

AGENDA – COUNCIL MEETING

Saturday 27th May 2017

InternetNZ, Level 11, 80 Boulcott St, Wellington			
8.45am		Refreshments (coffee, tea, & scones) on arrival	
9.00am		Meeting start	
11.00am		Break	
12.30pm		Lunch	
2:15pm		Break	
4.00pm		Meeting Close	
Section 1 – Meeting Preliminaries			
09:00	1.1	Council only (in committee)	-
09:20	1.2	Council and CE alone time (in committee)	-
09:40	1.3	Apologies, Interests Register and Agenda Review	3
Section 2 – Strategic Priorities			
10:00	2.1	Strategic Framework for 2017 Strategy Review <ul style="list-style-type: none"> Outcomes of “why” work from Eleven 	9
Section 3 – Matters for Decision			
10:30	3.1	Grants Policy Framework Review <ul style="list-style-type: none"> GRT: Grants Policy 	15
10:50	3.2	Review of Governance Policies: <ul style="list-style-type: none"> TSY: Treasury <ul style="list-style-type: none"> AST: Audit Service Tender INV: Funds Investment Management DEL: Chief Executive Delegations MIS: Reporting Cases of Misappropriation NZF: .nz Framework SUB: Subsidiaries APT: Boards appointments and roles INF: Information Sharing Policy 	29
11:00		Tea Break	
Section 4 – Matters for Discussion			
11:15	4.1	President and CE briefing <ul style="list-style-type: none"> Chief Executive Overview and Key Issues 	65
Section 5 – Consent Agenda			
11:30	5.1	Confirm Minutes – February & April 2017 Meetings	125
	5.2	Actions Register	143
	5.3	Membership update	145

	5.4	Evote ratification	147
	5.5	Health & Safety update	149
	5.6	Organisational Report <ul style="list-style-type: none"> • Programmes • Operations • Communications • Governance and Members Media Monitoring Report Joint ICANN Report	151 159 161
	5.7	Grants Update Report	169
	5.8	Council Committee Reports <ul style="list-style-type: none"> • Audit & Risk • Grants • Māori Engagement • CE Review 	175
Section 4 continues - Matters for Discussion			
11:50	4.2	Report from Cr Davidson on Pacific IGF	-
12:00	4.3	Subsidiaries: <ul style="list-style-type: none"> • Joint.nz Quarterly Report for NZRS/DNCL • Quarterly Reports (DNCL, NZRS) - Q4 2016/17 • Tech Research - Q4 2016/17 • Product and Services Dev't - Q4 2016/17 • NZRS Statement of Direction and Goals 2017/18 	69
12:30		LUNCH	
Organisational Review			
13:00		Organisation Review <i>(Paper confidential to Council for review)</i> <ul style="list-style-type: none"> • Options and Analysis Paper • Recommendations to proceed 	-
14:15		Tea Break	
14:30		Organisation Review continues	
Section 6 - Other Matters			
15:30	-	CONTINGENCY <i>(for any overflow)</i>	-
	6.1	Matters for Communication - key messages <ul style="list-style-type: none"> • Communications in general • Upcoming events 	-
	6.3	General Business	-
	6.4	Meeting Review	-
16:00	-	Meeting close	-

* Section 6 - List of Acronyms and Annotated Agenda

Council Register of Interest

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

Officers and Councillors receive the following annual honoraria:

President - \$30,000

Vice President - \$18,750

Councillor - \$15,000

Name: Jamie Baddeley

Position: President, InternetNZ

Term: AGM 2014 - AGM 2018

Declaration Date: 11 December 2015

Interests:

- NZNOG Trustee
- Officer's Honorarium for InternetNZ

Name: Joy Liddicoat

Position: Vice President, InternetNZ

Term: AGM 2014 - AGM 2018

Declaration Date: 31 July 2015

Interests:

- Holder of .nz domain name registrations
- Holder of .com domain name registrations
- Member of the New Zealand Law Society
- Member, Non Commercial Users Constituency of ICANN
- Founding Director and Shareholder of Oceania Women's Satellite Network (OWNSAT) PTE Limited. OWNSAT is a shareholder in Kacific Broadband Satellite
- Member of Pacific Chapter, Internet Society (PICISOC)
- Assistant Commissioner, Policy and Operations at the Office of the Privacy Commissioner
- Member, Non-Government Advisory Committee to Public Interest Registry .org
- Due to her role at work, Joy recuses herself from any policy decisions that may span the interests of the Office of the Privacy Commissioner
- Officer's honorarium for InternetNZ

Name: Brenda Wallace

Position: Councillor, InternetNZ

Term: AGM 2012 - AGM 2018

Declaration Date: 8 November 2016

Interests:

- Member of Green Party of Aotearoa New Zealand
- Many .nz domain names
- Employee and shareholder of Rabid Tech
- NZRise member
- Trustee of Whare Hauora project
- Councillor's Honorarium for InternetNZ
- Trustee, Kahurangi School

Name: Dave Moskowitz

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2017

Declaration Date: 31 July 2015

Interests:

- Registrant of .nz, .com, .org, .pe domains
- Director, Domain Name Commission Limited

Board memberships:

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

Shareholdings (all of the above except for *Open Polytechnic*, plus):

- Lightning Lab 2013
- WIP APP Limited
- Learn Coach Limited
- Ponoko Limited
- Celsias Limited
- 8interactive Limited
- Admin Innovations Limited
- DIY Father Limited
- Smartshow Limited
- Common Ledger Limited
- Cloud Cannon Limited
- Small holdings in numerous publicly listed companies

Non-profit Activity:

- Global Facilitator
- Startup Weekend (Trustee)
- Pacific Internet Partners (Trustee)
- Think Tank Charitable Trust (Co-Chair)
- Wellington Council of Christians and Jews

Other memberships:

- NZ Open Source Society
- NZ Rise
- Royal Society
- Registered marriage celebrant
- Councillor's Honorarium for InternetNZ

Name: Richard Wood**Position:** Councillor, InternetNZ**Term:** AGM 2013 - AGM 2019**Declaration Date:** 15 November 2016**Interests:**

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

Name: Amber Craig**Position:** Councillor, InternetNZ**Term:** AGM 2013 - AGM 2019**Declaration Date:** 18 November 2016**Interests:**

- Consultant and organiser of some corporate unconferences
- Holds .nz domain name registrations
- Employee of ANZ
- Creator & Director of Beyond the Achievements
- An immediate family member works at NZRS occasionally
- Co-Founder of Diversity Consulting NZ
- Co-organiser of WWGSD HQ Unconferences
- Trust Chair of Whare Hauora Charity
- Provisional member of New Zealand Labour Party
- Councillor's Honorarium for InternetNZ

Name: Rochelle Furneaux**Position:** Councillor, InternetNZ**Term:** AGM 2014 - AGM 2017**Declaration Date:** 23 November 2015**Interests:**

- An employee of Quest Integrity NZ Ltd.
- Member of New Zealand Law Society
- Non-financial shareholder of Enspiral Foundation Ltd.
- Trustee at Fabriko Trust
- Councillor's Honorarium for InternetNZ

Name: Sarah Lee

Position: Councillor, InternetNZ

Term: AGM 2014 - AGM 2017

Declaration Date: 11 February 2016

Interests:

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

Name: Hayden Glass

Position: Councillor, InternetNZ

Term: AGM 2014 - AMG 2017

Declaration Date: 10 October 2015

Interests:

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

Name: Richard Hulse

Position: Councillor, InternetNZ

Term: AGM 2015 –AGM 2018

Declaration Date: ~~4 August 2015~~ 2 December 2016

Interests:

- ~~Employee at Radio New Zealand Limited~~
- Director of Eduvac Limited
- Holder of .nz domain name registrations
- Councillor's honorarium for InternetNZ

Name: Kelly Buehler

Position: Councillor, InternetNZ

Term: AGM 2015 –AGM 2016

Declaration Date: 18 May 2016

Interests:

- Holder of .nz domain name registrations
- Councillor's Honorarium for Internet NZ

Name: Keith Davidson

Position: Councillor, InternetNZ

Term: AGM 2016 –AGM 2019

Declaration Date: 24 August 2016

Interests:

- Domain name registrations including .nz names
- ~~Member of the IANA Stewardship Transition Group (ICG), as representative of the ccTLD community~~
- ~~Member of the ICANN Cross Community Working Group on the IANA Stewardship Transition~~
- Sole shareholder and Director of KD Services Limited
- Member of numerous clubs, societies and associations, many of which are .nz registrants
- Member of ISOC and PICISOC
- Chartered Member of NZ Institute of Directors
- Member of the ICANN ccNSO FOI Implementation Advisory Team
- Councillor honorarium of InternetNZ

The register was last updated in May 2017.

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2017 Strategy Review: Foundations and Process

Author:	Jordan Carter, Chief Executive
Purpose of Paper:	To make sure there is a high quality process to develop the next version of InternetNZ's strategy, this paper asks for early input from Council on two things: the key pillars for the next strategy, and the process for developing it.

Introduction

Next March, the three year Strategic Plan for InternetNZ comes to an end, and the five year 2015-2020 Group Strategic Plan will be three years through. A new InternetNZ strategy will be required.

Further, depending on the outcomes of the Organisational Review, there may be a need to more fundamentally change the strategic framework.

Regardless of any changes from the Review, I am seeking a lift in the quality of the strategic planning process: a shorter, more useful written record of the strategy, and a stronger framework devised through better engagement of talent across the InternetNZ group.

This paper seeks input from Council on two key things:

- Foundations on which a new strategy can rest
- The process for conducting the review

The following sections of this paper outline the context for this work; the strengths and weaknesses of the current strategy; proposed foundations to explore as we develop the new strategy; options for the Council's role in the review; and a high level timeline for the work.

Your input will shape the work the staff do in preparing for the review, and the areas we explore in developing our thinking. I am looking forward to the discussion I hope this paper generates.

Questions to help stimulate discussion are highlighted like this.

Context for this work

Compared with late 2014 (when our current strategy was developed), InternetNZ is more connected with the Internet community and has a more coherent and higher-performing staff team. "Getting the basics right" is regularly achieved, and there is capacity and ambition to lift our sights and set more challenging goals. We have access to a wider range of perspectives and insights through being better engaged with a wider set of stakeholders.

With that higher level of operation and greater ambition have also come greater demands. People have "banked" that improved performance and are

looking for the next lift. A fresh strategic approach to guide our work in the next few years is needed. Devising it is the chance for a maturing governance and management team to do just that: to step back from the day to day work, really think about InternetNZ's future, and put together a fresh approach to what we do, what we seek to achieve and why we do it.

We are not proposing to review the Group Strategy, or to develop a more integrated strategy for the Group. Those are outside the scope of our thinking at this time. If the Organisational Review requires changes to this, we will come back with an updated approach.

At the end of this process, we should be clear as a governance and management team with agreement and shared understanding of:

- InternetNZ's purpose
- Our key goals as an organisation
- The strategy we'll follow to achieve the goals
- How we will measure our success

That's what will end up written down in the Strategic Plan after we've completed this work.

Do you agree that:

- We should develop a new strategy for InternetNZ Inc?
- Unless the Org Review requires otherwise, this will not encompass a review or refresh of the Group Strategy?

Current Strategy: strengths and weaknesses

The current Strategic Plan was signed off in January 2015. With the benefit of seeing it in operation over the past two years, it:

- **Provided a relevant guide:** there has been an intentional connection between each year's Activity Plan and the goals & transformations set out in the Strategy, meaning our work overall has been more coherent. Stakeholders have noticed & appreciated this.
- **Is somewhat inward-looking:** the goals and transformations are too often focused on changing InternetNZ, rather than changing New Zealand, the Internet or the world – the outward focus is in the more detailed secondary transformations.
- **Contains too many transformations:** effort and focus is diluted across five areas containing many goals and 58 transformations we have been seeking to achieve. That is too many for an organisation of our scale to reasonably aim for. The Focus Areas process has helped us cope with this challenge, but has been in the nature of a band-aid rather than a fundamental fix.
- **No financial strategy:** the strategic plan does not set out our overall financial strategy (level of funds to be retained, invested or spent, and trends in these over time).

We will complete an assessment on how much of the current plan has been achieved as part of the review process, but the lessons I draw from this are that in doing a review of our strategy we need to be clear about:

- **Purpose and goals** – a shared understanding of our fundamental role

and the goals we are seeking to achieve is the foundation of good strategy.

- **Clear strategy** – showing very clearly how we'll pursue our goals, and how we and others can measure our success.
- **Simpler and more focused** – more bang in fewer areas.
- **Finance included** – we need a clear approach to our funds.
- **Outward orientation** – the goals we commit to should be focused on what we'd like to change in the world around us. The strategies we pursue to achieve them can deal with more internal matters as required.

Do you agree that the next strategy should meet these requirements?

Are there others you think it should add?

Foundations for the new strategy

At a high level, and recognising that we need to do a thorough environment scan as part of developing a new strategy, the following key components or factors are ones we think should guide our work from the start:

- **Rising importance of the Internet:** the Internet keeps affecting more and more people in more and more ways. Our direction the past few years to expand our interest into what people use the Internet for was the right one; this trend will continue.
- **A clear "why":** the task we asked consultants Eleven to help us with was to crystallise InternetNZ's "why" – what our unique mission is in the Internet community. This contrasts with "what" we do. Jonathan Hales will present this to the meeting, and it provides an intriguing set of possibilities about where we go next.
- **Market gap:** there remains a gap in the national conversation about the Internet and its impact that we are the natural organisation to fill. This gap is smaller than it was three years ago (our voice is louder and more sought out), but we can do more to fill it.
- **Building on our unique expertise:** At the centre of our work should be unparalleled expertise in the Internet. Whatever the outcomes of the Organisational Review, we have to be better at drawing on the core Internet expertise across the group to inform and inspire our work.
- **New approach to membership:** we should explore the implications of moving towards a more "subscriber / information" approach to membership and what it means for our work compared with the legacy "active work by members" approach we have pursued historically.

Are there other front-of-mind foundational factors staff should consider in preparatory work for the strategy development process?

Review Process: Council's role

Historically InternetNZ has asked Council to do too much of the strategy development process itself, with a quite variable level of analysis and input available from staff in different planning processes.

In principle, there is a continuum available for how involved Council should be in the strategy development process. At the extremes:

- Council could develop the strategy itself, or
- Council could outsource that to staff and simply approve the strategy provided.

In reality the choice is likely to be neither of those two extremes.

From my perspective, there has to be enough Council involvement in the strategy development process to:

- Draw effectively on the perspectives and interests Council members bring to the table
- Test the quality of the process and ensure the strategy is fit for purpose
- Assure collective Council ownership of the direction set by the Strategy

This avoids Councillors having to assemble large quantities of information or conduct the entirety of the strategy development process. It places the onus on staff to do a thorough job, knowing that it will be effectively scrutinised.

My proposal is that we proceed as follows:

- Staff lead the development process
- Working documents are used to solicit Council feedback, or shared with Council for comment
- The Strategy meeting in September is seen as sign-off and confirmation following that online and August meeting work, rather than a “development” day.

This approach should maximise the contributions Councillors and staff make, while ensuring that the outcome is a high quality strategy.

In the end it is a Council decision about how to do this work given Council owns the strategy. On the staff side, we can make any approach work.

Do you support the proposed approach or would you prefer a different one?

Subsidiary involvement

Past Strategy processes have had an unclear role for subsidiaries, with different expectations leading to confusion.

Given the insight and talent available among staff of subsidiaries, we can develop a better strategy for the organisation with their active, planned involvement.

I have discussed the following approach with the Chief Executives across the group and think it will provide a better approach this time:

- Jordan will further develop the process, working with Debbie and Jay as he does so.
- The process of the review will actively seek input and contributions from across the group, with clear expectations set up front.

- The main focus in soliciting staff-wide input will be in understanding on environmental changes and on developing and testing the proposed goals and strategies.

This approach could be trialled on our InternetNZ strategy and if it is successful, used on the eventual review of the Group Strategy when that falls due.

The recommendations include the President discussing this approach with the subsidiary chairs.

Any comments on this approach to involving subsidiaries?

Timeframes

Based on the conversation spurred by this paper, we would proceed to work on the underpinning analysis for the strategy.

In **June through August** we will work online to tease out the environment scan, strengths/weaknesses, opportunities/threats and to seek big ideas from across the group and from Council. We will conclude our work with Eleven to refine and clarify purpose and big picture goals.

On **25 August** the first post-AGM Council meeting is scheduled. This will be a chance to seek formal Council feedback on the purpose and goals, and test the rest of the work done by that point. Council should also agree at this point (if not before) who will participate in the Strategy day.

By **mid-September** the suite of strategy documents will be finalised for consideration at the Strategy day.

22-24 September is the window for the Strategy day, and Council will need to decide whether this is a one-day meeting or the opportunity to do a retreat for some teambuilding in addition to the strategy consideration.

Recommendations

I recommend the following resolutions to Council:

THAT Council notes the paper from the Chief Executive and agrees with the proposed approach to reviewing InternetNZ's strategy.

THAT the Chief Executive report back to Council in a timely way with any implications for this process arising from the Organisational Review should they arise (along with proposed ways to adjust the process if required).

THAT the President confirm with the chairs of subsidiary boards the approach to subsidiary involvement in the InternetNZ strategy development process.

Jordan Carter
Chief Executive

17 May 2017

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Community Grants Policy Framework Update

Author: Vanisa Dhuru, Acting Community Programme Director

Purpose of paper: To propose changes to the Community Grants Policy Framework for decision by Council.

Introduction

The Grants Committee met on 30 March 2017 to consider proposed changes to the Grants Policy.

The key changes discussed included:

1. Staff supporting stage 1 of assessment for Community Projects and Internet Research grants
2. Changing the weighting of criteria for assessment
3. Clarifying the conflict of interest policy, as well as related parties (partners, staff, etc) policy.

The purpose of this paper is to explain the outcome of these discussions and the rationale for changes and to present an amended Grants Policy for Council approval. The changes proposed are fully expressed in the amended Grants Policy that is attached to this paper.

1. Staff supporting stage 1 of grants assessment

Currently the Community Grants Framework requires applicants to two of our three funds, Community Projects and Internet Research, to follow two-stage application processes.

Applicants initially apply with, broadly speaking, an expression of interest (Stage 1), which is then assessed by the Grants Committee (“the committee” in this paper). If successful, they are invited to submit further information and progress to a more detailed project assessment process (Stage 2).

This two-stage process is considered necessary due to the complexity of the applications under these funds, which require in depth information. By splitting the application process into stages, not all applicants need to spend time and provide full details of projects, unless the proposal is seen as likely enough to be funded to require comprehensive information.

The problem with this two-stage process is that it is very time intensive for the committee – both in terms of sheer time required per application, and in terms of the rising number of applications being received. This workload places significant pressure on members of the committee: the time commitment to fill this important role is becoming unreasonable.

The committee and staff have considered how to make the workload more reasonable while protecting the integrity of funding decisions. To reduce committee workload, it

is agreed that staff should gain responsibility for assessing Stage 1 applications, with committee oversight. The committee will retain full responsibility for assessment and recommendations for Community Grants at Stage 2.

The committee secretary (the Community Funding Coordinator role) will continue to be responsible for frontline interactions with applicants and potential applicants. Staff involved in assessment will be senior staff from the Community team or from the wider staff team, as appropriate.

This division will ensure that there remains a separation between communications and relationship management with grants applicants, and the assessment of those applications.

This changed approach will reduce the workload facing the committee while protecting the integrity of the community funding process. In the end, decisions about funding will remain where they are today – the Councillors making up the Committee will simply not have to deal with the lower quality applications they do today.

2. Weighting of criteria

The committee has discussed the different criteria used to assess grants applications, and the relative weighting of each criterion. Currently the three criteria used for assessment of grants have equal weighting.

The committee agreed that more emphasis on the *Alignment with Purpose* criterion might be desirable and should be tested. We tested what changes might have happened in a past grant round by altering the *Alignment with Purpose* criteria weighting, which did slightly alter the rankings of different grant recipients – thus proving that amending this criterion may have an impact on which projects are funded in a manner that is more aligned with the intent of the rounds.

Accordingly, the committee has agreed that the weighting of that criterion should be higher, but by how much has not yet been agreed. It is the responsibility of the committee, not Council, to determine the relative weighting of assessment criteria.

Once a decision has been made by the committee as to the new amended weighting, these changes will be noted in the Grants Operations Manual.

3. Clarifying the conflict of interest policy

The current policy does not currently include matters relating to conflicts of interest and related parties (partners, staff, etc) which the committee have agreed should be included.

Timeline for implementation

If the policy changes included in this paper are adopted at the Council meeting on 27 May 2017, implementation of the updated policy framework will be completed for the new Grants rounds commencing in July 2017.

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

The resolutions recommended below take this into account.

Recommendations

THAT Council note and endorse the proposal to make Stage 1 of the grants process staff-led rather than committee-led.

THAT Council approve the Grants Policy as amended, subject to any revisions arising from feedback before Friday 2 June.

Grants Policy

Policy	OTH-GRT: Grants Policy
Version	Version 3 – June 2015 4 - May 2017
Date in force	July 2015 June 2017
Planned review	August 2017 June 2019

1. Introduction

- 1.1. This policy establishes the high level framework by which InternetNZ makes community funding grants.
- 1.2. Community funding grants are made by InternetNZ to further the objects of the Society. In doing so, grant recipients are, through their work, helping to advance our charitable purpose.
- 1.3. This framework is intended to contribute to the community grants project being an effective contributor to achieving the Objects, and to effective management of the risks inherent in any funding programme.
- 1.4. Changes to this policy are made according to the process set out in the Policy Development Policy available at www.internetnz.nz.

2. Principles for community funding grants

- 2.1. The following overarching principles govern the making of community funding grants:
 - 2.1.1. **Open to all applications:** there is no obstruction against funding of any party except as laid out in the conflict of interest policy and where previous actions or decisions of the applicant require different treatment.
 - 2.1.2. **Criteria driven Decisions:** decisions on funding are made based on the criteria set out for a given funding round.
 - 2.1.3. **Expert input:** where relevant, subject-specific expertise is involved in decision-making (especially in respect of research grants) as laid out in the Grants Committee External Input guidelines in the Community Grants Operations Manual
 - 2.1.4. **Interests are dealt with transparently:** a rigorous conflicts of interest policy is in place and enforced to ensure the probity and public perception of the grants programme.
 - 2.1.5. **Transparency and accountability:** InternetNZ is publicly accountable for its decisions in making community grants, and insists on transparent reporting of grants and the outcomes they deliver.
- 2.2. These overarching principles flow down through all decisions and operational processes associated with the community grants programme.

