of the new model, we have identified areas requiring additional capacity, which will represent some reversal of the savings delivered to date from the merger (as outlined in a paper at the November 2018 meeting).

The tables below are based on a number of targets and activities that we believe are essential to grow our revenue base, focus our spending and align our capability to the changing needs of our environment. All of these support to our Vision - A Internet that is open, secure, and for all New Zealanders.

What we seek from you in the discussion arising from this paper is to understand the Council's view about the overall financial position. The outcome will drive the planning we do to finalise the proposed Budget and Plan for the March meeting.

## 2019 - 2022 - High Level Financial Plan

The table below represent a strong focus on the proposed Goals – in particular:

- a. To fund increased public good investment, drive higher sustainable growth in registrations of .nz domain names
- b. InternetNZ will have two new non-.nz services, validated through our new business processes, delivering annual recurring revenue and each on a path to profitability.

Description	2019/20	2020/21	2021/22	Goal Alignment
.nz registrations	11,150,000	11,550,000	11,950,000	1
other products revenue	325,000	805,000	1,350,000	3
other income (e.g. investments, recharge)	320,000	320,000	320,000	
<b>Total Revenue</b>	<b>11,795,000</b>	<b>12,675,000</b>	<b>13,620,000</b>	
<b>Baseline expenditure</b>	<b>10,800,000</b>	<b>11,016,000</b>	<b>11,236,320</b>	
New - Marketing	250,000	250,000	250,000	1,3
New - Provision for new product development	350,000	605,000	805,000	3
New Capacity - Cyber security	450,000	405,000	410,000	2
New Capacity - Tech Services	220,000	190,000	190,000	1,2
New Capacity - Commercial	155,000	130,000	130,000	3
New Capacity - O&E	50,000	40,000	42,000	All
One offs - .nz Policy Review	300,000	50,000	0	2
One offs - branding	100,000	0	0	ALL
One offs - web platform	50,000	75,000	75,000	ALL
<b>New &amp; One Off Expenditure</b>	<b>1,925,000</b>	<b>1,745,000</b>	<b>1,902,000</b>	
<b>Total expenditure</b>	<b>12,725,000</b>	<b>12,761,000</b>	<b>13,138,320</b>	
<b>Surplus/Deficit</b>	<b>(930,000)</b>	<b>(86,000)</b>	<b>481,680</b>	

### Notes to table above

1. This table is based on a .nz revenue growth as follows
  - a. 1.7% year on year growth in year 1 and dollar for dollar return for \$200k marketing investment
  - b. Year 2 is based on two dollar return for marketing spend, otherwise flatline growth
  - c. Year 3 is based on three dollar return for marketing spend, otherwise flatline growth

Note that market data averages return on marketing spend between 3 and 5 times spend

2. Other products represent revenue for BBmap and the first new commercial product.
3. The baseline expenditure has a 2% year on year cost adjustment built in.
4. The new product development costs are estimates on 3rd party costs and depreciation of capital items required to launch these new products - see table below for high level targets over the three years.
5. New capability as outlined in the SMART Goals paper 2.2.
6. Web Platform is capital in nature and above is the depreciation effect.

This table shows a split out of costs and revenue associated with new products and a more developed commercial function.

New Product (Incl BBmap)	2019/20	2020/21	2021/22
Revenue	325,000	805,000	1,350,000
Direct Costs	350,000	605,000	805,000
New Capacity	220,000	190,000	190,000
Marketing Costs	50,000	50,000	50,000
Technical Services	115,000	105,000	125,000
Total Cost	735,000	950,000	1,170,000
Surplus/Deficit	(410,000)	(145,000)	180,000

Also please note that the current high level forecast for 2018/19 is forecasting to have a \$500,000 surplus - the is \$260,000 better than budget before managed funds.

The operational team are still reviewing and prioritising all the current projects and activities to support the growth of InternetNZ and our goals but above is a representation on the target we wish to set for the next three years as we cement the foundations for the new organisation strategy.

For the March meeting, we will present a considerably more detailed budget on capital and operating expenditure which looks at income and expenditure by function, activity and product. We welcome input from Council members about what additional information or views can assist them in developing understanding of the organisation's financial plans.

The decisions today will provide the envelope within which that detailed budget will sit.

## Recommendations

THAT Council **receive** the high level financial plan for 2019-2022.

THAT Council **approve** staff preparing the 2019/20 Plan and Budget consistent with the following targets and limits:

Domain name income (target)	\$11,150,000
Other Product income (target)	\$325,000
Other Income	\$320,000
Baseline expenditure (limit)	\$10,800,000
New capacity expenditure (limit)	\$1,125,000
New Product Direct Costs	\$350,000
One-offs expenditure (limit)	\$450,000

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## **.NZ Policy Review Update**

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Author: Ellen Strickland

Purpose of paper: This paper provides an update and timeline overview for the comprehensive review of .nz policy.

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### **Summary**

At the November Council meeting, Council agreed to a multi-stakeholder comprehensive review of .nz policy (the review). The review will be undertaken by InternetNZ with a range of methods used to incorporate community input, including through a diverse and representative Advisory Panel. The review of .nz will be driven by issues identified by the community. This will include ensuring the .nz governing principles are fit-for-purpose and reflect the strategic direction of InternetNZ to maximize the contribution that .nz and the Internet makes to Aotearoa-New Zealand.

This paper provides a brief update to Council on the review project approach and planning, including roles and project timeline, which has received ongoing input and advice from the .nz policy committee.

Two changes worth noting, since the last paper you received in November 2018, are:

#### **An updated start date for the panel work of May 2019.**

The panel work on the review is now scheduled to begin later than originally anticipated to allow for an extensive period of recruitment for the panel. We have received strong advice that an eight-week period for advertising is standard and as we want to ensure we reach potential panel members with new and fresh perspectives on .nz we believe we should use this recruitment timeframe.

#### **Chair Appointment prior to advertising for panel possible**

We have received advice from governance professionals that in this case appointing a high-quality Chair prior to advertising for the Panel is likely to lead to a better pool of applicants. We are currently exploring Chair options, with a preference for appointing prior to advertising for the panel if possible. However if we are unable to recommend a preferred Chair in the coming weeks, we will advertise for the Chair at the same time as the Panel members.

Note: If we identify a recommended Chair prior to advertising, we will put forward that recommendation to you by e-vote or at the March 2019 Council meeting. We will make recommendations for Panel members (and Chair, if required) to Council at the May 2019 meeting.



## Project Roles

Although the review will feature an independent Advisory Panel, there are important roles to be played by the wider Internet Community.

**Council** - will be the final decision-making body. Council will sign off on the Chair and members of the Advisory Panel. It will then receive written reports for its review and acceptance. The acceptance of the report will be limited to agreement that the reports meet the Terms of Reference (attached). Staff will provide regular updates on the review as part of normal reporting and monitoring.

**.nz Policy Committee** - will offer guidance and insights and act as a sounding board for the ideas and issues arising during the review process. Staff will provide updates on the review at committee meetings.

**The Advisory Panel** - will be at the heart of the review and provide advice and direction for the review process, actively participate in the development of inputs, lead community engagement and discussion on solutions. They will provide Council with (at least) two reports. The first will be on the issues identified by the wider community, and the second will be the recommendations about whether, and how, to solve issues set out in the first report.

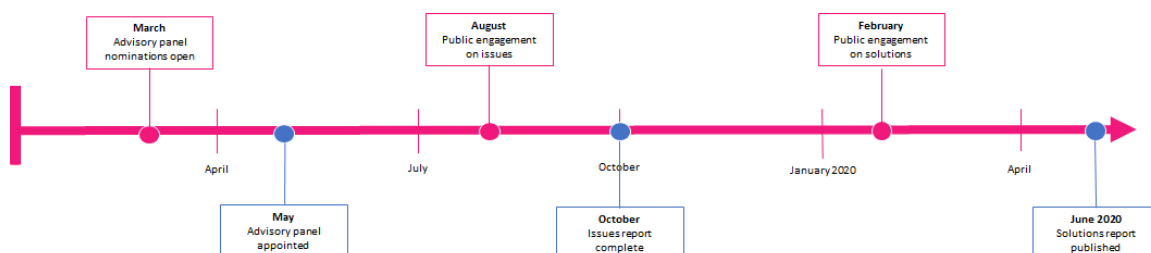
The Chair and Vice Chair of the Panel are responsible for ensuring the timely delivery of products and working towards consensus-based decision-making. They will undertake regular reporting on panel work to the Policy Team. If the Chair does not have sufficient technical knowledge, we will ensure the Panel has people with those technical skills.

**InternetNZ Staff** - will own the .nz policy review process. We are there to support the Advisory Panel and ensure they have what they require to deliver the review outputs required. InternetNZ will provide robust research and analysis into the review, help run community consultation processes that are open and engaging, and help prepare the two reports. At the completion of the Review, the InternetNZ Policy Team will lead the implementation of new or amended policies that reflect the findings and that set .nz policy up for the future.

InternetNZ (wider) and Community Groups - to provide inputs on issues and potential solutions.

## Project Plan

Below is an outline of some of the key work which that will be delivered. The project plan may flex or adjust depending on the conclusions of each phase of the work.



## ***Establishing the advisory panel***

This period is the establishment phase. The Panel will be established by May.

InternetNZ will seek nominations from a broad range of stakeholders to establish an Advisory Panel to advise and work on the comprehensive policy review. The Panel will help ensure a strong connection to wider Internet communities. The Panel should have representatives from key stakeholder and interest groups. InternetNZ will work to ensure that there is a diverse range of people and the voices of business, government, Māori, Pacifica and youth are heard.

During this period the policy team will be working on producing key papers for the Advisory Panel to help guide their discussion. This could include:

- background research, including international models
- current issues identified through InternetNZ engagement, including the Domain Name Abuse Forum, and
- summaries of academic research

## ***Defining the issues and finding solutions***

A first phase of work will identify issues to be considered for public consultation.

The panel will have its first meeting in June 2019. At this meeting we will present our internal list of current issues and our research findings. The panel will consider this research and establish a comprehensive initial set of issues that will serve as a discussion starter or straw-person list that can be used to elicit input through the public engagement phase.

The Panel will run a month of public engagement, where issues are further identified. The issues will be presented as a report to the Council (the Issues Report). The report will be developed by the Panel, with staff expected to draft the text.

Following on from the Issues Report, the panel will work with InternetNZ to develop recommendations about whether and how to solve the identified issues. These recommendations will be informed by a second public engagement. The recommendations will form a second report (the Solutions Report).

## ***Engaging with the public***

The review will engage the wider community to help identify the issues and recommend solutions.

There will be at least two periods of stakeholder engagement. This engagement could take a number of forms. The first engagement will be to establish a full set of issues, as identified by the wider community. The second engagement will be to look at possible solutions to the issues identified.

To support the engagement, the Panel, supported by InternetNZ will release a discussion paper prior to each engagement to inform the conversation. The first paper will outline the issues while the second paper will outline things to consider when looking at solutions. The purpose of the papers and their written style will be to stimulate thinking and be a “starter for 10” rather than complete stocktake of all issues - too refined a work product in either case might shut down input rather than encourage it.

It is possible that the issues raised, either by research or through the first public engagement, will require a different set of engagement approaches when we start to address potential solutions. We intend to remain flexible and either confirm this approach or change it once we know the issues set.

### ***Undertaking analysis***

Policy work will be undertaken at each part of the processes. InternetNZ will undertake research and analysis to inform the wider project, providing inputs into each stage of the project (outlined further in the Terms of Reference). This would include international best practice, academic research, staff engagement and environment scans.

InternetNZ, working with the Panel, will help analyse the findings from the panel and wider community engagements to support production of the reports from the review.

### ***Handover of final report***

The final recommendations on issues and solutions will be completed by June 2020. At this point the review outputs will be handed over to InternetNZ for implementation of policy redevelopment. With the issues and solutions reports finalised by the Panel and received by Council, InternetNZ staff will implement the introduction of a refreshed policy set developed to reflect the review outputs and set .nz policy up for the future.

### **Things we consider to be out-of-scope**

Although the review will be a comprehensive review, we believe the split between Registry / Registrar operations within a TLD should continue and therefore be out of scope of the review. This is to ensure stability of .nz domain name space and allow business to be conducted in a stable and predictable environment.

We are also aware that a review of the separation of policy and enforcement was made recently. As such, the responsibilities of InternetNZ and DNCL are generally speaking out of scope.

### **Recommendation:**

THAT Council receive the paper .nz Policy Review Update.

## **.NZ COMPREHENSIVE POLICY REVIEW: ADVISORY PANEL TERMS OF REFERENCE**

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### **Purpose**

The domain name system is a vital component of the Internet - allowing people to easily access Internet resources. Making sure that the policy and operating environment for .nz is up to date and can maximise the contribution that .nz and the Internet make to Aotearoa-New Zealand is important and is critical to InternetNZ group as the steward of .nz.

A full review of the .nz principles and .nz policies is timely. This comprehensive review will provide a chance to assess the current frameworks performance, how it can be further improved, and to allow the community to identify and raise current or emerging issues that need a policy response either today or in the near future. The review will be conducted by InternetNZ, and a key component is an Advisory Panel (the Panel).

The purpose of the Panel is to lead the review and provide advice and direction for the review process, actively participate in identifying issues and solutions, lead community engagement and work with InternetNZ on options development. A key aspect will be to ensure that the review reflects the needs and expectations of the .nz Internet communities.

The Panel will be supported by InternetNZ, who will provide research and analysis, and help run an open and engaging community consultation processes. InternetNZ will also support with reporting, and can write the reports if required, working to the Panel.

### **Background**

The .nz policy framework sets out the operation of the .nz domain name space, including:

- the registration and management of .nz domain names
- the second level domain (2LD) structure
- the conduct of .nz registrars and resellers and
- the handling of complaints and disputes.

The policy framework was established by InternetNZ and the Domain Name Commission in the early 2000s. Individual policies have since been reviewed and amended on an as needs basis. In 2015 the policy framework was consolidated from 14 policies into the four policies that are currently in effect.

In 2018, following an organisational review and restructure, InternetNZ assumed direct responsibility for policy development within the .nz domain name space. A new .nz Policy Committee of the InternetNZ Council has been formed to provide oversight and governance of the .nz policy function.

## Focus of review

The review will be issues focused. This will require the Panel to review the current policies to ascertain if the policies adequately address the issues identified, and where this is not the case, to recommend solutions to the identified issues. The following .nz policies provide the main context and focus for the review.

Ref	Title	Version	Date Issued
	<a href="#">.nz TLD Principles</a>		
NZF	<a href="#">.nz Framework Policy</a> (Section 2 “Principles”)	v2.0	1 December 2018
PDP	<a href="#">Policy Development Process</a>	v3.20	19 June 2018
PR	<a href="#">Principles and Responsibilities</a>	v1.30	19 June 2018
OP	<a href="#">Operations and Procedures</a>	v2.30	19 June 2018
DRS	<a href="#">Dispute Resolution Service</a>	v4.20	19 June 2018

## Activity

The Panel will produce at least two reports. The first report will focus on issues affecting the .nz environment. The second report will provide recommendations about what changes (if any) should be made to respond to the identified issues. The issues set identified in the first report may require other reports - this will be established in the course of the review’s work.

Reports will be informed by the Panel’s engagement with the wider community, including public consultations. The Panel will be provided research and analysis from InternetNZ. It is expected the Panel’s members will bring their own expertise and experience to the process, and information about other sources of research and advice the review can benefit from considering.

The Panel will also advise on process options for future .nz policy development, including both periodic and ongoing review processes, and provide feedback on this comprehensive review process to help inform and guide any future review processes.

## Chair and Vice-Chair

The Chair of the Panel will be independent. InternetNZ Fellows, current and ex-Councillors, past senior staff of InternetNZ or its subsidiaries, strategic partners, grant recipients or organisations with a Memorandum of Understanding will be ineligible from becoming the Chair.

The Chair is responsible for leading the panel and managing the delivery of the expected activities and outputs. The role will work to ensure consensus-based decision-making on outputs, where possible. With this focus for the role, the Chair is not required to have a high level of subject matter expertise, as the Panel will include members with a range of knowledge and expertise.

A Vice Chair will be elected from within the membership of the Panel and will work with the Chair in management of the Panel’s work.

The Chair and Vice-Chair will be responsible for regular reporting to InternetNZ on the work of the Panel. InternetNZ will provide secretariat support for the Chair and Panel. Where the Chair and Vice-Chair considers the Panel will benefit from external independent advice InternetNZ can facilitate as appropriate.

## Membership

The Panel will consist of up to 12 members other than the Chair.

It is intended that the Panel will represent key stakeholders in the .nz Internet community, including registrars, resellers, registrants, business, consumers, government, law enforcement, legal sector, IT industry and Internet users.

Panel members will be appointed by the InternetNZ Council on the basis of their individual skills, experience and knowledge of the domain name industry. No current members of the InternetNZ Council or staff will be eligible for membership of the Panel. The Council will seek to achieve a fair and reasonable balance of stakeholder interests and ensure that there is a diverse range of people and the voices of women, Māori, Pacifica and youth are heard.

Membership of the Panel is on a voluntary basis, with some recognition of effort through a fees structure. Panel members must be prepared to commit their time and effort for the duration of the project. It is expected this will be for 3 days a month for until completion of the project in June 2020.

## **Operations**

High level principles and approaches for the Panel's operational procedures are set out in the accompanying documentation and include Code of Ethics and a Conflict of Interest statements. Consistent with this framework, the Panel will otherwise determine its own operational procedures. The Chair will provide regular progress reports to InternetNZ staff.

The Panel will undertake at least two public consultations phases during the course of its work. These are tentatively scheduled for August 2019 and February 2020.

InternetNZ will provide secretariat and other operational support to the Panel. InternetNZ secretariat support will produce a record of each meeting noting attendance and topics discussed. The Panel may themselves release detailed notes, however, to ensure free and frank advice any release or publication of detailed minutes is at their own discretion.

InternetNZ will offer meeting fees to Panel members, including Chair and Vice-chair, where required (for example in the case of not-for-profit organisations and individuals whose participation in the Panel is not funded by their employer). Fees will be established using the government meeting fees rates. Such assistance will be provided at InternetNZ's discretion.

## **Expected Activities and Outputs**

The Panel will need to be available to attend 12 meetings over a 12-month period and have time available to adequately prepare to actively participate in the review. We estimate this will be approximately 2 days per meeting. Alongside this, Panel members will be expected to participate in the public consultations. We estimate the full review will require 38 days from Panel members over a 12-month period.

We anticipate that there will be:

*Panel*

## **Issues paper**

- pre-reading material to support the public engagement (InternetNZ can support with this)
- a period of public consultation
- a report that summarises issues affecting .nz discovered, and provides analysis of relevant stakeholder perspectives of these issues

## Solutions Paper

- pre-reading papers to support the public engagement
- a period of public consultation
- a report that summarises recommendations about what changes (if any) should be made to respond to the identified issues

### *InternetNZ regular reporting to Council on progress*

- pre-reading research outline potential issues affecting .nz for the Panels consideration
- engagement plans for consultation phases, written in consultation with the Panel
- support with report writing (if required)
- draft new policy for .nz

## Timeline (The timeline is subject to change.)

An indicative timeline is as follows:

<b><i>Activity</i></b>	<b><i>Timing</i></b>
Appointment of Chair	March 2019
Call for Panel nominations	March 2019
Appointment of Panel Chair and members	May 2019
1st Panel meeting	June 2019
1st public consultation	August 2019
Issues report to Council	November 2019
2nd public consultation	February 2020
Final report to InternetNZ	June 2020
Drafting and consultation on new .nz policies	From June 2020

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## Commercial function briefing

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Author: David Morrison, Commercial Director.

Purpose of paper: To brief Council on the structure and operation of the Commercial function formed in June 2018.

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### Summary/Introduction

This paper provides a brief overview of the two core focus areas (new services and .nz) of the Commercial function within InternetNZ. Before we explore the detail it is important that we are clear on why we have a commercial focus.

The goal of the Commercial function is to spearhead our efforts to grow and diversify revenue for InternetNZ. More and more diverse revenue will allow the organisation to deliver more on its mission of an Internet which is open, secure, and for all New Zealanders.

Council has asked for diversified revenues via the 2015-2020 strategy and this goal is reinforced with InternetNZ's new strategic framework. Our responsibility on the operational side is to make commercial work an outstanding success for our organisation and our community.

Our commercial strategy is simple. With a goal of earning more income, our approach is twofold:

- to develop new products and services that become profitable in the medium term (i.e. they more than pay back the cost of creating them), and
- to develop our .nz offering to increase registrations and income derived from them.

The approach in both cases is to be rigorous in assessing ideas and testing them before committing significant investment and effort.

Whilst the Commercial function will lead the development of new revenue streams for InternetNZ it will not operate in isolation and will utilise support from all parts of the organisation in support of the strategic goals. We will make the process of developing and launching new services something that is core to how we operate as an organisation.

### Developing new products - the Innovation Pipeline

The purpose of our innovation pipeline is to have a suite of consistent processes and activities through which to evaluate and progress ideas into operational business models. The approaches include (but are not limited to) Agile (Kanban), Business Canvas, Hackathons and Design Sprints. The underlying philosophy of these approaches can be summarised as: **move fast, experiment and validate, learn from failure and deliver value to customers.**



A key objective of taking a process-oriented approach is to focus on our goals of deriving new revenue rather than to lock on to a specific idea. Ideas will progress or stop due to the processes providing sufficient information to confidently progress. This process also allows us to transparently prioritise and re-prioritise if conditions change.

### The Innovation Pipeline Structure

Stage	Description	Effort and Cost
<b>Ideation</b>	Ideas can come from anywhere and anyone. Prioritisation of ideas will be based on answers to a consistent set of Investment criteria questions. Strategic alignment will be key.	Effort and cost are negligible
<b>Exploration</b>	At this stage we aim to have 1-3 items that are progressing at any one time. The objective here is to deepen our understanding of the opportunity and determine what our key assumptions are that would need testing. We utilise a Business Canvas as consistent tool to develop our thinking.	Effort and cost are minimal
<b>Validation</b>	This process tests a business idea with a customer market segment(s). The purpose is to test key assumptions from the Exploration stage and gather a real-world response to what we believe is the value to the customer. Design Sprints are a core approach to be used for validation.	Moderate cost and effort
<b>Business Case</b>	The Business Case is a document to be tabled for approval* prior to progressing to Build and Launch.  <i>*A separate paper to Council will explore the approval process for this stage</i>	Effort and cost are minimal
<b>Build and Launch</b>	Through focussed development, we get a service to customers as quickly as possible allowing generation of revenue as quickly as is practical. It is proposed that in parallel to the build activity pre-sales activity and launch planning would be underway to ensure the target market is aware of the service and sales can follow directly after launch.	Major cost of the process

### Current Pipeline status

Ideation (8)	Exploration (2)	Validation (2)	Business Case (1)	Build and Launch
3 non .nz ideas  5 .nz related ideas	non .nz registry service  wholesale DNS service	Peak Analytics  Broadband Map - new map service	DNS firewall	

## Strengthening .nz Marketing .nz domain names

The revenue from .nz is key to enabling the operations and strategic intent of InternetNZ. Data from .nz registrations and the late 2018 Colmar Brunton research show declining growth and a gradual decline in preference. It is timely that we look at being more active in the marketing of our core service.

InternetNZ needs to become more active in the marketing of .nz - both through registrars, and direct to the general public. Our approach for the coming financial year will be of testing and measurement, developing a clear narrative and value proposition for .nz and determining the channels that best result in growth and increased preference.

Results from the 2019/2020 year of marketing activity will inform our understanding of what aspects of the market we can influence and where to invest time and money in subsequent years to continue strengthening .nz in the New Zealand market.

Our approach to marketing is summarised in the following table.