3. Grants Rounds

- 3.1. There are three standing community funding grants rounds:

- 3.1.1. **Projects:** to help Internet related community projects be implemented;
- 3.1.2. **Research:** to help conduct research about or in respect of the Internet;
- 3.1.3. **Conference attendance:** to help New Zealand Internet community participants attend relevant conferences and events related to the development of the Internet.
- 3.2. The detailed purpose and assessment criteria for each of these standing rounds are detailed in Appendices A, B and C respectively of this policy.
- 3.3. The schedule for the year's Grants Rounds is published as part of the annual Activity Plan.
- 3.4. In addition to the rounds noted in 3.1, there is a capacity to make grants on-demand. On-demand grants can only be made consistent with the purpose and assessment criteria detailed in Appendix D of this policy.

4. Decision-making

- 4.1. Grants applicants follow a two-stage application process for Projects and Research Grants Rounds and a one-stage process for Conference Attendance Rounds as detailed in the operations manual.
- 4.2. The Grants Committee established by the Council is the primary governing body for the community grants programme. ~~It has responsibility for oversight of the assessment processes for Community Grants funding and makes decisions on these up to a value of \$5k. External assessors and staff may also be involved in assessment in these processes, however recommendations and decisions from assessment processes are the responsibility of the Grants Committee. It conducts the assessment process for community funding grants, and makes decisions on these (except where the value is over \$5k, in which case the decision is made by Council).~~ The committee's powers and responsibilities are set out in the Grants Committee Terms of Reference.
- 4.3. Staff support the committee ~~in~~ by screening ~~of~~ applications, ~~in~~ through providing information to the committee, and in working with applicants to assist them in the grant application process. Senior staff may also be involved in assessment of applications, where appropriate and as outlined in the Grants Operations manual, to support the committee and any external assessors in grant application assessments.
- 4.4. ~~The Grants Committee makes decisions on grant funding applications up to a value of \$5k. For amounts over this, the Council is the approval body based on recommendations from the Committee. Staff do not make decisions about funding grants, but are involved as noted in 4.2 and 4.3 above. Staff have no role in decision-making regarding community funding grants.~~
- 4.5. InternetNZ will only publish the names and details of applications if those applications for grants are successful. The names of other applicants will remain confidential.

- 4.6. Reports, ~~interviews and blogs related to~~ ~~from~~ grants recipients are published on the website. Recipients can make supplementary ~~confidential~~ reports if required.
- 4.7. ~~Staff provide regular reporting to Council on grants status and Council receive updates from staff and the Grants Committee.~~
- 4.8. Applicants must sign a contract with InternetNZ before being paid granted funds, and the terms of the contract will be enforced without exception by InternetNZ as a matter of policy in a situation of breach.

5. Conflicts of Interest

- 5.1. The Council, Committee, ~~and~~ external assessors ~~and staff~~ involved in assessment of grants applications are bound to disclose and deal appropriately with any conflicts of interest – real or perceived – that arise in the operation of the community funding grants programme according to the general Council Conflicts of Interest policy. ~~There is also a Grants Conflict of Interest guidelines in the Operations Manual which outlines examples and approaches to implementation.~~
- 5.2. Further context regarding the importance of managing conflicts is set out in the Operations Manual.
- 5.3. To minimise the risk of perceptions of self-dealing, related parties are not normally eligible for community grants funding, including:
 - 5.3.1. members of the Council or of any subsidiary company board
 - 5.3.2. members of staff of InternetNZ or of any subsidiary company
 - 5.3.3. contractors who have a recent and significant contracting relationship with InternetNZ.
 - 5.3.4. strategic partner organisations or applications from individuals representing strategic partner organisations.
- 5.4. On occasion, there is interaction between InternetNZ's operational activities and the grants programme. The Grants Committee and the Council will discount (but not disqualify) an application where the applicant has sought funding from InternetNZ through other paths and where such funding has not been provided.
- 5.5. Grant recipients who have received two community grants over the previous two financial years may be excluded from eligibility for a community grants, by decision of the Grants Committee.

6. Related policies and documents

- 6.1. Grant Committee Terms of Reference is a public document and is available [here](#).
- 6.2. InternetNZ [Council Conflicts of Interest policy](#)

- 6.3. The operation of the community grants funding system is detailed in an Operations Manual. The Manual is a public document and is available [here](#).
- 6.4. **Weighting and thresholds for assessment criteria are described in the Grants Operations Manual.**
- 6.5. The Grants Committee External Input guidelines, related to where relevant, subject-specific expertise is involved in decision-making (especially in respect of research grants) are available in the Operations Manual.
- 6.6. There is also a Grants Conflict of Interest guidelines in the Operations Manual which outlines examples and approaches to implementation.

Purpose

The purpose of the ~~Community Projects~~ ~~Community~~ Grants ~~Round is~~ are to provide financial support for community-led projects which will extend the availability, use and benefit of the Internet and its associated technologies and applications in New Zealand including:

- Projects which support more widely available access to the Internet.
- Projects which deliver greater and/or better use of the Internet.

Decision Criteria

Applications which are complete and align to InternetNZ objects are then assessed against the Assessment Criteria, ~~which are evenly weighted between the following criteria:~~

a. Alignment with Purpose

This criterion relates to the extent to which the project is aligned with the ~~Community Project~~ ~~Round Grants~~ purpose and related community goals and objectives. Applicants are asked to:

- Explain how the project matches the InternetNZ purpose for the community grants round.
- Identify any engagement within the community relevant to this project and explain how this project can help address community goals and objectives.

b. Potential Benefit

With this criterion, the committee is assessing the outcomes and potential benefit of the projects, including value for money. Applicants are asked to:

- Give an indication of the expected project outcomes and the impact of those outcomes.
- Identify any potential benefits to communities, disadvantaged groups or segments of the population (government, business, users, etc.)
- Identify how and to what extent this is addressing community needs and how those have been clearly identified.
- Identify the project's relationship to any other related projects.
- Describe what makes this project different or innovative.
- Identify the project's ongoing commitment and viability, if any.

c. Likelihood of Success

With this criterion, the committee is trying to understand the likelihood of the project being successfully completed, towards delivering the outcomes and benefits intended. Applicants are asked to:

- Show clearly how this project will be implemented.
- Outline your approach and management of any ethical considerations.
- Provide evidence of the commitment of others, especially involved or affected groups or communities, including any co-funding or in-kind backing from others and what commitment exists.
- Where possible, describe the experience of the people applying, i.e. a successful track record of implementing projects of this kind.

- State what qualifications the applicants have that are relevant to the requirements of the project.

Frequency

Annual, timed to coincide with NetHui or other community engagement event, where possible.

Other matters

There is no amount limit for applications but value for money is considered in the criteria. InternetNZ reserves the right to offer partial funding and/or where an amount over \$25,000 is being applied for, applicants may be required to provide additional information and meet with InternetNZ during the assessment process.

The Assessment Committee reserves the right to take into account any concentration of proposals as part of its final recommendations to the InternetNZ Council. The committee may decide to adjust the ranking list among comparably scored proposals to achieve this balance. A clear decision trail will be visible on any occasion where this proves necessary.

Appendix B: Internet Research ~~Community Grants Round~~

Purpose

The purpose of ~~the Internet Research Community Grants Round~~ is ~~are~~ to help fund individuals or organisations conducting research projects focused on Internet topics and issues. The Internet Research Community Grant Round purpose seeks to support community research which:

- Can inform the development of the Internet in New Zealand and/or the availability, use and benefit of the Internet for New Zealanders.
- Can support the development of the Internet research community in New Zealand and researchers working on New Zealand Internet topics and issues.

Decision Criteria

Applications which are complete and align to InternetNZ objects are then assessed against the Assessment Criteria, ~~which are evenly weighted between the following criteria:~~

a. Alignment with Purpose

This criterion relates to the extent to which the research project is aligned with the InternetNZ Internet Research ~~Community~~ Grant purpose and related community goals and objectives. Applicants are asked to:

- Explain how this research project matches the InternetNZ purpose for the community grants round.
- Identify any engagement within the community relevant to this research, including the research community, and where applicable give an indication how this research can help address community goals and objectives.

b. Potential Benefit

With this criterion, the committee is assessing the outcomes and potential benefit of the research projects, including value for money. Applicants are asked to:

- Give an indication of the expected research outcomes and the impact/use of those outcomes.
- Identify any potential benefits to communities, disadvantaged groups or segments of the population, including to the research community and/or broader Internet community (government, business, users, etc.)
- Identify how and to what extent this is addressing research needs that have been clearly identified.
- Identify the research project's relationship to other existing research projects in New Zealand or internationally.
- Describe what makes this research project different or innovative.
- Identify the research project's ongoing commitment and viability, if any.

c. Likelihood of Success

With this criterion, the committee is trying to understand the likelihood of the research project being successfully completed, towards delivering the outcomes and benefits intended. Applicants are asked to:

- Show clearly how this research will be implemented.

- Outline your approach and management of ethical considerations.
- Provide evidence of the commitment of others, especially involved or affected groups or communities, including any co-funding or in-kind backing from others and what commitment exists.
- Where possible, describe the experience of the people applying, i.e. a successful track record of implementing research projects of this kind.
- State what qualifications the applicants have that is relevant to the requirements of the research project.

Frequency

Annual. Timed to coincide with a New Zealand Internet Research Forum event or other Internet research related event, where possible.

Other matters

There is no amount limit for applications but value for money is considered in the criteria. InternetNZ reserves the right to offer partial funding and/or where an amount over \$25,000 is being applied for, applicants may be required to provide additional information and meet with InternetNZ during the assessment process.

The Assessment Committee reserves the right to take into account any concentration of proposals as part of its final recommendations to the InternetNZ Council. The committee may decide to adjust the ranking list among comparably scored proposals to achieve this balance. A clear decision trail will be visible on any occasion where this proves necessary.

Purpose

The purpose of Conference Attendance Grants is to help the New Zealand Internet community participate in relevant conferences and events related to the development of the Internet. The grants are intended to assist the successful applicants to:

- Engage in the shaping of the future of the Internet for New Zealand, both domestically and internationally.
- Gain expertise and experience which will benefit the New Zealand Internet Community and the development of the Internet in New Zealand.

Decision Criteria

a. Alignment with Purpose

This criterion relates to the extent to which the conference attendance is aligned with the Community Grant purpose and related community goals and objectives.

Applicants are asked to:

- Explain how this conference or event and your proposed attendance matches the InternetNZ purpose for the conference attendance round as described above.
- The conference subject matter must be demonstrated to be of relevance to InternetNZ in terms of achieving its Objects noting that InternetNZ will from time to time establish priorities to ensure it maintains an appropriate spread of focus.
- Identify any engagement within the community relevant to this conference attendance, and where applicable give an indication how this ~~research~~ attendance can help address community goals and objectives.

b. Potential Benefit

With this criterion, the committee is assessing the outcomes and potential benefit of the conference attendance, including value for money. Applicants are asked to:

- Give an indication of the expected outcomes of attendance and the benefits of these outcomes. Specificity as to the proposed outcomes and benefit of your attendance at the conference (for example, being a confirmed speaker at conference, opportunity to enhance research, publication of articles, proposed follow-up engagement in New Zealand etc.) is valued – for example saying your attendance will help develop and maintain relationships internationally may well not score highly relative to others.
- Identify any potential benefits to communities, disadvantaged groups or segments of the population, including to the Internet community or specific sectors (government, business, users, etc.)

c. Likelihood of Success

With this criterion, the committee is trying to understand the likelihood of the conference attendance successfully delivering the outcomes and benefits intended.

Applicants are asked to:

- Provide evidence of the commitment of others, especially involved or affected groups or communities, including any co-funding or in-kind backing from others and what commitment exists.
- Outline the experience of the people applying and how it will contribute to the benefits described from the conference attendance proposed.

- State what qualifications the applicants have relevant to the conference attendance proposed.
- Note: It is preferred that the attendee have appropriate expertise in the area concerned but the opportunity will also be taken to grow and develop both the level of expertise and the number of people with that expertise in NZ.

Frequency

Twice a year. Timed to coincide with the projects and research grant rounds, where possible.

Other matters

There is no limit for applications but value for money is considered in the criteria and InternetNZ reserves the right to offer partial funding.

Purpose

To provide exceptional support of up to \$5k to the Internet community ~~for~~ in a community project, Internet research or conference attendance grant, which due to issues of timing cannot be assessed through the community grant rounds.

Decision Criteria

In order to apply for an on-demand grant, applicants must contact InternetNZ staff directly and their enquiry is assessed to see if the timing of their application cannot be assessed as part of the planned grants rounds.

If staff are satisfied that there is a reason outside of the applicants control which means the application cannot be considered as part of a grants round, then the appropriate application form for the type of grant is given to the applicant to complete.

Criteria for the type of grant sought (project, research or conference attendance) is then used, with applications assessed and then compared to the most recent round of that type of grant as information to support the Grants Committee in a decision.

Frequency

As required.

Review of Governance Policies – Tranche Three

Author: Andrew Cushen, Deputy Chief Executive

Purpose of Paper: To establish the third tranche of Governance Policies on the new review timetable.

Background

At the November 2016 meeting, Council approved a new three-year timetable for all Governance Policies.

This covering paper accompanies the third tranche of these policies; the subsidiary (SUB), financial (FIN) and other (OTH) policy sets.

Tranche Three

Tranche Three¹ consists of the following policies that are attached to this paper,

- TSY: Treasury, including:
 - o AST: Audit Service Tender
 - o INV: Funds Investment Management
- MIS: Reporting Cases of Misappropriation
- DEL: Chief Executive Delegations
- NZF: .nz Framework
- SUB: Subsidiaries
- APT: Board Appointments and Roles
- INF: Information Sharing

All of these have been fully reviewed; the proposed changes to the extent they exist are marked up in the attached documents.

In summary:

- TSY is updated to include an additional month's operating expenses in the financial reserves
- AST is quite extensively revised
- INV updates the spread of investments across institutions
- DEL changes the discretion of the CE on capital expenditure within budget

There are no substantive changes to the other documents. Version numbers will be updated and the review dates adjusted.

¹ For completeness, Tranche Three also includes the Grants Policy Framework. That is separately dealt with in this meeting.

Recommendation

THAT Council approves the updates to the Treasury, Audit Services Tender, Investment and Chief Executive delegations policies and the changed review dates for the other Tranche Three policies.

Andrew Cushen

Deputy Chief Executive



Draft Treasury Policy

Policy	FIN-TSY – Treasury Policy
Version	1.0
Date in force	???
Planned review	March 2016

Purpose and Scope

This policy has been developed to enable treasury risks within InternetNZ to be prudently managed.

InternetNZ will ensure sufficient liquidity to enable operational and capital expenditure commitments to be met and will invest in investments with a reasonably low risk of short term (annual) loss.

Responsibilities

While the Council has final responsibility for the policy governing the management of InternetNZ's risks, it delegates overall responsibility for the day to day management of such risks to the Chief Executive.

Council acknowledges that there are various financial risks such as interest rate risk, currency risk, liquidity risk and credit risk arising from its treasury activities.

InternetNZ is a risk averse entity and does not wish to incur additional risk from its treasury activities.

The Chief Executive of InternetNZ shall have the responsibility to explore, establish and manage investments in accordance with this policy.

Cash Management

Managers with budget delegations will provide the Finance Manager timely information regarding planned expenditure, and "no surprises information regarding changes.

The Finance Manager will:

- calculate and maintain comprehensive cash flow projections on a monthly basis. These cash flow projections will determine InternetNZ's borrowing requirements and surplus for investment.
- maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so.

Financial Reserves

Required reserves will be calculated on the basis of:



- Two years of lease obligation. This allows for considerable time to sub-lease and provides some flexibility should it not be possible to sub-lease at the same rate as the current lease.
- Three months of operating expenses, including staff remuneration. Operating expenses should not include all costs, but those that will be required to be paid during a wind up process. Excluded should be:
 - Advertising/marketing
 - Consultants
 - Depreciation
 - Entertainment
 - Repairs & maintenance for computers and office equipment
 - Subscriptions where ceasing payment would make operational and financial sense
- One additional month of Operating expenses to provide working capital to meet contractual commitments (including Community Grants), operating expenditure and any other operating cost shortfall created by the timing of dividend payments.
- One month of staff remuneration to cover holiday pay owed

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Financial Reserves are to be held in interest bearing call and term deposit accounts with major financial institutions.

Foreign Exchange Bank Accounts

All foreign currency bank accounts are to be held with a registered NZ trading bank.

InternetNZ will only hold foreign currency received from trading in a foreign-currency-denominated New Zealand bank account up to the amount of the transaction.

Authorised signatures on the account will be as per the authorised signatories section that follows.

Funds will be held in the account and converted at the most advantageous rate available to InternetNZ, or when the funds are needed.

Foreign Currency will be recorded in the accounting system at the rate as provided on: <http://www.oanda.com/currency/converter/> or other recognised rates such as the Inland Revenue rates or those of an accounting software provider.

InternetNZ will not deal in speculative foreign currency trading of any sort.

Authorised Signatories

The authorised signatories to the bank accounts of InternetNZ are as follows:

- Chief Executive
- Nominated councillors

ANZ Direct On-line authorisers are as per bank account authorisations.



Cheque, Savings and Call Deposit Accounts

- All payments, whether by cheque, telegraphic transfer or direct credit must be authorised by two approved account signatories.
- Under no circumstances is an account signatory to sign a blank cheque.
- InternetNZ bank accounts must be in the name of Internet New Zealand Incorporated only.
- Operational expenditure is funded from the InternetNZ Current a/c (cheque) only.
- Interest-bearing savings accounts are to be used to hold a buffer of cash that can be applied should finance be required in the short term.
- All bank accounts must be with a registered NZ trading bank.

Community Funding Management Bank Accounts

These accounts will be used to manage the Community Funding, as defined payment dates are unknown, funds will be transferred to the higher interest-bearing account at the time the grant has been approved by Council.

Authorised signatures on the account are per those identified in the authorised signatories section.

All banks accounts must be with a registered NZ trading bank.

Term Deposits

All Term deposits will be with registered NZ trading bank.

InternetNZ shall not invest more than 50% or \$1,000,000, whichever is the lower value, of its financial reserves with a single entity without an explicit vote of Council approving such investment.

Returns earned on term deposits shall be added back to the investment funds unless there is Council agreement directing otherwise.

Maturity dates of Term deposits will be spread sufficiently to enable InternetNZ's Financial commitments to be met.

New banking requirements now require 31 days' notice to break term deposits before their maturity date.

Managed Funds

InternetNZ shall adhere to the Constitution, Council Bylaws and to all relevant laws governing Incorporated Societies in its undertaking of managed funds.

Managed Funds are invested in line with InternetNZ's Investment Policy.



Petty Cash

Petty cash funds provide a convenient way to pay for small expenses, but keeping cash in any office entails risk of misuse or theft. This policy provides procedures designed to mitigate these risks.

Petty cash funds should not to be used as an operating fund, i.e., to pay invoices for goods or services, to pay salaries or wages, or to make advances or loans.

Petty cash funds provide cash to cover minor expenses, such as reimbursement of staff members and visitors for small expenses like such as taxi fares, postage, milk, newspaper, office supplies, generally not to exceed \$50.

The Wellington office of InternetNZ has a petty cash float of \$400. Petty cash is to be kept in a lockbox in a locked cabinet.

Borrowings

In the event that InternetNZ borrows funds, this will need to be approved by Council as part of the Annual Planning process or by resolution of Council before the borrowing is undertaken.

The term borrowing includes a bank overdraft facility.



Group Policy: Audit Service Tender

Policy	GRP-AST: Group Policy - Audit Service Tender
Version	21.0
Date in force	April 2011
Planned review	April 2015

Purpose

This policy is to provide guidance on how the InternetNZ group engages with auditors throughout the audit tender process in order to meet the standards for the audit to be accepted. This audit service tender policy defines how the audit term, audit timetable and audit engagement is managed.

Audit termsPeriod of Engagement of Auditor

InternetNZ has a maximum audit service term of five years and will be re-tendered at least once within the term, at any time within the term. InternetNZ should retain the same auditor for at least three years for continuity.

InternetNZ has a maximum audit service term of seven years with a rotation of the partner at three years, and a retender on the seventh year with the new auditors appointed to commence on the eighth year. InternetNZ holds the right to terminate the auditors at their discretion within the seven years if required.

Re-tenderTender of audit services

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- When an auditor is appointed they are able to be appointed for a maximum term of 7 years with the right to terminate at any time, reappointment will still need to take place at annually at the AGM as per InternetNZs constitution.
- When re-tendering audit services, InternetNZ's extant audit firm is eligible to be re-appointed following the re-tendering process. If re-appointed the firm should allocate a new partner to lead the audit.
- At least three potential audit firms must be involved in any re-tendering process.
- Tenders should be invited from firms that can work within the bounds of InternetNZ's size and budget.
- Tenders will provide binding terms for 3 years at a minimum and the terms and conditions for the services must remain the same throughout the 3 year period.
- Tenders will include rotation of the partner at 3 years.
- The supplementary services for the audit must be defined in the tender.

Timeframe

The successful tenderer will be appointed by resolution of the Annual General Meeting for the ensuing financial year. An audit firm must be selected, ready to be recommended to Members five weeks prior to the AGM.

The subsidiaries DNCL and NZRS will take this resolution to their independent AGMs which take place on the same day before the InternetNZ AGM where the shareholder will be present to appoint the auditors.

All components of the audit process must adhere to the audit timetable which is set between InternetNZ the subsidiaries and the auditor.

Other

~~InternetNZ's audit assignment should be completed by the end of May, after the end of each financial year, and should be conducted according to International Financial Reporting Standards.~~

InternetNZ has an audit timetable and audit strategy which is set across the group, the auditors are expected to work to the set timetable to ensure that the appropriate reports are able to be provided to the AGM.



Funds Investment Management

Policy	FI-INV: Funds Investment Management
Version	Version 1
Date in force	August 2012
Planned review	March 2017 October 2015

This policy applies only to InternetNZ and not subsidiaries

Purpose

Maximise InternetNZ's long-term return on invested funds while appropriately managing risks.

Principles

Invested funds are accounted for separately from the InternetNZ operating budget as a distinct balance sheet line item. Expenditure of a part or the whole of the funds held under this policy requires an appropriate resolution from Council.

Policy

1. The Society shall adhere to the Constitution, Council Bylaws and to all relevant laws governing Incorporated Societies in its undertaking of any investment.
2. The Society shall favour investments that entail minimal risk and which require the minimum of active management or participation by the Society, its Officers, or those appointed to oversee the investment process. "Minimal risk" investments are those that have a rating of at least A by Standard & Poor's or equivalent and are held by a NZ registered bank.
3. The Society has an obligation to establish investments that are likely to yield the best possible rate of return, subject and subordinate to the requirements of paragraphs (1) and (2).

~~4. In order to manage risk of bank default, we will split our investments between at least three different New Zealand trading banks. We will endeavour to keep the amount managed by each bank roughly equal. The Society shall not invest more than 50% or \$1,000,000, whichever is the lower value, of its total capital reserves in investments in a single entity without an explicit vote of Council approving such investment.~~

~~5.4.~~ Returns earned on invested funds shall be added back to the investment funds unless there is Council agreement directing otherwise.

~~6.5.~~ InternetNZ Councillors, Officers, or those appointed to oversee the investment process are required to disclose any interest they may have, or know of, concerning an investment held by the Society, to the Council through the President.

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- | ~~7.6.~~ The Chief Executive of InternetNZ shall have the responsibility to explore, establish and manage investments in accordance with this overall policy.
- | ~~8.7.~~ The Chief Executive shall report any change in the status of investments held by the Society as part of his/her regular reporting to Council.
- | ~~9.8.~~ The Society shall include an abbreviated non-specific summary of investments in the annual report.

Chief Executive Delegations

Policy	OTH-DEL: Chief Executive Delegations
Version	Version 1
Date in force	February 2010
Reviewed	May 2017
Planned review	February 2016 November 2019

The Chief Executive of InternetNZ is authorised to commit and approve on behalf of the Society with effect from 1 February 2010:

Staff

All matters related to employees and contractors including but not limited to appointment; salaries/rates and terms; leave; reimbursement of expenses; contracts; and terminations.

Financial

Operational Expenditure

- Operational expenditure within approved annual budget: no limit.
- Operational expenditure not within approved annual budget: \$5,000.
- Operational expenditure beyond the limits above shall be approved by Council prior to commitment.

Capital Expenditure

- Capital expenditure within ~~approved~~ annual budget: ~~\$10,000~~ no limit.
- Capital expenditure not within approved annual budget: \$10,000.
- Capital expenditure beyond the limits above shall be approved by Council prior to commitment.

Reimbursement of CE's expenses

- All claims for reimbursement of expenses made by the Chief Executive shall require authorisation by the President.

Spokesperson, Representative

The Chief Executive shall be the primary spokesperson and representative on behalf of InternetNZ.

Others

All matters not specified above that are reasonably required for the smooth and efficient operations of the Society and implementation of the approved Business Plan subject to the limits imposed by the Constitution, Bylaws, and Council resolutions.

Sub-delegation

Within the scope and limits of this resolution, the Chief Executive shall be able to sub-delegate authority as required.

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Reporting Cases of Misappropriation

Policy	FIN-MIS: Reporting Cases of Misappropriation
Version	Version 1
Date in force	March 2011
Reviewed	<u>May 2017</u>
Planned review	<u>March-November 20152019</u>

This policy applies only to InternetNZ and not subsidiaries

- InternetNZ will always report cases of misappropriation of funds to the police.

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.nz Framework

Policy	NZF - .nz Framework Policy
Version	1.0
Date in force	1 October 2016
<u>Reviewed</u>	<u>May 2017</u>
Planned review	October 2018 <u>November 2019</u>

1. Introduction

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

2. Principles for the .nz domain

- 2.1. The following overarching principles govern the operation of the .nz TLD:
 - 2.1.1. Rule of law: the laws of New Zealand apply and the lawful instructions of the courts and the authorities made as part of due process will be complied with – noting that this may require action that overrides the following principles.
 - 2.1.2. First come first serve: any domain name can be registered if it is available for registration on a first come first serve basis.
 - 2.1.3. Registrants rights come first: the rights and interests of registrants are safeguarded.
 - 2.1.4. Low barriers to entry: entry requirements are set no higher than necessary to maintain a competitive and stable market for registrars.
 - 2.1.5. No concern for use: the ccTLD manager is not concerned with the use of a domain name.

- 2.1.6. Structural separation: regulatory, registry and registrar functions are structurally separated.
- 2.1.7. Clear chain of relationships: all registrants have agreements with their registrar, and all registrars with the registry. Where appropriate the regulator can intervene in these relationships consistent with this policy.
- 2.2. These overarching principles apply to all decisions and policy frameworks for the .nz TLD.
- 2.3. Any changes to these overarching principles would only be made after extensive public consultation and discussion within the local Internet community.
- 2.4. General principles for the management of top level domains have been published by InternetNZ and give further explanation of how .nz is intended to be operated. These are available at <https://internetnz.nz/tld-principles>

3. Other reserved matters

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

4. Operating framework & allocation of responsibilities

- 4.1. The critical elements required for the operation of the .nz TLD are as follows:
 - 4.1.1. Day to day management of the .nz TLD
 - 4.1.2. Operation of the .nz register
 - 4.1.3. Operation of the .nz DNS
 - 4.1.4. Maintenance of the security, stability and resilience of the .nz TLD

- 4.1.5. Establishment, development and enforcement of the policy framework applying to the .nz TLD
- 4.1.6. Establishment, development and enforcement of the contractual framework applying to the .nz TLD
- 4.2. The operation of the .nz TLD will be consistent with the long-term strategy mentioned in 3.1.1 above.
- 4.3. InternetNZ has established two subsidiary companies to implement its responsibilities as designated manager. These are:
 - 4.3.1. Domain Name Commission Ltd
 - 4.3.2. NZRS Ltd
- 4.4. Domain Name Commission Ltd (DNCL) is delegated the responsibility for managing and administering the .nz domain, and as such has general oversight of the domain. In doing so it is responsible for:
 - 4.4.1. developing and enforcing the policy framework within which the .nz TLD operates;
 - 4.4.2. developing and enforcing the contractual framework within which the .nz TLD operates;
 - 4.4.3. negotiating and agreeing with NZRS the service level that NZRS must deliver in the operation of the .nz register and DNS, and monitoring these agreed service levels;
 - 4.4.4. providing dispute resolution services for registrants;
 - 4.4.5. monitor the operation of the .nz TLD; and
 - 4.4.6. being the lead representative for .nz in regional and global Internet Governance forums working on domain name policy matters (e.g. within ICANN or APTLD). In performing this role it collaborates closely with NZRS and InternetNZ.
- 4.5. NZRS is delegated the responsibility for managing and operating certain elements of the .nz TLD. In doing so it is responsible for:
 - 4.5.1. the operation of the .nz register and .nz DNS consistent with the requirements agreed with DNCL in the SLA;
 - 4.5.2. billing relationships with authorised .nz registrars; and
 - 4.5.3. marketing of the .nz TLD so as to help drive an increase in registrations over time.

- 4.6. Together, the companies are responsible for:
 - 4.6.1. maintenance of the security, stability and resilience of the .nz TLD;
 - 4.6.2. the promotion of the .nz TLD; and
 - 4.6.3. the ongoing development of the product offering (e.g. the introduction of DNSSEC).
- 4.7. InternetNZ holds both companies accountable for performing their roles according to the Operating Agreements, this policy, and annual Statements of Expectations that set out shorter run objectives for the companies.
- 4.8. The delegated responsibilities in this policy are the full responsibility of the named subsidiary. InternetNZ holds them to account for their performance of these responsibilities. In turn, InternetNZ will not seek to interfere in the subsidiaries' exercise of these responsibilities.
- 4.9. Both companies report to InternetNZ on their corporate performance, and on the operation of the .nz TLD, as set out in the Planning and Reporting policy.

5. Other related policies and documents

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

Subsidiaries

Policy	SUB-SUB: Subsidiaries
Version	Version 1.1
Date in force	April 2015
Reviewed	May 2017
Planned review	April-November 2019 7

Domain Name Commission Limited

The Domain Name Commission Limited (DNC Ltd) has been established as a not-for-profit company by its sole shareholder, InternetNZ. The key objective for the company is the effective stewardship of the .nz domain name space.

Background

InternetNZ is responsible for the management of New Zealand (.nz) domain name space. InternetNZ has established a not-for-profit company, DNC Ltd, to generally discharge the Society's responsibilities in the effective stewardship of the .nz domain name space, and in particular:

- the general operation of the .nz domain name space and the contracts that underpin it;
- the authorisation of registrars;
- the development and implementation of .nz policies; and
- international issues and developments as they affect the .nz domain name space.

These responsibilities were undertaken previously by a committee of InternetNZ, the .nz Oversight Committee. A structural review of the Internet Society undertaken in 2006/07 recommended the incorporation of a not-for-profit company under the Companies Act 1993 to manage these responsibilities.

Key Activities

The key activities of the Domain Name Commission Ltd in respect of their stewardship of .nz include:

- developing a strategic view of .nz
- establishing the priorities for and supervising the Domain Name Commissioner
- regularly reviewing the robustness of the registrar market and the level of competition between registrars

- establishing standards for performance monitoring of the Domain Name Commissioner, and the registry
- setting a budget for .nz domain name space oversight activities and making a joint recommendation with NZRS Ltd to the InternetNZ Council regarding the level of registry fees following an annual review
- approving operational policy changes relating to the .nz domain name space
- publishing information on the .nz domain name space
- approving the risk management strategy for management of the .nz domain name space (includes disaster recovery planning etc), and
- other responsibilities as delegated by the InternetNZ Council

Operating Agreement

InternetNZ entered into an Operating Agreement with DNCL to manage and administer the .nz Domain Name Space on its behalf on 1 April 2008. This Agreement is published at <https://internetnz.nz/governance-policies-register>

NZRS Ltd

InternetNZ has granted its subsidiary company, NZRS, the exclusive right to operate and manage the register of domain names and Domain Name System (DNS) in the .nz domain space.

NZRS operates the Shared Registry System (SRS), designed to support a competitive registrar market for domain name registrations. Under the SRS, NZRS deals solely with, and is focused on, supporting the interests of Registrars in terms of access and service. It has no direct relationship or communication with Registrants.

Operating Agreement

InternetNZ has entered into an Operating Agreement with NZRS. The Agreement was updated on 31 July 2008 and is published at <https://internetnz.nz/governance-policies-register>

In addition, the Domain Name Commission has entered into a Service Level Agreement with NZRS for operation of the .nz domain name register. This Agreement was signed on 8 August 2011 and is published at http://dnc.org.nz/content/SLA_8_August_2011.pdf

Under the Service Level Agreement, DNCL is required to consult with NZRS when setting or amending any policies relating to the .nz domain space. NZRS will consult with DNCL when setting or amending any internal NZRS policies affecting Registrars, SRS or the DNS.

Board Appointments and Roles

Policy	SUB-APT: Board Appointments and Roles
Version	1.2
Date in force	April 2015
<u>Reviewed</u>	<u>May 2017</u>
<u>Planned review</u>	<u>February-November 2019</u>

Introduction

This Policy sets out the following matters:

- Key principles for Board appointments
- Specific principles applying to Council members
- Terms of appointment
- The Appointments Panel
- Appointment process for subsidiary directors
- Re-appointment of directors
- Induction of new directors
- Board functions
- Linkage to Owner
- Board approach and focus
- Board Code of Ethics and Proper Practice
- Conflict of Interest
- Chair Role description

Key principles

1. all appointments to the boards of subsidiaries are made by the Council of InternetNZ
2. all nominations for appointment must come through the Appointments Panel of the InternetNZ Council
3. the process for nominations and appointments to the boards of subsidiaries must be consistent across all boards
4. each board of a subsidiary should consist of five directors. An additional director should be considered only where unforeseen circumstances result in a need for additional skills and experience on a board.
5. each board of a subsidiary will have one Council member appointed as one of the directors
6. the Council member appointee to each board will go through the same process as the independent directors (i.e. they will be assessed and interviewed by the Appointments Panel)

7. a non-Council board member may be appointed to the boards of more than one of the subsidiaries, where there are sound reasons to do so, and it does not create any conflict of interest (e.g. it would not be acceptable to have a member of the NZRS board appointed concurrently to the board of DNCL)
8. Council must not use the appointments process to increase the number of directors of a subsidiary (i.e. appoint two new directors because there are two good nominees when there is only one vacancy)
9. where Council decides not to make an appointment, it instructs the Nominations Committee to conduct the process again. It does not short-cut the process by making its own selection
10. all vacancies for directors must be advertised to members of InternetNZ as well as more generally, to help create the widest possible pool of potential applicants
11. all appointees to boards of subsidiaries must become members of InternetNZ and must maintain that membership throughout their appointment term
12. subsidiary boards will be maintained at full strength. Given the small size of the boards of subsidiaries and the need to maintain sufficient numbers for a quorum, appointments to pending vacancies should be made prior to the term of the incumbent retiring director expiring.

Specific principles applying to Council members

- a member of Council may serve on only one subsidiary board at any one time
- a Council member may not be the Chair of a subsidiary board
- the President and Vice-President are not eligible for appointment to any subsidiary board
- a member of Council who is a director of a subsidiary board may stand for the position of President or Vice-President, but must resign from the subsidiary board immediately on appointment to one of these roles
- Council members serving on a subsidiary board are not representatives of the Council: they are fully participating ordinary members of the board. They are expected to provide a connection with and convey the views and position of the Council but are required generally to act in the best interest of the subsidiary itself

- no Council member may participate in proceedings of the Appointments Panel which he/she is being considered for appointment or re-appointment to a subsidiary board

Terms of Appointment

- directors of subsidiary boards are generally to be appointed for three year terms
- the maximum consecutive term for appointment to an individual subsidiary board is three three-year terms. In the case of a director appointed as chair during their second three-year term, an extension may be available in order not to prevent that person serving in the chair role for two three-year terms
- where a Council member appointed to a subsidiary board finishes his/her term on Council, the Council may agree to that person completing their current three year term as a director

Appointments Panel

- a standing committee of the Council
- four members
- standing members will be the President and one other member of the Council
- additional members will be:
 - the Chair of the relevant subsidiary board (except when the Chair him/herself is the subject of the process, when the Chair of one of the other subsidiary boards would be co-opted),
 - an independent, experienced governance practitioner (e.g. recommended by the Institute of Directors) who is remunerated on a consultancy basis
- where the Chair of a board is the subject of the process, additional information will be sought from the board to ensure that any contextual issues are taken into account in the nominations process
- will be supported by InternetNZ staff

Appointments Process

A 5 stage process

- I. The relevant board, in conjunction with the Appointments Panel, recommends to Council the skills, experience and other attributes it believes are desirable in the appointee, as well as succession planning requirements. If a current director is being considered for reappointment, the Chair of the relevant board should also provide confidential advice to the Council about the performance of the director.
- II. The Council agrees/decides the skills, experience and other attributes it is seeking for the position taking into account the input from the relevant board.
- III. The Appointments Panel conducts a search, shortlisting, interview and due diligence process and provides substantive documentation on the candidates to enable an informed decision to be made by Council.
- IV. The Council accepts or rejects the nomination(s). In the event that it rejects a nomination, the Council will instruct the Appointments Panel to conduct the process again – the Council does not short-cut the process by making its own selection.
- V. Notification to the successful appointee, notification to unsuccessful candidates and public announcement of the appointment.

Further details for some of the stages are set out below.

Stage I

Stage I should commence at least four months prior to the expiry of the current term.

Stage III

The Search Process

- The critical issue is the widest possible canvassing for high quality candidates.
- Potential appointees to boards can be identified in various ways including:
 - advertising the vacancy to members on the InternetNZ website
 - advertising the vacancy publicly in other relevant publications/websites
 - advertising the vacancy with the Institute of Directors
 - seeking suggestions from current chairs and directors
 - seeking suggestions from the Institute of Directors

- seeking names from professional networks or personal contacts
- All candidates' expectations should be carefully managed throughout any personal contact so that there is no implication or expectation of appointment.

Information from Candidates

- It should be clear to all candidates the information that is sought from them so that there can be a consistent review of the qualities and skills of all candidates.
- Candidates should be asked to identify whether they (or a partner, child or other close family member or friend) have or are likely to have any financial, personal or professional interests that might create a conflict if they were to be appointed.

Shortlisting

- All candidates should be assessed against the same critical requirements for the role. The potential for conflicts of interest should also be considered at this stage.

Interviews

- Interviews should be handled in a consistent way and against clear criteria, so that fair comparisons can be made of all short-listed candidates.
- The membership of the panel for an appointment should remain the same, unless exceptional circumstances arise.
- An objective record should be kept of all interviews.

Recommendations to Council

- The Appointments Panel will provide substantive documentation to the InternetNZ Council to enable the Council to make a choice between the appointable candidates.
- The Appointments Panel may choose to rank appointable candidates and make recommendations on its preferred candidate(s) for appointment.

Stage V

Letter of appointment

- A letter of appointment should be sent from the President of InternetNZ to the new director setting out as a minimum:
 - the position being appointed to and a role description
 - the proper name of the business unit
 - the term of appointment
 - the fees relating to the appointment
 - a clear indication that there is no guarantee of appointment for a further term
 - termination reasons and procedures.
- Existing directors being re-appointed should be sent a similar letter though the level of detail required would be less.
- Letters sent on the appointment of a new chair should contain additional detail and information about that particular role.

Unsuccessful candidates

- Advising unsuccessful candidates should be left until after Council has made the appointment decision in respect of the vacancy. The notification should then be done promptly and sensitively.
- Where a person has been interviewed for a board vacancy, the Chair or another nominated member of the **Appointments Panel** should speak to the unsuccessful nominee. In all cases, a letter should be sent notifying the unsuccessful candidates of the decision of non-appointment.
- The notification of unsuccessful candidates must occur prior to any public announcement of an appointment being made.

Re-appointment of Directors

- Directors should not be given any expectation that they will be offered a subsequent term of appointment.
- There is a balance between the benefits derived from continuity of service on a board, the value of the board gaining new ideas and perspectives, and the need to avoid the board losing a number of experienced directors over a short space of time. The board's goals, its overall skills needs, and/or a director's performance may have changed since their term began.

- Where a reappointment is being considered, the following points should be considered by the Appointments Panel:
 - the number of terms already served
 - are the current director role description and the contribution made by the incumbent still relevant to the work of the subsidiary and the mix of skills now on the board?
 - how well does the current composition of the board match the current and future work programme, governance requirements and general needs of the subsidiary?

Induction

Induction of new directors is the responsibility of the board of the subsidiary to which the appointment is made.

Each board must have a comprehensive induction programme to help new directors contribute confidently to the work of the board.

Board Functions

Maintaining a future focus – providing leadership and a sense of direction for the company.

Specific tasks for the board include –

- Employing, mentoring and coaching the chief executive;
- Setting the vision, mission and values for the company;
- Agreeing strategy, business plans and budgets;
- Ensuring adequate resources and management delegations to enable achievement of the company's objectives.

Ensuring effective issues management and communication.

Specific tasks for the board include –

- Regularly communicating strategy and performance with the shareholder and key stakeholders;
- Identifying and managing risks in order to prevent business and system failures.

Compliance and risk management.

Specific tasks for the board include –

- Ensuring conformance with legislative and regulatory requirements and best practice;

- Ensuring adequate processes for identifying, assessing and mitigating risks to the company, its systems and processes, and company personnel;
- Ensuring adequate internal controls and processes are in place to protect the company's assets (physical, financial, human and intellectual capital).

Monitoring company performance.

Specific tasks for the board include –

- Ensuring accurate, timely and relevant management reporting, to enable effective monitoring of KPI's and financial aspects of company activities;
- Monitoring management's progress towards meeting agreed business plan and budget objectives;
- Monitoring and evaluating the chief executive's performance.

Ensuring effective Board performance.

Specific tasks for the board include –

- Annually reviewing the functions and performance of the Board and its directors, and any Board Committees;
- Ensuring (in consultation with the shareholder) appropriate Board composition, experience and skills.

Linkage to Owner

The Board acts in a fiduciary capacity for InternetNZ and will demonstrate this by:

- acting in accordance with the delegations from InternetNZ and the provisions of the Operating Agreement
- ensuring that the company's strategy reflects the expectations of the shareholder as set out in the annual Statement of Expectations received from InternetNZ
- reporting appropriately to InternetNZ
- gathering information from the InternetNZ about their concerns and wishes
- remaining up-to-date in matters concerning InternetNZ's interests.

Board approach and Process

The Board will govern with an emphasis on:

- outward vision rather than inward focus
- leadership rather than administrative detail
- collective rather than individual decisions
- future focus
- a clear distinction between the roles of the Board and the chief executive reporting to it
- a formally adopted set of Governance Principles.

The Board will govern through:

- cultivating a sense of group responsibility based on achieving a high level of governance excellence
- committing to excellence in all matters coming before it including the adoption of a code of ethics and proper practice (see below)
- formally inducting and training new directors on their role
- carrying out regular self-reviews of its performance against these policies.

Board Code of Ethics and Proper Practice

The Board is committed to ethical conduct in all areas of its responsibilities and authority.

This means that directors as individuals will:

1. act honestly and in good faith at all times in the best interests of the company and its shareholder (InternetNZ)
2. carry out their duties and responsibilities in a lawful and business-like manner, and ensure that the company carries out its business likewise
3. avoid conflicts of interest in as far as this is possible, and where such conflicts arise, will act within the Board's Conflicts of Interest policy set out below
4. attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making

5. observe the confidentiality of non-public information acquired by them in their role as directors, and not disclose information that might undermine the role of the company
6. interact with the Board and staff in a positive and constructive manner
7. be loyal to the collective nature of the Board, abiding by Board decisions once reached
8. not do anything that in any way denigrates the company or harms its image.