<b>Foundation activity</b> Develop marketing strategy and metrics to measure success Develop .nz content for online and campaign activity Develop a .nz website as a platform for marketing Engage a marketing capability (freelance, contract or vendor) to deliver lean, measurable marketing campaigns	
<b>Channel Marketing goals and activity</b> <ul style="list-style-type: none"><li>- supplement registrar content about .nz and domain names</li><li>- implement a fund for registrars to promote .nz to support marketing goals</li><li>- avoid initiatives that focus on price and instead focus on areas that strengthen the quality and use of domain names.</li></ul>	<b>Public marketing goals and activity</b> <ul style="list-style-type: none"><li>- demystify domain names with a strong .nz narrative</li><li>- drive demand for .nz over other options</li><li>- connect potential registrants with registrars that meet their needs</li><li>- develop a lead generation pipeline for registrars dedicated to .nz</li></ul>
<b>Review and adapt</b> Assess outcomes of marketing activity Review lessons learnt Propose appropriate operational marketing capability and budgets for subsequent years.	

## Innovation with .nz domain names

In addition to marketing of .nz it is intended that we explore, with registrars and the wider industry, to find solutions that make .nz domain names easier to use, configure and maintain. Our approach to innovation will also be applied to .nz, exploring

solutions for registrants and registrars to make better use of domain names more easily in an evidence-based, step-wise manner.

### Recommendation:

THAT Council **note** this briefing on commercial strategy, covering the essence of the strategy, our innovation pipeline approach, the current status of the pipeline, and approach to strengthening .nz.

David Morrison

**Commercial Director**

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## Decision Process for investment in new products

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**Author:** Jordan Carter, Group Chief Executive & David Morrison, Commercial Director

**Purpose:** To seek Council approval of a proposal that authority to make decisions on business cases to develop new products or services sits with the Group Chief Executive and the Senior Leadership Team.

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### Introduction

The development of new products and services by InternetNZ and subsidiary companies has been an activity in the group for some time. Following the merger of InternetNZ and NZRS in April 2018, the commercial functions of the group were reconceived, built now around the Commercial Director's role.

With the establishment of a pipeline process set out in the companion paper to this meeting (Commercial Function Briefing - February 2019), decisions will soon be needed about whether proposed product and service projects should proceed to development or not.

Given how the organisation is currently structured, provided budget is allocated, the Group Chief Executive is the operational decision maker. If there was a provision that allowed products to be developed, Jordan and the Senior Leadership Team would make decisions about product development.

Yet given the track record of product development, we felt it appropriate to surface this issue and consider some options for decision making. It is important that the governance and management parts of InternetNZ are on the same page with how such decisions are made.

### Proposal

Our preferred approach is as follows:

- Each year, the Plan and Budget will include an envelope for capital and operating expenditure to be used for developing new products or services.
- The Group Chief Executive's delegations will be updated to be clear that authority and responsibility for approving product business cases sits with the CEO, as it does for all other operational decisions.
- Management will take a no-surprises approach to keeping the Council informed, and this would include sharing the pipeline of possible products and high level summaries of business case information.
- Reporting will record the total level of resources used and earned on a product basis as well as across the portfolio. Products will also have

comprehensive lifecycle accounting applied so that the total resource commitment is easily visible.

The logic behind this approach relates to the respective roles of management and governance.

Council as the governing body will approve the resources available for new product development and set our commercial goals, and hold the Chief Executive to account for achieving those goals and sticking to the budget.

The Chief Executive and management will be responsible for deploying the pipeline process and financial resources in a fashion that achieves or exceeds the relevant goals within the resource limits applied.

## Other Options

We considered two other options, which are not preferable in our judgement to the above approach.

- Establishing a management committee with a formal charter, comprised of a mix of managers and Council members, to be the decision-making authority on product business cases.
- Establishing a Council committee, with managers attending and participating but not as decision-makers, to be the decision-making authority on product business cases.

Either of these other options would give Council members a more involved role in product business case scrutiny and approval.

That more involved role is one we see as less preferred. It introduces a split in accountabilities, making it impossible to hold the Chief Executive responsible for achieving our commercial goals (because they cease to be the decision-maker). That means that, all other things being equal, it is less likely that the goals we set for product development (to earn more money for reinvestment in our public good work, as outlined in the SMART Goals paper) will be achieved.

We anticipate that the discussion at the Council meeting will focus on whether the logic of a single accountability and responsibility is appropriate, or whether other considerations on Council's part mean that a different approach is preferred.

It may also be that while the decision making is agreed as we have proposed, there is a forum of some sort created for sharing insights and critique of proposed business cases that includes Council members. We would welcome a discussion of this.

## Recommendation

THAT Council **agree** and confirm that decision-making for product development, including business case approvals for new products or services, rests with the Group Chief Executive.

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## Grant Making Recommendations

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**Author:** Andrew Cushen, Outreach & Engagement Director

**Purpose:** To propose decisions that will change how Grant Making is done at InternetNZ, consistent with the direction agreed by Council at the November 2018 meeting.

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## Introduction

This paper is a decision paper to implement changes to how we do grant making at InternetNZ. It follows the paper accepted at the November 2018 meeting of Council, that set a direction for changes to Grant Making at InternetNZ; specifically:

- **Increase efficiency** - by recommending changes and clarifications to processes; reviewing the division and responsibilities between governance and management, and
- **Increase relevance** - by recommending that grants are a tool that InternetNZ uses to deliver to its overall strategic goals and plans
- **Increase visibility and impact** - through the first two mechanisms, demonstrate grant making as a method through which InternetNZ delivers to these plans and strategies, in partnership with the Internet Community.

These changes have been discussed extensively with the Grants Committee. A more expansive paper, which was shared with that Committee and changed as a result of their feedback, is included as an appendix. This appendix outlines the full rationale of these changes.

## Key decisions and explanation

**Assessment: A Funding Panel be established to replace the current Grants Committee as the assessor of Grants Applications.**

This will speed up decision making; clarify the division between Governance and Management; allow the appointment of specific expertise, and will reduce the workload on Councillors.

Council's role will be to approve the "skills matrix" that will be developed to assess who should be on this Funding Panel. The Chief Executive will then decide who will fill the roles on this panel.

**Goals: Goals and objectives of Grant Making will be determined through the InternetNZ planning process, consistent with the Strategic Framework.**

Rather than having a separate set of strategies and objectives for Grant Making, Grant Making is becoming one of the operational “tools” that InternetNZ may use to deliver to our strategy and Annual Plans. It is an important part of how we deliver to the strategic “what” of *supporting the Internet Community*, and strategic “how” of being an *ecosystem player, partner and funder*. All grants will contribute to our purpose, vision or strategic WHYs.

#### **Decision-making:**

**Either: Final approval of Grant allocations is made by the Chief Executive following recommendations from the Funding Panel.**

**Or: Final approval of Grant allocations is made by Council following recommendations from the Funding Panel.**

The paper and process developed by staff that the Grants Committee has discussed has the Council remaining as the final decision maker for all Grant Making. This model has Council continuing to have visibility of all grants as a final point of approval, to validate delivery of the strategy via grant making and to act as a final “check” that the process is working as intended. In doing so, it is envisaged that the role of the Council itself would change, and its workload slightly increase, with these new Grants Making processes.

The Grants Committee considered this at their meeting on January 31. While this meeting was inquorate, the Committee members that were present were clear that having Council in this final approval role was their preferred recommendation. It is this recommendation that is reflected in the Appendix as well.

As an alternative, the Chief Executive may fill this function. This was not discussed with the Grants Committee in the development of these proposals; instead, this is a question and recommendation raised at this point of summarising the paper to test and challenge what the appropriate split is between Governance and Management, and what is appropriate for governors to do in the operations of the organisation.

The Grants Committee was provided with very short notice of this alternative recommendation, and has not had an opportunity to consider it together in time for finalising this paper. Given this background and the late change to what the Committee has considered, these two options are presented to the Council..

## **Recommendations**

- 1. That Council receive this paper and the appendix.**
- 2. That a Funding Panel be established to replace the current Grants Committee as the assessor of Grants Applications.**
- 3. That the goals and objectives of Grant Making be determined through the InternetNZ planning process, consistent with the Strategic Framework.**
- 4. Either:**
  - a. That final approval of Grant allocations is made by the Chief Executive following recommendations from the Funding Panel.****Or:**
  - b. That final approval of Grant allocations is made by Council following recommendations from the Funding Panel.**



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## Appendix: Grant Making Recommendations

**Author:** Andrew Cushen, Outreach & Engagement Director

**Purpose:** To provide the full background paper on the Grant Making Recommendations.

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### Background

In November 2018, Council accepted the paper “Community Funding – Strategic Alignment and Improvement”. There was general support for the overall direction of this paper.

To progress the proposed changes the Grants Committee met on 29 January to discuss a number of changes for the grants programme and Grants Policy for 2019/20.

This paper is a summary of the outlined changes discussed based on background research which have informed the following recommendations.

### Purpose of change

The November 2018 Council paper outlined the purpose for change. This can be summarised as:

- Increase efficiency for InternetNZ, our staff and councillors and more importantly our funding recipients.
- Increase relevance of funding to InternetNZ’s strategic focus areas, while still retaining and encouraging community innovation.
- Increase InternetNZ’s ability to demonstrate, measure and report on the impact of Community Funding, by tying these more clearly to InternetNZ’s strategic framework.

Other aspects of Community Funding - specifically partnerships and sponsorships - will be dealt with in future papers.

To support the change process, we worked internally through seven steps “Grantmaker’s Pathway Critical Steps” process, approved as best practice by Philanthropy NZ<sup>1</sup>. There are 20 other steps which we can follow as we progress through this toolkit for InternetNZ.

To work out how to develop our funding priorities, we looked at NZ best practice process for developing this work.

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<sup>1</sup> Philanthropy NZ. (2010) The Grantmakers Toolkit - some essentials on the grantmaking path for foundations, trusts and private donors

1. **Agree vision, mission, values and goals** - this section of this document relates the new InternetNZ Strategy Framework to InternetNZ Grant Making.
2. **Identify root causes** - this section ties Grant Making to the same areas of intervention - i.e. the focus areas - highlighted in the new InternetNZ Strategy Framework.
3. **Establish a theory of change** - how Grant Making may contribute to InternetNZ's focus areas, and which are particularly relevant.
4. **Clarifying and stating the purpose of grant making at InternetNZ** - making transparent for the organisation and applicants how Grant Making applies to this strategy, and what that means for applicants and funding objectives.
5. **Refining the funding mix** - how the funding pool may be split to deliver to these objectives and to deliver greater efficiency and clarity in what is available.
6. **Governance, assessment and decision making** - proposing a new Funding Panel to replace the current Grants Committee as the primary recommendation body to the InternetNZ Council.
7. **Managing information and monitoring** - how we ensure that Grant Making is transparent, and that the results and outcomes of these processes are communicated, celebrated and understood, and lessons learned.

From this process and shared learnings with the Grants Committee, we propose the following changes to grantmaking at InternetNZ:

## Governance of grant making

As per the Governance Review outputs discussed with Council at the September 2018 Strategy Retreat, staff have been considering the appropriate level of Governance involvement in processes like the current Grants Committee.

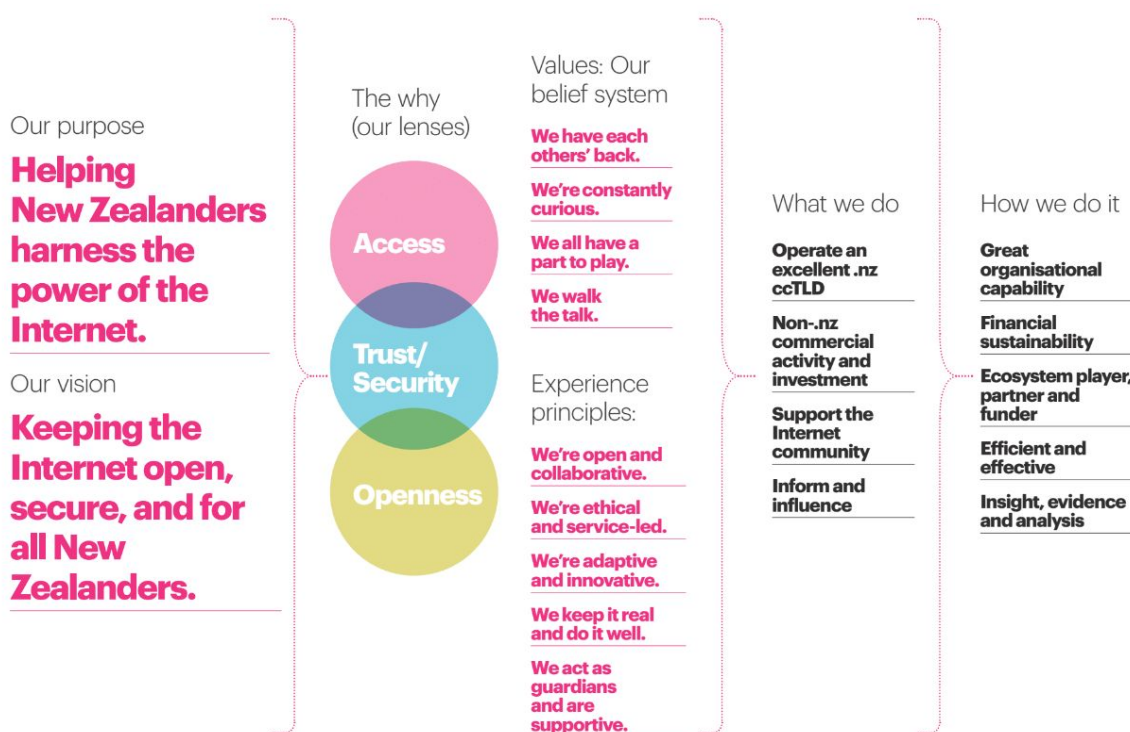
There is work being undertaken across the organisation evaluating the appropriate division between operations and governance activity, as being led out of Organisational Services. Where possible, any changes made to the Grants Committee would reflect a similar philosophy. This current process of reviewing the Community Funding programme is however underway prior to any organisational wide set of decisions.

In the case of the current Grants Committee, staff note that:

- The time commitment from Councillors is higher than in other Governance Committees, though this time requirement has lessened due to process improvement over the last 18 months which has increased the role of staff.
- Councillor availability is a challenge given the amount of time required to undertake the current Grants processes.
- The Grants Committee are increasingly asking for expertise in subject areas to support decision making in assessing applications.

The proposals in this paper are intended to result in resetting the Governance relationship with grant making, and increasing the operational role of staff-led processes in evaluating grant applications.

Further, this process has been undertaken while InternetNZ has been reviewing its Strategic Framework. The output of this process is summarised graphically below:



Pursuant to this new Strategic Framework, grant making is part of how InternetNZ achieves our purpose and vision (*how: ecosystem player, partner and funder*) and what we do (*what: support the Internet community*).

In this framework, grant making is a “tool” that InternetNZ uses to achieve its wider outcomes; not a distinct programme with distinct objectives, strategies and plans. It is part of the work we do and is governed by the same instruments we use to do and focus all of our work.

The implication of this change is that it would represent a move away from direct Council Committee involvement in reviewing all Grant applications.

## Grant decision making - from Council Committee to an appointed funding panel

We propose a new division of decision making responsibilities. Each stage of decision making for grants is broken down in the table below, with current processes and proposed processes compared.

These proposed decision making processes have been designed to:

1. Speed up decision making.
2. Reduce the workload on Council members and the Grants Committee.
3. Increase the workload for appointed experts that are able to advise Council and staff on the merits of applications.

These also deliver to a number of other changes prompted by the organisational and governance reviews that have been commissioned and completed in the last year. Specifically:

1. A reduced number of Councillors available to serve on high workload committees, such as the current Grants Committee.
2. Clear delineation between Governance and Management activities.

### **Funding Panel design**

To achieve this, we propose that the current Grants Committee of the InternetNZ Council is disestablished, and effectively replaced by a “management-led” Funding Panel. Detail as to the split of responsibilities between this Funding Panel and the Council are further detailed below; in essence, the Funding Panel will score and assess applications and make funding recommendations to Council. Council will have access to applications for review. Alternatively, Council may determine that this final approval of recommendations may be made by the Chief Executive.

This Funding Panel would have the following characteristics:

- 1. Composition - no more than SEVEN people in total, made up of:**
  - a. Up to TWO Council members
  - b. Up to TWO Staff members
  - c. Up to FOUR externally appointed people.
- 2. Selection - development of a selection skills matrix to test those that are appointed, in accordance with the objectives for funding in any given year - for example:**
  - a. Experience in research
  - b. Experience in evaluation
  - c. Technical experience
  - d. Te Ao Māori community connections
  - e. Demonstrated track record in delivering impactful community projects and outcomes
  - f. Philanthropic funding experience and expertise.
- 3. Appointment - the terms upon which these people are appointed:**
  - a. Background check conducted by staff.
  - b. Appointed for up to a two year term; may be extended.
  - c. Paid roles, in accordance with the Cabinet Framework and/or the current Committee remuneration policy. (note, this would not be payable to any staff members appointed, and would not be in addition to any Honoraria paid to any appointed Council member)
  - d. That staff will develop a skills matrix to be approved by the Council to guide the appointment process.
  - e. Appointments approved by the Chief Executive, following recommendations by staff.

The Funding Panel would provide recommendations to Council. The remaining Governance level, responsibilities of the Council would be:

1. Set priorities for funding through the Annual Planning process.
2. Approve the selection skills matrix on a two yearly basis
3. Receive and approve the recommendations of the Funding Panel as to what projects and grants should be made - *not* review the grant applications themselves.
  - a. Alternatively, the Council may delegate this responsibility to the Chief Executive
4. Receive reports and review progress by staff against the set priorities for funding as part of the operational reporting process.

### Funding Panel in 2019/20

As we transition from the Grants Committee to the new Funding Panel to assess and recommend where funds are distributed, we propose two of the current Grants Committee members to be the appointed to the new Funding Panel members for the first year. This should allow for a smooth transition, and utilise their experience and expertise.

The table below steps out the grant making process as it is currently done against the proposed process and division of responsibilities.

Stage	Current	Proposed
<b>People/group that score &amp; assess grant applications</b>	Nominated by Council (4 Council members) Appointed by GC (1), who is usually recommended by staff	Funding Panel - 7 members appointed by Council, appointees recommended by the CE using a skills/diversity matrix, with a mix skills and experience.  Skills matrix approved by Council.
<b>Assessment of grants</b>	Recommended stage 1 by staff to GC Recommendations stage 2 by GC to Council Approved by Council	Reviewed by staff (stage 1) Recommended by Funding Panel (stages 1 and 2)
<b>Approval of grants</b>	Recommended by GC to Council Approved by Council	Recommended by Funding Panel to Council Approved by Council (with applications transparent and available to review) OR Approval delegated to the Chief Executive
<b>Annual grant allocation</b>	Proposed by staff, endorsed by CE Approved by Council in budget process	No change

<b>Grants Policy</b>	Drafted by staff Proposed by GC Approved by Council	Drafted and proposed by Staff Approved by Council
<b>Grant round priorities</b>	Drafted by staff to GC Proposed by GC to Council Approved by Council	Drafted by staff to CE Included in the Annual Planning Process Approved by Council

## Grants purpose statements

The latest grantmaking research and literature suggests that the **clearer** we can be with what we want to fund to applicants, the stronger and better applications we will receive.

In the past, we have had ‘grant round purpose statements’. We believe to be successful grantmakers, we need to also have ‘funding priorities’ alongside a more general purpose for grantmaking as an organisation.

Our proposed grants purpose statement is:

*To support individuals or organisations engaged in shaping the future of the Internet for New Zealand - including conducting research into, informing the development and increasing the availability of, innovative use and benefit of the Internet and its associated technologies and applications for New Zealanders.*

## Grant funding priorities to align with new Strategic Framework

### Proposed grant funding priorities

With the new Strategic Framework in place at InternetNZ, we want to see a closer relationship grant funding priorities and our vision. Our proposed funding priority statement is:

*We support initiatives that harness the power of the Internet, make it ever more open, secure and for all New Zealanders, and extend it in novel ways.*

*Our priority for grant funding this round projects which will :*

- *Benefit New Zealand and/or New Zealanders*
- *Build/develop understanding of the Internet*
- *Support the access, security, trust and/or openness of the Internet.*
- *Support education, training, skills, develops motivation and resilience.*
- *Be collaborative in nature, and enhance the Internet as a platform for collaboration*
- *Support Te Ao Māori.*

### Alignment with InternetNZ Strategic Framework

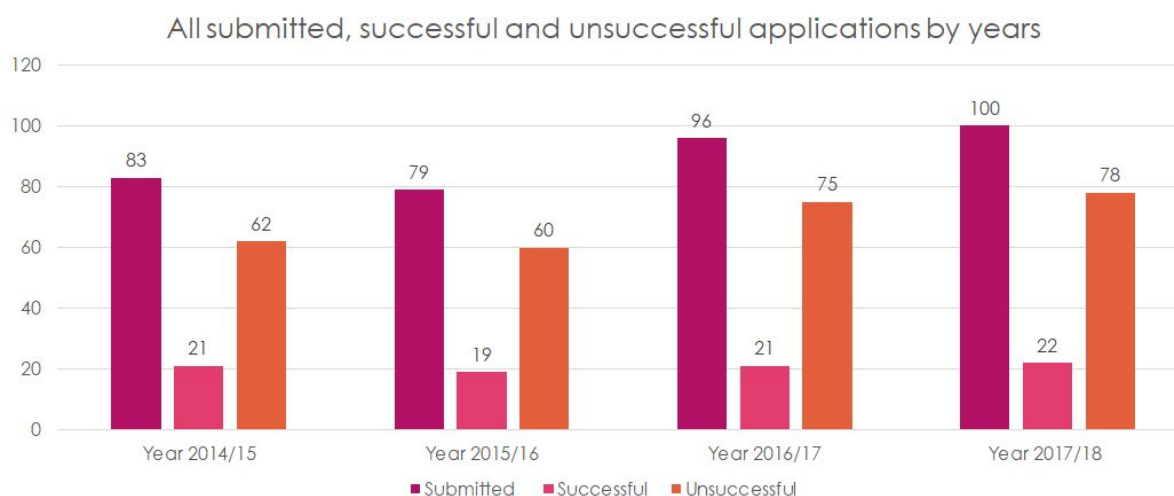
As above, we propose, like the rest of the organisation, that our grantmaking supports our overall purpose, mission and the broader strategic framework - thus, our rounds support this ethos. The Grants Committee discussed last month a desire to still retain funds to support projects that are not aligned. We do not feel this aligns with INZ's workplan and goals, however as an interim step, an additional round could be held which welcomes applications not aligned to the strategic framework.

We would re-name this round 'Internet Projects Round' and not use the titles 'Internet Research' or 'Community Projects' to allow us to differentiate from this round with the other two rounds. For clarity, this is intended to refer to both Community "Projects" and Research "Projects".

Running three rounds is possible with current resourcing, however we'd suggest this third round is later in the year to allow us to work through the other changes proposed in this paper.

### Exclusions and conditions, to help applicants with clarity

Clearer information on what will not or may not be funded can reduce the number of unsuccessful grant applications received, therefore reduce time spent on grant writing by potential applicants. We have not done this in the past, but it's advisable and best practice grantmaking to do so.



Discussed at many meetings of the Grants Committee and again at the recent policy meeting, we recommend we limit funds for overheads on projects to 10%. Comparatively, approved overheads by government to universities are vastly higher, and range from 112-140%. Conversely, some other NGO funders do not even fund overheads.

We recommend the following sentences to be listed online for grantees to support understanding of what we will and won't fund:

- *We no longer fund website and app builds, wifi network development, overseas projects or computer equipment.*



- *While we understand overheads are required by applicants to be covered, we will only fund up to 10% of project costs for this purpose.*
- *We believe that any outputs or artifacts of InternetNZ grant-making should be as freely available to the Internet Community as possible. We therefore strongly prefer that any outputs are released under an appropriate Creative Commons and/or Open Source License, and we ask that all applications include detail as to which License(s) they will use to make their work available unless there is a very good rationale to do differently. .*

At this stage, we do not propose any changes to the assessment criteria.

## **Move to more general rounds - not Research and Projects, but open to anything**

With the current two rounds - Internet Research and Community Projects, we allow only one chance per 12 months for applicants to apply for funds. We would like to be more flexible as grantmakers, and allow both the community organisations and researchers to apply twice a year - thus making our rounds open for both types of applications. This change was indicated in the November 2018 Council paper.