Directors as a whole will:

1. monitor the performance of management and the company, ensuring that appropriate monitoring and reporting systems are in place and utilised to provide accurate and timely information to the Board
2. ensure there is an appropriate separation of duties and responsibilities between itself and the chief executive, and that no-one has unfettered powers of decision making
3. ensure that the independent views of directors are given due consideration and weight in arriving at decisions
4. ensure that the shareholder (InternetNZ) is provided with an accurate and balanced view of the company's performance including of its agreed role/s and of its financial performance
5. regularly review its own performance as the basis for its own development and quality assurance
6. carry out its meetings in such a manner as to ensure fair and full participation of all directors
7. ensure that the company's assets are protected through a suitable risk management strategy
8. adherence to any Governance Principles adopted by the Board.

The Constitution of the company requires the directors of all subsidiary companies to put the interest of the shareholder (i.e. InternetNZ) above the interest of the company, should there be a conflict.

Conflict of Interest

The Board places importance on making clear any existing or potential conflicts of interest for its directors. Directors should not have a conflict of interest (e.g. in the case of DNCL through their participation in the .nz market as a registrar entity or reseller or such association) that could give rise to challenges of conflicts of interest.

Accordingly,

1. Any business or personal matter which is, or could be, a conflict of interest involving the individual and his/role and relationship with the company, must be declared and registered in the Conflicts of Interest Register
2. The Register will be presented to the Board and formally received at each meeting
3. Where a conflict of interest is identified and/or registered, the director concerned shall not vote on that issue and may only with unanimous agreement participate in any Board discussion on that topic
4. The Chair must take whatever steps are necessary to ensure that any conflict is managed in an appropriate manner according to this policy
5. Individual directors, aware of a real or potential conflict of interest of another director, have a responsibility to bring this to the notice of the Board.
6. Examples of such conflicts of interest are:
 - When a director, or his/her immediate family or business interests, stands to gain financially from any business dealings, programmes or services of the company
 - When a director him or herself offers a professional service to the company
 - When a director stands to gain personally or professionally from any insider knowledge if that knowledge is used to his or her personal or professional advantage
 - Where a director is on another body that may have competing or conflicting interests or where knowledge of company views or information might unduly favour the director's other appointment/organisation.

Chair Role Description

The Chair has the lead role for assuring the integrity of the Board's governance process and represents the Board to outside parties, and in so doing relies on the active support and participation of the other four directors of the Board.

Success in this position will mean that: the Board behaves consistently within its own rules and the constitution; meeting and discussion content will be only those issues which, according to Board policy, clearly belong to the Board, not the chief executive, to decide; and deliberation will be fair, open, and thorough as well as timely, orderly, and to the point.

Specifically, the Chair is responsible for:

1. the efficient functioning of the board and setting the agenda for board meetings
2. ensuring that all directors are enabled and encouraged to play their full part in the activities of the board and have adequate opportunities to express their views
3. ensuring that all directors receive sufficient and timely information to enable them to be effective board members

In addition, the Chair will attend a quarterly forum with the President and Vice-President of InternetNZ and the Chairs of the other subsidiaries of InternetNZ, to discuss areas of common interest, to avoid duplication and to ensure that the activities of the subsidiary are aligned with both the strategic direction of InternetNZ and the activities of the other subsidiaries.

The authority of the Chair consists in making decisions that fall within Board policies except where the Board specifically delegates otherwise. The Chair is authorised to:

1. use any reasonable interpretation of the provisions in these policies
2. chair Board meetings, with all the commonly accepted power of that position
3. work closely with the chief executive without cutting across the chief executive's prerogatives and responsibilities as set out in the chief executive's Role Description and Delegations Statement
4. call on individual directors to address and take responsibility for specific issues or serve on sub-committees
5. co-ordinate the annual self-review by the Board of its performance against the governance policy
6. represent the Board to outside parties and the shareholder

7. delegate this authority to another director (while remaining accountable for its use).

In addition to the skills and attributes outlined in the Director Role Description, the Chair should have previous experience in chairing a governance body.

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Internal Information Sharing Policy

Policy	SUB-INF: Internal Information Sharing Policy
Version	Version 1.0
Date in force	November 2016
Reviewed	<u>May 2017</u>
Planned review	November 2019

Purpose

It has been agreed across the InternetNZ Group that each business unit should maintain a policy on information sharing with the other business units. This is that policy.

Scope

This policy only applies to information that InternetNZ already collects as an ordinary part of its work.

The responsibility to ensure this policy is carried out rests with the Chief Executive. That is, the responsibilities set out here are not imposed on individual Council members, though to the extent it is reasonable they are encouraged to act consistent with this policy.

Outcomes

The intended outcomes of information sharing are:

- To maintain an efficient and productive working relationship across the three business units.
- To enable each business unit to correctly plan their work and effectively respond to the changing environment.
- To provide all business units confidence that they are working towards common goals.
- To prevent problems from arising or to mitigate the impact of any problems that arise across the business units.

General Approach

InternetNZ will share all information needed to deliver the outcomes set out above.

In particular, InternetNZ will share information that either DNCL or NZRS:

- Needs to know; or
- Would expect to have shared with them in compliance with other group

policies; or

- Would be disappointed not to have had shared with them.

Exceptions

Information might be shared if it falls into any of the following categories:

- Information that needs to be kept confidential for legal reasons.
- Information that needs to be kept confidential for current commercial reasons.
- Information that has been provided by a third party to whom a commitment of confidentiality has been given.
- Information at such an early stage of development that sharing it may undermine the process in which it is developed.
- Information at a level of detail that sharing it would be contrary to best practice and/or undermine the responsibilities of Council members and of management.
- Information relating to InternetNZ's ownership interests in subsidiary companies or systemic role as steward for .nz (that is not yet ready for sharing with other business units).
- Private or confidential information about members or about staff/contractors (personnel issues).

Chief Executive's Report

Author:	Jordan Carter, Chief Executive
Purpose of Paper:	To update Council on progress in the three months since the last meeting on 24 February 2017, and to set out goals and priorities for the next three months.

This report has changed since the last meeting of the Council.

It now contains the following sections:

1. Critical and potential risks
2. General situation
3. Recent Chief Executive priorities
4. Future Chief Executive priorities
5. Staffing matters
6. Other matters

The updates on the Programmes, Operations and Governance & Members are now contained in a new Organisational Report, which is in the papers in the consent agenda part of the meeting. Financial reporting is unchanged.

This reporting change is designed to help keep this Chief Executive report focused on things that are hopefully of greatest interest and importance to governors. I welcome your feedback.

Critical & Potential Risks

There are no critical risks to advise the Council of as at 15 May 2017.

In respect of other risks:

- The **organisational review** paper at this meeting was intended to suggest a preferred option for consultation. The recommendations have been developed without my involvement, and so I am not clear about the impact the proposals may have on InternetNZ, group companies or more broadly once finalised and made public for consultation.

The appropriate way to minimise risks, from what I know, is a clear sense of openness about the proposal and its implications, and a clear decision that the consultation to come will be genuine, with this communicated effectively and in a timely way to relevant stakeholders (including members, and on the staff side to Chief Executives and staff across the group). The impact of failing to manage this risk appropriately would be moderate or higher, and the likelihood is unknown to me given the circumstances described here.

- We have some staffing changes coming up as detailed below. As people return from leave or depart the organisation, there may be interruptions to “business as usual”. The likelihood of this materialising is moderate, but the impact if it does occur should be low given flexibility in scheduling Activity Plan projects through the year.

General situation

In the broader environment, there have been no major changes since the last meeting. The most notable matters to record are the launch of the CERT for New Zealand [www.cert.govt.nz], and in recent days the WannaCry malware which has drawn significant public attention.

Operationally, our focus has been on:

- Wrapping up the 2016/17 Activity Plan and associated reporting.
- Year-end processes (audit, reporting, performance management and membership renewals)
- Planning and sequencing the projects agreed in the Activity Plan at the special meeting on 7 April
- Ongoing work on the Organisational Review
- Preparing for arrivals / departures of staff related to parental leave
- Starting to think about the strategy review due later this year

Recent Chief Executive Priorities

Since the last meeting of Council in February, my priorities have been as follows, generally in descending priority order.

1. **Planning for 2017:** we developed the Budget and Activity Plan for 2017/18, securing Council agreement to this at the meeting focused on this in April. Since then focus has been on scheduling the work and translating this into people’s work plans for the year.
2. **Restating our “Why”:** we commissioned Eleven to assist with this work. They will present their findings so far at this meeting, and I am seeking to incorporate it into the beginning of a review of our strategy framework.
3. **Stakeholder outreach:** as intended, this was a significant use of my time in the quarter and will remain so. I don’t intend to list it as a priority from now on, regarding it as baseline.
4. **Organisational Review:** I provided some input for the review to consider as part of its work, but have as anticipated not been involved in any great depth.
5. **International:** Ongoing participation in the ICANN environment was continued, including being selected to help complete the ICANN accountability project by serving as a co-chair of the relevant Working Group for the ccNSO (the ccTLD part of ICANN).

Compared with the priorities I planned and shared in the February report, the one which didn't have much focus was on the membership renovation.

We have to organise hiring processes for the role that will manage this project, and doing so requires bringing together thinking from a wide range of people. The Community Team will be leading this work. We have made adjustments to the membership renewal process, to make the actual process simpler for people to use, and to encourage re-joining in a wider set of ways.

Chief Executive priorities for the next three months:

These are ranked in descending order of priority for the period 15 May – 15 August:

1. **Focus Area Projects:** I am project sponsor for a number of these projects and will be telling the story of these in regular stakeholder engagements.
2. **Strategy / “Why”:** As set out in the papers for this meeting, I am seeking agreement to start background work on reviewing InternetNZ's strategy, including incorporating the work Eleven has done with us on the question of “Why”. This will build during the quarter.
3. **Organisational review:** On the assumption that a proposal for consultation is agreed at this meeting, I anticipate there will be some work for me and the team to do in supporting the consultation process, and possibly in implementation towards the end of the quarter.
4. **Staff matters:** one of my direct reports (Ellen) is returning from parental leave in this period, and another will be starting the same sort of leave later in the year. Managing this is an opportunity to look fresh at people's roles at they return or leave, and I will take the opportunity to make sure we have positions working well and the right sort of cover in place, as applicable.
5. **Our AGM / new Council:** we will be conducting the election process in the run up to the AGM, including the usual membership survey. If there are changes to the Council, I will be working with Jamie and Joy on induction processes.
6. **General Election:** By the time of the next report, the country will be in the final few weeks of a general election campaign. It is likely there will be demands on us to assess parties' Internet policy priorities, and we are doing a round of meetings with parties in May and June to share ideas and respond to questions on Internet policy priorities. The joint IT leaders manifesto I mentioned in my last report may be launched before this meeting.
7. **International:** I will participate in the next ICANN meeting, at the end of June.

I welcome Council's comments and feedback on these priorities.

Staffing Matters

Vanisa Dhiru and **Kim Ford** have been doing well in their Acting roles in this quarter, getting a lot of work done in place of **Ellen** and **Maria** who are into their parental leave.

Ellen's return to work following her leave is on 22 May, and **Maria** will be re-joining the team in early June. Both Vanisa and Kim will be with us for hand-over and to assist with capacity through July.

The Community team has faced challenges with staff health; some contract resources have been procured to help cover this.

Ben Creet has returned from parental leave following the birth of his second child.

This year's Activity Plan / Budget provided for two new staffing positions: a new Issues Advisor, and someone to lead the expanded membership work. I am working with the Issues and Community teams to organise recruitment into these roles and making sure there is alignment across each team. We may move through the recruitment process for the Issues role before the next report as that process is more advanced.

Andrew Cushen will be taking a significant break mid-year (most of June), and in this period I'll be dealing with his direct reports as well as my own.

Other Matters

- Work with NZRS and DNCL on progressing changes to **group financial reporting** continues, which will be reflected in the quarterly reports from now on. We will welcome your feedback following the Q1 reports.
- The review of the **Operating Agreements** between InternetNZ and DNCL / NZRS is under way, but I am waiting for the conclusions of the Organisational Review before putting much effort into this.
- Following the **Kaikoura Earthquake** on 14 November 2016, the cosmetic damage sustained by the office has been being repaired. Painting and plastering is largely complete at the date of this report.
- I will be on leave for an early-winter break mid-June.

Thank you for reading!

Jordan Carter
Chief Executive

17 May 2017



.nz Quarterly Report

Fourth Quarter ended 31 March 2017

Introduction

This is the fourth joint .nz quarterly report for the 2016/17 financial year. There is nothing in this report that is confidential.

1. Global Domain Name Environment

At the end of the quarter a total of 310.5m domain names had been registered among all TLDs. A further breakdown of this figure is provided in the table below:

Domain name registrations as at	31 March 2016	31 March 2017	Annual Growth %
ccTLDs*	145.5m (124.7m)	124.9m	0.2%
gTLDs (pre 2012)	161.6m	160.8m	-0.5%
gTLDs (post 2012)	15.9m	24.8m	55.97%
.kiwi	10,672	202,102	1,893.8%
.nz	656,607	682,527	3.95%

* The reduction in the ccTLD total is that .tk is no longer included. .tk operates on a 'freemium' model and reporting and metrics on .tk are unreliable and the data unable to be verified. The 2016 figure in brackets is the total without the .tk data included and was used to determine the growth rate.

The increase in .kiwi registrations was due to a promotion late last year between .kiwi and Umbrellar, a large New Zealand based registrar. The first year registration fee was waived for these registrations. Details can be seen at <https://hello.kiwi/news>.

2. Activities

Supports transformations 1.2, 1.6, 1.7 and 1.8.

a) Research

The focus for this quarter has been incorporating research on domain name classification and popularity into the Domain Analytics product. During this process NZRS has refined its processes for putting research code into a production environment.

b) .nz Promotion and Marketing

Communications material was created to advise registrants with Reserved Names that the deadline to register these was 30 March 2017. Registrars were provided with notification that those registrants with Reserved Name rights were contacted in February 2017. Email reminders were sent to registrants again on 1, 15 and 28 March 2017. The emails included background on the .nz policy changes, the date the reservation period would end, details on how to register the name and how to obtain the required UDAI. Approximately a dozen registrars advised that they had notified their customers with Reserved Names of the deadline to register these.

In parallel to communications with Registrants, the .nz team worked to engage Registrars on the reserved names process. This involved a large amount of consultation with Registrars to ensure they were aware of reserved names in their register and how they could access this list using the Registrar Portal. Registrars were pleased with the efforts made to ensure they could maximise opportunities during the reserved names process.

The success of both these stream of work has been demonstrated by the uptake of reserved names as shown in section (d) of this report.

Finally, promotion of the Registrar Conference on the 4th of May is ongoing. Around 25 registrars are attending the conference in Auckland or attending remotely. This is a key opportunity for the .nz team to interact with Registrars and exchange ideas on marketing .nz names.

c) .nz Policy Consultation

WHOIS Review

The fifth and concluding consultation relating to the WHOIS review was released on 7 March 2017. This consultation is open until 9 May 2017 and has received seven submissions as of the end of March.

Following the fourth consultation the current policy was amended to allow individual registrants a privacy option. This means only individual registrants' name, email address and country will be displayed; telephone number and contact address information will be withheld. The policy was also amended so anyone can apply for access to withheld information, but the threshold for release will be set at a high level.

The main changes being proposed are:

1. Introducing a Registrant Privacy Option.

This is the key proposed change, which introduces a Registrant Privacy Option where individual registrants - that are not in trade - are able to restrict the information displayed about them and withhold their telephone number and contact address information.

2. Defining a process for requesting withheld data.

The presumption is that a registrant's withheld data will not be disclosed unless the requester can clearly establish a legitimate need, and the registrant will be notified of the request.

3. Amending the reference to 'WHOIS'.

'WHOIS' is a specific term for a technical protocol. It is proposed to make the reference to obtaining registration data more general as the policy relates to the registration data regardless of the protocol used to access it. The proposed replacement is 'domain name registration data query' ("Query").

Consultation material can be viewed at <https://dnc.org.nz/nz-whois-review-fifth-consultation>.

d) Registrations at the Second Level

Reserved Names

The ability for a registrant with rights to register a reserved name ended at 1.00 pm, 30 March 2017. After this date the name became available for registration on a 'first come, first served' basis.

A total of 20,400 names were reserved during the Preferential Registration Eligibility (PRE) period that occurred between September 2014 and March 2015.

The following are the details of those reservations:

- 7,938 (38.9%) names were registered by the registrant with the reservation rights.
- 9,718 (47.6%) expired as the rights were unused.
- 2,744 (13.5%) expired as the name with rights was deleted before the deadline.

Of the 7,938 names that were registered, 4,944 (62.2%) were registered during March 2017.

Conflicted Names

A total of 347 conflict sets were resolved between January and the end of March 2017. Most of the conflicts were resolved due to only one name remaining in the conflict, not because there was any action by the registrant. In addition to those conflict sets that are resolved, each month a number of conflict sets cease to exist when all names in the conflict are released. The following table shows the progress in reducing conflict sets:

	Oct	Nov	Dec	Total for Q3	Jan	Feb	Mar	Total for Q4
Conflicts Resolved	100	103	298	501	146	96	105	347
Total Conflicts	15,581	15,451	15,122	-	14,926	14,807	14,675	-

3. Policy Framework

Supports transformation 1.5

a) .nz policy

Following the consultation held in the last quarter, the DNCL Board met in February and discussed the 181 submissions received for the Conflicted Names process were reviewed and discussed. Policy wording was agreed and notification of the amended Operations and Procedures Policy occurred on 17 March 2017 as a result of the consultation on the Conflicted Name Process.

Summary of the amendments to the Operations and Procedures Policy:

- All Registrants with a Conflicted Name must lodge a preference by 18 October 2017. If a Registrant fails to lodge a preference in that time they will cease to be involved in the Conflicted Name process.
- The option for a conflicted name to become a new second level will be removed.
- Where all preferences lodged are selected as 'don't want the name and don't care who gets it' the domain name will be released for registration on a 'first come, first served basis'.
- Where DNCL can demonstrate that the same entity is the Registrant of each of the domain names in the Conflicted Names process DNCL may direct the Registrant to resolve the conflict.

As the date to register Reserved Names has passed, wording in the Operations and Procedures Policy regarding Reserved Names has been removed. This has resulted in a change to section numbering in the policy.

The amended Operations and Procedures Policy will come into effect on 18 April 2017.

As the WHOIS review is still ongoing the provisional address masking option was introduced. Since its the introduction in November the DNCL office has received the following:

Requests received:	316
Domain names included in request:	362
Requests declined:	165

The most common reasons for a request being declined is that the registrant is not an individual or the request was not received from the registrant contact email.

4. Registrar Market

Supports transformation 1.3

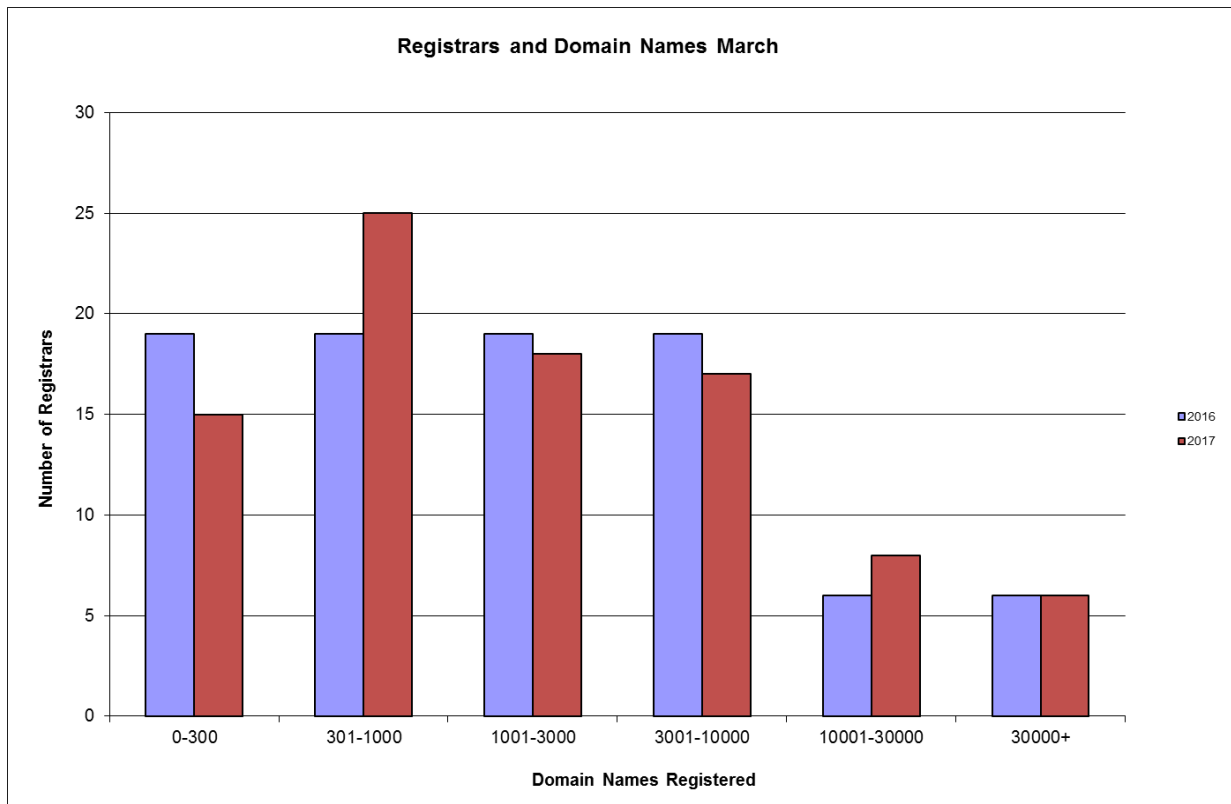
Registrars authorised	92
Registrars connected	89

Number connected during the quarter: 1

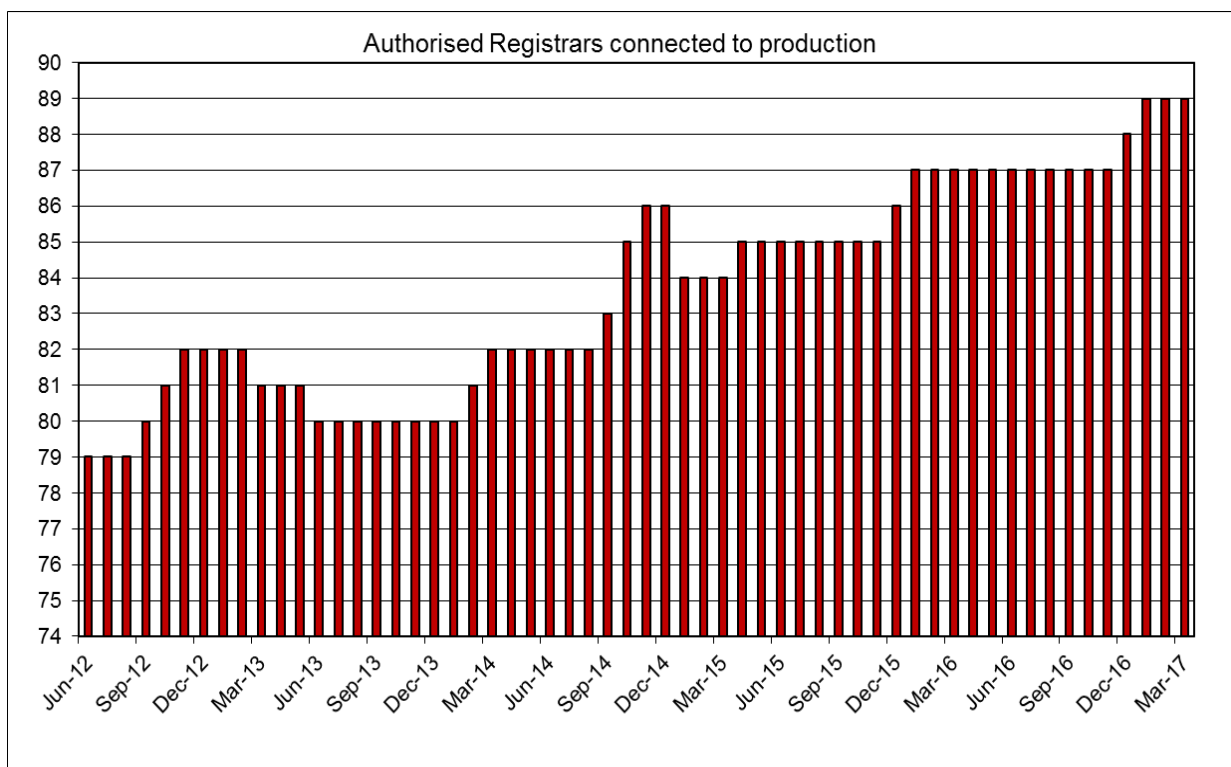
Number authorised during the quarter: 1

Number de-authorised during the quarter: 0

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



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



5. Performance and Best Practice

Supports the primary transformation, 1.1 and 1.4

a) International

- One member of staff from DNCL attended APRICOT and APTLD in Ho Chi Minh City, 25 February - 5 March 2015.
- A member of staff and a member of the Board from both DNCL and NZRS attended ICANN58 in Copenhagen, 11-16 March 2017.
 - The NZRS CE presented on “Moving towards a Data-driven ICANN”.
 - The NZRS CE was appointed to the Security and Stability Advisory Committee.
- Two members of staff from NZRS attended NamesCon 2017 in Las Vegas, 21-25 January 2017.