This change to being more generic will mean we need a more broad skill set on the team which assesses the applications. In the past, we've had an external INZ member on each round panel - for the Internet Research round we have had researchers such as Erika Pearson and/or Philippa Smith; and technical input from Dean Pemberton and/or Sebastian Castro. This expertise is invaluable for understanding the validity and viability of projects - on top of the Grants Committees experience and expertise.

While we are moving into this new more general round, we wish to ensure we are still supporting an equal balance of research, technical and community projects. This will require trial to see what applications come in; and then see how we can tag funding in each round for roughly 50% research and 50% community projects; and also apply a sore thumb exercise to ensure we fund both technical and non-technical applications; as well as applications on other aspects of diversity.

See above for our proposal on changes to assessing and decision making.

## **Conference Attendance grants - set amounts, more frequent and conditional granting where required**

From the past 4 years of grants, we can see a wide range of applications and amounts of funding given. The current 'two round a year' (alongside the current Community Projects and Internet Research rounds) is not flexible enough for those wishing to attend conferences, which can happen anytime during the year. We also wish to streamline these smaller grants, ranging from \$500-\$4,000, to an award model.

**Move to Award model - set amounts of \$500, \$1,500 and \$3,500**



We propose to help streamline fund distribution for Conference Attendance application, a move to award funding - a set award fund of either \$500, \$1,500 or \$3,500 - depending on the need of the applicant.

The Grants Committee has reviewed our past 2017/18 Conference Attendance grants, and seen that an award model could work and support those who were approved to a level that is close to what was actually granted, and expend available funds in that year.

We propose re-naming this funding as 'Conference Attendance Awards'.

### **Decision making by Funding Panel**

The current Grants Policy states the Grants Committee can approve grants of up to \$5k on-demand only - and these grants are always under \$5k. Under current policy, Council is tasked to approve any grants (of any amount) that come up in a round, even if they are under \$5k.

We proposed the Funding Panel approve all Conference Attendance awards which are all under \$5k.

### **On demand decision making**

We wish, for smaller grants, to increase frequency of decision making, and give more timely support to our applicants.

While we would advertise the grant as being available "on-demand", to help with scheduling, we propose to gather up applications monthly, and send them through for assessment on the last Friday of the month. If there are no applications, there would be no work for the assessors. We would explicitly say that applications are assessed every 4-6 weeks, to give an indication of timing to grantee expectations.

The application would come with a recommendation from staff to the Funding Panel on if the award should be made, and at what amount. We hope this will become an efficient process.

### **"Next step grant" - title yet to be determined**

A new "next step fund" is proposed to allow us to provide grants that will help leverage a project that aligns well with the Annual Plan of InternetNZ and is showing demonstrable success.

This leverage activity should be win-win, mutually beneficial. The fund would be used to give money to existing grantees for activities that could:

- help share knowledge or findings with the wider Internet community
- have learnings tested
- extend an evaluation to support information InternetNZ is interested in.
- support grantees present at conferences and share their research or project
- fund an activity that arose during the course of the project which is important to the success or impact outlined in the original grant application.

Overall, the additional funding would help the grantee to realise the strategic goals at InternetNZ.

Examples of uses of this fund may include:

- Research project A which we have funded, requests \$1,500 to attend a conference in Singapore to present their digital divide research findings. This is aligned to InternetNZ strategic goal 5, as the researcher has agreed to come back to Wellington and share international knowledge on digital divides with our Policy Team.
- Community project B which we have funded, requests \$3k additional funding to start launching a digital access technology in a specific community in need. This is aligned to InternetNZ strategic goal 5, supporting to close the digital divide.
- Community project C which we have funded, requests \$2,500 to further her evaluation data against other comparable projects in NZ of the same nature. This could be aligned to any of our strategic goals.

In all of these examples, the amount of additional funding that is requested is small relative to the size of the overall funding pool. All of these additional activities are only able to be undertaken *after* the originally funded scope of works has been successfully delivered and the results of that work verified. They all contribute to the work that has been funded having a greater impact, utilisation and direct relevance.

We realise we need to increase our current level of engagement with grantees to understand their projects better, and find ways to leverage their work to help both the grantee and InternetNZ.

We propose a 10% of the total contestable grant pool (ie. for this financial year that is \$39k) be retained per annum for this fund. We would seek to begin this fund from 1 April 2019, by carrying over an underspend of \$39k from the 2018/19 funds. This would allow us to maintain the current proportion Community Funding as grant making in 2019/20 as in 2018/19 (subject to Council decisions in March about the budget for next year).

To operationalise this, we need to make it easy to distribute funds to leverage the grants, and decisions to do so should be timely and helpful. We propose:

- Generally the amount per grantee would be between \$1-3k each, explicitly capped at \$3k.
- The fund availability to be discussed with grantees, after they have been approved a grant.
- Decision making to use the fund is made by the Community Programmes staff, with approval by the Outreach & Engagement Director.
- No extensive reporting (additional work) would be required by the grantee after the activity.

## Changes to Grants Policy

We propose changes to the Grants Policy, which was last reviewed in May 2017. We have not completed the full changes to the Grants Policy in time for further discussion at the

February 2019 Council Meeting, and further changes may be necessary following discussion at the this meeting. We propose amending this policy following the February Meeting.

### **Questions to applicants not now listed in the policy**

We have summarised the policy under each criterion to not include exact questions from the form - as over the years, the application forms questions have been slightly altered to be clearer or simpler.

### **Timeline for implementation**

If the policy changes included in this paper are adopted at the Council meeting on 15 Feb 2019, implementation of the updated policy framework will be completed for the new Grants rounds commencing in May-July 2019.

If adopted, the Community Grants Policy Framework and updated related documents will be made available on the website.

### **Compliance with Policy Development Policy**

The Grants Policy Framework is a Governance Policy of InternetNZ. To comply with the two week period for public scrutiny of changes, the resolution of this meeting to approve these changes should identify them as being subject to any revisions arising from feedback received within the two week period specified by the policy.

## **Innovation Fund - develop concept and planning for 2020 launch**

In November 2018, the Council asked staff to develop a new round, which would allow projects which have a more 'innovative' approach towards supporting the Internet still receive funding from InternetNZ.

While we appreciate and like the idea to fund new and innovative ideas or projects when the opportunity arises, we have a number of grant funding changes proposed, and have not increased the grant funding bid internally for 2019/20.

We propose that during the 2019/20 year, we work with Council on the development of a new round for innovation projects, to be launched in 2020/21. This fund could act as a launch of our funding milestone of giving out giving out \$1mil, and give us better brand exposure and alignment after the new brand project has launched and is embedded across the organisation.

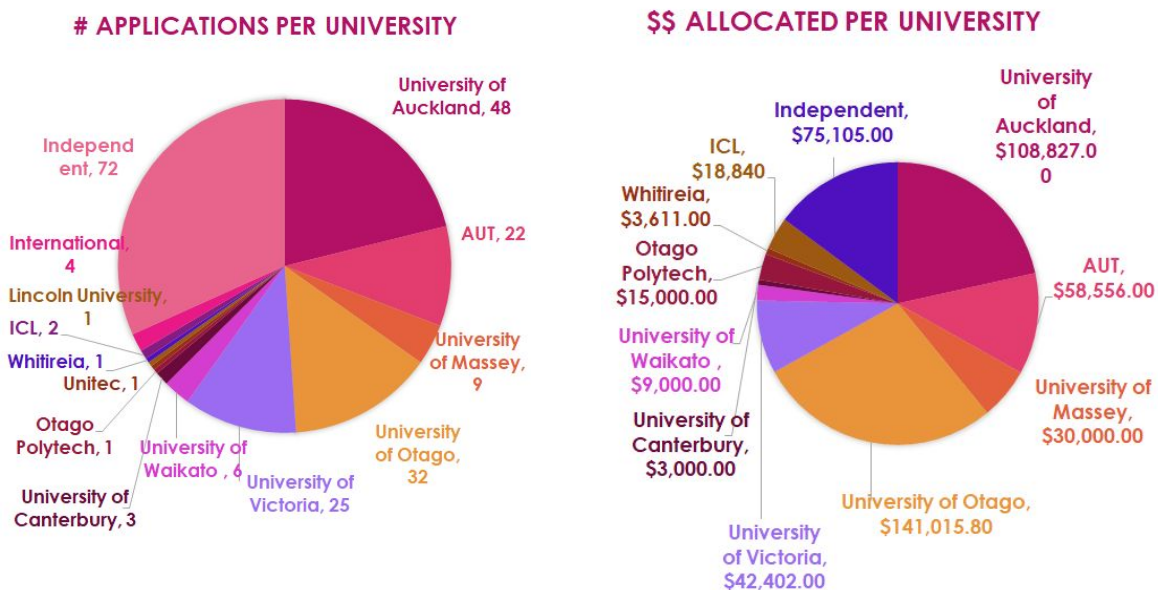
Design and consultation work will commence on this new round after May 2019.

## **Other operational recommendations to be explored:**

**Increase targeting for non-university applications**

68% of our Research and Conference Attendance applications have come from universities, and of those received, 15% of our funds have gone to grantees identifying as independent researchers, or not under a university.

The Grants Committee signaled a desire to see better marketing and targeting of applicants to come from non-university applicants. We will seek to address this in communications planning for 2019/20.



### Increase targeting for applications from the Māori Internet Community.

Following training and consideration of InternetNZ's role with regard to Te Ao Māori, the Council signaled a desire to see better marketing and targeting of applicants and projects from a Te Ao Māori perspective. We will seek to address this in communications planning for 2019/20, and in the appointments to the Funding Panel. .

### Grant offer validity and contracts

The Grants Committee heard about the work involved with with some grantee to get contracts signed. Staff will look to give contracts out with a return date - making the contract offer only valid for four weeks. This will better support administration and getting funds out on time - or being able to re-distribute the funds in that same year. Contract templates will also need to be reviewed after changes are agreed.

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## Management Items for Discussion

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**Author:** Jordan Carter, Group Chief Executive

**Purpose:** To raise issues from the organisation for Council's consideration and advice.

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## Introduction

This paper is designed to raise key issues for Council to give advice, input and share understanding with management. It should be read and considered informed by the broader context as presented in quarterly Activity, .nz and Financial reports.

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

- **Key items** - main items we'd like a conversation about - may or may not be covered by other standard reporting.
- **Exceptions to note** - any significant issues in the general reporting we want to be sure you have seen.
- **Late Changes** - any material changes to conditions or issues otherwise covered in quarterly reporting (none in this paper).
- **Key future commitments** - a look forward to some key events over the next six months.

We published the .nz, DNCL and activity reports before the end of January this year. Financial reports will follow. As mentioned last month, this paper will always be the most up to date, being finalised the day that the Council paper set is finalised.

This is a short paper this month, as most key items we wish to work through with you are in Council agenda items.

## A. Key Items

### A1 - DNS Flag Day update

Issue:	The Chief Scientist reported on the measurement and communication efforts around DNS Flag Day as part of the Q3 .nz activity report. 1 February arrived and the effects of the campaign were noticeable. Back in July 2018 8,349 .nz domains were expected to break due to the changes introduced by DNS Flag day. Thanks to the combined work of Tech Research, the Communications Team, the Channel Manager, Tech Services and DNCL, the number of affected .nz
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	domains was reduced to 508. The media release was picked up by Stuff, NZ Herald, Computer World and Newshub, and ISC, one of the organizers of DNS Flag day recognized our efforts in their retrospective.
Our ask:	That you <b>note</b> the impact of our combined efforts in this area.

## A2 - DNCL Board Renewals - Proposed Approach

Issue:	<p>Last year, Council renewed the terms of Lucy Elwood and Adam Hunt as independent directors of Domain Name Commission Ltd. With the new group Strategic Framework complete and the Pickens review about to report, the Board intends to prepare a suitable Skills Matrix over the next few months to guide future Board appointments, and then seeks to discuss that with Council.</p> <p>Directors then propose a staggered renewal process, with a solicitation of nominations according to the usual process for one Director later this year, and another at the usual time next year. This would allow either for reappointments (if current director match the required skills) or new appointments to be appropriately staggered, preserving the Board's corporate memory.</p>
Our ask:	That Council indicate it is happy with the proposed approach, and anticipates a discussion with DNCL about a proposed Skills Matrix for the DNCL Board at the August meeting.

## A3 - Below budget growth in domain name registrations

Issue:	<p>As mentioned in the <a href="#">Q3.nz Quarterly Report</a>, that quarter saw lower than expected registrations due to some housekeeping by registrars, and ongoing compliance work by DNCL.</p> <p>January saw the usual slow registrations associated with the holiday period, with a net change in the register of -439 names, and a month-end total of 717,704.</p> <p>We are monitoring market developments closely and taking another look at our ongoing reporting of the changes in the market.</p> <p>Lower registrations means lower revenue over time, putting pressure on budgets for operational and social investment purposes.</p>
Our ask:	Be aware that below-expected growth will lead directly through to lower income over time, reinforcing the importance of the changes we have proposed to SMART Goals for the organisation.

	Be aware also that our development of a new pricing process for .nz this year will take into account growth rates, as it has previously done.
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#### A4 - Security progress update

Issue:	<p>Since November, work has been ongoing in developing a new threat assessment that will in turn feed into a revised risk register for the organisation.</p> <p>As part of the planning and budgeting process, we are working out the personnel requirements to advance security on a range of fronts. This includes:</p> <ul style="list-style-type: none"> <li>• security governance, policies and systems at InternetNZ</li> <li>• systematic infosec, personnel and physical security improvement</li> <li>• working with our registrars to improve security in the domain name system</li> <li>• improved reporting and audit of our approach internally and more broadly</li> <li>• playing a role in leading debates on security and trust</li> </ul> <p>At this stage, it is likely we will look to create a Chief Security Officer role and a Security Manager role. The new investment in this function will be quantified in the budget, but will represent a substantial new cost centre.</p>
Our ask:	<p>Council awareness of this ongoing work.</p> <p>Comfort or otherwise with the resource implications.</p> <p>Any feedback on the overall approach.</p>

#### A5 - The significance of the 2019/20 Plan and Budget

Issue:	<p>This quarter, the team is very busy planning together a united Plan for the 2019/20 year, one that pursues agreed SMART Goals and is built through the combined work and understanding of the whole organisation.</p> <p>This is a “first time” approach. As the operating model beds in, we expect that the various parts of the group will get better at working together. This will bring so-far-unidentified gains to our productivity and effectiveness.</p> <p>The slight unknown, given so much is new, is the budget impact of the new operating mode. Our approach is to keep resource use tight, but not parsimonious, and to learn through the course of the year.</p>
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	In essence, there is greater uncertainty in our budget planning than in past years, due to the fact it is the financial side of a new plan and a team learning to do things in new ways.
Our ask:	We welcome any comments or reflections on this, but ask Council members to <b>note</b> the reality this year's Plan represents.

## B. Exceptions to note

### B1 - Domain Name Growth under budget

Exception:	As discussed in item A3 above.
Comment / ask:	To be aware of this, and the implications.

## C. Late Changes

None to note for this meeting not elsewhere covered.



## D. Key Q4/Q1 commitments

This table summarises key external commitments over the next two quarters for reference.

27-30 January	NamesCon 19	Tracy
13 February	Akl welcome-back function for members	-
15 February	Council meeting	-
20-21 February	APTLD 75 - Dubai, UAE	Brent
26 February	Wlg welcome-back function for members	-
9-14 March	ICANN 64 - Kobe, Japan	Jordan, Brent, Ellen, David.
6-9 May	ICANN GDD Summit	TBC
Mid-May	DNS-OARC / RIPE NCC	Sebastian TBC
27-29 May	CENTR	Sebastian, Brent +TBC
3-5 June	Internet & Jurisdiction - Berlin	Jordan, Brent
11-14 June	RightsCon - Tunisia	Ben TBC
24-27 June	ICANN 65 - Marrakech	Jordan, Brent, +TBC

# **.nz Quarterly Report**

**Third Quarter - Quarter ended 31 December 2018**

## **Introduction**

This is the third .nz Quarterly Report for the 2018/19 financial year, prepared jointly by InternetNZ and DNCL. There is nothing in this report that is confidential.

This report is presented in an updated layout to make it easier to read. Feedback on this format is welcomed.

## **Overview of the quarter**

This quarter has been busy on a number of fronts for .nz. In November InternetNZ and DNCL convened the first Domain Name Abuse Forum devoted to the topic of domain name abuse. This was a successful event drawing together a wide range of stakeholders and insights.

Key DNS software and service providers have agreed to coordinate removing accommodations for non-compliant DNS implementations from their software or services, on or around February 1st 2019. This change will affect only sites operating non-compliant software. InternetNZ and DNCL have coordinated efforts over the past quarter to identify and communicate with .nz registrants that may be affected by these DNS changes. This is DNS Flag Day.

International travel related to .nz involved attendance in October at ICANN 63 in Barcelona. Key meetings with peer ccTLDs took place with a focus on learning and sharing effective practice. Numerous meetings were also held with potential and current .nz authorised Registrars.

In November InternetNZ was invited to AUDA's first registrar conference since changing backend registry providers. InternetNZ's Commercial Director, David Morrison, was asked to present and share insights on the activities leading up to and around the launch of registrations at the second level for .nz domain names.

During this quarter there was some housekeeping by registrars as a result of them consolidating their registrar brands. As a result there was a cancellation of a few thousand domains from the register, affecting growth projections for the year.

## Promotion and Marketing

Promotion and marketing activities of the .nz name over the past quarter are highlighted below:

- Any significant expenditures on .nz marketing is paused whilst we firm up the new InternetNZ and .nz brand framework. From this work will come a plan on how to tell the .nz story and drive measurable marketing outcomes.
- October - As part of Cybersmart week staff from InternetNZ and the Domain Name Commission assisted members of the public with two factor authentication on their devices and Caleb Smith published a blog post being cyber smart with your .nz domain name.
- November - The DNCL partnered with CERTNZ to produce *Safer Online Shopping* and released it as part of International Computer Security Day celebrated on 30 November each year.
- December - The DNCL produced Find your lost domain names as part of *Lost and Found Day*. The aim was to assist registrant's with information to help them find domain names that were either orphaned or no longer under their control.
- DNS Flag Day has been a cross group special project. A coordinated approach has been in flight to identify and communicate to domain holders likely to experience issues, as a result to changes in the DNS taking effect around the 1st February 2019. Further information at <https://dnsflagday.net>.

## Channel

Channel engagement with our registrars has had a primary focus on the following:

- Early stage preparations for the .nz annual conference being held in May 2019.
- As part of the DNS Flag day project engaging with registrars to ensure awareness of the upcoming change and identifying impacted registrants to communicate with.

## Policy

### Policy review

- A proposal for a comprehensive .nz policy review was worked on by the .nz policy committee and staff, and agreed by Council at the November 2018 Council meeting. Details of the review timeline, including a call for panelists and input from the wider community, will be out in early 2019.

### Domain Name Abuse Forum

- InternetNZ and the Domain Name Commission held New Zealand's first Domain Name Abuse Forum in Wellington. Attendees included law enforcement, Internet safety, security, government, academic, commerce, health and business sectors.

The forum was a fantastic first step to a safer .nz space and we plan to continue this good work to use it as a springboard for the .nz Comprehensive Policy review we are undertaking in 2019. **[Click here](#)** to read the full blog by InternetNZ and Domain Name Commission.

## Registry and Technology

- SRS 8.0 was released to production in November. This release is a backend structure update to our repository and the aim of this change is to make the deployment of the SRS software targeted, agile, easier to develop and maintain, reduce the down time and reduce the number of maintenance windows for registrars.
- Registrar portal updated to show the DNS Flag day impact to the domains under each registrars portfolios.

## Compliance and Disputes

- In November Dylan Connolly and Brent Carey partnered with the New Zealand Law Society and delivered a webinar to lawyers on the Dispute Resolution Service. They also wrote an accompanying booklet Domain Name Commission - Advising clients on domain name disputes.
- As part of the preparation for the Domain Name Abuse Forum the DNCL produced four fact sheets on domain name registration abuse, domain name infrastructure abuse, domain name content abuse, and the Domain Name Commission's approach to domain name abuse.
- Jordan and Brent published a joint blog in mid December titled Finding Solutions to abuse handling, illegal activity and free-flowing information.
- In this quarter the DNCL signed a Memorandum of Understanding with the Department of Internal Affairs - safety division. The MOU signalled the two organisation's willingness to work together to keep .nz safe secure and trusted.
- In December the DNCL, Tech Research and Tech Services teams sampled upward of 4000 domain names that were at risk of breaking as part of DNS Flag day on 1 February. Of the sample approximately 500 problem domain names were identified that were in breach of policy requirements. This has triggered a systemic investigation with 4 .nz authorised Registrars. The DNCL is working with these Registrars in relation to this investigation. Possible outcome of this investigation may be that the domain name registration records are corrected or the Registrars will cancel these non-compliant domain names.
- The DNCL has given 40 .nz authorised Registrars until 31 December 2018 to implement the individual registrant privacy option. The option has now been a mandatory requirement since March 2018, after an initial voluntary compliance period between November 2017 and February 2018. Those Registrars who are non-compliant after 31 December 2018 have been warned that their refusal to implement IRPO will form part of a proposed sanction proportionate to the breach.

## Annex: Key Statistics

### Registrar Market

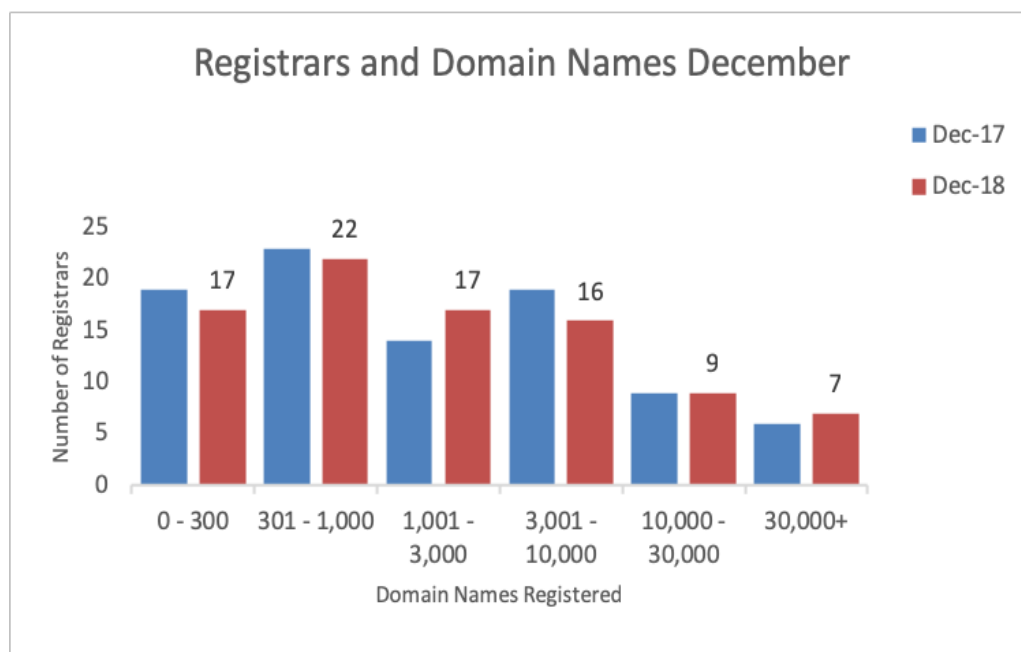
Registrars authorised	93
Registrars connected	88

Number connected during the quarter:	0
Number authorised during the quarter:	2
Number de-authorised during the quarter:	0

During this quarter there was some housekeeping by registrars as a result of them consolidating their registrar brands and as a result there was a cancellation of a few thousand domains from the register. Planning for further consolidations was ongoing in the quarter and we expect a further reduction of existing registrar brands in the next quarter. The total number of registrars where registrars under the same ownership have been linked together is 61.

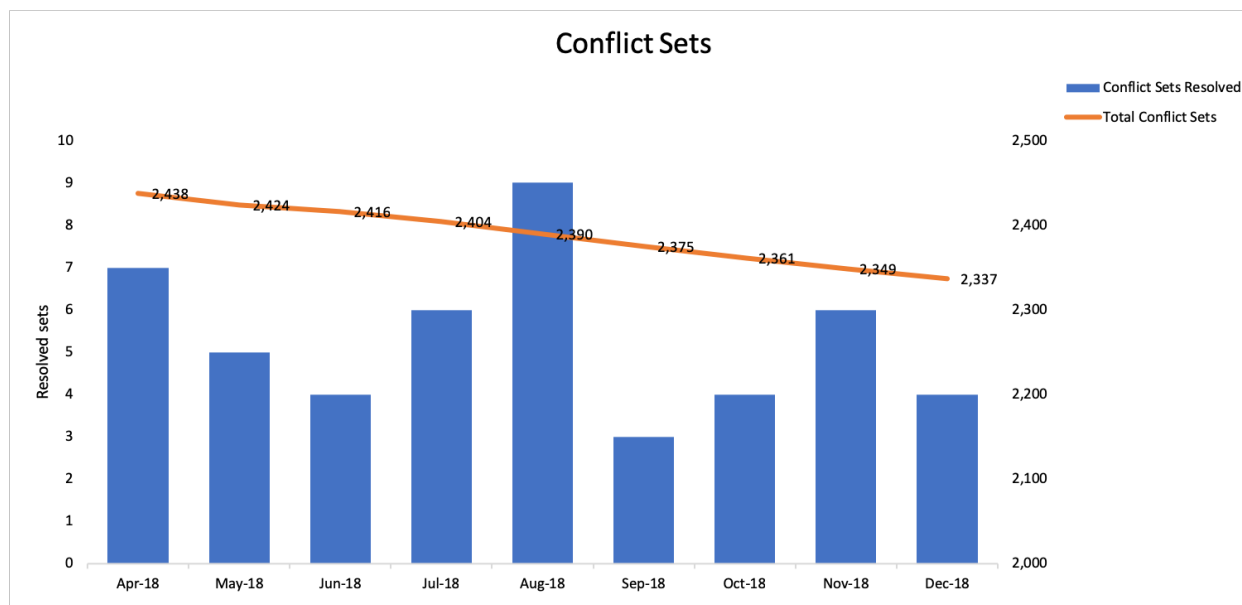
The Domain Name Commission authorised two new Registrars in November to participate in the .nz domain name market. They were Focus IP, Inc. trading as AppDetex and Domain Central Pty Ltd.

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



## Registration at the second level

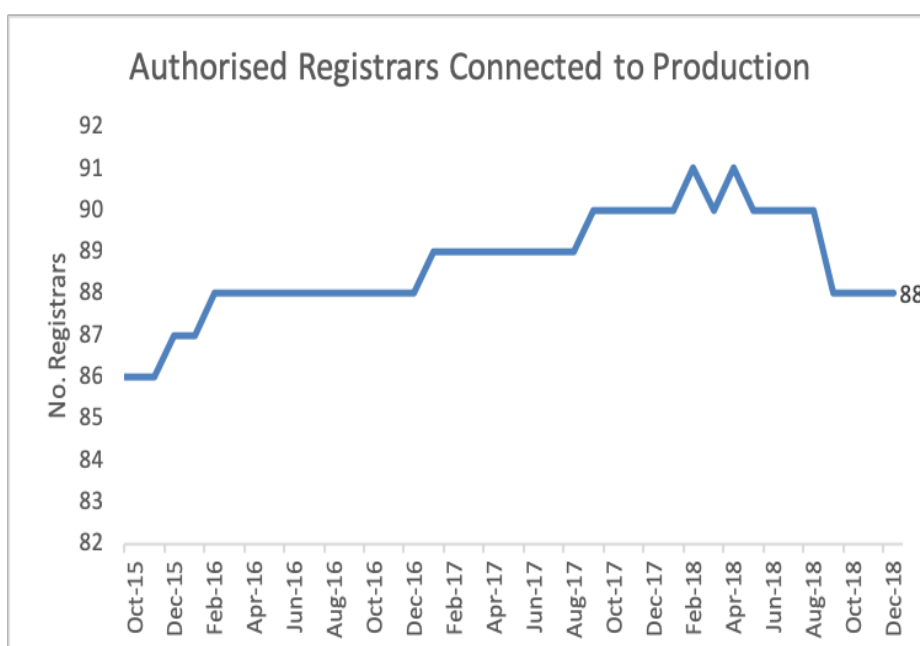
14 conflict sets were resolved in the last quarter. The number of conflict sets declines over time (conflicts cease to exist when all names in the conflict are released). The following chart shows the progress in reducing conflict sets:



The total number of domains in the conflict sets at 31 December is 5,285.

## Authorised Registrars

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



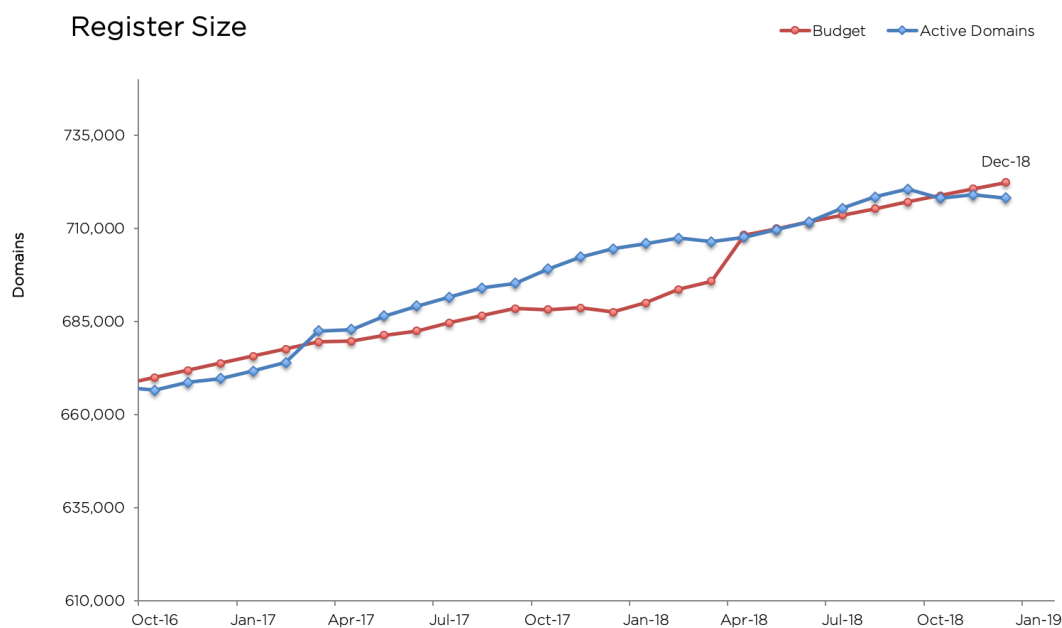
## Registry performance

In the new operating structure, there is no Service Level Agreement between InternetNZ and DNCL. The same targets as provided for in the SLA are now Service Level Expectations, and will be reported publicly on the same basis as previously. SLE targets for the DNS , SRS and WHOIS were met throughout this quarter:

System	SLE %	Oct	Nov	Dec
SRS	99.9	100	100	100
DNS	99.9	100	100	100
WHOIS	99.9	100	100	100

## Register size

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



# Growth vs Budget

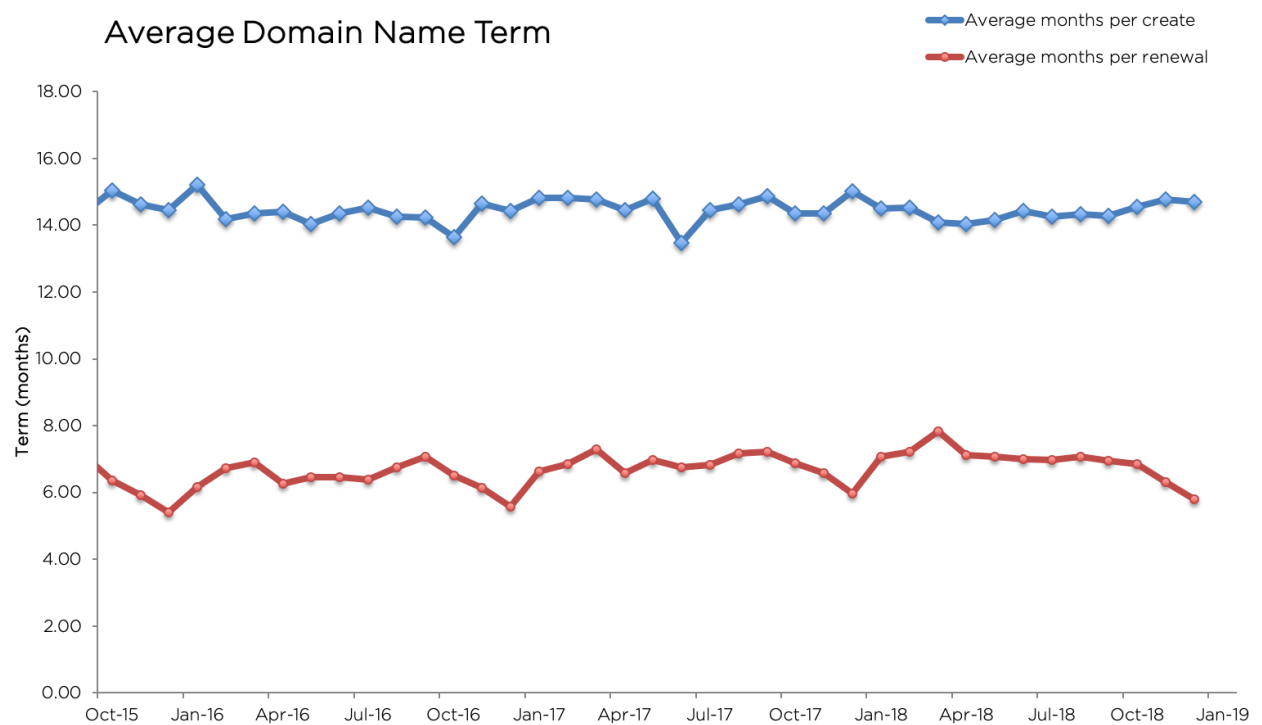
The actual growth against InternetNZ budgeted growth is shown in the chart below:





## Average domain name term

The average registration/renewal term is shown in the chart below:



## .nz data

The breakdown of domain name growth by second level is noted in the table below. The .co.nz and .nz second levels are growing and the remainder of the second levels are either static or in decline:

	Oct	Nov	Dec
<b>.co.nz</b>	513,897	514,341	514,020
<b>.nz</b>	139,434	140,016	139,647
<b>.org.nz</b>	27,469	27,452	27,405
<b>.net.nz</b>	22,750	22,639	22,539
<b>Domain Total</b>	718,169	719,025	718,143

(Note: Only the second levels that have above 10,000 names are shown and the total number of domains)

A high level comparison of .nz, ccTLD and gTLD figures is shown in the table below:

		TLDs	Domains(est)	Growth Median (1Y)
.nz	-	-	718,143	1.9%
ccTLDs	Africa	58	3.4M	6.2%
	Americas	53	13.9M	1.4%
	Asia	98	63.3M	2.9%
	Europe	57	71.7M	2.7%
gTLDs		1,203	191.9M	7.1%
.kiwi	-	-	17,966	-90.7%

Note: ccTLD and gTLD stats from Oct 2018 data and sourced from CENTR stats:

<https://stats.centri.org/tldstats#market>

Totals exclude TLDs with inconsistent or unreliable registration data.

Report finalised: 31 January 2019

## Joint .nz Strategy Transformations

### Primary Transformation

From	To
.nz operates as a successful ccTLD held in high regard domestically and internationally.	InternetNZ is widely recognised as a successful ccTLD manager and .nz is held in high regard domestically and internationally.

### Underlying Transformations

Transformations		
	From	To
1.1	Global benchmarks or best practice regarding what a world-class ccTLD is are varied and partly documented.	There are agreed global benchmarks and best practice for what a world-class ccTLD is, and .nz excels in assessments against these standards.
1.2	.nz is the default choice for New Zealanders.	.nz remains the preferred choice for New Zealanders in a highly competitive market.
1.3	The market for .nz registration services (among registrars and resellers) is competitive.	The market for .nz registration services (among registrars and resellers) is sophisticated and competitive.
1.4	Roles and responsibilities in managing .nz are being clarified.	Roles and responsibilities in managing .nz are clear, well documented and transparent.
1.5	The .nz policy framework has evolved from its origins in 2002.	The .nz policy framework has been reviewed and updated for current needs, and is validated as meeting the needs of the New Zealand Internet community.
1.6	Inconsistency in the articulation of the role, purpose and mandate for the operation of .nz across the Group – resulting in a lack of clarity among stakeholders.	The whole Group is confident in consistently articulating our role and purpose, and the mandate for our operation of .nz – resulting in the wider Internet community being clear about and supportive of our role.
1.7	InternetNZ has limited knowledge of the purchasing behaviour of registrants.	InternetNZ has good knowledge of the full sales channel including resellers and influencers, and the purchasing behaviours of registrants.
1.8	.nz is not a widely known brand.	.nz is a well recognised brand.

5 February 2019

Jamie Baddeley  
President, InternetNZ

Dear Jamie,

### **3rd Quarter 2018/19 Report**

This report includes DNCL's quarterly Profit and Loss Statement.

DNCL's major activities are contained in the joint .nz report and are no longer repeated here.

### **Strategic**

The DNCL Board at its extended November meeting discussed its 2019/2020 strategic priorities.

At the February 2019 DNCL Board meeting the revised DNCL strategic plan will be presented to the DNCL Board for its consideration.

It is intended then for the Strategic priorities to be included in the Agenda for Council at the March meeting.

### **Financial**

As at the quarter ending 31 December 2018, the accounts report a deficit result of \$54,606 against a budgeted deficit of \$115,075. Year to date, the accounts report an overall deficit of \$261,246 against a budgeted deficit of \$147,320.

This outcome reflects a variance overspend of \$113,926 year-to-date (YTD), of which \$248,405 is attributable to the US litigation.

### **Income and Expenditure Variances**

#### **Income:**

Income is under compared to budget by \$2,716 for the quarter and over YTD by \$5,769. Within that, the DRS revenue is under compared to budget by \$4k for the quarter, this will align with budget YTD, the YTD variance of \$5,769 against interest income is due to budget phasing.

#### **Expenditure:**

Areas over budget for the quarter ending are Personnel and Staff (\$8,056), and Projects (\$14,947) the personnel costs are related to the review restructure as previously reported, the project overspend is due to budget phasing and will align with budget by year-end.

The other overspend is the Other Comprehensive costs (US litigation) by \$11,623, accumulated the YTD over spend is \$248,405, assuming no further action we would expect the costs to remain at this level for year-end.

All other areas for the quarter were under by \$97,812.

YTD expenditure (excluding the litigation costs) are under budget by \$128,711, within that Personnel and Staffing costs and Project costs are the areas over (\$37,294) as a result of the review, and budget phasing.

For the quarter ended 31 December

	Oct - Dec 2018				Year-to-Date			
	Q3 Act (\$)	Q3 Bud (\$)	Q3 Var (\$)	Q3 Var (%)	YTD Act (\$)	YTD Bud (\$)	YTD Var (\$)	YTD Var (%)
<b>INCOME</b>								
5050 · Authorisation Fees	0	0	0	0%	3,000	3,000	0	0%
5080 · DRS Complaint Fees	6,000	10,000	(4,000)	-40%	26,000	26,000	0	0%
5100 · Management Fees	330,000	330,000	0	0%	990,000	990,000	0	0%
7010 · Interest Income	2,934	1,650	1,284	78%	9,169	3,400	5,769	170%
<b>Total Income</b>	<b>338,934</b>	<b>341,650</b>	<b>-2,716</b>	<b>-1%</b>	<b>1,028,169</b>	<b>1,022,400</b>	<b>5,769</b>	<b>1%</b>
<b>EXPENDITURE</b>								
DNCL Board	7,780	9,172	(1,392)	-15%	26,311	31,766	(5,455)	-17%
Communications	1,347	1,380	(33)	-2%	18,331	20,140	(1,809)	-9%
Compliance	0	2,700	(2,700)	-100%	0	9,639	(9,639)	-100%
Dispute Resolution Services	18,301	31,405	(13,104)	-42%	42,094	57,115	(15,021)	-26%
Registrars	2,206	3,369	(1,163)	-35%	7,021	15,107	(8,086)	-54%
International	51,307	113,300	(61,993)	-55%	81,043	170,570	(89,527)	-52%
Office and Administration	70,862	74,681	(3,819)	-5%	205,155	216,705	(11,550)	-5%
Personnel and Staff	141,803	133,747	8,056	6%	443,515	407,870	35,645	9%
Professional Services	3,487	9,969	(6,482)	-65%	22,010	29,708	(7,698)	-26%
Projects	14,947	0	14,947	100%	49,149	47,500	1,649	3%
<b>Total Expenditure</b>	<b>312,041</b>	<b>379,723</b>	<b>-67,682</b>	<b>-18%</b>	<b>894,630</b>	<b>1,006,120</b>	<b>-111,490</b>	<b>-11%</b>
<b>Depreciation</b>	4,874	12,000	(7,126)	-59%	16,380	33,600	(17,220)	-51%
<b>Other Comprehensive Items</b>	76,625	65,002	11,623	18%	378,405	130,000	248,405	191%
<b>Net Profit/Loss</b>	<b>-54,606</b>	<b>-115,075</b>	<b>-60,469</b>	<b>53%</b>	<b>-261,246</b>	<b>-147,320</b>	<b>-113,926</b>	<b>77%</b>

## Promotion of .nz, Compliance activities and International Outreach

Please see content in the joint .nz report.

### **Conflicted Names Process**

A total of 39 conflict sets were resolved between October and December 2018. The number of conflict sets ceases to exist when all names in the conflict are released.

As at 31 December 2018 the total outstanding conflicted domain names yet to be resolved is 2,337

Yours sincerely

Jordan Carter  
Chair, DNCL

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## Health and Safety Report as at January 2019

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Month	Number of Near Misses reported/or identified	Number of Incidents reported/or identified	First Aid Incidents reported/or identified
January - April	0	0	0
May	0	1	1
June -August	0	0	0
September	0	1	0
October	0	0	0
November - January	0	3	0

### Summary

- There were three incidents reported:
  - A knee injury from accidentally walking into the kitchen bin. The bin is correctly located, and it is not a potential hazard. The staff member visited the doctor. No further action taken.
  - The Grand Arcade Lift #3 – dropped and stopped. The INZ staff member inside was unable to receive assistance because the intercom was inoperable. The property manager has been contacted and a report has been requested. The property manager has been followed up twice and INZ has not yet received a response. A certificate for the lift and maintenance on it has been requested. Catherine will report it, if there is no satisfactory response and will talk to other tenants.
  - A shelf fell over when the desk next to it was raised up. The shelf has been relocated to another area.
- Monthly Hazard walks had taken place and no hazards (other than the ones mentioned above) were identified.
- The INZ Group Health and Safety Committee met on 6 December 2018 and 17 January 2018. The review of H&S policies has been separated and the INZ Group H&S Committee have been divided in to sub committees to work together on. We have six new fire wardens undertaking Safety First Warden Training on the 11 February 2019. This is to ensure that we have enough wardens on site to cover all floor areas in the case of absences.

The Chief Executive talked about how to manage stress and workloads and ask for support at the last staff mid-month meeting. INZ have also invited the Employee Assistance Programme to talk to staff in February 2019.

- The Audit & Risk committee have asked for a staff welfare update.

### **Recommendation**

THAT the Health and Safety update be received.



MINUTES OF COUNCIL MEETING – To be ratified

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**Status:** Draft

**Present:** Jamie Baddeley (President), Kate Pearce, Dave Moskovitz, Don Stokes, Keith Davidson, Richard Hulse, Amber Craig, Kelly Buehler and Richard Wood (*video*)

**In Attendance:** Jordan Carter (Chief Executive), Diane Robinson (INZ, minute taker) Andrew Cushen (INZ), David Morrison (INZ), Ellen Strickland (INZ) Gertrud Kikajon (INZ, *in Part*), Vanisa Dhiru (INZ, *in part*)

Elisapeci Wanganivala (INZ Member, Gwrow Vuna, *in part*)

**Apologies:** Sarah Lee and Joy Liddicoat

**Meeting Opened:** 9:30am

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Council was in committee from 9:00am to 9:30am for Council only session; and for the Council and CE alone time.

*INZ Staff joined the meeting:  
David Morrison, Ellen Strickland, Andrew Cushen, Vanisa Dhiru and  
Diane Robinson at 9:30am.*

The President officially welcomed INZ member Elisapeci Wanganivala to the Council meeting.

The Councillors' noted their sympathy and condolences were passed on to Sarah Lee for a bereavement of a family member.

Dave Moskovitz advised the Council that he will need to leave the meeting at 12:30pm.

### 1.3 Interests Register

Kate Pearce advised that she is part founder of a new Tech Workers Union. She is the co-leader and signatory. There are no conflicts of interests that she perceives.

Keith Davidson advised of his ITU contracting disclosure.

Don Stokes advised he is working on .govt.nz.

Amber Craig advise that she is no longer an employee of ANZ or BNZ.

Discussion was held around what interests to disclose in the Council meeting; some members recommended that further guidance on what to disclose would be helpful.

It was noted that the minutes of the August 2018 meeting needed to be amended to confirm the appointment of Kate Pearce, Chair of the .nz Policy Committee.

**AP25/18:** Guidance on interests' disclosures to be circulated to Council Members.

**AP26/18** Minutes of the August 2018 meeting to be updated as noted above for Kate Pearce.

## 2.1 Environmental Scan

The following matters were raised by Council and staff members in considering the environmental situation

- Copyright review document released:
  - Security industry concerns - research issues etc.
  - Notes website blocking as a possible new matter.
  - Includes WAI 262.
- Local government online voting trials on the way - submissions made on the proposed regulations.
- Te Mana Raraunga and the principles of Māori Data Sovereignty, see links below:
  - [Te Mana Raraunga website.](#)
  - Principles of Māori Data Sovereignty.
- ICANN, Barcelona Update:
  - Strategic Review done at ICANN and where that is heading in 2019.
  - Growth in security issues challenging our domain.
  - Governance - effectiveness of multistakeholder model as it scales. It is still a core component to how they do business, but harder and slower as the community gets larger.
  - Geopolitics and unique IDs, popping up around technology and responding to government intervention e.g. GDPR.
  - Registry space some robust registry engagement. A number are effectively growing their commercial capabilities.
  - 2LDs - .za and .au are looking at opening registrations and report will be circulated next week.

ITU:

- In the end the risks of scope creep for ITU was avoided and substantive changes were not made to Internet resolutions.

- MBIE's view is that InternetNZ made a big difference and was of serious assistance to the delegation.

Internet Governance Forum (IGF), Paris

- Ellen referred to the IGF blog posted on the INZ website that provides an overview from the forum.
- The opening speech from French President Emmanuel Macron centered around regulation of the internet.
- France is already embedding regulators into Facebook.
- Substantive content around multi-stakeholderism about that needing to evolve.
- This is the 2nd IGF based in Europe - there feeling of stagnation and vulnerability.
- InternetNZ will need to review position on IG given where the environment is, and work out how best to advance the open Internet.

## 2.2 Strategic Plan – Approving Draft and Next Steps

Jordan gave a brief overview of the draft strategic plan and the following was noted:

- Further work to be undertaken by DNA on branding, and this will then lead to a revision of the language in the plan.
- The Council had already provided their feedback on the draft strategic plan at the Retreat; and provided positive commentary on the work that had been done to date.
- Jordan acknowledged all InternetNZ Staff for the hard work, input and perseverance into the strategic planning process, which involved a great deal of staff time and commitment.

Councillors thanked staff for all the work that has gone into developing the framework and looked forward to the organisation working consistent with this in the coming years.