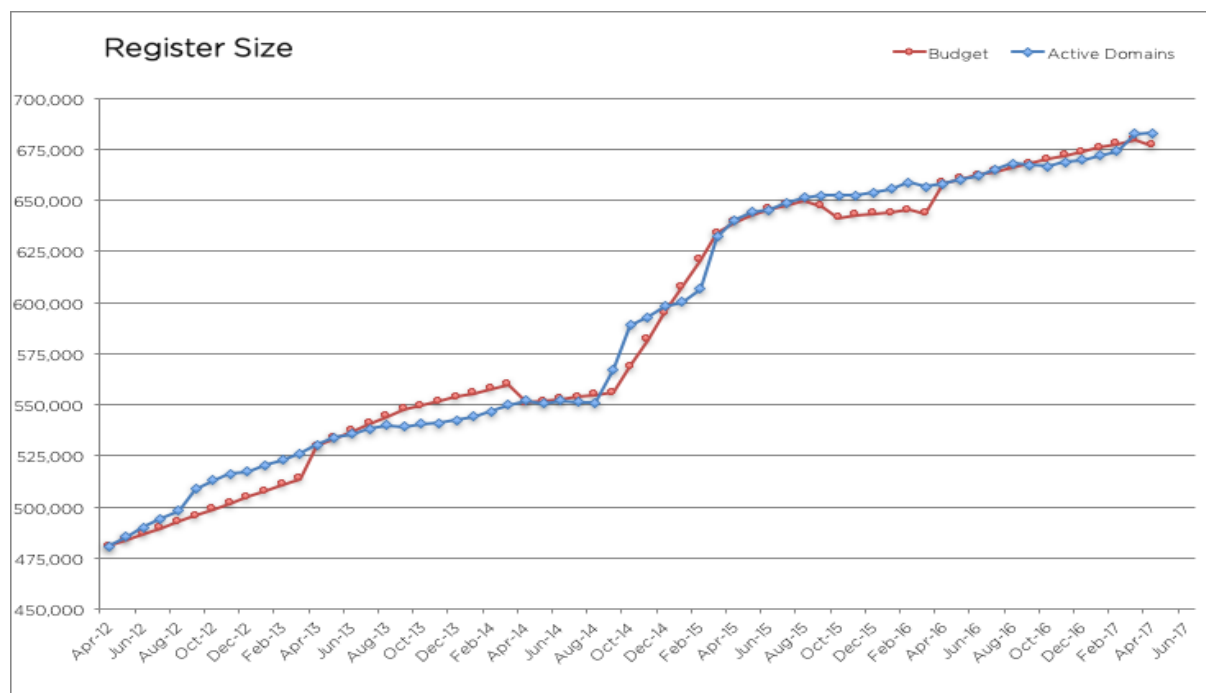
b) Registry Performance

SLA targets were met throughout this quarter. SRS, DNS and Whois availability is noted in the table below:

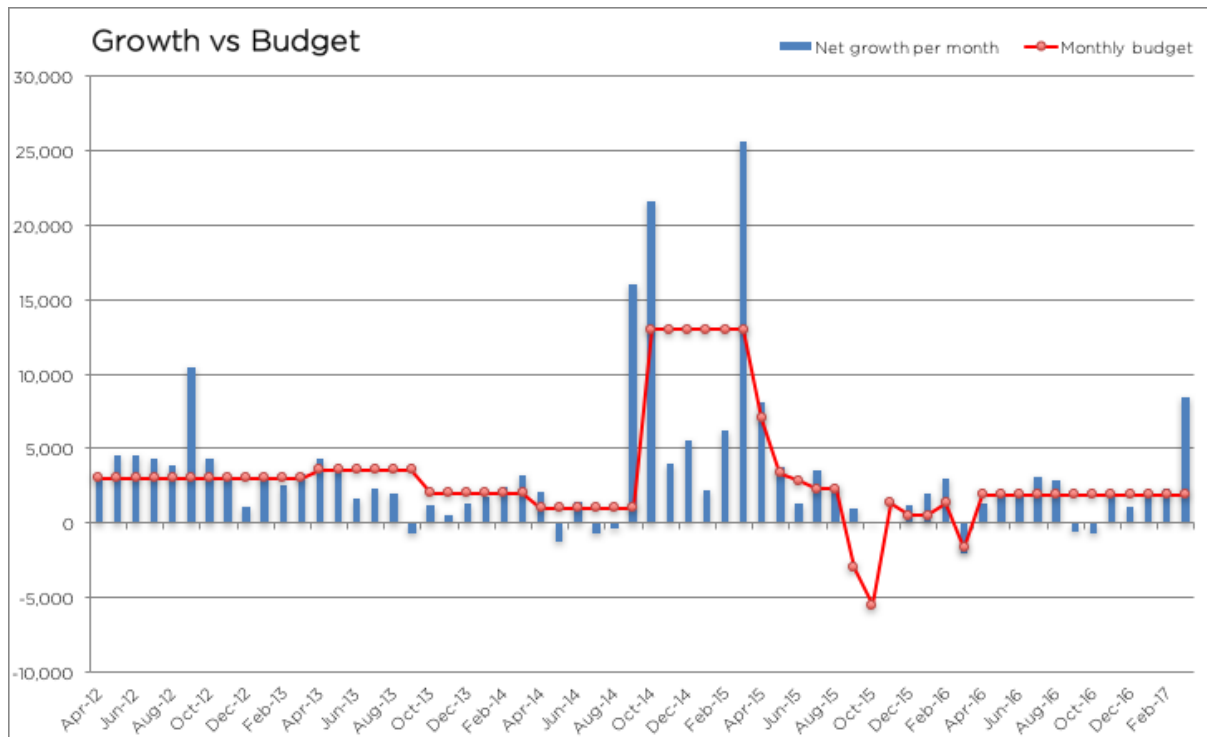
System	SLA %	Jan	Feb	Mar
SRS	99.9	100	100	100
DNS	99.9	100	100	100
Whois	99.9	100	99.97	99.98

c) Domain Names

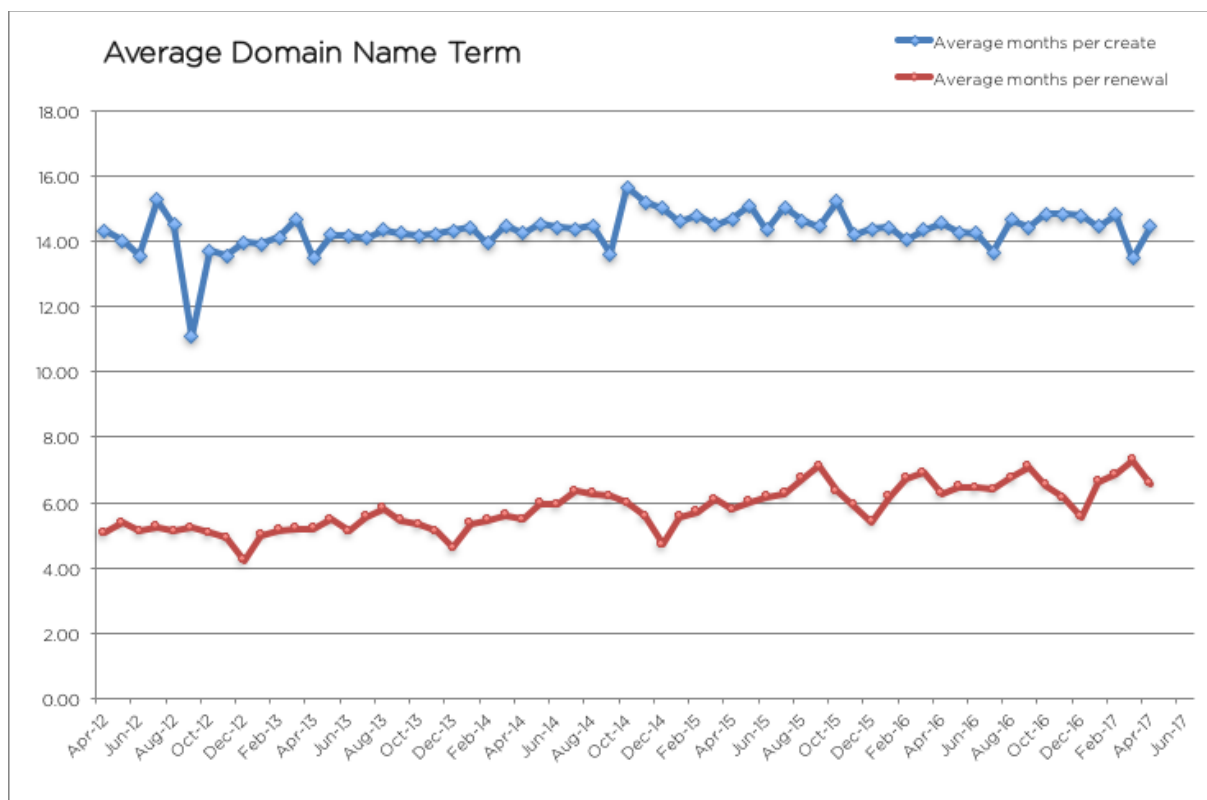
The size of the register against NZRS budgeted growth is shown in the chart below:



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



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



6. .nz data

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

	Jan 2017	Feb 2017	Mar 2017
.nz	114,930	115,942	122,182
.co.nz	489,136	490,482	492,808
.org.nz	27,751	27,763	27,802
.net.nz	24,879	24,783	24,719



David Farrar
Chair, DNCL



Richard Currey
Chair, NZRS

Joint .nz Strategy Transformations

Primary Transformation

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

Transformation/s		
	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.

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9 May 2017

Jamie Baddeley
President, InternetNZ

Dear Jamie,

Fourth Quarter 2016/17 Report

This report includes DNCL's quarterly Profit and Loss Statement and other DNCL activities not included in the joint .nz report. If Council requires any further information please let me know so I can include it in future reports.

Financial

	January - March 2017			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
INCOME						
Management Fees	467,460	467,460	0	1,869,840	1,869,840	0
Authorisation Fees	3,000	3,000	0	21,000	9,000	12,000
DRS Complaint Fees	6,000	9,000	(3,000)	28,000	36,000	8,000
Other Income	625	0	625	792	0	(792)
Interest Income	13,985	3,750	10,235	23,575	15,000	8,575
Total Income	491,070	483,210	7,860	1,943,207	1,929,840	13,367
EXPENSES						
Staff and Office Costs	290,824	313,686	22,862	1,206,492	1,246,987	40,495
Professional Services and Communications	55,703	40,783	(14,920)	128,885	146,300	17,415
Dispute Resolution Services	34,469	41,837	7,368	76,118	101,150	25,032
DNCL and DNC activities	40,438	42,063	1,625	156,547	168,250	11,703
International	82,995	87,250	4,255	180,151	218,000	37,849
Total Expenditure	504,429	525,619	21,190	1,748,192	1,880,687	132,495
Depreciation	11,810	8,931	(2,879)	48,868	47,719	(1,149)
Net Surplus/Deficit	(25,169)	(51,340)	26,171	146,147	1,434	144,713

Notes:

These are the unaudited figures for the 2016-2017 financial year. The audited report will be provided to Council when it has been signed off.

The Conflict Resolution Facilitator resigned during the year with the role being picked up by an external contractor leading to staff expenses being below budget.

Provision was made in the Communications Budget for work on WHOIS resulting from

the WHOIS Policy review. With this review ongoing into the 2017/18 year this budget has not been spent.

Decisions were made not to attend a couple of planned conferences after deciding the agendas did not warrant attendance leading to an underspend in International. The number of complaints received for the DRS was under budget for the full year.

Security and Training

The Manager Security Policy (MSP) attended and spoke at a number of events in the fourth quarter, including the NZNOG conference in Tauranga, 25-27 January 2017, the Forum of Incident Response and Security Teams technical Colloquium (FIRST TC), 14-15 March, Asia Pacific Regional Internet Conference on Operational Technologies (APRICOT) and Asia Pacific Top Level Domain Association (APTLD) in Vietnam, 25 February - 5 March and the Incident Response and Threat Intelligence at IBM events for Chief Information Security Officers (CISOs) in Auckland and Wellington.

At NZNOG the MSP spoke about threat intelligence sharing as well as some general security points. There was also good discussion and content relating to DNSSEC again this year, with NZRS highlighting the stats after the govt.nz changes and APNIC talking to the benefits of DANE.

At the Forum of Incident Response and Security Teams Technical Colloquium (FIRST TC) in Vietnam, the talk covered some recent .nz related data that was of interest to a security focussed audience, and some NZITF work. The MSP also attended APRICOT and APTLD.

The Incident Response and Threat Intelligence at the IBM events included some discussion around .nz and DNCL preparedness and approaches to these topics.

The Domain Name Commissioner has been engaged in CERT Establishment Advisory Board work, attending three meetings in this quarter. The Advisory Board is now focused on future state considerations and plans for CERT NZ.

Other Matters

A Board meeting was held in February and the minutes of the meeting are published at <https://www.dnc.org.nz/node/1462>.

Yours sincerely



David Farrar
Chair, DNCL



31 March 2017

Jamie Baddeley
President
InternetNZ
PO Box 11 881
Wellington

Dear Jamie

Re: 4th Quarter 2016 – 2017 Report

We enclose our fourth quarterly report of the 2016 - 2017 year; the quarter ended 31 March 2017. The report, which I submit on behalf of the Board, consists of the summarised management accounts and a commentary on financial, operational, and strategic issues in relation to the company's performance. There is nothing in the report that we regard as confidential.

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

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

1. Financial

Enclosed are Statements of:

- Financial performance; and
- Financial position

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

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

The net profit before tax of \$1,060,538 for the quarter was 6.0% above the budgeted \$1,000,908.

Domain name growth was above budget for the quarter. Growth was 12,813 versus a budgeted 5,730. January's net growth was 2,049, February's net growth was 2,271 and March's net growth was 8,493.

Actual domain name fee income for the quarter was above budget by \$55,942 (actual \$2,549,006 versus budgeted \$2,493,064). Business Development income of \$2,200 was also recorded in this quarter.

Expenses for the quarter were \$24,567 below budget (actual \$1,557,012 versus budgeted \$1,581,579).

The company's liquidity ratio was met.

Dividends paid during this quarter totalled \$1,200,000.

2. Other Key Strategic and Operational Activities

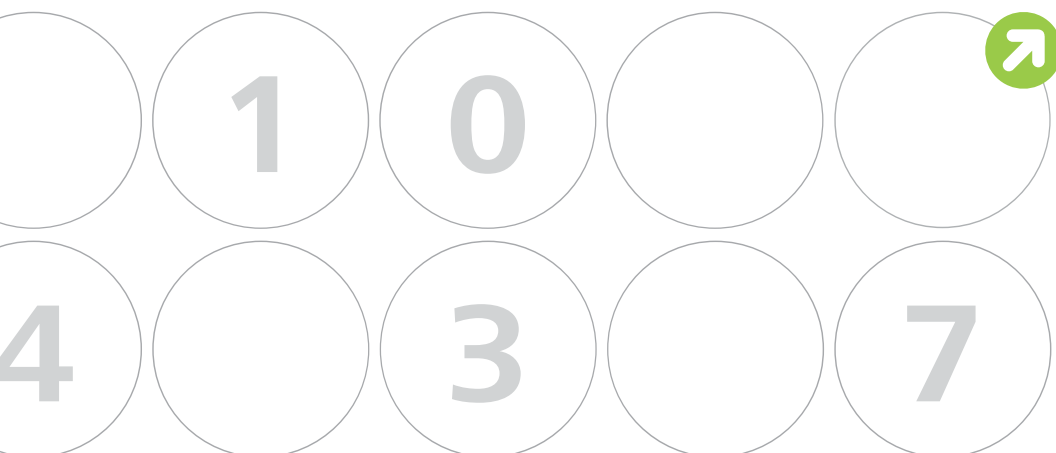
During this quarter a new System Administrator was recruited. A Senior Developer resigned, and following a successful recruitment process this position was filled.

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

Yours sincerely



Richard Currey
Chair



Financial Statements

NZRS Ltd

For the Quarter Ended 31 March 2017

NZRS Ltd
Financial Statements
For the Quarter Ended 31 March 2017

Statement of Financial Performance

Balance Sheet

Statement of Cash Flows

Activity Based Expenditure Report

Broadband Map Profit & Loss Statement

Profit & Loss

NZRS Ltd For the 3 months ended 31 March 2017

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Income								
Business Development (82700)	2,200	-	2,200▲	0.0%	54,600	-	54,600▲	0.0%
Registry Fees	2,549,006	2,493,064	55,942▲	2.2%▲	10,081,831	9,987,330	94,501▲	0.9%▲
Total Income	2,551,206	2,493,064	58,142	2.3%	10,136,431	9,987,330	149,101	1.5%
Less Cost of Sales								
Broadband Map	7,006	-	7,006▲	0.0%	35,106	-	35,106▲	0.0%
DNC Fee (348)	467,460	467,460	-	0.0%	1,869,840	1,869,840	-	0.0%
DNS Expenses	37,264	37,849	(585)▼	-1.5%▼	191,541	151,390	40,151▲	26.5%▲
ISP/Hosting/Networking	85,863	102,710	(16,847)▼	-16.4%▼	355,875	410,841	(54,966)▼	-13.4%▼
Other IT	109,135	74,553	34,582▲	46.4%▲	204,180	298,476	(94,296)▼	-31.6%▼
Total Cost of Sales	706,728	682,572	24,156	3.5%	2,656,543	2,730,547	(74,004)	-2.7%
Gross Profit	1,844,477	1,810,492	33,985	2.0%	7,479,888	7,256,783	223,105	3.0%
Less Operating Expenses								
Depreciation & Amortisation	112,277	125,716	(13,439)▼	-10.7%▼	506,322	555,838	(49,517)▼	-8.9%▼
Overhead Expenses	738,007	773,291	(35,284)▼	-4.6%▼	2,988,654	3,093,155	(104,501)▼	-3.4%▼
Total Operating Expenses	850,284	899,007	(48,723)	-5.4%	3,494,975	3,648,993	(154,018)	-4.2%
Operating Profit	994,194	911,485	82,709	9.0%	3,984,913	3,607,790	377,123	10.0%
Non-operating Income								
Interest Received (203)	66,344	89,423	(23,079)▼	-25.8%▼	312,126	355,110	(42,984)▼	-12.1%▼

Profit & Loss

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Total Non-operating Income	66,344	89,423	(23,079)	-25.8%	312,126	355,110	(42,984)	-12.1%
Net Profit	1,060,538	1,000,908	59,630	6.0%	4,297,039	3,962,900	334,139	8.0%

Balance Sheet

NZRS Ltd As at 31 March 2017

31 Mar 2017 31 Dec 2016

Assets

Bank		
Cash and Cash Equivalents	9,726,668	10,271,109
Total Bank	9,726,668	10,271,109
Current Assets		
Accounts Receivable	1,235,301	743,660
Interest Receivable (688)	73,599	58,450
Prepayments/Credits (687)	215,072	79,596
Total Current Assets	1,523,973	881,706
Fixed Assets		
Fixed Assets	640,155	598,983
Total Fixed Assets	640,155	598,983
Total Assets	11,890,796	11,751,798

Liabilities

Current Liabilities		
Accounts Payable	331,761	377,362
Credit Cards	14,591	20,530
Deferred Income - Registry Fees	7,859,351	7,610,885
GST	91,117	9,582
Total Current Liabilities	8,296,820	8,018,360
Non-Current Liabilities		
Deferred Income - Adjustment (81700)	431,683	431,683
Total Non-Current Liabilities	431,683	431,683
Total Liabilities	8,728,503	8,450,043
Net Assets	3,162,292	3,301,755

Equity

30,000 Ordinary Shares (60100)	30,000	30,000
Current Year Earnings	4,297,039	3,236,501
Retained Earnings (638)	(1,164,747)	35,253
Total Equity	3,162,292	3,301,755

NZRS Ltd
Statement of Cash Flows
For the Quarter Ended 31 March 2017

Deloitte

	This Quarter			Year to Date				Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Last Year (YTD)	Budget	LY Actual
Cash Flows From Operating Activities									
Cash Was Provided From:									
Registry Fees Received	2,524,564	3,179,792	(655,228)	11,207,137	12,602,588	(1,395,451)	11,461,376	12,602,588	11,461,376
Other Receipts	140,690	89,423	51,267	457,647	355,110	102,537	335,042	355,110	335,042
	2,665,254	3,269,215	(603,961)	11,664,784	12,957,698	(1,292,914)	11,796,418	12,957,698	11,796,418
Cash Was Distributed To:									
Payments to Suppliers and Employees	1,815,893	1,597,566	218,327	6,424,781	6,422,543	2,238	6,250,875	6,422,543	6,250,875
Net Taxation Paid (Refunded)	-	-	-	-	-	-	-	-	-
Net Dividend Paid	1,200,000	1,200,000	-	4,334,136	4,334,136	-	4,170,058	4,334,136	4,170,058
Net GST Paid	100,957	164,673	(63,716)	479,664	896,868	(417,204)	529,823	896,868	529,823
	3,116,850	2,962,239	154,611	11,238,581	11,653,547	(414,966)	10,950,756	11,653,547	10,950,756
Net Cashflows from Operating	(451,596)	306,976	(758,572)	426,203	1,304,151	(877,948)	845,662	1,304,151	845,662
Cash Flows from Financing Activities									
Cash was Provided From:									
Share Capital	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cash was Distributed To:									
Repayment of Redeemable Preference Shares	-	-	-	-	-	-	-	-	-
Inland Revenue Use of Money Interest	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Net Cash flows from Financing	-	-	-	-	-	-	-	-	-
Cash Flows from Investing Activities									
Cash was Provided From:									
Fitout Contribution	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Cash was Distributed To:									
Purchase of Fixed Assets & Formation Expenses	86,905	175,375	(88,470)	355,214	643,042	(287,828)	178,863	643,042	178,863
	(86,905)	(175,375)	88,470	(355,214)	(643,042)	287,828	(178,863)	(643,042)	(178,863)
Net Cash flows from Investing Activities	(86,905)	(175,375)	88,470	(355,214)	(643,042)	287,828	(178,863)	(643,042)	(178,863)
Net Increase (Decrease) in Cash Held	(538,501)	131,601	(670,102)	70,989	661,109	(590,120)	666,799	661,109	666,799
Plus Opening Cash Balance	10,250,579	10,170,596	79,982	9,641,088	9,641,088	-	8,959,053	9,641,088	8,959,053
Closing Cash Carried Forward	9,712,078	10,302,197	(590,120)	9,712,078	10,302,197	(590,120)	9,625,854	10,302,197	9,625,852
Closing Cash Comprises									
BNZ First Oncall Account	47	-	-	47	10,302,197	-	117	10,302,197	117
ASB Bank Cheque Account	396,449	-	-	396,449	-	-	965,976	-	965,976
ASB Bank Call Account	300,935	-	-	300,935	-	-	813,382	-	813,382
ANZ Online Account	328	-	-	328	-	-	392	-	392
Term Deposits	9,028,910	-	-	9,028,910	-	-	7,861,222	-	7,861,222
ASB Credit Cards	(14,591)	-	-	(14,591)	-	-	(15,236)	-	(15,236)
	9,712,078	10,302,197	(590,120)	9,712,078	10,302,197	(590,120)	9,625,852	10,302,197	9,625,852
Total Cash Held	9,712,078	10,302,197	(590,120)	9,712,078	10,302,197	(590,120)	9,625,852	10,302,197	9,625,852
Plus ASB Credit Cards	14,591	-	-	14,591	-	-	15,236	-	15,236
Total Cash & Cash Equivalents	9,726,668	10,302,197	(590,120)	9,726,668	10,302,197	(590,120)	9,641,088	10,302,197	9,641,088

NZRS Ltd
Activity Based Expenditure Report
For the Quarter Ended 31 March 2017

Deloitte.

		This Quarter			Year to Date		
		Specific to this Activity	Apportionment of Shared Costs	Total	Specific to this Activity	Apportionment of Shared Costs	Total
.NZ							
	Actual	1,025,205	277,249	1,302,454	4,091,389	1,085,234	5,176,623
	Budget	1,053,472	240,551	1,294,023	4,264,892	967,783	5,232,676
	Variance	28,267	(36,698)	(8,431)	173,503	(117,450)	56,053
.NZ Marketing							
	Actual	53,752	19,024	72,776	196,359	77,945	274,304
	Budget	98,705	19,100	117,805	395,088	76,866	471,954
	Variance	44,953	76	45,029	198,729	(1,079)	197,650
Technical Research							
	Actual	93,677	35,935	129,612	360,154	147,184	507,338
	Budget	93,459	35,642	129,101	373,835	143,498	517,333
	Variance	(218)	(293)	(511)	13,681	(3,686)	9,995
Business Development							
	Actual	26,855	25,315	52,170	109,162	84,091	193,253
	Budget	20,130	20,521	40,650	75,496	82,081	157,578
	Variance	(6,725)	(4,795)	(11,520)	(33,666)	(2,009)	(35,676)
Total							
	Actual	1,199,489	357,523	1,557,012	4,757,064	1,394,454	6,151,518
	Budget	1,265,765	315,814	1,581,579	5,109,311	1,270,229	6,379,540
	Variance	66,276	(41,709)	24,567	352,247	(124,225)	228,022

Profit & Loss Statement

Broadband Map



NZRS Ltd

For the Quarter Ended 31 March 2017

	31-Mar-17	YTD
Income		
Availability API Income	2,200	54,600
Total Income	2,200	54,600
Less Cost of Sales		
Cloud Services	7,006	35,106
Total Cost of Sales	7,006	35,106
Gross Profit	(4,806)	19,494
Operating Expenses		
Personnel Costs	13,795	51,460
Depreciation - Software & Intangibles	10,661	37,621
Total Operating Expenses	24,456	89,081
Net Profit	(29,262)	(69,588)

Technical Research Report

Introduction

This is April 2017 issue of the Technical Research Report, setting out the research projects being undertaken by NZRS and their state of progress. An updated version of this document is provided quarterly.

Scope and output of technical research

Technical research aims to expand the frontiers of our knowledge about the Internet within NZ and make that new knowledge openly available to all. Projects are drawn from the wide range of topics within this broad ambit.

One of the earliest considerations is what data is available as data analysis is the cornerstone of research activity. This explains the inevitable heavy emphasis on .nz research in the projects listed below as the data is readily available after many years building a data collection and analysis infrastructure for .nz.

Research projects are initiated with an idea of what might be achieved, how that might be used and in what forms the output might be delivered. The identification of potential uses looks beyond research team to consider how other researchers might build on that knowledge and how that knowledge might be commercialised, both within and without NZRS, to aid the growth of the NZ economy.

As with all true research though, there is no guarantee that this is what will be achieved or that the project will not change radically over time and it is not uncommon for a project to change focus or even name during its lifetime.

Wherever possible the outputs of technical research projects will be open knowledge, open code published on our GitHub repository and open data published on our Internet Data Portal (IDP), all under a Creative Commons license. The limitations on this are: a) to respect the privacy inherent in any data used; b) to preserve the security of the Internet; and c) to comply with .nz policies and procedures.

Projects

Title	NZ IP Topology Map		Status	On Hold
Description	Mapping the internal structure of the Internet in New Zealand. This project uses the RIPE Atlas probes to do active measurement and discovery of Internet Topology.			
Potential uses	There are a few outstanding questions about the structure of the NZ Internet whose answers can drive useful policy debate. For example, are there routes where traffic between one NZ site and another NZ site is forced to sub-optimally 'trombone' out of the country and back again because of the way that some providers interconnect?			
Planned outputs	<i>Form</i>	<i>Done</i>	<i>Details</i>	
	Web site	<input checked="" type="checkbox"/>	Website at http://ip.topology.net.nz updated with new version.	

	Open data	<input checked="" type="checkbox"/>	Resulting network representation made available via the project's website.
	Open code	<input checked="" type="checkbox"/>	Code available in NZRS GitHub account.
Presented	Proof of Concept presented at First NZIRF. Working version presented at Second NZIRF. Introduced as project seeking involvement at the RIPE 72 Hackathon. Presented a Spain-centric version at the Spain Network Operators Group in October 2016. Presented the methodology at the RIPE 73 meeting in Madrid in the same month. Presented the New Zealand Internet view at NZNOG 2017.		
Collaborators	No active collaborators at this time.		
Progress	Needs work to run a regular collection. Make the raw data available via IDP.		

Title	NZ BGP Topology Map			Status	On Hold
Description	Mapping the structure of the Internet in New Zealand using publicly available data sources. Uses BGP feeds from RouteViews, RIPE and data made available by the Internet Exchanges.				
Potential Uses	Understand how the structure of the Internet in New Zealand changes with the pass of time, how different IXs gain/lose peers, etc.				
Planned outputs	Form	Done	Details		
	Report	<input type="checkbox"/>			
	Web site	<input type="checkbox"/>	http://bgp.topology.net.nz A new faster version will be made available soon.		
	Open data	<input checked="" type="checkbox"/>	Collected data made available via IDP		
	Open code	<input checked="" type="checkbox"/>	Code available in NZRS Github account		
Presented	Presented at First NZIRF and previous version at NZNOG 2014.				
Collaborators	AKL-IX, a relatively new Internet Exchange operator in New Zealand is willing to cooperate on feeding us their data for the map.				
Progress	Requires work to make it a regular collection.				

Title	ANZSIC classification of the register	Status	In progress
Description	Using web content from each domain web page, and a set of hand curated domain names mapped to an economic activity code (ANZSIC), train a machine learning model and classify every domain in the register. This allow us to augment our understanding of the register. This work now has been extended to classify non-for profit organization using the New Zealand Standard Classification of		

	Non-Profit Organizations (NZSCNPO) from StatsNZ. A combination of domain classifiers based on this work is being prepared for the Domain Analytics project.		
Potential uses	The data could be provided to registrars for their Domains under management (DUMs) in the registrar portal and so help them understand their customers better. The same data could also be made available to registrants through a new product or service.		
Planned outputs	<i>Form</i>	<i>Done</i>	<i>Details</i>
	Open data	<input type="checkbox"/>	Will be published openly on IDP but in aggregated form to preserve the privacy expectations of registrars and registrants
	Open code	<input type="checkbox"/>	Will publish code on GitHub
Presented	Concept presented at 2015 Registrar conference.		
Collaborators	Initial data used for the training was bought from two companies one of which, WhoIsWhere, participated in the first round of analysis of the results.		
Progress	<p>As this work is being integrated with Domain Analytics, all efforts have been concentrated on obtaining higher accuracy and training more models. There are now 7 models derived from this work in Domain Analytics with the following objectives:</p> <ul style="list-style-type: none"> • to distinguish if a domain name is parked or not • to determine if it's For Profit or Non-for Profit • to determine the domain name's economic activity based on ANZSIC at three different levels, or determine the domain name's Non-for Profit activity at two levels. <p>Additionally, work has been done to improve data collection from web scans - solving several issues that made them unreliable. In the short term, efforts will be focused on making the models run on a distributed platform.</p>		

Title	Domain Retention Prediction		Status	In Progress
Description	Project to generate a probabilistic model that will tell us: <ul style="list-style-type: none"> • Which elements of a registration are best predictors of their likelihood to be stay in the register • Probability of a domain to be stay in the register in the future, and by extension, determine the forward value of a domain in the register 			
Potential uses	Can be provided to registrars for their DUMs to enable them to understand their customers better. This work may also allow NZRS to produce a better income forecasting model.			
Planned outputs	<i>Form</i>	<i>Done</i>	<i>Details</i>	
	Report	<input checked="" type="checkbox"/>	A couple of blog posts are published in NZRS's blog.	
	Open code	<input type="checkbox"/>	Will publish code on GitHub.	

Presented	Concept presented at Registrar Conferences in 2014 and 2015. Results to be presented at Registrar Conference 2017
Collaborators	Some of the insights obtained in this work has been shared and discussed with staff at .CA. People from .IE (Ireland), Netherlands (.NL), and Austria (.AT) are following up this work closely.
Progress	The combined forecast model to estimate the register size has been refreshed with new data. A new tool made available by Facebook has been incorporated that speeds up the computation and some of the decisions around outliers. The new model is tracking 2017 activity with good accuracy.

Title	Registrant Classification			Status	In Progress
Description	Machine Learning classifier to determine if a registrant is a person or an organization based on the registrant name.				
Potential uses	Augment our understanding of the register, as this information is not available at registration. Likely this will feed into other research projects rather than have much utility on its own.				
Planned outputs	Form	Done	Details		
	Open data	<input type="checkbox"/>	Will consider aggregated and anonymised data on IDP.		
	Open code	<input type="checkbox"/>	Will be published on GitHub.		
Presented	To be presented at Registrar Conference 2017.				
Collaborators	None.				
Progress	The Deep Learning solution requires more training data and efforts are focused on hand classifying 30,000 unique registrant names.				

Title	Domain Popularity Algorithm		Status	In Progress
Description	Algorithm using DNS data to determine if a domain name is more popular than others.			
Potential uses	Can be shared with registrars to help them understand their customers better. Can be used for interesting information about the .nz namespace for the public in press releases and the like. Can be used to develop new products/services that allow registrants to see how their actions affect their domain name popularity. This work has been integrated into Domain Analytics.			
Planned outputs	<i>Form</i>	<i>Done</i>	<i>Details</i>	
	Report	<input type="checkbox"/>		
	Web site	<input checked="" type="checkbox"/>	Some selected data sets are publicly visualized at http://domain-rank.nzrs.net.nz/popular.html and http://domain-rank.nzrs.net.nz/bank.html	

	Open data	<input type="checkbox"/>	Will be published openly on IDP but in aggregated form to preserve the privacy expectations of registrars and registrants
	Open code	<input type="checkbox"/>	Will be published on GitHub.
Presented	Presented as Proof of Concept at DNS-OARC 22 in Amsterdam. Presented at the CENTR Jamboree in Brussels in May 2016. Follow up work presented at the DNS-OARC 25 in Dallas, October 2016.		
Collaborators	Seeking collaboration within the CENTR group, as suggested by the CENTR R&D Chair.		
Progress	An experiment was designed to determine how different DNS parameters and software implementation affect DNS traffic volume, to account that effect into the calculations. Full access to traffic from one of the .nz DNS offshore providers will provide us with data to check for bias.		

Title	DGA detection algorithm			Status	On Hold
Description	We gave our summer intern relatively free rein to explore our DNS data set and what he came up with is the bones of an algorithm to automatically detect traffic generated by botnets using DGAs (Domain Generation Algorithms) using DNS traffic.				
Potential uses	Can be used for early detection of infected hosts. Can be used to assess the overall health of .nz. Can be used to assess the likelihood that a new registration is nefarious in intent.				
Planned outputs	Form	Done	Details		
	Report	<input type="checkbox"/>			
	Open code	<input type="checkbox"/>	Will be published on GitHub.		
Presented	The concept was presented at the New Zealand Internet Research Forum 2015.				
Collaborators	Details have been exchanged with SIDN Labs as they are working in similar ideas.				
Progress	The proof of concept needs to be tested at a larger scale, possibly using a different language.				

Title	Register word decomposition		Status	On Hold
Description	Decompose every domain in the register into their word components (aucklandaccountants.org.nz into "Auckland accountants").			
Potential uses	Largely as a building block for other potential projects, such as identifying prevalence of geographic terms (and thereby understanding potential for a new geographic TLD), detecting trending words in registrations and identifying use of Te Reo.			
	<i>Form</i>	<i>Done</i>	<i>Details</i>	

Planned outputs	Report	<input type="checkbox"/>	
	Open data	<input type="checkbox"/>	Will be published openly on IDP but in aggregated form to preserve the privacy expectations of registrars and registrants
	Open code	<input type="checkbox"/>	Will be published on GitHub.
Presented	None.		
Collaborators	None.		
Progress	Using a curated list of 2000 domains, and using the LINZ Gazetteer data as input, the classifier achieves an 88% accuracy. Requires a valid Te Reo Māori corpus to increase accuracy.		

Title	Full web scan of .nz			Status	On Hold
Description	Capture web content published under .nz domains to feed the ANZSIC classification project. Investigate tools to do a deeper gathering of content.				
Potential uses	Multiple possible uses including a general report on the state of the .nz web space; information for registrars on their DUMs; information for registrants as part of a new product or service; and as an input into another research projects.				
Planned outputs	Form	Done	Details		
	Report	<input type="checkbox"/>			
	Open data	<input type="checkbox"/>	Will be published openly on IDP but in aggregated form to preserve the privacy expectations of registrars and registrants		
	Open code	<input type="checkbox"/>	Will be published on GitHub.		
Presented	None				
Collaborators	We have discussed this project with the National Library who have a contract for a web scan using similar technology and are looking at techniques to mine that data once gathered.				
Progress	A first working version is available and being used for ad-hoc shallow web scans. A second version is available to identify the cases where sites require Javascript to render content, to fetch them using a different tool. A Proof of Concept for the deep scan is available using Hadoop, Heritrix and HBase.				

Title	Zone Scan V2	Status	On Hold
Description	The regular zone scan is using code that is no longer maintained. The replacement version allows faster scanning, and easier ways to run custom collections. This work aims to investigate, test and eventually replace the engine used by the zone scan.		
Potential uses	NZRS development team already working on building outputs from v1 into the registrar portal to provide registrars with information on their domains with a view to improving quality.		

	Data could also be provided to registrants in a new product or service.		
Planned outputs	<i>Form</i>	<i>Done</i>	<i>Details</i>
	Open data	<input type="checkbox"/>	Will publish aggregated and anonymised data on IDP.
	Open code	<input type="checkbox"/>	Will be published on GitHub.
Presented	None		
Collaborators	IIS, the .SE register are collaborators as authors of the engine currently in use, and developers of the replacement.		
Progress	A test environment has been setup to run the unmodified version of the tool. This will explore the differences between the old and the new tool and some tests need to be added. This work has been allocated to the new NZRS developer for implementation.		

Title	DNS statistics publication using IDP		Status	In Progress
Description	Make data from the DNS traffic for .nz available using the Internet Data Portal			
Potential uses	Researchers and Policy makers are always interested in data. DNS data is rich and vast, and can be useful to observe the uptake of new technologies. Making data from the DNS traffic for our ccTLD available in an open format can help the community to answer some questions, like the uptake of IPv6 or DNSSEC. We aim to make some of that data available on a regular basis.			
Planned outputs	Form	Done	Details	
	Report	<input type="checkbox"/>		
	Open data	<input type="checkbox"/>	Will publish aggregated and anonymised data on IDP.	
	Open code	<input type="checkbox"/>	Will be published on GitHub.	
Presented	A glimpse of the potential of this work will be presented at Registrar Conference 2017.			
Collaborators	SIDN is publishing some interesting counters from their DNS data, using a platform powered by Hadoop, inspired by the work we did with Hadoop			
Progress	Basic DNS stats covering 2017 has been produced and uploaded to IDP. A blog report will be published shortly to explore the data and document the work.			

Title	Digital Journey publication using IDP	Status	Finished
Description	Make data collected from the Digital Journey website about businesses self-assessment of their use of digital technologies available using the Internet Data Portal		

Potential Uses	Data collection started in 2014, and could provide a consistent view on how businesses have evolved their preparedness around digital technologies.		
Planned outputs	<i>Form</i>	<i>Done</i>	<i>Details</i>
	Report	<input type="checkbox"/>	
	Web site	<input type="checkbox"/>	
	Open data	<input type="checkbox"/>	Available in IDP https://idp.nz/Users-and-Use/Digital-Journey/sp2s-ukz9
	Open code	<input type="checkbox"/>	
Presented	None.		
Collaborators	MBIE as drivers of the initiative, Firebrand as developers and maintainers of the website.		
Progress	Initial upload of data completed with data from March 2014 to July 2016. Monthly updates scheduled.		

Title	.nz HTTPS scan		Status	In Progress
Description	Using our growing expertise on scanning the .nz namespace for data, we prepared a scan covering all active .nz domains and checked for HTTPS support and other related features.			
Potential Uses	There is increasing interest from the security community to understand how prevalent HTTPS support is in New Zealand. This data also gauges the presence of Certificate Authorities, adoption on new protocol features, and the operators' reaction to recent discovered vulnerabilities.			
Planned outputs	<i>Form</i>	<i>Done</i>	<i>Details</i>	
	Report	<input type="checkbox"/>		
	Web site	<input type="checkbox"/>		
	Open data	<input checked="" type="checkbox"/>	Available in IDP https://idp.nz/Domain-Names/-nz-SSL-scan-results/cmxt-74aq	
	Open code	<input type="checkbox"/>	Scanning code to be published on our Github account	
Presented	Summaries presented by Barry Brailey, Manager Security Policy for DNCL, at APRICOT 2017.			
Collaborators	None.			
Progress	Initial collection and data processing completed. Requires work to run on a regular basis.			

Glossary

Botnet	A network of compromised PCs that are remotely controlled, generally for criminal purposes.
DGA	Domain Generation Algorithm. A technique used by botnets to automatically generate domains names that they can register and use for their command and control servers.
DNS-OARC	The main membership organisation focused on DNS research.
GitHub	The main web site used in our industry for sharing code.
IDP	Our Internet Data Portal at https://idp.nz
NZIRF	New Zealand Internet Research Forum. Organised by InternetNZ.
NZNOG	New Zealand Network Operators Group, a NZ-based organization gathering network operators, government and academy that organizes an annual meeting.
Hadoop	Big Data Platform
Deep Learning	Branch of Machine Learning using a set of algorithms that attempt to discover high level abstractions of the data.