RN 78/18: THAT the Council adopt the Strategic Plan and approve the draft and next steps.

(President /Cr Pearce)  
CARRIED U

AP 27/18: Staff to incorporate DNA branding work into the Strategic Plan and circulate a revised draft to Council by 7 December 2018.

### 2.3 Organisational Principles/ Values – input for DNA

The Council were asked to provide any further comments for staff to pass on to DNA for incorporating into the brand architecture. There were no additional comments or feedback.

**RN00/18:** THAT Council note the draft Organisational Values and Principles document, along with any further Council comments at this meeting, will be provided to DNA as a contribution to their work in developing the brand architecture.

(Cr Bueler/Cr Moskovitz)  
CARRIED U

### 2.4 SMART Goals for 2019/2020

Jordan provided a brief overview of the proposed five smart goals.

Council agreed that after their discussions at the Retreat there needed to be a sixth goal relating to Te Ao Māori, with this to be developed by staff and proposed in the draft 2019 Plan in February.

**RN79/18:** THAT a sixth goal be established on InternetNZ's relationship with Te Ao Māori.

**RN80/18:** THAT Council adopt the proposed goals in this paper as the core of the 2019/20 Plan and Budget; and ask staff to revise and update this set of goals to take account of the discussion and other decisions at this meeting.

(Cr Buehler/Cr Davidson)  
CARRIED U

*Council took a short break at 10:50am and reconvened at 11:00 am.*

### 2.5 Community Funding - Future Approach

*Gertrud Kikajon joined the meeting at 11:00am.*

Andrew Cushen presented the Community Funding paper to the Council. The Council were asked the following questions to provide feedback on:

- To what degree do we explicitly and deliberately align the funding instruments to INZ strategic framework?
- How do we run those funding instruments in a way that is effective and efficient as possible, while learning from them and applying some of the best practice?

- How do we maximise the impact of these funding instruments and work with others to leverage contributions and make bigger impacts and bigger changes aligned with our strategy that INZ can be proud of?
- How do we deliberately and clearly account the impact of this work in a way that allows us to celebrate and demonstrate the work that we do with the Internet Community in order to deliver big change that helps New Zealander's make the most of the Internet?

Councillors provided an array of feedback and some of the key points were as follows:

- Acknowledgement of the impressive work undertaken by Andrew Cushen and the staff team, and support for the overall direction of the Community Funding paper.
- Further work into the approval process required to develop delegation levels, on-demand process and/or frequency of rounds..
- Explore the options of innovation funding (for wild cards) round.

**AP28/18:** Staff to draft a process (to be developed with the Grants Committee) to consider out-of-framework applications, and circulate to Council for the February 2019 meeting.

**RN81/18:** THAT Council approve alignment of Community Funding, particularly Community Grants and Strategic Partnerships, with the new Strategic Framework.

*(Cr Davidson/Cr Wood)*

*CARRIED*

*Abstained K Buehler*

**RN82/18:** THAT Council request changes to the Grants Policy and a Terms of Reference for the Grants Committee, to effect this alignment, to be presented at the February 2019 meeting of Council.

**RN83/18:** THAT Council notes the proposed operational improvements to Community Grants processes; and approves implementation and/or testing these improvements in the 2019/20 year.

*(Cr Davidson, Cr Hulse)*

*CARRIED U*

The President thanked Andrew, in addition Jordan thanked Gertrud and Vanisa as well as Ellen for the previously undertaken work on the Community Grants.

*Vanisa Dhiru / Gertrud Kikajon left the meeting at 11:34am*

## 2.6 .nz Policy – Comprehensive, Policy Review

Ellen Strickland spoke to her paper and highlighted the recommendations noted in the paper.

The Chair of the .nz Policy Committee Kate Pearce provided additional context to the paper:

- The .nz Policy framework review is a substantial piece of work and a core competency for the business. The funding for this work is not a one-off cost; but is development of the framework for the next 10 years and work not undertaken in the previous 15 years.

The President asked the Council to provide feedback with regards to Operational aspects and the following discussion took place:

- That DNCL needs a good policy framework to do its job well.
- Further detailed information about risk analysis, costs breakdown, the incremental cost of doing the review versus carrying on without one was requested from staff for Council to make a concise decision.
- Agreed that a call for nominations and identifying a panel ahead of time would be advantageous.

Two proposed resolutions on operational aspects of the proposed review were discussed:

- THAT Council agreed to appoint an Independent Chairperson and the size of the panel will depend on the people and the mix of the group; and ensuring that members have the ability to consult with stakeholders.
- THAT Council agreed [to a targeted Panel of between 5 - 7 people to have a more in-depth, focused approach / to a diverse 12-person Panel that will provide an adequate number of perspectives and be more exploratory].

However, after a lengthy discussion Council have decided to not pass these resolutions and agreed to the following action points noted below:

**AP29/18:** Staff to draft a paper incorporating next steps for the project (inclusive of costs) for the February meeting.

**AP30/18:** Staff to draft a Term of Reference and circulate to Council to adopt by evote.

**AP31/18:** Staff communicate the process at the Domain Name Abuse Forum on 27 November to the community.

**RN84/18:** THAT Council agreed to a comprehensive review of the .nz policy framework and existing .nz policies.

(Cr Pearson, Cr Davidson)  
CARRIED U

## **2.7 Māori Engagement – update on post-retreat work**

The Council and the Senior Leadership team attended a cultural training at the Te Hongoeka Marae on 22 and 23 November 2018.

Staff will develop a programme that utilises the training, and that builds on and deepens relationships with the Māori internet community.

**AP32/18:** The programme of work will be circulated to Council before Christmas.

The Council noted the paper and no resolution required.

## **3.1 President's Report**

The President provided a verbal update about his trip to ICANN and the CEs/Board Meeting:

- InternetNZ more engaged with community than many other registries.
- Common theme of seeking product development.
- Boldness, certainty, backing themselves.
- Common thread around digital identity and how that sits for the future.
- AU presentation (Bruce Tonkin) on changing providers at the registry level, transition from Neustar to Afiliast was reported as being flawless. It was very impressive.
- InternetNZ staff team work rate at the event.
  - JC noted that the ICANN report should be with you next week.
- Need for Council members to engage in more forums at the global level, some work to do here with a programme to increase governance exposure.
- ICT for indigenous peoples - through UN - Keith / Amber.

## **3.2 Management Items for Discussion (was CE report)**

Report was taken as read. Councillors expressed appreciation for the format of the report and thought it would helpfully focus discussion at future meetings.

**RN85/18:** THAT the Management Items for Discussion be received.

(President/Cr Hulse)  
CARRIED U

### **3.3 .nz Framework Policy Review – revised draft for approval**

The paper was taken as read.

**RN00/18:** THAT the Council adopts the revised .nz Framework Policy with an implementation date of 1 December 2018.

(Cr Stokes/ Pearce)  
CARRIED U

### **3.4 .nz Quarterly Report – Q2 2018/19**

Report was taken as read.

**RN86/18:** THAT the .nz Quarterly Report for Q2 2018/19 was received.

(Cr Craig / Davidson)  
CARRIED U

### **4.1 DNCL Quarterly Report – Q2 2018/19**

Report was taken as read.

**RN87/18:** THAT the DNCL Quarterly Report for Q2 2018/19 be received.

(Cr Craig / Davidson)  
CARRIED U

### **5.1 Health & Safety Update**

Report was taken as read.

**RN88/18:** THAT the Health and Safety update be received.

(President/Cr Craig)  
CARRIED U

### **5.2 Consent Agenda Items**

Jordan gave a brief overview on the cost savings from the Organisational Review. He noted that the net savings so far, based on this year's revised budget compared with approved 2017/18 budgets, was \$788k per year.

Councillors communicated that the costs savings had far exceeded their expectation.



The Council also acknowledged and thanked Mary Tovey, Finance Manager and Catherine Fenwick, Organisational Services Director for their work on the cost savings paper.

The Council went in to committee to discuss the recommendation from the Grants Committee for the Internet Research Funding round.

**RN89/18:** The Council approved the Grants Committee recommendations for the Internet Research Funding Round as detailed in the paper.

(Cr Wood / Cr Davidson)  
CARRIED U

**RN90/18:** THAT the minutes of the meetings held on 24 August 2018 be received and adopted as a true and correct record; subject to an amendment that Kate Pearce was appointed as the Chair of the .nz Policy Committee.

(President/Cr Hulse)  
CARRIED  
Abstained: Cr Craig/Cr Buehler

**RN 91/18:** THAT the remaining consent agenda items (evotes ratification, operational reports, financial reports, paper on cost savings, document information disclosure recommendations, Grants Committee reporting update) be received.

(President/Cr Hulse)  
CARRIED U

The list of new members was not circulated for information – at the February meeting the list from August to February will be circulated instead.

*With no other business raised the President had declared the meeting closed at 1:10pm.*

### 2018 Action Point Register

	Action	Who	Status	Due by	Comment
<b>FEBRUARY</b>					
AP01/18	InternetNZ staff to check and update duration of terms in the Council's register of interest.	Maria	Complete	May-18	
AP02/18	President and Vice President to come back to Council with recommendations as to who could be considered as advisors to Council.	President / Vice Pres	Complete	May-18	
AP03/18	Richard Currey to draft a letter addressed to the NZRS Board Chair regarding the Council's request to appointment two NZRS Board members to the Implementation Committee.	Richard C	Complete	May-18	
AP04/18	Richard Currey to draft a policy for the appointment process for the appointed Councillor and send it to Council for review and discussion by end of next week.	Richard C	Complete	May-18	
AP05/18	InternetNZ staff to draft a paper on the .nz Policy Function Development and send it to Council for review prior to the March Council meeting.	Ellen	Complete	May-18	Paper for discussion at the May meeting
AP06/18	InternetNZ staff to come back with recommendation to Council regarding the approval process for new members.	Jordan/Andrew/Maria	Complete	May-18	Paper for discussion at the May meeting
<b>MARCH</b>					
AP07/18	Māori Engagement Committee to come up with a few initiatives on promoting the Treaty of Waitangi to the new integrated InternetNZ.	MEC	Complete	May-18	
<b>MAY</b>					
AP08/18	Ellen Strickland to provide a further update on the Rural Broadband developments to Cr Stokes	Ellen	Complete	Aug-18	
AP09/18	Maori Engagement Strategy to be listed as an agenda item at the retreat	MEC	Complete	Aug-18	
AP10/18	Maori Engagement Committee to set a workshop for all of Council to attend	MEC	Complete	Aug-18	
AP11/18	Add the word "advice" after Governance under the responsibilities section	INZ staff	Complete	Aug-18	
AP12/18	Staff to update the terms of reference template	INZ staff	Complete	Aug-18	
AP13/18	Staff to circulate the wording of the Director's and Officer's insurance policy to Council.	INZ staff	Complete	Aug-18	
<b>AUGUST</b>					
AP14/18	Staff to update the register of interest as per changes noted at this meeting.	Maria	Complete	Nov-18	
AP15/18	Staff to set the Council dinner dates and send invites to Council list.	Maria	Complete	Nov-18	
Ap16/18	Staff to draft a cover paper for the Boardworks Council Review briefing paper and send it to the President for review.	Jordan	Complete	Nov-18	

### 2018 Action Point Register

	Action	Who	Status	Due by	Comment
AP17/18	Chief Executive to circulate the Boardworks paper to the SLT team and include in the Strategy retreat agenda for discussion.	Jordan	Complete	Nov-18	
AP18/18	Staff to support Council and Fellows in establishing a small working group to consider these issues.	Andrew	Complete	Nov-18	Fellow Naming Working Group has been established
AP19/18	Grants Committee to review the Committee's Terms of Reference as well as the Grants Policy and come back with a proposed revision for discussion and approval at the February 2019 meeting.	Grants Cmte	Complete	Feb-19	Review done new approach proposed.
AP20/18	Staff to work with DNCL around the .nz Fee Review and for the .nz Policy Committee to come back to Council with some advice on this.	Jordan	Deferred	Nov-18	Pricing approach to be done in 2019
AP21/18	Māori Engagement Committee (Komiti Whakauru Māori) to provide recommendation on Māori names for each Council Committee.	MEC	In progress	Nov-18	Komiti have not met yet to discuss.
AP22/18	Jordan to get clarity on the obligations of the ALAC membership and set some goals on how to manage membership, and share these back with Council next meeting.	Jordan	Not Done	Nov-18	Not Done - watching brief.
AP23/18	Cost and savings report arising from the organisational review to be prepared by staff and shared with Council at the November meeting.	Jordan/Mary	Complete	Nov-18	
AP24/18	Andrew to arrange and send details to Council regarding the Council photo prior to the November meeting.	Andrew	In progress	Nov-18	
<b>NOVEMBER</b>					
AP25/18	Guidance on interests' disclosures to be circulated to Council Members.	TBC	TBC	Feb-19	
AP26/18	Amendment to August Minutes - confirm the appointment of Kate Pearce, Chair of the .nz Policy Committee in the	Diane	Complete	Dec-18	
AP27/18	Staff to incorporate DNA branding work into the Strategic Plan and Circulate a revised draft to Council	Jordan	Complete	Feb-19	
AP28/18	Staff to draft a process (to be developed with the Grants Committee) to consider out-of-framework applications, and circulate to Council for the February 2019 meeting.	Andrew	Complete	Feb-19	
AP29/18	Staff to draft a paper incorporating next steps for the .nz Policy project (inclusive of costs) for the February meeting.	Ellen	Complete	Feb-19	
AP30/18	Staff to draft a Term of Reference and circulate to Council to adopt by evote.	Ellen	Complete	Dec-18	
AP31/18	Staff to communication the .nz Policy process at the Domain Name Abuse Forum on 27 November 2018 to the community	Ellen	Complete	Nov-18	
AP32/18	Staff will develop a programme that utilises the training, and that builds on and deepens relationships with the Maori internet community	Andrew	Complete	Dec-18	

## InternetNZ Membership Report

Status: FINAL  
Author: Maria Ludgate, Office Manager

### Current Membership *(as at 7 February 2019)*

Fellows	Individual	Individual Plus	Small Organisation	Large Organisation	TOTAL
27	252	44	22	3	348

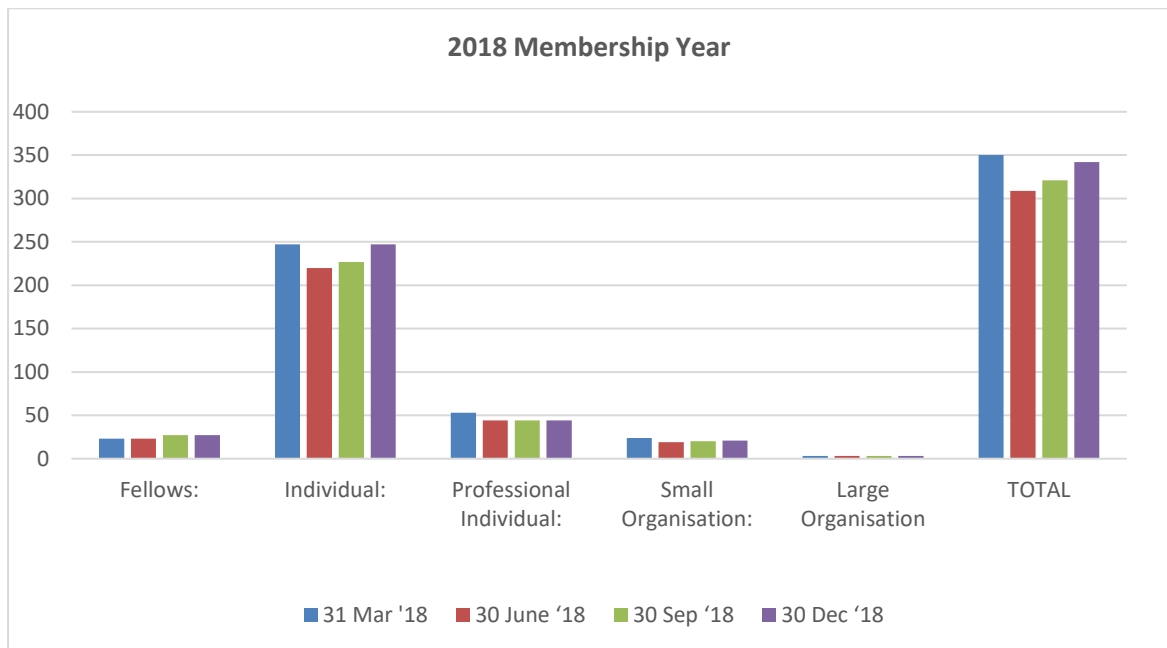
As part of the ongoing work to revamp membership, since mid-December, the membership sign-up page via the InternetNZ website has been updated and changed where the “Individual Plus” membership has been removed as there was not much difference between the “Individual” vs the “Individual Plus” membership other than the latter having access to the Goldstein Report.

In the new membership sign-up, new members still have the option to sign-up for the Goldstein Report at a small additional cost (which in total will be the same as paying for the Individual Plus membership).

Please note that this report no longer includes a breakdown of membership by geography. This is because the newly simplified membership process does not make this location information mandatory at sign up and is therefore not collected the same way. We are investigating whether and how to replace collecting this geographic information as part of work in the next financial year.

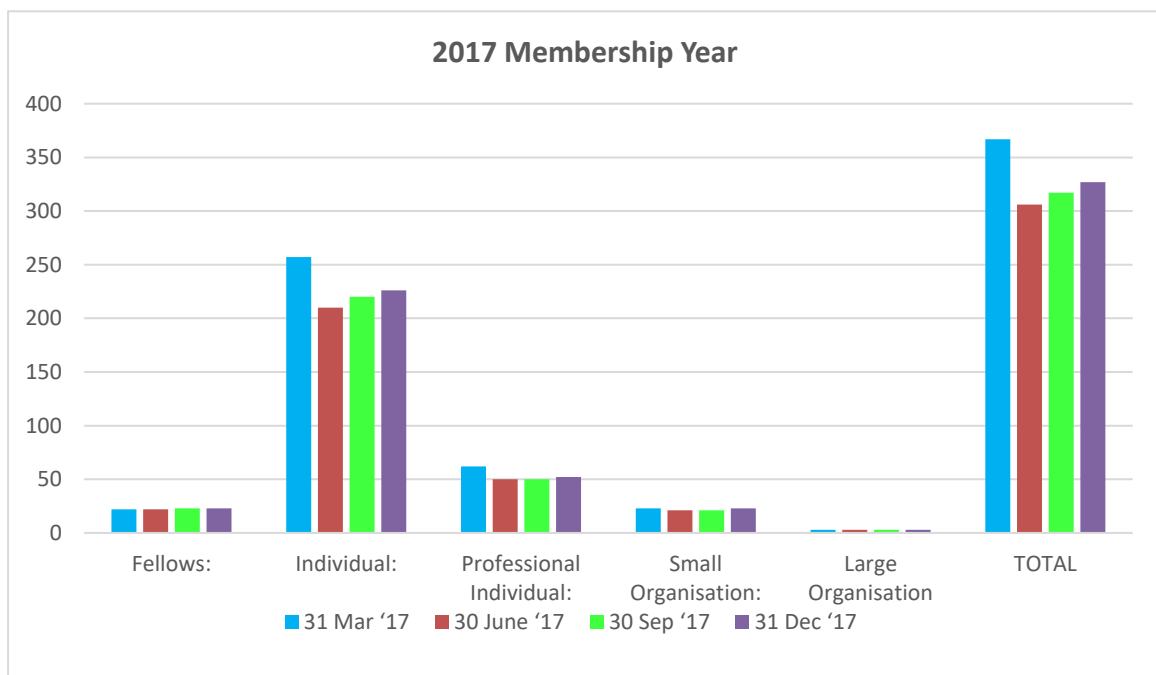
### 2018 Membership Year

	31 Mar '18	30 June '18	30 Sep '18	30 Dec '18
Fellows:	23	23	27	27
Individual:	247	220	227	247
Individual Plus:	53	44	44	44
Small Organisation:	24	19	20	21
Large Organisation:	3	3	3	3
<b>Total Membership:</b>	<b>350</b>	<b>309</b>	<b>321</b>	<b>342</b>



## 2017 Membership Year

	31 Mar '17	30 June '17	30 Sep '17	31 Dec '17
Fellows:	22	22	23	23
Individual:	257	210	220	226
Individual Plus:	62	50	50	52
Small Organisation:	23	21	21	23
Large Organisation:	3	3	3	3
<b>Total Membership:</b>	<b>367</b>	<b>306</b>	<b>317</b>	<b>327</b>



## Recommendation:

THAT the new members be noted.

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## E-votes Ratification

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Author: Diane Robinson

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There have been one e-vote conducted since the last Council Meeting:

Evote:	Motion:	For:	Against:	Abstain:
04022019	THAT Council adopt the draft Council operating policy on Council Travel to ICANN, to come into effect on 1 March 2019.	Jamie Baddeley Joy Liddicoat Richard Hulse Richard Wood David Moskovitz Kate Pearce Keith Davidson Kelly Buehler Don Stokes		

Recommendation: THAT the e-votes be ratified.

## COUNCIL – 2019 Workplan - Draft

**Author:** Jordan Carter

**Purpose:** To provide Council with an update of current draft.

MONTH	Meeting Dates	Main Items	External/Int'l
Jan			NZNOG: 28 Jan – 1 Feb
Feb	Friday 15th	<ul style="list-style-type: none"> <li>2019 Plan - key goals, projects and high level budget</li> <li>Commercial strategy</li> <li>DNCL Board Appointments</li> </ul>	APRICOT: 18-28 Feb
Mar	Friday 29th	<ul style="list-style-type: none"> <li>2019 Plan</li> <li>2019 Budget</li> </ul>	ICANN: 9-14 Mar
Apr			
May	Friday 17th	<ul style="list-style-type: none"> <li>Governance policies review pt 1: delegations and elections</li> <li>Confirm Skills Matrix for Council / DNCL Board</li> <li>Discuss September retreat &amp; agree theme</li> </ul>	Tech Week: 20-26 May
Jun			ICANN: 24-27 June
Jul	<b>AGM</b> – Thu 25th		
Aug	Friday 16th	<ul style="list-style-type: none"> <li>Induction of new council members</li> <li>DNCL appointment</li> </ul>	
Sep	<b>Retreat:</b> Fri 20th – Sun 22nd		
Oct	Friday 18th	<ul style="list-style-type: none"> <li>.nz pricing strategy</li> <li>Products review</li> </ul>	NetHui: 2-4 Oct (WLG)
Nov			ICANN: 2-7 Nov IGF: 25-29 Nov
Dec	Friday 6th <b>Year-End Functions</b> w/b 9 Dec	<ul style="list-style-type: none"> <li>SMART Goals assessment (9mths)</li> <li>First pitch for 2020/2021 Key projects</li> </ul>	

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## Activity Report: November-December 2018

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### Introduction

Welcome to this Activity Report for the period from 1 November to 31 December 2018. This narrative report gives readers a sense of what InternetNZ has been working on, and priorities for the final quarter of the business year.

This short period report for two month is a once off and we will resume a quarterly pattern in April.

### This Report (November- December 2018)

#### Across the Organisation – Jordan Carter, Group CEO

November and December saw a great deal of work done by our team and a flying finish to 2018. A theme that brought this work together from my point of view is the global connectedness of the work we do.

On domain name abuse, our forum held in November is connected with our support of the Internet and Jurisdiction programme's global effort to tackle this problem. The release of the government's issues paper for copyright reform is part of a global debate about how to protect IP online. Our participation in the ITU and ICANN meetings towards the end of the year, and the debate about the future of Internet Governance at the Internet Governance Forum, all relate in different ways to telco policy and how we operate .nz here in New Zealand.

In our last report I mentioned our strategy and brand work under way. I had hoped we would be able to share this with members in 2018, but the new year has started. Look out for news on these fronts in February and March.

You can check out our operational priorities for January-March in the section at the end of this report. I welcome any questions or comments about any of the work we are doing.

Let me close with my hopes that you had a decent summer break, and with all best wishes for a happy, successful and satisfying 2019.