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Product and Service Development Report

April 2017

1 Introduction

NZRS has a three-legged stool of product and service development that is based on our mission statement:

“To provide world class critical Internet infrastructure and authoritative Internet data.”

Where .nz sits in the nexus as both critical Internet infrastructure and authoritative Internet data.

The diagram below shows the opportunities that are sufficiently well defined to be tracked and their stage in the pipeline. Activity for these is detailed unless they are in production with no further work under consideration.



The following have been removed since the last report as they are no longer considered viable opportunities:

- Home Routers

2 Progress

2.1 Domain Analytics

Current status:	IN PRODUCTION / ACTIVELY WORKED ON
Possible risk	Low to Medium
Possible income:	High to Very High
BD expenditure:	None
Synopsis:	<p>A product for registrants that they purchase through their registrars as an add-on to their domain name that provides usage data and popularity ranking based on traffic observed on ISP and NZRS nameservers. The ranking can then be compared against anonymised and aggregated data of other registrants based on several factors including ANZ Standard Industry Code.</p> <p>This is unique in that it allows a registrant to measure the impact of the promotional spend independent of factors that affect their market overall (e.g. seasonal changes).</p>
Issues and Risks	<ul style="list-style-type: none"> • The expectations around privacy must be met. • The ranking algorithm has to be robust.
Key actions since last report	<ul style="list-style-type: none"> • Development completed. • Brand, pricing and marketing all finalised. • Product launched at https://peakanalytics.nz (only usable by customers of a registrar that has both signed up and been integrated). • One registrar has signed up but is not yet integrated.
Next steps	Improve data quality. Sign up more registrars. Complete integration with signed up registrar(s). Market the product.

2.2 National Broadband Map

Current status:	IN PRODUCTION / ACTIVELY WORKED ON
Possible risk	Medium
Possible income	Low
Synopsis:	This is a two stage opportunity. Stage 1 is to build a site that enables anyone to find out what broadband technology is available at a particular location and what access speeds that supports. Stage 2 is to make that financially self-sustaining by charging for API access.
Issues and Risks	<ul style="list-style-type: none"> That all data providers are happy with a small level of monetisation in order to make the site self-sustaining and not an ongoing cost.
Key actions since last report	<ul style="list-style-type: none"> Development of a new reporting framework for customers and data providers. All other work has been on hold to concentrate resources on Domain Analytics.
Next steps	Adding satellite, extensible fibre and community wireless. Adding new high-volume API. Providing a new simple web page for WISPs to upload antennae data and get their shapefiles generated.

2.3 ISP plan comparison

Current status:	ON HOLD
Possible risk	Low
Possible income	Low
BD expenditure:	None
Synopsis:	Telme was an established price comparison site for consumers to choose the best ISP/Telco for their need. This was a complex site and expensive to run with no commercialisation. The plan is to redevelop it into a much simpler site and make it financially self-sustaining through the sale of

	the pricing data collected, as other price comparison web sites do.
Issues and Risks	<ul style="list-style-type: none"> • TelMe was not financially self-sustaining. • Complexity of providing results in a way that meets both Consumer requirements on correctness/authority and NZRS requirements on usability/simplicity.
Key actions since last report	<ul style="list-style-type: none"> • None
Next steps	On hold pending a group conversation on the need for such a service.

2.4 Broadband Tester

Current status:	ACTIVELY WORKED ON
Possible risk	Medium
Possible income	Medium
BD expenditure:	None
Synopsis:	<p>Broadband testing is in its infancy and there is still no best way to carry it out. The three forms currently employed are:</p> <ul style="list-style-type: none"> • Over the top (OTP) – such as Speedtest.net • Edge – such as Truenet • Infrastructure – such as WAND AMP <p>It is likely that some form of tender will appear for broadband testing capability using OTP or infrastructure methods to complement that edge based testing already used by ComCom. With extensive experience of infrastructure management in this area (we have managed some WAND AMP probes for many years) this provides a number of opportunities:</p> <ul style="list-style-type: none"> • To become the central/neutral repository of published broadband tests. • To develop or contribute to the development (as we have with WAND AMP) of open source broadband testing tools.

	<ul style="list-style-type: none"> To become a neutral operator of a infrastructure based broadband testing network.
Issues and Risks	<ul style="list-style-type: none"> May be perceived by some members as competition. Ensuring that we have a neutral role and do not get into the judgemental space.
Key actions since last report	<ul style="list-style-type: none"> None
Next steps	Waiting for a tender to be issued.

3 Financial summary

The total capital expenditure to the end of March of the \$400,000 committed to product and service development is as follows:

Opportunity	Year	Item	Spent
National Broadband Map	2014-15	Development	\$46,325
	2015-16	Development	\$37,183
	2016-17	Development	\$22,688
		SUB-TOTAL	\$106,196
Domain Analytics	2013-14	Prototype	\$4,500
	2016-17	UX Design	\$34,762
		Development	\$82,121
		Security Audit	\$2,640
		SUB-TOTAL	\$124,023
TOTAL			\$231,129
REMAINING FUND			\$168,871

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Statement of Direction and Goals

FINAL

Incorporating strategy, key performance
indicators and 3-year budgets

For the 3 Years
2017 - 2018 to 2019 - 2020

May 2017

NZRS Statement of Direction and Goals

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Introduction

This NZRS Statement of Direction and Goals has been prepared under the Planning and Reporting framework adopted by InternetNZ Council following the 2007 InternetNZ Structural Review. That framework provides for this Statement of Direction and Goals to include strategic direction, key performance indicators and 3-year budgets. This Statement of Direction and Goals InternetNZ incorporates the expectations set out by InternetNZ in its Statement of Expectations.

This Statement of Direction and Goals is FINAL as it includes:

- Actual number of domain names as at 31 March 2017.
- Actual deferred income as at 31 March 2017.
- Actual revenue to 31 March 2017.
- Actual expenditure.
- Actual end of year balance sheet.
- Updated deferred income model.

The budget presented here uses our unaudited figures and so if a substantive audit correction is made then a REVISED Statement of Direction and Goals will be issued.

A brief summary of the different key results between the initial and final budgets is:

	Budget	2017/18	2018/19	2019/20
Profit	Initial	4,163,865	4,476,132	4,462,893
	Final	4,262,234	4,550,182	4,815,104
Dividend	Initial	4,280,669	4,500,131	4,395,000
	Final	4,801,987	4,520,915	4,699,658

Role of NZRS

The Operating Agreement between InternetNZ and NZRS sets out clearly the role of NZRS in the .nz domain name space:

"InternetNZ hereby grants NZRS the exclusive right to operate and manage the register of domain names and Domain Name System (DNS) in the .nz domain name space."

This dual focus on the .nz register and the .nz DNS is reflected in our vision, mission and goals as set out below.

Over time the role has been expanded by InternetNZ to include three new areas:

- Marketing of .nz
- Technical research
- Business development

The Changed NZRS Operating Environment

Global growth

Growth among established TLDs in developed continues to fall, particularly in predominantly English TLDs.

TLD	2016	TLD	2016	TLD	2016	TLD	2016
.jp (Japan)	3.2%	.au (Australia)	1.8%	.uk (UK)	-0.7%	.net	-4.0%
.nz	2.5%	.com	1.6%	.sg (Singapore)	-1.0%	.org	-4.5%

Growth in developing countries continues to soar with .cn (China) leading at 52.1% over 2016, as does growth in some new gTLDs though with the many unusual sales techniques being used those figures remain suspect.

Second level domains

Growth in second level domains (those directly under .nz) remains strong and they appear more likely to be renewed.

Marketing

A small restructuring has seen us split channel management and marketing across different roles enabling us to take a more data driven approach to marketing based on extensive customer research.

The environment for marketing remains complex with some registrars expecting the registry to do it and others actively rejecting registry marketing. Those registrars who are engaged in their own marketing prefer us to provide assets and campaigns that are unique to them. Research shows that marketing can influence registrants but only a small percentage are influenced by each type of assets and so a wide variety of assets are required to cover a wide range of registrants.

Whois Policy

DNCL has agreed a policy change for data made available publicly on the WHOIS register. This will have major implications for NZRS as until now all the registrant data that we handle has been public and the only issue has been protecting bulk copies of it. With privacy rules now in place for some registrants we need to add a new layer to our processes and systems to protect private data, backed up by new rules for staff and a shift in the culture of data handling. This is a major shift in our risk profile.

Market Concentration

There has been significant market concentration both amongst our suppliers and our registrars in the past years. We have one registrar with significant market concentration and while it is unlikely that will increase if other large registrars were to merge this would create a duopoly. Market concentration is an inherent risk to NZRS in a number of ways:

- If a large registrar decides to de-emphasise .nz sales
- If a large registrar goes out of business or has cash flow problems

Supplier diversity has also been threatened – e.g. the acquisition of ISPs and hosting sites by Vocus and the Dyn/Oracle merger. NZRS will need to be vigilant to maintain its current diversity of suppliers and maintain competitive tension in its contracting base.

Algorithms

Classification algorithms are now being used for a wide range of purposes within NZRS from forecasting growth through to classifying domain name usage. The use of such algorithms is new area of technology and not without issues, such as inherent bias due to the training data used. NZRS will continue to advance its use of classification algorithms and keep a watch on the issues that might arise from doing so.

Data Analytics

The market for data analytics companies and the general use of data analytics is growing rapidly. As NZRS was an early mover in this area we have a considerable skills and experience advantage, which is being used to develop new products and services such as Domain Analytics. Further work is needed to raise our profile in this area to bring in collaborators and customers.

Team

The NZRS team has only occasionally been at full strength as the IT labour market in Wellington is very tight, with few suitable candidates coming forward for technical vacancies. All of our technical appointments over the last year have either relocated from Auckland or are Kiwis returning from overseas.

NZRS Vision, Mission and Values

Our vision has changed to that of InternetNZ to ensure top level strategic alignment.

Vision:

A better world through a better Internet.

Mission:

To provide world class critical Internet infrastructure and authoritative Internet data.

The Board, management and staff are committed to the following set of values in the way NZRS operates:

- Ethical behaviour shown by professional practice with integrity
- Excellence in service and systems through continuous improvement, technological innovation and understanding the customers
- Independence of contribution, diversity of views, evidence-based opinion
- Commitment to leadership, innovation and an outward focus
- Inclusive approach, accessible and uncomplicated
- Respect for fair competition in the market place through efficiency and transparency.

These values shape the culture of the company.

Strategic Goals

Our five strategic goals are to:

1. Deliver a world-class domain name service to registrars, their customers and all Internet users.
2. Deliver world-class registry services that continually improve.
3. Support InternetNZ through tangible contributions of income, governance and management resources, and expert knowledge.
4. Develop our services and technology within a long-term evolutionary framework to meet the future needs of Internet users.
5. Deliver, in partnership with DNCL, a successful long-term strategy for .nz.

NZRS delivers its Strategic Goals through a combination of Business As Usual work, Audit and Review, a Strategic Plan and a Business Plan.

Business as Usual

NZRS is a mature company with a long track record of delivering on its strategic goals. To maintain this level of delivery the company maintains a strong focus on the BAU aspect of its work by:

- Providing value for customers through a fast, robust, reliable, value for money service
- Respecting and protecting the rights and interests of the registrants
- Utilising technology innovatively to provide a more cost effective, superior service
- Building partnerships with key stakeholders
- Keeping abreast of the market and industry developments in the technology sector to identify trends and growth opportunities
- Maintaining professional service-focused relationships.
- A thorough approach to board governance and external audit and review.

Audit and Review

Our annual cycle of external audit and review of systems, processes and entities remains core to our goals of world-class services. In an annual cycle we:

- Commission a wide-ranging sophisticated and independent security review and implement the recommendations. This includes the commissioning of real-world penetration tests across our production systems.
- Review all our internal policies and procedures, including the normal twice-yearly financial audits, against a wide range of sources of best practice.
- Conduct thorough risk reviews that feed directly into company strategy and budget planning cycle.
- Maintain a comprehensive disaster recovery plan that is both externally reviewed and tested in an annual exercise involving multiple suppliers and personnel.

Strategic Plan - .nz

The Primary and Underlying transformations come from the InternetNZ Group Strategic Plan and are developed with the full involvement of NZRS

Primary transformation

	From	To	Lead
G1	.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	Joint

Underlying transformations

	From	To	Lead
G1.1	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	NZRS
G1.2	.nz is the default choice for New Zealanders	.nz remains the preferred choice for New Zealanders in a highly competitive market	NZRS
G1.3	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	Joint
G1.4	Roles and responsibilities in managing .nz are being clarified	Roles and responsibilities in managing .nz are clear, well documented and transparent	Joint
G1.5	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	DNCL
G1.6	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	Joint
G1.7	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	NZRS
G1.8	.nz is not a widely known brand	.nz is a well recognised brand	NZRS

Strategic Plan – Business Development

The Group Strategic Plan includes a set of strategic transformations for Business Development as a secondary function of NZRS

Primary transformation

From	To
All significant group income is dependent on being the designated manager for .nz	\$1m of group income comes from sources that are not dependent on being the designated manager for .nz

NOTE: This transformation may change following InternetNZ member consultations.

Underlying transformations

	From	To
B1.1	Clarity about forms of business development to be pursued is missing	Agreement across the group regarding what forms of business development to pursue
B1.2	No clear business development strategy	Clear business development strategy agreed after engagement with membership
B1.3	No commercial products developed and in production	Three commercial products developed and in production by 2018

Strategic Plan – Company transformations

In addition to the transformation set out in the Group Strategic Plan and copied above, NZRS develops its own set of transformations to supplement those in the Group Strategic Plan, ensure that it continues to improve across all areas and highlight specific areas of development for the three year plan. These are

Business and Service Development

	From	To
1.1	NZRS/INZ Group has static single income stream	NZRS/INZ Group has evolved and diversified income stream
1.2	Single channel/customer base of registrars/registrants	Multiple channel/customer bases with predominantly wholesale model

Communications and Company Brand

	From	To
2.1	Valued participants in NZ Internet	NZ Internet technical leadership role
2.1	Ad-hoc communications of our role and activities	Strategic communications of our role and activities

Registrars

	From	To
3.1	Acquisition of new registrars is “light touch”	Acquisition of new registrars is a managed and measured process
3.2	The data we publish to registrars is very basic, without analysis and we don’t know what value it adds	We provide enhanced data and analysis to registrars that empowers them to deliver a better service and sell more .nz domains

Team and Infrastructure

	From	To
4.1	Have time and resources to do our jobs properly	Have time and resources for each of us to push boundaries and innovate
4.2	Some legacy components are not built using current best practice in technology and architecture	All components utilise current best practice in technology and architecture
4.3	NZRS is an organisation where staff feel comfortable proposing small/medium changes	NZRS is an organisation where staff feel comfortable proposing small/medium and large changes

InternetNZ

	From	To
5.1	The potential for our contribution to INZ and DNCL is unclear	NZRS seen as a valued partner for INZ and DNCL a trusted source of data, analysis and expert advice
5.2	NZRS has limited understanding of INZ and DNCL processes and issues	NZRS understands where it can contribute to INZ and DNCL processes

International Engagement

	From	To
6.1	Value from international engagement is restricted to those NZRS staff who travel	Deriving value from international engagement becomes commonplace for all staff

Business Plan

The work items in the Business Plan for the coming year are aligned with our functions:

.nz

- **Renegotiate operating agreement** *Carried over from 2016/17.*
- **SRS systems review** *Container for a number of small projects focusing on performance, stability and reliability. Programme continued in 2017/18.*
- **SRS UI rewrite** *The SRS UI is the tool used by staff to manage the SRS. Programme continued in 2017/18.*
- **.nz real time dashboard** *To enable better management of .nz with faster identification of trends and issues. Carryover to 2017/18.*
- **Database servers hardware refresh (primary site)** *We operate on the principle of replacing hardware regularly to reduce the likelihood of failure that would then affect our SLA. Continue programme in 2017/18.*
- **Registrar portal new features** *This is the key tool we provide to support registrars and in so doing, differentiate .nz from other TLDs. User role definition to be worked on in 2017/18 along with integration of contact updating.*
- **International engagement on best practice** *Collaborate with peers on development of a capability maturity model for registries. Carried over to 2017/18.*
- **RDAP implementation** *Implementation of complementary protocol to WHOIS.*
- **WHOIS privacy changes** *Implementing policy and infrastructure changes to respond to the introduction of private WHOIS data and a permanent privacy feature.*
- **.nz Mobile app** *The development of a .nz specific mobile app providing simple features to new and existing registrants to help them find a great .nz domain name and get the best from their domain.*
- **Nameserver routers hardware refresh** *Replacement of nameserver router infrastructure as per company policy.*

.nz Marketing

- **Market intelligence framework** *Define market growth drivers and dynamics for domain name growth forecasting and scenario building purposes.*
- **Consolidate .nz online presence** *Information on .nz for new and existing registrants is spread across a number of sites run by both NZRS and DNCL. This project aims to consolidate those to give registrants and one-stop shop for all .nz related information.*

Technical Research

- **Publicising technical research outputs** *Design and implement an ongoing process for publicising the outputs of the research team.*
- **Industry coding of domains** *Use machine learning to assign an ANZ Standard Industry Code to as many domain names as possible.*
- **Domain retention prediction** *Using predictive analytics to develop a model for each domain of how likely a domain is to stay on the register.*
- **Registrant classification** *Machine learning classifier to determine if a registrant is a person or an organisation, with more potential classifications to come.*

- **Full web scan of .nz** *Full scan of .nz web space capturing the elements of the front page and if needed one or two more pages. Also investigate deep web scan to support public benefit partners.*
- **Domain popularity algorithm** *Verification of previously developed algorithm and investigation of alternative approaches.*
- **Internet topology map** *Mapping the topology of the NZ Internet using open data sources and active probing and presenting that as interactive maps.*
- **Word decomposition of domains** *Natural language processing techniques to split a domain name into its component words.*
- **Zonescan v2** *Re-implement our existing zonescan with improved scanning technology.*
- **DGA detection using DNS traffic** *Automated system for the detection of botnet DGAs (Domain Generation Algorithms) using observed DNS traffic.*
- **Standards/process for productionising research** *Processes and standards for moving this research into production.*

Product and Service Development

- **Domain analytics** *Development of the domain analytics product.*
- **Broadband measurement** *Tender for broadband measurement services.*

Common Services

- **Marketing lesser known services** *Develop and implement a marketing plan for the lesser known services of PGP, NTP and RPKI along with analytics and reporting on usage.*
- **Māori engagement strategy** *Development and implementation of the group-wide māori engagement strategy.*

Business Plan – Specific Projects from SoE

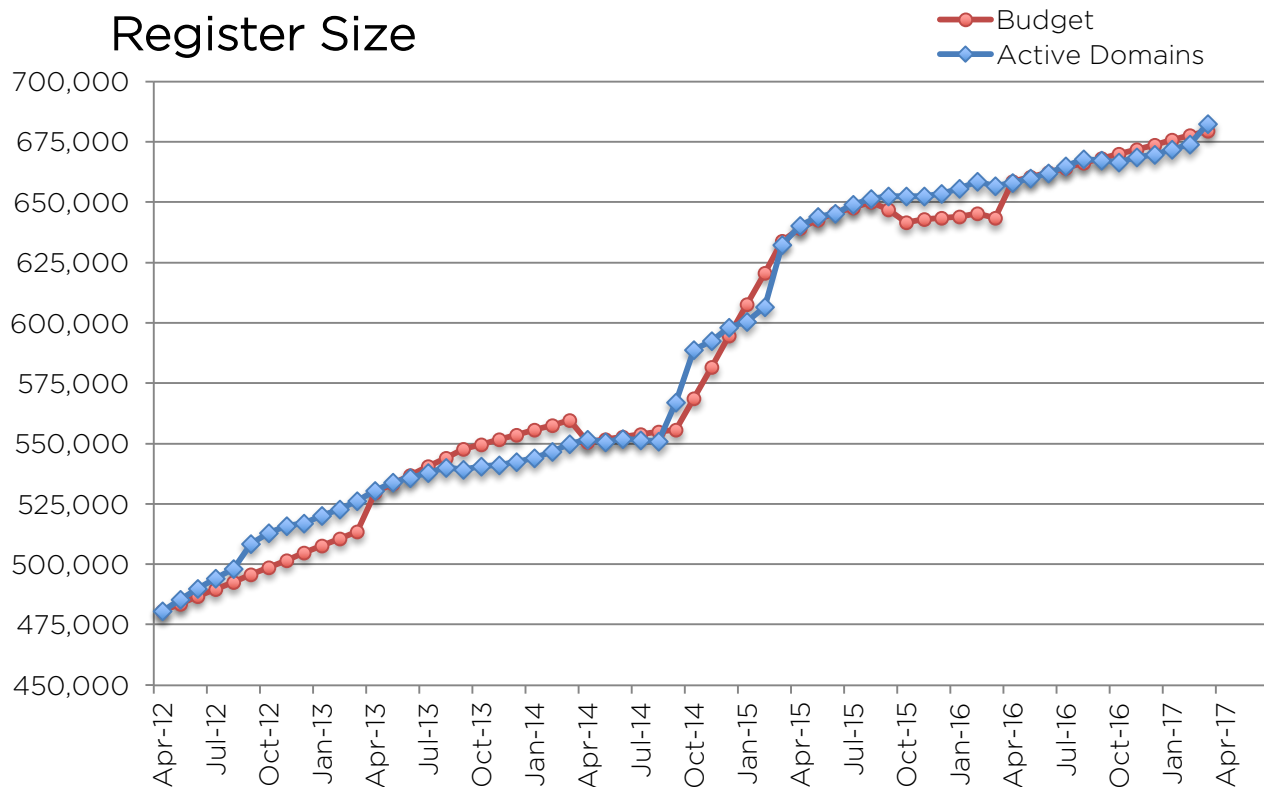
The Statement of Expectations (SoE) for NZRS sets out three specific projects. These are shown below along with linkage to NZRS activity that will deliver them:

- *Develop the benchmarks approach set out in the Joint .nz Strategy.*
This is addressed by the Business Plan work item above “International engagement on best practice”
- *Implement any changes in reporting (activity and financial) as agreed among the three business units.*
This will be handled as business as usual.
- *Work collaboratively with InternetNZ and DNCL to develop and implement a Māori engagement strategy.*
This is addressed by the Business Plan work item above “Māori engagement strategy”.