Jordan Carter  
Group Chief Executive



## Organisational Services

Catherine Fenwick - Director

Status:

The two months prior to the Christmas break the team was focused on a number of activities to support the following

- Council retreat and meeting in late November.
- Committee meetings, minutes and actions - Audit & Risk, .nz policy
- Business planning 2019/2020
  - focus on brainstorming projects to support six agreed goals
  - bottom in budget based on current expenditures and know changes.
- Recruitment and Training of new staff.
- Review and changes to staff benefits - Life & Income Insurance and Kiwisaver.
- Policy review with focus on Health & Safety, Delegations.
- Team Charter - first steps to embed the agreed behaviours across the team.
- Financial and commercial support on new product design sprint.
- Review and initial planning for new Information management framework in Google Team Drives and the Wiki.

## Technology Services

Dave Baker - Director

Status:

The key activities that the team have been working on over the last two months:

- Business planning 2019/2020
  - focus on brainstorming projects to support six agreed goals
  - budget review.
- Training and on-boarding of a new developer.
- Review and initial planning for new Information management framework in Google Team Drives and the Wiki.
- Implementation and roll out of a new SRS software repository structure and deployment processes to both of our production SRS sites. This has been a major piece of work and was implemented without any issues or downtime.
- Setting up 2 newly authorised registrars in the SRS test environment.
- Preparation and undertaking of a Security Threat assessment workshop and workshop writeup.
- Peak Domain Analytics beta release for registrars.
- Migrating our infrastructure management software to the latest version of Ubuntu.
- Starting the planning for a new internal certificate authority.
- Broadband Map - estimating and planning for proposed frontend rewrite.
- Release of the Registrar portal with information for registrars on domains affected by the DNS Flag day.
- .nz Registry dashboard prototypes completed and feedback on them is being used to build a production dashboard.
- Training day for two technicians from our backup IT support supplier.

## Outreach and Engagement

Andrew Cushen - Director

Status:

Deliverables of note in the past quarter have included:

- Supporting a major event in the **Domain Name Abuse** Forum function in Wellington. From Outreach & Engagement, this involved:
  - Event logistics, including working with a new venue at the James Cook.
  - Programme and speaker coordination, and marketing the event.
  - Andrew as Master of Ceremonies during the day.
- Delivering the Speaker Series event **Truth, Justice and the Internet**. A great panel of speakers and a sold-out audience, and a great conversation about challenges with fake news, information and fairness. A good test of the new “partnership” model for Speaker events, in that this was delivered alongside the International Internet Preservation Consortium event, and with the National Library. Lessons include that while the venue sold out, we need to do more to incentivise showups as the room was only 70% full.
- Delivering the annual **stakeholder events** in Auckland and Wellington. Attendance:
  - Auckland: 70
  - Wellington: 98
- Commissioned and finalised the Colmar Brunton **public perceptions survey** results for release in early 2019. This new approach combines the previous Commercial-focused research of consumer and business perceptions of .nz with the previous old-InternetNZ research into public attitudes and perceptions on Internet issues. Media briefings will be done late in January, and commercial implications included in those plans for the year.
- Revamping **community funding** has been a major deliverable in the last quarter, and is ongoing. The Community team are preparing a suite of papers summarising research, advice and future directions to increase the efficiency and strategic linkages of grant making to the rest of InternetNZ’s work. These are on track for rollout in 2019/20.

Other relevant highlights:

- Media relations is working well, with invitations for InternetNZ to appear coming regularly.
- NZNOG support being delivered in Napier in late January, pursuant to the MOU with the Network Operators Group.

<b>Policy</b> Ellen Strickland - Director	Status:	
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The Policy team had a focus at the end of year of completing some key work and progressing work towards items for delivery in early 2019.

A key focus on these months was work on planning a **comprehensive .nz Policy review**, to commence in the next quarter, as well as attending and helping run the Domain Name Abuse Forum.

At the Speaker Series event in early November with Outreach and Engagement, the Policy team launched public engagement materials about ‘fake news’ with a cartoon and related content, on how fake news can spread <https://internetnz.nz/end-fake-news>. Work on **Platforms issues and ‘fake news’** will continue in the next quarter to come.

The team attended meetings, public engagement sessions and submitted to the Commerce Commission on **Fibre Input Methodologies**, which the Commission intend to develop for fibre fixed line access services by June 2020. The team put a focus on supporting quality and fair price for fibre Internet. The team also engaged with submitted on DIA’s draft **Online Voting** regulations. We offered constructive improvements to security assurance, but flagged process and democratic concerns with the time-pressure to implement a trial.

International work included attendance at the **International Telecommunications Union Plenipotentiary** in Dubai in November, as part of the New Zealand delegation, and the **Internet Governance Forum** in Paris in November with the Chief Executive.

Some key items progressed for first quarter of 2019 including plans for engagement and submission on the new Copyright legislation, as the issues paper on the **Copyright Act** was released at long last. Analysis and planning engagement for an early April submission deadline are now underway.

The **State of the Internet** project is now finalising a series of publications planned to come out online in January and February recapping 2018’s hot issues.

Between travel for international work, staff training commitments and personal leave, the team was down staff for most of this period, which was challenging, although a lot was accomplished. I’d like to acknowledge Ben Creet our Policy Manager, who also finished his Masters Degree in this period.

## Technical Research

Sebastian Castro - Chief Scientist

Status:

The third quarter was a period of great output and a bigger team.

The **DNS Source Address Classification** project was tested against the Domain Popularity Ranking and the results are encouraging. A list of detected resolvers was published as part of a blog post and shared with other researchers for their own use. Deployment to production will happen during 2019.

The **Domain Retention Prediction** was tested against real data and although highly accurate to predict domains staying in the register, behaved poorly to predict domains leaving the register. A fair amount of effort was dedicated to improve the situation with no success. This work has been put on hold at the moment until other data is available to improve the predictive capability. The lessons from this work are being used for Malicious Domain Detection.

Driven by DNCL and the outcomes of the Domain Name Abuse Forum, work around detecting **Malicious Domains** in the register has continued. The focus is around registrations used for phishing and fake shops. A few hundred cases have been detected so far from a sample that came from DNS Flag day, and more is needed to define a process for detection.

A lot of effort has been dedicated to **DNS Flag day** in collaboration with Tech Services, the Channel Manager, DNCL, and the Outreach and Engagement team. Testing across .nz is happening every two weeks, the process to share the results as part of the Registrar Portal is streamlined, and DNS Operators, Registrars, Registrants and other relevant parties including DIA have been notified. Back in October the number of domains affected was around 8,000 and now it's around 5,600, which is a great reduction as most of the remaining cases are domains hosted overseas, with an important fraction hosted in China. The Chief Scientist will present about DNS Flag day at the annual NZNOG Conference in early 2019.

The team provided evidence and facts about the state of the **ac.nz** namespace for a report prepared by the Policy Team.

Our Research Team Intern has been making great progress on their work, a running prototype is available using all the best practices defined by the Tech Services team, and one of the data collections is being migrated and tested using the prototype.

At the end of December started the process to recruit the Maternity Leave Cover role for the Internet Researcher. The result of the process will be communicated in the next report.

<b>Commercial</b> David Morrison - Director	Status:	
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Core focus areas for the third quarter have been focused on progressing activity on a number of fronts:

- **Product Development:**
  - DNS Firewall. In December we ran a Design Sprint facilitated by Creative HQ to test the sale of a DNS Firewall service in NZ. This was an intense process that resulted in greater clarity on target markets, pricing and solution fit. Further market testing is continuing in January with a Business Case to follow soon after.
  - Several more ideas are in the explore and validation stages - an additional Broadband Map service, a registry service (not domain related), DNS services and Peak Domain Analytics.
- **Peak Domain Analytics:** The beta for registrants to test was available late in November and with Christmas close uptake was low with our first push to registrants. As result of low uptake, progression on beta testing was parked until late January when engagement with registrars will restart to gain sufficient beta testers to provide feedback.
- **The broadband map** redesign has been progressing well. We now have sufficient information to estimate the build effort and plan starting this in late March 2019. We are in dialogue with the Commerce Commission to include the SamKnows broadband performance measurement data. Next steps are to test the design with key stakeholders before commencing the build in late March.

Work will continue in the next quarter to progress the following

- Explore and plan the feasibility of new BMap layers, specifically mobile BB, Satellite BB, and IOT networks.
- develop and validate a new map subscription service targeted at GIS teams in NZ.
- **.nz activity** has focussed on
  - preparations for the 2019 .nz annual conference for registrars and their resellers. This will be held in Auckland in 2019.
  - Early stage development of the requirements for a new online home for .nz following the completion of the InternetNZ branding work.

<b>Staffing</b> Catherine Fenwick - Organisational Services Director	Status:	
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#### Organisational Services

- Vicki Wright converted from contract to part time permanent basis in HR Advisor role.
- Maria Ludgate has joined us on a Fixed term contract to cover for Maria Reyes while she is on parental leave to July 2019.
- We are currently in the recruitment process for an Assistant Accountant to fill a vacancy we have to replace the job share position we had trailed over last six months.

#### Technical Research Team

- We are currently recruiting to cover parental leave for Jing Qiao who will be leaving early February.

#### Outreach & Engagement

- We welcome Vanisa Dhiru who has accepted a permanent role as Community Manager.

This is an InternetNZ report. Matters related to DNCL are covered in the report from the company to InternetNZ as shareholder, or in the joint .nz report.

## Key priorities for the next quarter (Q4)

Across the org'n	<ul style="list-style-type: none"> <li>• Planning for 2019</li> <li>• Renovating our approach to Security</li> </ul>
Org Services	<ul style="list-style-type: none"> <li>• Business Planning for 2019/20</li> <li>• Recruitment to ensure correct capacity across organisation</li> <li>• Staff Training- areas such as feedback and trust to support Team Charter and PDP</li> <li>• Financial Policy work on Delegation</li> <li>• Risk review - work with PWC on process review</li> </ul>
Tech Services	<ul style="list-style-type: none"> <li>• Security - Threat Assessment and Risk Matrix</li> <li>• Ubuntu 18 upgrade <ul style="list-style-type: none"> <li>◦ All servers</li> <li>◦ SRS software</li> </ul> </li> <li>• .nz Dashboard</li> <li>• NZRS CA replacement</li> <li>• SRS DB software upgrades</li> <li>• SRS Backup review</li> <li>• New DNS anycast site</li> <li>• Registrar portal updates</li> </ul>

Outreach	<ul style="list-style-type: none"> <li>• Finalising brand work with DNA, commissioning assets and rollout</li> <li>• Māori Engagement - implementation of the BRG plan</li> <li>• Communications strategy, linked to the new brand and new org strategy</li> <li>• Implementation of the changes to Funding</li> <li>• Commissioning NetHui 2019</li> </ul>
Policy	<ul style="list-style-type: none"> <li>• Comprehensive .nz Policy review commenced</li> <li>• State of the Internet series of articles published on hot topics of 2018</li> <li>• Engagement with other stakeholder and submission on Copyright Act review</li> <li>• Next stage 'Platforms and the Internet' being released</li> <li>• Digitals Divides Goal leadership and planning</li> </ul>
Tech Research	<ul style="list-style-type: none"> <li>• DNS Flag day continuing data collection, analysis, and communication campaign in cooperation with Tech Services and Outreach</li> <li>• Progress the namespace scanner tool (Summer of Tech project) to enable the productionalization of data collections to feed other initiatives.</li> <li>• Schedule the first round of show-and-tell presentations</li> <li>• Produce a working model for abuse detection</li> <li>• Complete Maternity Cover recruitment</li> <li>• Complete Business and Budget planning in collaboration with SLT</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>• Start the build of a refreshed Broadband Map</li> <li>• Complete Business Case, plan and start on the DNS Firewall build (assuming approval to proceed)</li> <li>• Explore and validate possible registry service</li> <li>• Explore and validate a new DNS service</li> <li>• Validate Peak Analytics with Registrants and plan next steps</li> <li>• Develop the innovation pipeline further by establishing processes into the commercial operations</li> <li>• Participation in NamesCon 2019</li> </ul>

Jordan Carter  
Group Chief Executive

28 January 2019

# Group financial statements

For the quarter ended 31 December 2018





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**Internet New Zealand Group**  
**Consolidated Income Statement**  
**For the Quarter Ended 31 December 2018**

	Group		INZ		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD
<b>Income</b>						
Registry Fees	2,704,610	8,095,776	2,704,610	8,095,776	-	-
Broadband Map	5,581	36,166	5,581	36,166	-	-
Management Fees	-	-	-	-	330,000	990,000
Interest Received	111,993	265,480	109,059	256,311	2,934	9,169
Managed Funds Income	(196,660)	(7,539)	(196,660)	(7,539)	-	-
Sundry Income	35,198	103,804	86,006	245,228	6,000	29,000
<b>Total Income</b>	<b>2,660,722</b>	<b>8,493,689</b>	<b>2,708,596</b>	<b>8,625,944</b>	<b>338,934</b>	<b>1,028,169</b>
<b>Less Direct Expenses</b>						
DNC Fee	-	-	330,000	990,000	-	-
.nz Costs	125,393	368,106	125,393	368,106	-	-
Other IT	62,789	151,612	62,789	151,612	-	-
<b>Total Direct Expenses</b>	<b>188,182</b>	<b>519,718</b>	<b>518,182</b>	<b>1,509,718</b>	<b>-</b>	<b>-</b>
<b>Less Other Expenses</b>						
Audit Costs	1,000	9,768	1,000	9,768	-	-
Governance Costs	105,833	274,831	98,053	248,520	7,780	26,311
International Travel	138,472	317,539	123,517	274,892	14,955	42,647
International Membership	36,352	38,396	-	-	36,352	38,396
Community Investment	387,830	791,592	387,830	791,592	-	-
Legal Fees	8,034	59,908	8,034	47,760	-	12,148
Office Costs	166,829	505,135	152,775	470,404	70,862	205,155
Project Costs	14,947	49,149	-	-	14,947	49,149
Employment Costs	1,311,900	3,823,562	1,170,096	3,379,837	141,803	443,725
Other Operating Expenses	450,590	1,172,071	420,375	1,078,383	30,215	93,689
Other Comprehensive Items	82,025	383,805	5,400	5,400	76,625	378,405
<b>Total Expenses</b>	<b>2,703,812</b>	<b>7,425,756</b>	<b>2,367,081</b>	<b>6,306,555</b>	<b>393,539</b>	<b>1,289,625</b>
<b>Net Profit (Loss) Before Tax</b>	<b>(231,272)</b>	<b>548,215</b>	<b>(176,667)</b>	<b>809,672</b>	<b>(54,605)</b>	<b>(261,456)</b>
<b>Less Provision for Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Profit (Loss) After Tax</b>	<b>(\$231,272)</b>	<b>\$ 548,215</b>	<b>(\$176,667)</b>	<b>\$ 809,672</b>	<b>(\$54,605)</b>	<b>(\$261,456)</b>

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

**Internet New Zealand Group**  
**Consolidated Income Statement - Activity Based**  
**For the Quarter Ended 31 December 2018**

	Group		INZ		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD
<b>Income</b>						
Registry Fees	2,704,610	8,095,776	2,704,610	8,095,776	-	-
Broadband Map	5,581	36,166	5,581	36,166	-	-
Management Fees	-	-	-	-	330,000	990,000
Interest Received	111,993	265,481	109,059	256,311	2,934	9,169
Managed Funds Income	(196,660)	(7,539)	(196,660)	(7,539)	-	-
Sundry Income	35,198	103,804	86,006	245,228	6,000	29,000
<b>Total Income</b>	<b>2,660,722</b>	<b>8,493,689</b>	<b>2,708,596</b>	<b>8,625,944</b>	<b>338,934</b>	<b>1,028,169</b>
<b>Less Activity Expenditure</b>						
Policy	213,044	550,590	213,044	550,590	-	-
Outreach & Engagement						
Funding	226,845	563,686	226,845	563,686	-	-
Communications	182,371	422,870	182,371	422,870	-	-
Engagement	191,643	460,351	191,643	460,351	-	-
.nz Operations	377,290	1,067,813	489,739	1,451,503	274,358	776,733
Commercial	121,680	319,833	121,680	319,833	-	-
Broadband	28,443	58,215	28,443	58,215	-	-
Projects	14,947	49,149	-	-	14,947	49,149
Technology Services	444,938	1,301,348	444,938	1,301,348	-	-
Technical Research	113,409	358,526	113,409	358,526	-	-
International Engagement	157,497	370,226	142,542	327,579	14,955	42,647
Organsational & Governance	512,777	1,472,305	504,997	1,445,994	7,780	26,311
Other Operating Expenses	225,085	566,755	220,211	550,376	4,874	16,380
Other Comprehensive Items	82,025	383,806	5,400	5,400	76,625	378,405
<b>Total Expenses</b>	<b>2,891,993</b>	<b>7,945,474</b>	<b>2,885,263</b>	<b>7,816,272</b>	<b>393,538</b>	<b>1,289,625</b>
<b>Net Profit (Loss) Before Tax</b>	<b>(231,272)</b>	<b>548,215</b>	<b>(176,667)</b>	<b>809,672</b>	<b>(54,605)</b>	<b>(261,456)</b>
<b>Less Provision for Tax</b>	-	-	-	-	-	-
<b>Net Profit (Loss) After Tax</b>	<b>(231,272)</b>	<b>\$548,215</b>	<b>(176,667)</b>	<b>\$809,672</b>	<b>(54,605)</b>	<b>(261,456)</b>

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

**Internet New Zealand Group**  
**Statement of Movements in Equity**  
**For the Quarter Ended 31 December 2018**

	Group		INZ		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD
<b>Equity at start of period</b>						
Opening Retained Earnings	11,623,977	10,844,278	11,385,180	10,398,841	238,797	445,438
Shares Subscribed	-	-	-	-	580,000	580,000
	<b>11,623,977</b>	<b>10,844,278</b>	<b>11,385,180</b>	<b>10,398,841</b>	<b>818,797</b>	<b>1,025,438</b>
<b>Net Profit (Loss) After Tax</b>	<b>(231,272)</b>	548,216	<b>(176,667)</b>	809,672	<b>(54,605)</b>	<b>(261,456)</b>
<b>Equity at end of period</b>	<b>\$11,392,705</b>	<b>\$11,392,494</b>	<b>\$11,208,513</b>	<b>\$11,208,513</b>	<b>\$ 764,192</b>	<b>\$ 763,982</b>

**Notes:**

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

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

**Internet New Zealand Group**  
**Balance Sheet**  
**As at 31 December 2018**

	<b>Group</b>	<b>INZ</b>	<b>DNCL</b>
	<b>Qtr</b>	<b>Qtr</b>	<b>Qtr</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	15,660,289	14,830,640	829,649
Managed Funds	2,872,580	2,872,580	-
Other Current Assets	1,286,430	1,262,550	23,881
<b>Total Current Assets</b>	<b>19,819,299</b>	<b>18,965,769</b>	<b>853,530</b>
Property, Equipment & Software			
Fixed Assets at Cost	3,466,000	3,258,108	207,892
Less Accumulated Depreciation	(2,872,139)	(2,680,769)	(191,370)
Intangible Assets	237,113	237,113	-
Investments	-	-	-
Shares and Loans	-	580,000	-
<b>Total Assets</b>	<b>20,650,273</b>	<b>20,360,221</b>	<b>870,052</b>
<b>Less Liabilities:</b>			
Deferred Income	8,373,794	8,373,794	-
Trade and Other Payables	815,149	709,289	105,860
<b>Total Liabilities</b>	<b>9,188,943</b>	<b>9,083,082</b>	<b>105,860</b>
<b>Net Assets</b>	<b>\$ 11,461,331</b>	<b>\$ 11,277,139</b>	<b>\$ 764,192</b>
Represented By:			
<b>Total Equity</b>	<b>\$ 11,461,331</b>	<b>\$ 11,277,139</b>	<b>\$ 764,192</b>

**Notes:**

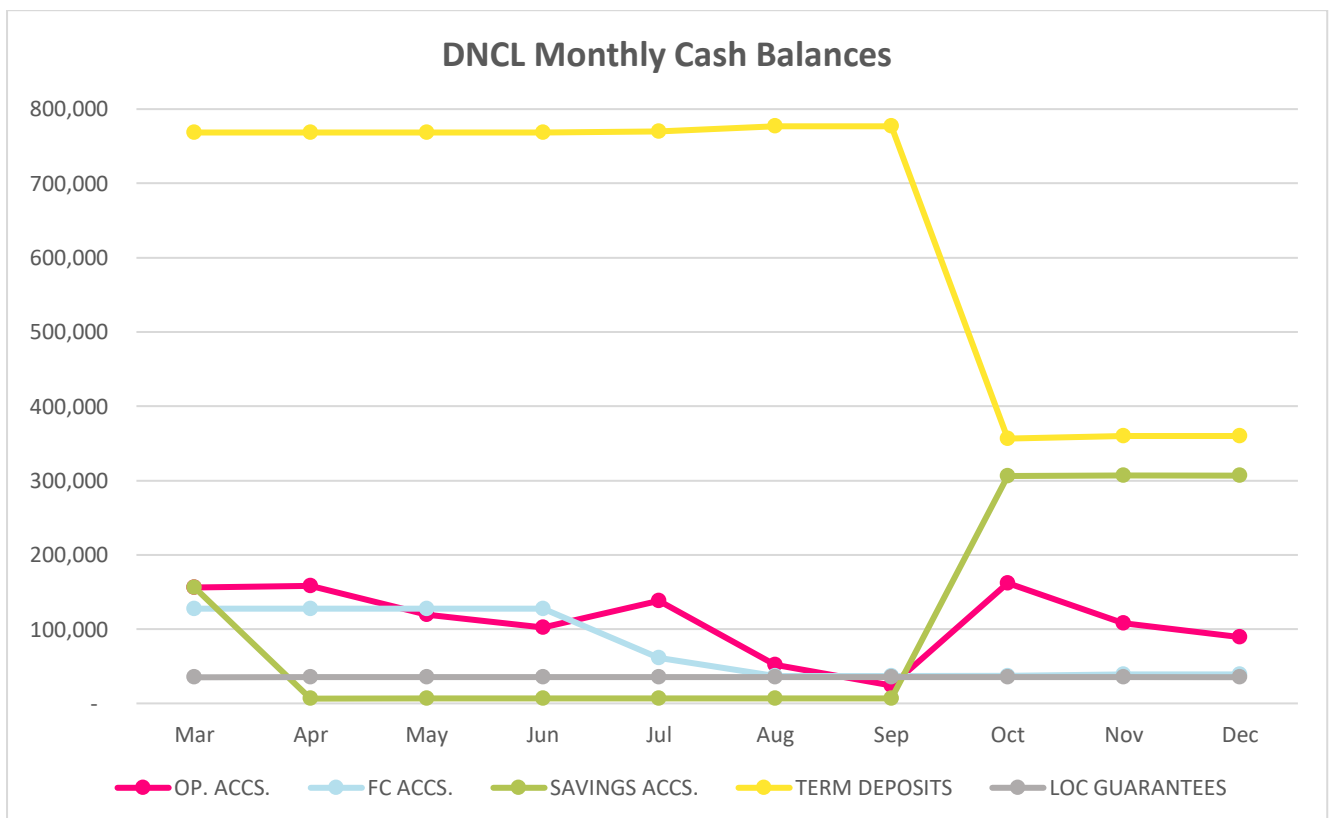
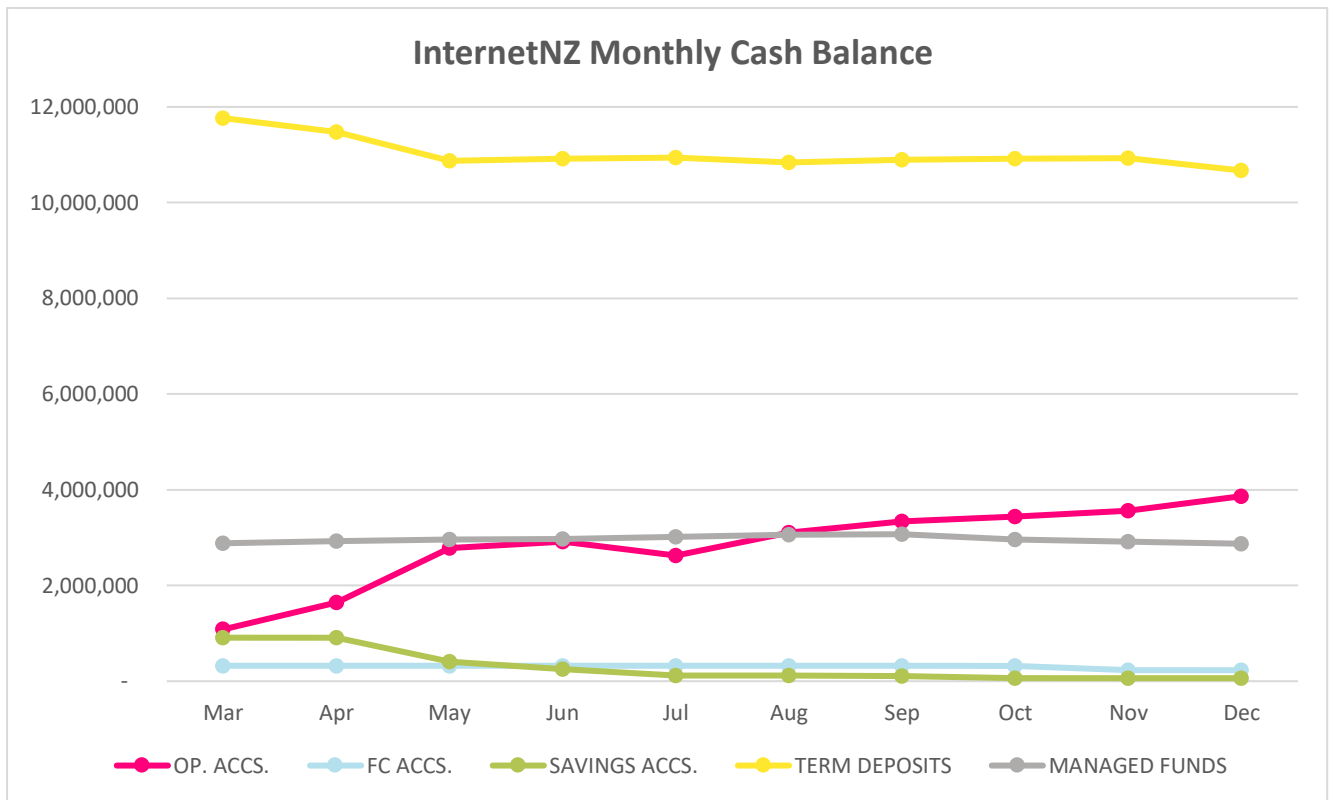
The following items have been removed upon consolidation:

1. Shares in DNCL wholly owned by InternetNZ;
2. Share Subscription with respect to shares issued to InternetNZ by DNCL

**Internet New Zealand Group**  
**Statements of Cashflows**  
**For the 3 months ended 31 December 2018**

	<b>GROUP</b> <b>Oct-Dec 2018</b>	<b>INZ</b> <b>Oct-Dec 2018</b>	<b>DNCL</b> <b>Oct-Dec 2018</b>
<b>Operating Activities</b>			
Receipts from customers	3,740,965	3,351,631	389,334
Payments to suppliers and employees	(\$3,240,881)	(\$2,850,362)	(\$390,519)
Movement from other operating activities	(\$195,803)	(\$191,333)	(\$4,470)
<b>Net Cash Flows from Operating Activities</b>	<b>304,280</b>	<b>309,936</b>	<b>(5,655)</b>
<b>Investing Activities</b>			
Proceeds from sale of property, plant and equipment	47,983	47,983	0
Payment for property, plant and equipment	(114,055)	(110,995)	(3,060)
Other cash items from investing activities	283,124	278,656	4,468
<b>Net Cash Flows from Investing Activities</b>	<b>217,052</b>	<b>215,645</b>	<b>1,408</b>
<b>Financing Activities</b>			
Other cash items from financing activities	(395,058)	(349,105)	(45,952)
<b>Net Cash Flows from Financing Activities</b>	<b>(395,058)</b>	<b>(349,105)</b>	<b>(45,952)</b>
<b>Net Cash Flows</b>	<b>126,275</b>	<b>176,475</b>	<b>(50,200)</b>
<b>Cash and Cash Equivalents</b>			
Cash and cash equivalents at beginning of period	15,534,014	14,654,165	879,850
Cash and cash equivalents at end of period	15,660,289	14,830,640	829,649
<b>Net change in cash for period</b>	<b>126,275</b>	<b>176,475</b>	<b>(50,200)</b>

<b>Cash Flow Reconciliation YTD</b>	<b>YTD</b>	<b>YTD</b>	<b>YTD</b>
Net Profit (Loss) After Tax	548,215	809,672	(\$261,456)
Plus (Less) non cash items	537,966	521,586	16,380
<b>Subtotal</b>	<b>(10,250)</b>	<b>(288,086)</b>	<b>277,836</b>
<b>Movement in Working Capital</b>			
(increase) decrease in receivables	3,545,162	3,160,298	384,864
increase (decrease) in payables	(2,947,554)	(2,557,035)	(390,519)
increase (decrease) in deferred income	(293,327)	(293,327)	
<b>Net Cash Flow from operations</b>	<b>304,280</b>	<b>309,936</b>	<b>(5,655)</b>



# Financial statements

For the quarter ended 31 December 2018





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Bank Facility Balances per Month	9

## Commentary to the accounts

For the quarter ending 31 December 2018, the accounts report a deficit result of \$176,667 against a budgeted deficit of \$142,570. This outcome reflects a decrease in Income compared to budget of \$230,024, coupled with a variance underspend of \$195,927.

Year to date, the InternetNZ accounts report a surplus of \$809,672 against a budgeted surplus of \$404,899.

The results in these accounts are reported against the updated Budget approved by Council on the 24<sup>th</sup> August 2018.

### Income and expenditure variances

#### Income:

Income is under compared to budget by \$230,024. Within that, .nz Registry revenue was \$40,233 overbudget; Broadband Map over by \$2,881, income derived from community engagement activities were under \$11,220 against budget, whilst income from investing activities was down \$249,781 against expectations due to the volatility in the markets for the QE December, the first month of Q4 has seen less volatility to the downward side, and losses from Q3 being reduced.

#### Expenditure:

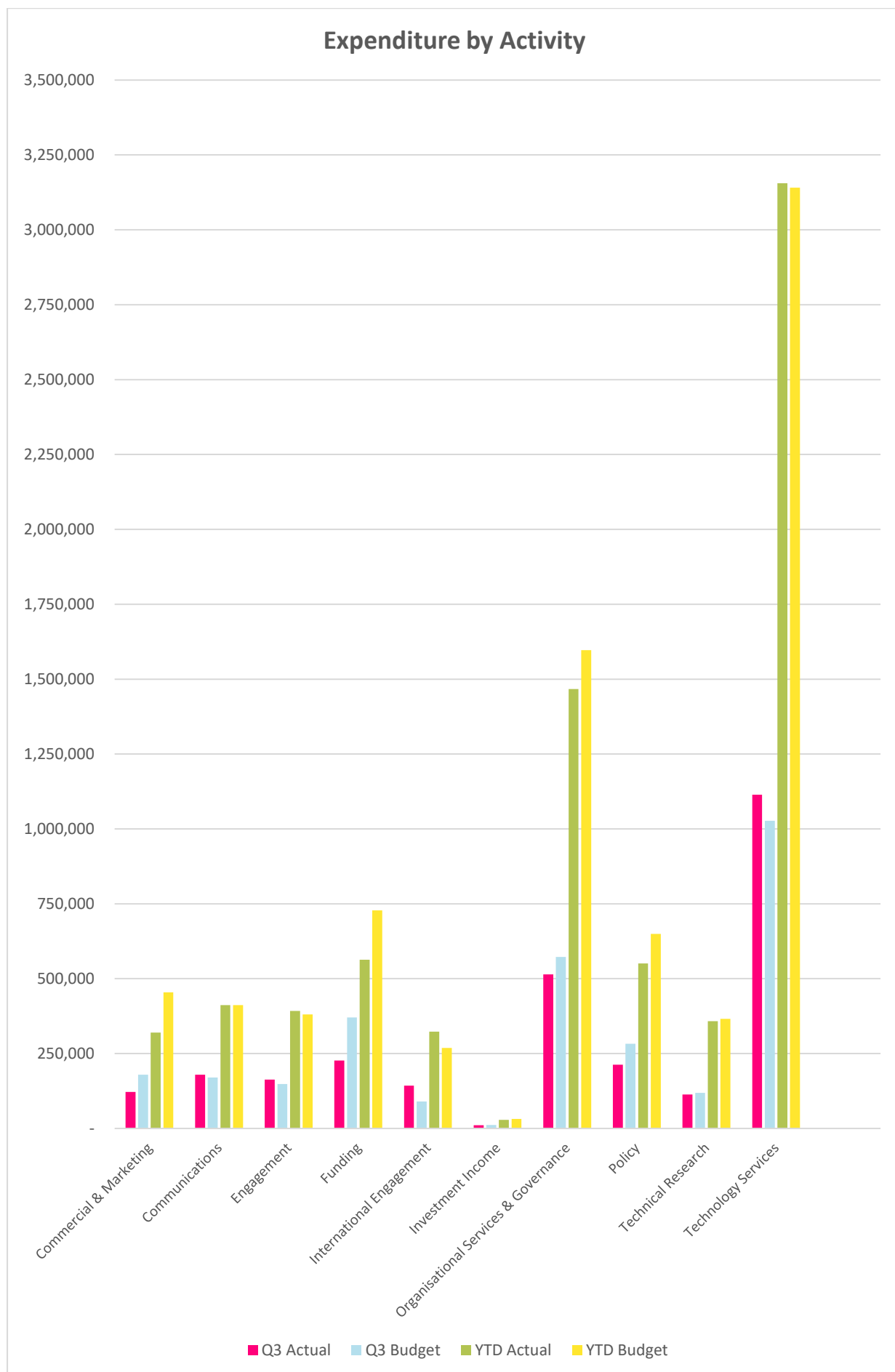
Areas of difference are:

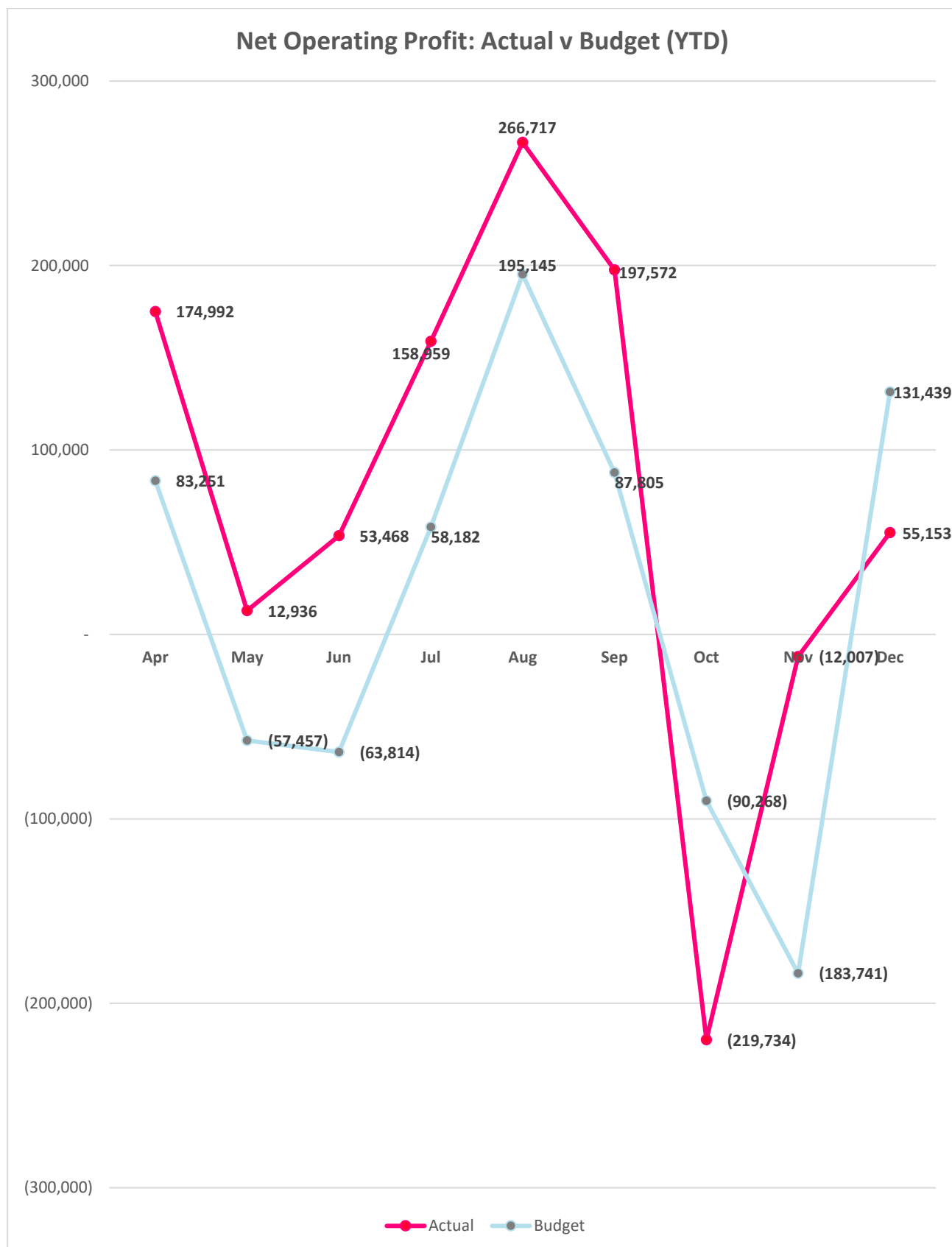
- **Remuneration** costs were over budget by \$44,347. The was largely due to the reduction in the capitalisation of salaries compared to that projected by \$72,902 (we capitalise salaries in connection with new developments on our platforms), this was offset against the underspend in auxiliary employment expenses. Underspend was seen against recruitment costs, staff training and staff insurance expenditure.
- **Organisational services and Governance** reported an underspend of \$50,531. This outcome reinforces an ongoing commitment to cost saving initiatives across many static expenses such as cleaning costs and staff mobile monthly expenditure.
- **Policy and Internet issues** reports an underspend for the quarter of \$56,086. 81% of this underspend was within the Access, Creative, Trust and areas of work (\$45,810), It was anticipated that the Copywrite review work would have started earlier in the year, it has commenced in January. It is expected that within these areas of work there will be an overall underspend for the year.
- **International engagement** is reporting an overspend of \$51,489 against budget, caused by an increase compared to budget in attendance at the ITU in Dubai, and the UNIGF in Paris.

- **Commercial/Marketing** underspend was \$50,131 against budget. The underspend stemmed from slower spend in the Biz Dev area \$15,400, Marketing \$21,800, and Merchandising and Promotions \$10,044, the balance of \$2,887 was across all other areas.
- **Community and Membership engagement** expenditure was over by \$25,787 for the quarter, within this the overspend on NetHui Regional amounted to \$33,295. The underspend of \$7,508 stemmed from lower than expected expenditure on Stakeholder and Maori engagement costs for the quarter.
- **Community funding** came in at \$138,228 under budget for the quarter. The majority (\$135,360) of the variance arose around the timing of the funding rounds and the budget phasing for the quarter.
- **Communications** expenditure was under for the quarter by \$13,753, this is attributable to Brand Marketing and Colmar Brunton research, with future work in both areas planned.
- **Technical Services** most areas of expenditure were under for the quarter (\$26,461), the exceptions were business continuity and consultants' costs.
- **Technical Research** was also under in most areas of expenditure for the quarter by \$8,457.
- **Amortisation and Depreciation** due to the realignment of depreciation methods across the organisation from diminishing value to (DV) to straight line (SL), depreciation and amortisation are reporting an overspend of \$26,878.

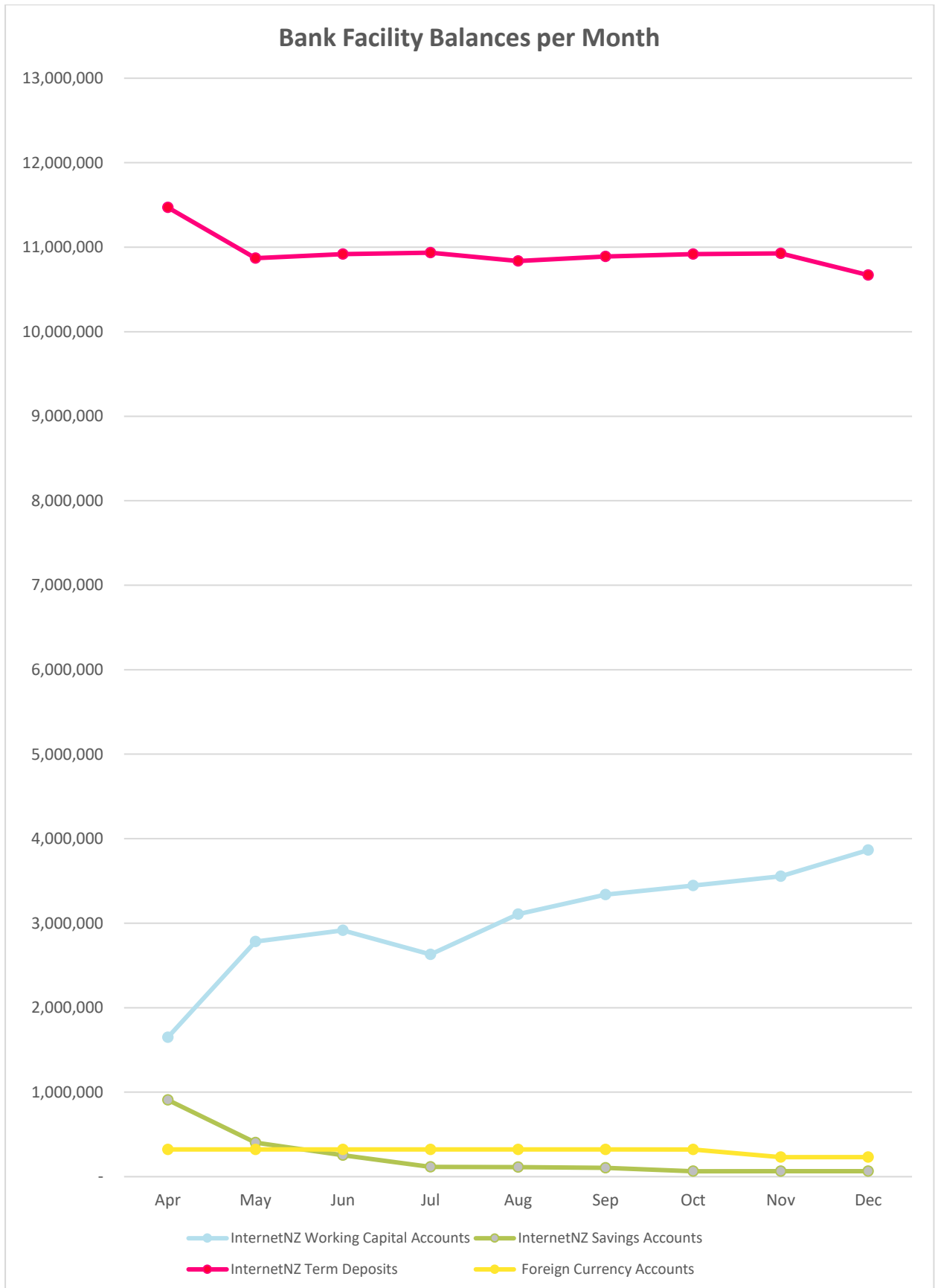
Internet New Zealand Incorporated  
Income Statement  
For the 3 months ended 31 December 2018

Account	Q3 Actual (\$)	Q3 Budget (\$)	Q3 Var (\$)	Q3 Var (%)	YTD Actual (\$)	YTD Budget (\$)	YTD Var (\$)	YTD Var (%)
<b>Revenue</b>								
.NZ	2,704,610	2,664,377	40,233	2%	8,095,776	7,934,193	161,583	2%
Other Operational	5,581	2,700	2,881	107%	36,166	32,300	3,866	12%
Membership	758	2,742	-1,984	-72%	4,088	5,035	-947	-19%
Events	25,313	34,550	-9,237	-27%	61,262	64,550	-3,288	-5%
Recharge	56,945	57,711	-766	-1%	172,557	173,133	-576	0%
Misc	2,989	0	2,989	0%	7,321	0	7,321	0%
<b>Total Revenue</b>	<b>2,796,197</b>	<b>2,762,080</b>	<b>34,117</b>	<b>1%</b>	<b>8,377,171</b>	<b>8,209,211</b>	<b>167,960</b>	<b>2%</b>
<b>Cost of Sales</b>								
Domain Name Commission	330,000	330,000	0	0%	990,000	990,000	0	0.00%
Broadband Map	28,443	13,104	15,339	117%	58,215	39,312	18,903	48.08%
DNS Providers	26,385	26,268	117	0%	78,979	78,804	175	0.22%
DNS Other	7,801	8,451	-650	-8%	23,105	25,353	-2,248	-8.87%
ISP/Hosting/Networking	91,207	91,377	-170	0%	266,022	274,131	-8,109	-2.96%
Other IT	34,346	34,623	-277	-1%	93,397	94,869	-1,472	-1.55%
<b>Total Cost of Sales</b>	<b>518,182</b>	<b>503,823</b>	<b>14,359</b>	<b>3%</b>	<b>1,509,718</b>	<b>1,502,469</b>	<b>7,249</b>	<b>0.48%</b>
<b>Gross Profit</b>	<b>\$2,278,014</b>	<b>\$2,258,257</b>	<b>\$19,757</b>	<b>0.87%</b>	<b>\$6,867,453</b>	<b>\$6,706,742</b>	<b>\$160,711</b>	<b>2.40%</b>
<b>Other Income</b>								
Interest Income	109,059	151,068	-42,009	-28%	256,311	278,664	-22,353	-8%
Managed Funds Income	-196,660	11,112	-207,772	-1870%	-7,539	188,890	-196,429	-104%
<b>Total Other Income</b>	<b>-87,601</b>	<b>162,180</b>	<b>-249,781</b>	<b>-154%</b>	<b>248,773</b>	<b>467,554</b>	<b>-218,781</b>	<b>-47%</b>
<b>Operating Expenses</b>								
Employment	1,170,096	1,125,749	44,347	4%	3,379,837	3,421,504	-41,667	-1%
Organisational Services	160,135	177,535	-17,400	-10%	539,242	577,195	-37,953	-7%
Policy	94,930	151,015	-56,085	-37%	192,712	254,416	-61,704	-24%
Governance	98,053	131,184	-33,131	-25%	248,520	328,675	-80,155	-24%
International Engagement	123,517	72,028	51,489	71%	274,892	214,741	60,151	28%
Marketing	39,506	89,637	-50,131	-56%	82,355	173,842	-91,487	-53%
Funding	180,542	318,770	-138,228	-43%	422,723	571,084	-148,361	-26%
Engagement	124,456	104,680	19,776	19%	211,798	179,981	31,817	18%
Membership	12,344	6,333	6,011	95%	25,189	24,166	1,023	4%
Communications	70,489	84,242	-13,753	-16%	131,883	142,818	-10,935	-8%
Technical Services	75,355	101,816	-26,461	-26%	242,087	325,331	-83,245	-26%
Technical Research	6,211	14,668	-8,457	-58%	26,770	52,310	-25,540	-49%
Amortisation & Depreciatio	209,728	182,850	26,878	15%	521,586	495,834	25,752	5%
<b>Total Operating Expenses</b>	<b>2,365,361</b>	<b>2,560,507</b>	<b>-195,146</b>	<b>-8%</b>	<b>6,299,592</b>	<b>6,761,897</b>	<b>-462,305</b>	<b>-7%</b>
<b>Financial</b>								
Managed Funds Fees	1,719	2,500	-781	-31%	6,962.14	7,500.00	(537.86)	-7%
<b>Total Financial</b>	<b>1,719</b>	<b>2,500</b>	<b>-781</b>	<b>-31%</b>	<b>6,962.14</b>	<b>7,500.00</b>	<b>(537.86)</b>	<b>-7%</b>
<b>Net Profit</b>	<b>-176,667</b>	<b>-142,570</b>	<b>-34,097</b>	<b>24%</b>	<b>809,671.80</b>	<b>404,899.00</b>	<b>404,772.80</b>	<b>100%</b>





<b>Balance Sheet</b>			
<b>Internet New Zealand Incorporated</b>			
<b>As at 31 December 2018</b>			
	<b>31 Oct 2018</b>	<b>30 Nov 2018</b>	<b>31-Dec-2018</b>
<b>Assets</b>			
<b>Bank</b>			
InternetNZ - Working Capital Accounts	\$3,444,497.10	\$3,556,351.52	\$3,865,540.47
InternetNZ - Savings Accounts	\$63,843.28	\$63,849.75	\$63,856.44
InternetNZ - Term Deposits	\$10,917,143.99	\$10,927,018.24	\$10,670,302.11
ANZ USD Bank Account	\$322,521.23	\$230,825.99	\$230,941.12
<b>Total Bank</b>	<b>\$14,748,005.60</b>	<b>\$14,778,045.50</b>	<b>\$14,830,640.14</b>
<b>Current Assets</b>			
Trade Receivables & Prepayments	\$1,562,335.88	\$1,331,085.03	\$1,196,297.08
Other Current Assets	\$8,373.39	\$159.78	\$66,252.47
Managed Funds	\$2,955,306.60	\$2,915,068.20	\$2,872,579.80
<b>Total Current Assets</b>	<b>\$4,526,015.87</b>	<b>\$4,246,313.01</b>	<b>\$4,135,129.35</b>
<b>Non-Current Assets</b>			
Assets at Cost	\$3,250,282.29	\$3,257,977.52	\$3,258,107.95
Less Accum - Depreciation	<b>-\$2,598,466.81</b>	<b>-\$2,616,860.83</b>	<b>-\$2,680,769.38</b>
Intangible Assets at Cost	\$3,562,908.68	\$3,577,298.28	\$3,584,157.33
Less Accum - Amortisation	<b>-\$3,268,391.30</b>	<b>-\$3,320,074.98</b>	<b>-\$3,347,044.10</b>
<b>Non-current Assets</b>			
Shares in Domain Name Commission	\$580,000.00	\$580,000.00	\$580,000.00
<b>Total Non-current Assets</b>	<b>\$1,526,332.86</b>	<b>\$1,478,339.99</b>	<b>\$1,394,451.80</b>
<b>Total Assets</b>	<b>\$20,800,354.33</b>	<b>\$20,502,698.50</b>	<b>\$20,360,221.29</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	\$967,867.46	\$722,471.59	\$709,288.64
Deferred Income	\$8,667,120.31	\$8,626,867.00	\$8,373,793.56
<b>Total Current Liabilities</b>	<b>\$9,634,987.77</b>	<b>\$9,349,338.59</b>	<b>\$9,083,082.20</b>
<b>Total Liabilities</b>	<b>\$9,634,987.77</b>	<b>\$9,349,338.59</b>	<b>\$9,083,082.20</b>
<b>Net Assets</b>	<b>\$11,165,366.56</b>	<b>\$11,153,359.91</b>	<b>\$11,277,139.09</b>
<b>Equity</b>			
Current Year Earnings	\$766,525.75	\$754,519.10	\$878,298.28
Retained Earnings	\$10,398,840.81	\$10,398,840.81	\$10,398,840.81
<b>Total Equity</b>	<b>\$11,165,366.56</b>	<b>\$11,153,359.91</b>	<b>\$11,277,139.09</b>





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## Document Disclosure Review

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**Author:** Diane Robinson, Executive Personal Assistant

**Purpose of paper:** To go through list of confidential papers from previous Council meetings that are due for review if it can be released

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In February 2017, the following paper had been circulated to Council in confidence:

- Strategic Partnerships – February 2017

### Recommendation:

THAT the Strategic Partnerships – February 2017 is released and be made available for public information.



## COMMUNITY GRANT REPORTING UPDATE





February 2019

Below is a brief update on the progress of our awarded grant projects and other work by the Community Team relating to grants.

Reporting by grantees was moved into SmartyGrants system at the end of last year, however, due to many of the reports coming from earlier grantees, there are still reports in the old format. Overall, contracts are progressing well, acceptable reporting has been received on time with few exceptions where applicants have requested deadline extensions for valid reasons.

A lot of time and effort since the November 2018 Council meeting has gone into working out more detailed Community Programme future. Please refer to the Community Funding paper for further details.

### Legend

	Great project, staff see media and follow up potential.
	The project has progressed well without any problems and changes.
	There have been changes to the project plan and/or timeline.
	Either there have been big changes to the project scope or timeline. Also indicates missing reports.



Mitimiti on the Grid




MOA Kluster








Paul Pang, 2018 AI x  
Cybersecurity Summit

## Community Projects 2017/18



Name	Amount awarded	Purpose	Report	Comments	Status
EOS Ecology	\$20,000	To build STREAMED – a community-based online water clarity monitoring tool.	<a href="#">Final report</a>	<i>This project has proven to be much bigger than initially scoped due to a much larger amount of data for analysis. Despite this, the work has progressed well and there is a great potential of the final product - however, more time is needed to deliver the product due to difficulties in acquiring further funding for this project.</i>	




## Internet Research 2017/18

Name	Amount awarded	Purpose	Report	Comments	Status
Dr Philippa Smith from AUT	\$6,686	<i>Freedom of speech on the Internet – where do we draw the line?</i> To research inappropriate online behaviour to gain a better understanding of its impact on the notion of freedom of speech which has implications for every user of the Internet.	<a href="#">Mid-year report</a>	<i>3 out of 5 presentations completed in UK during the researcher's time at Oxford Internet Institute. The analysis of the two data sets seems to have involved more work than anticipated in the beginning, however, has revealed some interesting findings already.</i>	
Dr Haibo Zhang from University of Otago	\$25,000	<i>Accurate synchronisation for coherent joint transmission to provide better mobile Internet service.</i> To research efficient solutions for coherent joint transmission in 5G networks, where multiple Access Points (APs) cooperate to perform simultaneous data transmission to a single user device to achieve high-quality communication.	<a href="#">Mid-year report</a>	<i>Project is proceeding well and as anticipated. Preliminary simulation results show that the estimation of time delays can be significantly refined after the phases measurement.</i>	


Dr Yun Sing Koh from University of Auckland	\$10,500	<i>Investigating Changes in Phishing Models for Social Networks</i> To research the development of a robust spam phishing detection system to investigate how the New Zealand community is affected by spam phishing in social networks.	<a href="#">Mid-year report</a>	<i>Project is progressing well, a new unsupervised machine learning algorithm that can detect potential phishing attacks in online social networks has been developed which can be used for early detection of potential phishing attacks.</i>	
Dr Simone Rodda from University of Auckland	\$25,000	<i>To research behaviour change strategies for Internet Addiction: An exploratory study.</i> The study will provide preliminary evidence as to the feasibility of self-managed treatment using action and coping planning for Internet Addiction.	<a href="#">Mid-year report</a>	<i>Slight delay with ethics approval due to the developing of the interventions taking longer than planned.</i>	
Dr Aniket Mahanti, independent	\$10,000	<i>Longitudinal study of the adoption of the Top-level Domain (TLD) Names and Domain Name System Security Extensions (DNSSEC)</i> To build on past research that has primarily focused on understanding technical behaviour and properties of DNS requests and responses, DNS security, and usage of TLDs.	<a href="#">Mid-year report</a>	<i>Data analysis so far has revealed an increase in the use of generic top-level domain names.</i>	

### Conference Attendance 2017/18

Name	Amount awarded	Purpose	Report	Comments	Status
Nils Pokel	\$550	To attend the National Digital Forum 2018 in Wellington The National Digital Forum (NDF) is a network of people and organisations working together to enhance New Zealand's digital interaction with culture and heritage.	<a href="#">Final report</a>	<i>Attended. Attendee thought this was a well organised conference with a great diversity in speakers. One of the stand-out topic was changing focus from evaluation to impact assessment.</i>	
Laura Jamieson	\$350	To attend the National Digital Forum 2018 in Wellington The National Digital Forum (NDF) is a network of people	<a href="#">Final report</a>	<i>Attended. Attendee appreciated NDF is the main event that brings people in the GLAM</i>	

		and organisations working together to enhance New Zealand's digital interaction with culture and heritage.		<i>sector together to build stronger relationships and networks.</i>	
Lina Hao from Victoria University of Wellington	\$3,500	To attend the 43rd IEEE Conference on Local Computer Networks (LCN) - premier conference on the leading edge of theoretical and practical aspects of computer networking  Lina presented a paper on "Self-Optimizing scanning parameters for seamless handover in IEEE 802. 11 WLAN."	<a href="#">Final report</a>	<i>Attended. Attendee shared that the main focus throughout the conference seemed to be on the security of networks echoing through keynote speakers, panels and presentations.</i>	
Dr Ulrich Speidel from University of Auckland	\$3,600	To attend the IEEE Global Communications Conference (IEEE Globecom) As a peer-reviewed research conference, it covers practically all areas of electronic communication, including a large number of Internet-related topics.  Dr Ulrich presented a paper on the research about satellite simulators, which InternetNZ supported in 2016.	<a href="#">Final report</a>	<i>Attended. Attendee received positive feedback and interest from VP of Hughes Network Systems on the presented research funded by InternetNZ.</i>	
Prof Paul S. Pang from Unitec Institute of Technology	\$3,600	To attend the 2018 AI x Cybersecurity Summit associated with the 2018 International Workshop on Artificial Intelligence and Cyber Security (AICS 2018) The aim of the conference is to raise awareness of cybersecurity, promote the potential of industrial application, and give young researchers exposure to the key issues related to the topic and to ongoing works in this area.  Paul presented "Constructing Enterprise Cybersecurity BigData, Moving Cybersecurity Research to Data Science."	<a href="#">Final report</a>	<i>Attended. Attendee shared that they thought conference was successful in creating new and stronger connections with almost all the regional universities in Chongqing.</i>	

## On-demand 2017/18

Name	Amount awarded	Purpose	Report	Comments	Status
Mark Bodington	\$1,800	<i>To attend the Center for Media Pluralism and Media Freedom workshops at the European University Institute in Florence, Italy.</i>	<a href="#">Final report</a>	<i>Attended. Attendee shared that due to the timing of the workshop, there was a lot of discussion about GDPR and proposed EU Copyright Directive, aside of that there were many other excellent discussions on regulatory developments affecting online media and the dissemination of information.</i>	

## Expected reports prior to next Grants reporting update to Council in May 2019

Round	Name	Amount awarded	Purpose	Report
Internet Research	Chris Hails, independant	\$9,715	To evaluate the programmatic identification of cybersecurity risk profiles that may in future facilitate the delivery of targeted or personalised risk mitigation interventions.	Final report extension given to February 2019
Conference Attendance	Dr Aniket Mahanti, independant	\$4,000	To attend the IEEE Local Computer Networks Conference (LCN).	Final report extension given to February 2019
Community Projects	Faucet Foundation	\$12,000	To establish the Faucet Foundation Incorporated.	Final report February 2019

Community Projects	Ngā Taonga Sound & Vision	\$12,500	To develop Data API and front-end application for Ngā Taonga AudioVisual Collection (Phase I).	Final report February 2019
Conference Attendance	Dr William Liu from AUT	\$1,875	To attend the Information Systems for Crisis Response and Management (ISCRAM) ASIA PACIFIC 2018 - Innovating for Resilience which focuses particularly on information systems in the context of the four priorities of the Sendai Framework (2015-2030) for disaster risk reduction	Final report February 2019
Community Projects	Dr Kathleen Kuehn from Victoria University of Wellington	\$3,589	To attend the Hawaii International Conference on System Sciences (HICSS).	Final report March 2019
Internet Research	Dr Haibo Zhang from the University of Otago	\$25,000	<i>Accurate synchronization for coherent joint transmission to provide better mobile Internet service</i> To research efficient solutions for coherent joint transmission in 5G networks, where multiple Access Points (APs) cooperate to perform simultaneous data transmission to a single user device to achieve high-quality communication.	Final report May 2019
Internet Research	Dr Yun Sing Koh from the University of Auckland	\$10,500	<i>Investigating Changes in Phishing Models for Social Networks</i> To research the development of a robust spam phishing detection system to investigate how the New Zealand community is affected by spam phishing in social networks.	Final report May 2019
Internet Research	Dr Simone Rodda from University of Auckland	\$25,000	<i>To research behaviour change strategies for Internet Addiction: An exploratory study.</i> The study will provide preliminary evidence as to the feasibility of self-managed treatment using action and coping planning for Internet Addiction.	Final report May 2019
Internet Research	Dr Bodo Lang from Auckland University	\$22,450	To research the role of Internet-enabled technologies (for example websites and apps) within the sharing economy/collaborative economy/peer-to-peer marketplace.	Final report April 2019

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## SUMMARY OF COUNCIL COMMITTEE ACTIVITY

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**Author:** Jordan Carter, Chief Executive

**Purpose of Paper:** To provide a staff summary of Council Committee activity in the two months 24 November 2018. to 15 February 2019

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### Audit and Risk Committee

- The Committee has met once on January 24<sup>th</sup> since the last council meeting
- The Committee focused on audit and reporting with Paolo Caccioppoli attending to providing update on effective Service Performance reports. Please note that Paolo has resigned from Crowe Howarth and will be replaced by Les Foy.
- The committee also approved the Audit Tender process, and work to commence.

### .NZ Policy Committee

- The Committee has met 2 times since the 24 November 2018
- The focus of the meetings have been on the establishing the .nz Policy comprehensive Policy review. There has been regular review of operational issues, including edu.nz. A work programme for the year has been agreed, focusing on the .nz review and the offering policy-insight on the agreed goals of InternetNZ.
- The update on the comprehensive review of .nz is the main item the committee will be tabling for discussion at the 15 February meeting.
- 

### Komiti Whakauru Māori

- The Committee has not met since Council meeting.
- Work has focused on implementing the actions outlined to Council via email in December. In particular, working with Busby Ramshaw Grice on preparing an engagement plan.
- This plan has now been developed, and the next step is to reconvene this Komiti to discuss it. That is intended after this February Council meeting.

### Grants Committee

- The Committee has met once since the Council meeting.
- The focus of the meeting was to review the follow papers
  - Grantsmaking Insight



- Role of the Grants Committee
- Updated paper is included in the February Council papers.

### **Fellows Working Group**

- This Working Group has not met since the last meeting of Council.
- The Working Group is still seeking a manner to incorporate advice from Māori perspectives in terms of appropriate terms that convey the appropriate mana as bestowed by the Society. Options have been identified.
- Staff will seek to reconvene this Working Group in March.

## Strategy Framework 2019-2022

31 Jan 2019

### Introduction (this needs to be Comms'd)

This Strategic Framework is founded on our history as an organisation that is at the heart of New Zealand's Internet. Operating .nz as a world class ccTLD, and reinvesting the profits into public good investment, is our business model. Our purpose is **helping New Zealanders harness the power of the Internet**. Our vision is of **an Internet that is open, secure and for all New Zealanders**.

In starting our strategic thinking, we took a careful look at the environment within which the Internet operates. From that thinking we identified three areas that need attention to help our purpose be achieved. They are: making sure everyone can make use of the Internet; making sure that trust and security are improved; and protecting the essential openness of the Internet within our country and around the world.

This shows the terrain on which we work. What we do is operate .nz excellently, support the Internet community, offer insight and influence others, and develop new commercial services. These are the four strands of our mission.

The plan set out over the following pages is our foundation. Reading it will give you clarity on what we are trying to achieve - how we translate our purpose into action. The steps we take year to year - the specific Goals to focus our work, and the projects that we will undertake to achieve them - will be set out in our yearly Plan and Budget.

We commend this plan to you and thank you for reading it.

Jamie Baddeley  
President

Jordan Carter  
Group Chief Executive

## Draft Strategic Plan - InternetNZ

**Purpose:** Helping New Zealanders harness the power of the Internet.

**Vision:** An Internet that is open, secure, and for all New Zealanders.

**Whakatauki:** Kua raranga tahi tatou he whariki ipurangi mo apopo.  
Together we weave the mat, in terms of the Internet, for future generations.

**Mission:** To operate .nz excellently, develop new commercial services, support the Internet community and offer insight & exercise influence - all to help NZers harness the power of the Internet.

### Our values:

We have each other's back	We all bring something important to the table. We want people on our team to have a strong sense of belonging. Everyone on the team has a place. We are all here on merit and bring different perspectives and backgrounds to what we do. We respect each other's ability; using our complimentary skills to make us more effective. Ultimately, that makes us a more formidable and cohesive team.
We're constantly curious	We work in a fast paced world and things are changing rapidly around us. We keep watch on what is going on in our sector, and explore new ideas as we come across them. Because of our institutional knowledge and capability, we can act quickly and with purpose. We are rigorous and commit only when we have the evidence to support doing something, or things stack up well. We adapt when we need to and always look for opportunities to learn and improve.
We all have a part to play	We're all on this journey and the only way to get there is together. We've all got a part to play in keeping up our momentum. We've got a really good idea of where we are heading, and there are some things we will continue to work out along the way. When we get the wins and reach milestones, we celebrate them. When things don't go so well we'll take the learnings and keep on keeping on.
We walk the talk	We are open and transparent. We have a big responsibility and take what we do seriously. We make sure we do as we say we do. We will always work in the best interests of the community we serve. We see ourselves as Kaitiaki (guardians) of a mission-critical sector in New Zealand Inc doing well. We act ethically and with integrity.

Table 1: Purpose, Areas, Mission and Foundations

PURPOSE: Helping New Zealanders harness the power of the Internet			
	WHY/AREA: Openness	WHY/AREA: Security & Trust	WHY/AREA: Internet for All
WHAT: Operate an excellent .nz ccTLD			
WHAT: Non-.nz commercial activity			
WHAT: Support the Internet community			
WHAT: Inform and influence			
HOW: Great organisational capability (build people, improve processes)			
HOW: Financial sustainability (diverse income, well-managed assets)			
HOW: Ecosystem player, partner and funder (work with others, fill our niche, make grants)			
HOW: Efficient and effective (focus effort for greatest impact)			
HOW: Insight, evidence and analysis (reality-based).			

	<b>Why</b> we do it (PURPOSE)
	<b>What</b> we do (MISSION)
	<b>What</b> we do (MISSION) (earns income)
	<b>How</b> we do it (FOUNDATIONS)

## Explanation of Table 1: Purpose, Areas, Mission and Foundations.

Our WHYs: These are the key areas our understanding of the Internet policy and technology environment suggests are where we need to focus our work, so that the opportunities (or threats) they present to achieving our purpose.

The work we do (our HOWs or mission) will always contribute to one of these three **Areas**.

### **Internet for all, so all the people of Aotearoa-NZ can improve their wellbeing.**

- An element of access (being able to readily use good quality Internet).  
*and*
- An element of opportunity (actually being able to do great stuff once you have access).

### **Security is enhanced, so people of Aotearoa-NZ can have the trust and confidence to make beneficial use of the Internet.**

- An element of informed choice, personal capability (more people know what is safe to do & how to safely do it)  
*and*
- An element of security (more aspects of what people do online are genuinely secure)

### **Openness - of the Internet's architecture, governance and technologies, so that people of Aotearoa-NZ can benefit from innovation and from communication world-wide.**

- An element of supporting, using and arguing for the technologies and architecture of Open.  
*and*
- Supporting Kiwi voices in the open governance and technological development of the Internet.

Note: Openness is a precondition for innovative use of the Internet to thrive.

### **Mission (WHATs)**

These are the domains in which we work – they are our answer to the question “what does InternetNZ do?”. Activities that don’t fall into these four areas face a very high burden of proof before being done.

### **Operate an excellent .nz ccTLD**

We are guardians of .nz and we operate it as a secure, reliable and accessible ccTLD, so as to maximise its contribution to Aotearoa-New Zealand. This is our critical function and primary operational responsibility.

### **Non-.nz commercial activity and investment**

We use our capability and resources to develop or invest in other commercial activity that is not directly reliant on operating the .nz ccTLD. This could be services / products for other TLDs, or other types of products in our areas of high-reliability IT services and infrastructure or data science.

### **Support the Internet Community**

Through great collaboration and an ecosystem-focused role, we support the development of the New Zealand Internet community and the ecosystem that it forms, so as to maximise its resilience and capacity, and so it can make the greatest contribution to our overall purpose.

### **Inform and influence**

We share information and insight about the Internet and the .nz domain so that others’ decisions and actions are well informed and based on a sound understanding of the reality of the Internet and its technologies - with the aim of supporting our purpose.

### **Foundations (HOWs)**

These are the tools and approaches we take to doing our work. They give a sense of how InternetNZ deploys its resources to support our mission and our purpose.

#### **Great organisational capability (build people, improve processes)**

We will be a workplace that attracts skilled people, and supports the growth and development of our people's skills and careers. We aim to be a place people want to stay with once they join. To do that and to achieve our goals we will be a workplace that is effective, well organised and where good processes and systems support the work we do.

#### **Financial sustainability (diverse income, well-managed assets)**

We are broadening our sources of income and managing our balance sheet carefully to reduce our organisational dependence on income from operating the .nz ccTLD, and maximising the difference we can make for the country.

#### **Ecosystem player, partner and funder (work with others, fill our niche, make grants)**

We pay attention to the health of the Internet ecosystem, and what we do enhances its functional completeness (the right components are there) and its connectedness and capability (the flows of energy and resources are good). We have a funding programme that makes grants and supports partnerships to help achieve our goals.

#### **Efficient and effective (focus effort for greatest impact)**

On any issue, we act with reference to other players and the environment, to most effectively and efficiently achieve good impact on our overall goals (even if this is an uncomfortable space for us). We monitor to see what difference we're making, and where we see that things we're doing aren't right any more, we stop doing them or change them. We're transparent and open about this.

#### **Insight, evidence and analysis (reality-based)**

The basis for our decisions and our action is the best available information, and sound logic. We know our stuff regarding the Internet and .nz. We're transparent and open about the information bases for our decisions, and have a sound process for assessing, deciding and re-assessing.

Table 2: End States.

PURPOSE: Helping New Zealanders harness the power of the Internet			
	WHY: Internet for All	WHY: Security & Trust	WHY: Openness
END STATE: In 3 years	Digital inclusion policy changes and investments, by government and others, have led to a significant decline in digital exclusion as measured by agreed indicators.	People understand how to manage and protect themselves and their data online. The online services ecosystem supports accountability for sound security practices.	Local Internet governance, including InternetNZ and the .nz ccTLD, remains multistakeholder, with operations based on open Internet tech. Stakeholders recognise and support this approach. InternetNZ supports others to operate as exemplars of openness.
END STATE: In 5 years	Useable Internet access (100+mbps) is available & affordable everywhere in Ao-NZ. Digital exclusion measures continue to show significant improvements.	People are increasingly managing and enhancing the security of their online lives. In Ao-NZ, security-by-design and privacy-by-design are ubiquitous in well-used services, contributing to their trustedness.	Internet openness in all its dimensions is supported and sustained in Ao-NZ. Services, infrastructure, governance and technologies in Internet-related areas are increasingly open.
END STATE: In 10 years	There is no need for “digital inclusion” related investments or policies. Access across Ao-NZ is ubiquitous, trust is high and the skills & motivation to make use of the Internet are high among adults & taught to all during school.	The ecosystem makes it non-viable to produce non-secure products and services or exploit unsafe tradeoffs. People have - and make use of - their power and understanding.	Ao-NZ is acknowledged as a world leader in Internet openness, and actively contributes to world Internet openness.

An **end-state** defines a future reality that the organisation’s work is seeking to bring about. These end-states are ones against which we test our Annual Plan, to make sure the work we undertake is contributing to bringing them about.