Budget - Assumptions

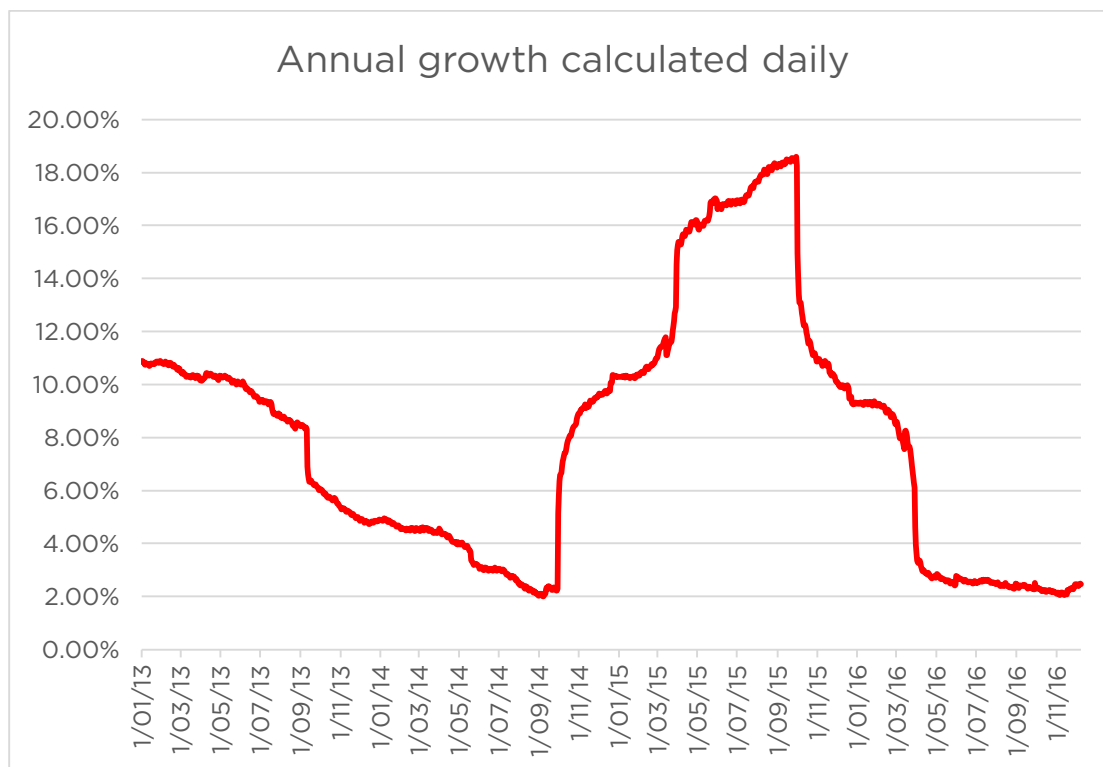
Domain name growth

Growth during FY2016/17 was 25,920 names (3.9%) which is slightly greater than initially forecast growth of 22,920 (3.4%). The final register size at the end of FY 16/17 was 682,527. Negative growth was experienced in three months of the year. However, the deficit was made up by the drive to register names at the second level prior to the end of the reservation period. The performance is shown in the graph below.



All the evidence from our peers and industry analysis is that global growth is falling, possible even dropping completely. Our analysis for the reasons for this is mainly as a result of speculators exiting the domain name market due to the impact on secondary prices from increased numbers of TLDs.

The following chart appears to show that growth is bottoming out at 2% and not likely to recover beyond 2.5% - excepting specific events such as the end of the reservation period for second level registration.



A predictive model has been built as detailed on the NZRS blog here: <http://blog.nzrs.net.nz/domain-retention-prediction/>. This model has provided the first year of the forecast registry growth; the final two years are modelled at a flat 2% growth.

The final forecast is therefore as shown in the following table.

Year	Register at start of year	Growth	Monthly	Growth %
FY2017-18	682,527	13,299	1108	1.95%
FY2018-19	695,826	13,917	1160	2.00%
FY2019-20	709,743	14,195	1183	2.00%

System availability

NZRS's key performance targets for SRS and DNS systems availability are based on the current Service Level Agreement (SLA) with DNCL, which contains a suite of availability and response times metrics. The company has consistently met the key metrics under the SLA and is committing to do so across this planning period. NZRS's key performance targets based on the main availability metrics under the SLA are:

- DNS availability: 100%
- SRS availability: 99.9%
- WHOIS availability: 99.9%

General assumptions

The following general assumptions are made for budgeting purposes:

- All financial amounts noted in budget exclude GST.
- The current dividend policy remains in place.
- NZRS pays no income tax as a consequence of our charitable status, which in turn is dependent on the charitable status of InternetNZ.
- NZRS pays a management fee to Domain Name Commission Ltd.

Budget - Significant Changes

No significant changes have been made to our budget since that presented in last year's Statement of Direction and Goals.

Budget - Key Performance Indicators

NZRS's financial performance indicators are shown in the table below:

\$'000s	Budget 2016 /17	Actual 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Domain name fee revenue	10,035	10,081	10,309	10,550	10,761
End of year adjustment	(48)		(48)	(48)	(48)
Other income	355	367	406	539	693
DNCL fee	1,870	1,870	1,870	1,800	1,800
Expenses (excl DNCL)	4510	4,282	4,535	4,692	4,791
Net Profit	3,963	4,291	4,262	4,550	4,815
Dividend	(4,334)	(4,334)	(4,802)	(4,521)	(4,670)
Retained earnings	(371)	(43)	(540)	29	115
Capital expenditure	520	524	523	528	533
Liquidity ratio (31-Mar)	104%	107%	103%	103%	104%
EBIT as a % of Expenses	80%	74%	79%	80%	80%

The key points to note are:

1. The actual figures for 2016/17 are unaudited.
2. The calculation for EBIT as a percentage of expenses has been simplified to include 100% of the cost of Technical Research rather 25% as specified in the SoE to simplify the calculation.
3. The target for EBIT as percentage of expenses is forecast to be exceeded.
4. The dividend target of \$4.263m is forecast to be met.

Appendix 1 – Budgets for the 3 Years to 31st March 2020

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

	17 - 18	18 - 19	19 - 20
	\$	\$	\$
INCOME	10,667,288	11,041,936	11,406,368
DIRECT COSTS	2,747,324	2,695,032	2,712,935
GROSS PROFIT	7,919,964	8,346,904	8,693,433
OVERHEADS	3,204,187	3,273,641	3,342,046
OTHER COSTS	453,543	523,081	536,283
OPERATING PROFIT	4,262,234	4,550,182	4,815,104
NET PROFIT	4,262,234	4,550,182	4,815,104
INCOME TAX	0	0	0
PROFIT AFTER TAX	4,262,234	4,550,182	4,815,104
DIVIDEND ACCRUAL	-4,801,987	-4,520,915	-4,699,658
RETAINED EARNINGS	-539,753	29,267	115,446
CUMULATIVE	-539,753	-510,486	-395,040

BUDGETED CASHFLOW

	17 - 18	18 - 19	19 - 20
	\$	\$	\$
RECEIPTS			
Invoiced Sales	122,078	279,700	451,145
Income	12,090,783	12,113,043	12,355,291
Other Income	290,155	284,661	288,082
	12,503,016	12,677,404	13,094,518
PAYMENTS			
Invoiced Costs	230,739	0	0
Direct Costs	3,075,319	3,097,605	3,118,171
Overheads	3,208,036	3,443,359	3,515,392
Fixed Asset Purchases	551,328	606,581	612,263
Other Assets/Liab's Out	5,645,479	5,475,847	5,703,363
	12,710,901	12,623,392	12,949,189
NET CASH FLOW	-207,885	54,012	145,329
OPENING BANK	9,726,668	9,518,783	9,572,795
CLOSING BANK	9,518,783	9,572,795	9,718,124

To be ratified - MINUTES OF COUNCIL MEETING

Status:	To be ratified
Present:	Jamie Baddeley (President), Joy Liddicoat (Vice President), Amber Craig, Dave Moskovitz, Brenda Wallace, Sarah Lee, Richard Wood, Rochelle Furneaux, Hayden Glass, Keith Davidson, Kelly Buehler, and Richard Hulse
In Attendance:	Jordan Carter (Chief Executive), Kimberley Ford (minute taker), Andrew Cushen (InternetNZ), Vanisa Dhiru (InternetNZ), Ellen Strickland (InternetNZ) (<i>in part</i>), Jay Daley (NZRS CE, <i>in part</i>), Richard Currey (NZRS Chair, <i>in part</i>), David Farrar (DNCL Chair, <i>in part</i>), and Debbie Monahan (Domain Name Commissioner, <i>in part</i>)
Meeting Opened:	09:00

Nicole Ferguson from REANNZ presented to the group and wider INZ staff from 09:00 – 09:30.

The two main points covered were:

- Enabling big data science
- Emphasise the Government and Ministers the key coordinating role and unique business model.

Council was in Committee from 09:30 to 10:00 for Council only time and Council and CE alone time.

1.3. Register of Interests

The President pointed out that he was no longer a trustee at NZNOG.

Keith pointed out that the last line in this report should have read “the register was last updated in November 2017” not August 2016.

2.1. Industry Scan

Councillors offered comments about the Commerce Commission’s decision on the Vodafone/Sky merger.

Richard Currey (NZRS Chair) joined the meeting at 10:08.

Jordan talked about having an election year brainstorm collectively, noted that a group of tech sector organisations, including ITP, NZ Tech, TUANZ and NZ Rise, is pulling together a manifesto of shared policy priorities to use during this general election year. He will talk through a draft of this next week and will share with Council. This is all consistent with our policy positions, but will amplify an industry perspective in the policy debates to come.

2.2. Organisation Review Update

Kelly talked to this paper firstly saying that Jordan had decided to step aside from supporting the project at the meeting on 13 February. So they have agreed to work with MartinJenkins to come in and take over some of that project management as well as offering a bit of advice and experience. What that has done to the schedule means that we don't have the paper here today that they would have liked to have had, which would be a case for change paper, principles and so forth.

The group believes that it is very important that the information gathering part of this process is done well and properly. And while they want to make this process as short as we can due to the discomfort caused to people, they also need to make sure that they don't short-change the part of the process of gathering information needed to have the best information possible. So they are continuing the information gathering, and going to have a revised work plan next week.

They are hoping to try and find a way to re merge with the work plan that is in the paper by the meeting in April.

RN01/17: THAT Council receive the report of the Organisational Review Working Group dated 16 February 2017.

(Cr Craig/Cr Furneaux)
CARRIED U

2.3. Strategic Partnerships

Hayden left the meeting at 10:17 due to a conflict of interest.

Vanisa began with saying that there are currently three partnership commitments (NetSafe, 20/20 and Figure.NZ). Vanisa recommends that the current partners continue their relationship. There is one new partnership recommendation which will be advised at a later date.

On the World Internet Project with AUT – this project has now been moved to a different part of the organisation, and the recommendation is for a 2-year partnership. Vanisa thinks it would be good to keep the level of partnership of investment, and propose an extra \$5k for next year. Some additional changes will be made while it is in the new department.

The second current partner is Creative Commons Aotearoa. They have and will receive great support from MBIE over the next 2-years. It makes sense for InternetNZ to help give them support to enable them to have their distance from government funding and for them to have the ability to do advocacy work. Funding is tagged from MBIE, and they are not helping support some of their other operations. They are in the middle of recruiting the Project Lead.

The third partnership is a new partner, NZ Centre for ICT Law. David Harvey is no stranger to InternetNZ as we have funded him before. Dave has a great vision around what he is trying to achieve. Initial conversations around potential partnership this week were held focusing our investment around sustainability. \$10,000 up front, check ins, and then \$40,000 in the next year. How can we help the centre get going and then be there to ensure that over the next few months he has things planned and underway.

Dave asked a question around the funding level for Strategic Partnerships vs Grants. He said 62.5% of the budget is dedicated to Strategic Partnership. Dave asked if this was the right balance between the two. Is this the right percentage going forward?

Vanisa said her point of view was that working towards a more partnership-focused approach makes sense. How do we get impact on the things that we think are important means that we need to have strong partnerships and be able to do that in a way that makes sense. Vanisa feels it makes sense to do this through people and organisations that we know already.

Jordan also addressed this by saying that we are operating on the assumption that Council will revalidate the high level 3-year budget plan for the framework for this year. The community funding envelope is bigger in 2017/18 than this year. Jordan's view is once we have the impact issues sorted, and some conclusions, we can then relook at the balance between Strategic Partnership and Grants on the basis of evidence we just don't have today.

The President said looking at Strategic Partnerships and Council, there are 7 of them if you include potentials. He wonders whether of all the organisations out there in the country there are only 7 entities as possible partnerships? There have got to be more opportunities for partnership – we need to case out net wide and be creative, and think about how and who we could partner with.

There is a great opportunity, different set of opportunities and contacts out there. The President would encourage a wider scope to be having conversations with. Amber added that maybe we could think about some Maori initiatives.

RN02/17: *THAT the Chief Executive be authorised to execute strategic partnership agreements with AUT, CCANZ and New Zealand Centre for ICT Law with the purposes and spending caps as outlined in this paper.*

THAT Council approve a funding package for AUT as part of a strategic partnership for the amount of \$40,000 for 2017-18.

THAT Council approve a funding package for CCANZ as part of a strategic partnership for the amount of \$35,000 for 2017-18 and \$40,000 in 2018-19.

THAT Council approve a funding package for New Zealand Centre for ICT Law as part of a strategic partnership for the amount of \$10,000 for 2016-17 and \$40,000 for 2017-18.

(P Baddeley/Cr Craig)
CARRIED U

Hayden returned the room at 10:33 along with Mary Tovey and Ben Creet.

2.3. 2017-18 Activity Plan

Andrew requested feedback from Council on the paper regarding the focus areas, goals, initiatives and membership.

Council discussed and provided detailed feedback noting more work required around the Trust goal, State Surveillance, the digital divide, diversity and device health checks.

It was agreed any further feedback would be circulated via a council-discuss email thread.

Jordan also confirmed that the membership met-ups this year will take place towards the end of March.

AP01/17: *THAT Jordan and Andrew work with Richard Wood as the Head of Grants on focus area three (Creative Potential).*

AP02/17: *THAT a feedback thread on council-discuss be created around list of initiatives.*

Morning tea break at 11:20

Re convened at 11:38 (including Mary Tovey)

2.3 Review of Governance Policies

Reports were taken at read.

Amber asked that if there are any policies in future relating to the Audit & Risk Committee, that these be given to the Committee before the Council meeting. This goes for all Committees going forward. Council agreed to this approach.

Andrew spoke about making an amendment to the Contracting for Councillors and Directors Policy and whether to do this now or at the next meeting. Or could close it out via an evote. In point 4, there is an obligation to declare those particular engagements – terms of existence and dollar value – should this be recorded? It was decided that Andrew will re-draft the policy and send it out to Council via an evote.

Regarding the Remuneration of Council and Boards Policy, Jordan asked that the note saying the policy only applies to DNCL and InternetNZ be deleted, as it does apply to all three units.

AP03/17: *THAT the note excluding the NZRS Board from the policy be removed from the Remuneration Council and Boards policy.*

AP04/17: *THAT the Audit Services Tender Policy is not approved until the Audit & Risk Committee has reviewed.*

AP05/17: *THAT the Audit Services Tender Policy and Contracting for Councillors and Directors Policy be approved via evote at a later date.*

RN03/17: *THAT Council approves the Product and Services Development Policy, and the Remuneration Council and Boards policy (subject to the removal of the note that says NZRS is not covered by it).*

(P Baddeley/Cr Craig)
CARRIED U

Mary Tovey left the meeting at 11:44

3.2 Conference Attendance Grants Round

Council considered and approved the recommendations of the Grants Committee.

RN04/17: *THAT Council approves the Grants committee recommendations for funding.*

(Cr Wood/Cr Hulse)
CARRIED U

4.1 President and CE Briefing

The President began by saying at the beginning of March the team will be going to the ICANN meeting in Copenhagen. There is a regular convention of Board members from various CCTLDs that get together. The last one was held in Dublin, Ireland. The President will not be attending the event this year.

Richard Currey (NZRS Chair) and David Farrar (DNCL Chair) will be attending in March and the agenda will be circulated once it comes to hand. Two issues that will be discussed are Diversification and Business Development.

Jordan said it is election year this year and and has been in the United States as we all know. The appointment of Donald Trump has the potential to shift a few things both regionally and globally. We will be doing some due diligence and careful analysis on this issue but it is still too early to know how it will play out, and if this will have any negative impact on the Internet.

Separately, Jordan has reached out to the Senior Leadership at MFAT to create a closer relationship with them given the range of relationships we have internationally – he hopes there can be some mutual benefits from closer sharing of perspectives and information.

AP06/17: *THAT Richard Currey and David Farrar be invited to the next Council meeting to provide an update on the ICANN meeting in Copenhagen.*

4.2 Financial Strategy

Andrew noted that at the last meeting he and Kelly were asked to work with Adam Hunt on preparing a guide to new Counsellors for induction about financial strategy, and if necessary to come back and recommend further steps. Both of these things have been completed. The paper sets out work in both areas.

Getting this far wasn't as easy as originally anticipated. The key thing is that none of the material available actually represents a financial strategy - this is a short coming that this organisation has at the moment. Are we consistent in how we are approaching financial strategy?

The President and Amber will have a discussion offline about whether the mandate of the Audit & Risk is broad enough to look at the Financial Strategy.

RN05/17: *THAT Council asks Cr Buehler and the Deputy Chief Executive to continue to work on financial strategy questions, in consultation with the Chief Executives of InternetNZ and the subsidiaries, and present at the May 2017 meeting of Council.*

(Cr Buehler/Cr Lee)
CARRIED U

4.3 Membership to Engagement

Jordan explained that we wanted to find out what members thought about membership with InternetNZ and how we could improve this process. We engaged Katherine Hall from PieComms who spoke to 85 members and then a final report was produced with results.

The results are summarised in the paper presented to the meeting. There are a list of positives and negatives of what those members who were spoken with thought. Nothing in the report felt like a shock. She then developed a number of characters to represent different types of members we have. Katherine's final recommendations asked InternetNZ to consider changes to the approach to membership taken by the organisation to modernise it.

The second aspect of the paper was why are we doing the stuff we do with our members, and how do we see members as being more than simply a constitutional obligation? By building a model that is about the community we are part of, that understands different levels of engagement, and analysing our activity from the point of view of asking how it engages people, we can have a more structured approach to our engagement.

This would help drive membership and better connections between InternetNZ and the internet community.

AP07/17: *THAT Jordan circulates the full membership engagement report from Katherine Hall.*

RN06/17: *THAT Council receive the paper on membership and engagement and endorse linking the two concepts in the operations of InternetNZ.*

(Cr Moskovitz/Cr Buehler)
CARRIED U

5.1 Confirm Minutes – November 2016 Meeting

RN07/17: *THAT the minutes of the meeting held on 25 November 2016 be received and adopted as a true and correct record.*

(President/Vice President
CARRIED U

5.3 Membership Update

RN08/17: *THAT the new members be approved.*

(President/Vice President
CARRIED U

5.4 Media Monitoring Update

Dave mentioned that it would be good to track year by year in this report – this will start happening.

The President advised that he, Jordan and Andrew have spoken and it is a possibility that The President will, at some point in the future, spend some time working through some techniques that would improve this report.

5.5 Evote Ratification

RN09/17: *THAT the evotes be ratified.*

(President Baddeley/Cr Wood)
CARRIED U

5.6 Health & Safety Update

Joy raised that it would be a good idea to prepare an Earthquake Response Report. Andrew advised that a report had been created following the November 2016 Kaikoura earthquake, and that it was distributed, and also that it may be May 2017 before further work in this area will be reported on.

5.7 Chief Executive's Report

Jordan spoke to his report outlining summaries on various programmes.

The priorities over the next period are on pages 143-144 which include getting the Activity planning completed as well as the membership renovation.

More work will take place on the Organisation Review as well as some international issues.

Jordan asked the Councillors if they had any feedback or thoughts on the priorities? The President noted an event called RightsConf. Jordan noted that this involves 100 or so sessions on the linkage between human rights and the internet. He has thought about attending this before. The President reminded that this is an event which can help show international activities convert to domestic benefits.

Jordan advised that the membership meet ups will likely take place the week of 20 March 2017.

Amber asked Jordan about the latest earthquake damage information, and Jordan advised that our building was one of those that needed a deeper assessment and that that had now been done. A report is due with the landlord soon after which a copy should be shared with the tenants. He further advised that the structure has more or less been checked the same way already so we are not overly concerned.

Jordan also apologised for the error in not having the AGM reappoint the auditors last year, as detailed further in the report.

RN10/17: *THAT the Chief Executive's report for the three months following the last council meeting be received.*

(President /Cr Craig)
CARRIED U

David Farrar, Debbie Monahan & Jay Daley joined the meeting at 13:26

4.4 Subsidiary Reports

Quarterly Reports

There were no questions on the quarterly reports.

RN11/17: *THAT the Joint .nz Quarterly Report be received.*

(President/Vice President
CARRIED U

RN12/91: *THAT the DNCL and NZRS 3rd Quarter Reports be received.*

(President/Vice President
CARRIED U

2017-2018 Statements of Direction & Goals for DNCL

Joy raised security in the environment, noticing an increase in engagement with law enforcement. Are they coming to DNCL? Debbie advised that she has started doing a few courses and then word of mouth had requests coming in. Debbie and Barry go off-site and speak at a lot of Industry Security meetings. They are not actively promoting this.

RN13/17: *THAT the 2017-2018 Statement of Direction & Goals for DNCL be received, and the budget for the coming financial year be approved.*

(President/Vice President
CARRIED U

2017-2018 Statements of Direction & Goals for NZRS

Jay advised that they have changed the process this year so it comes as a draft and then as a presentation at the May 2017 meeting.

Dave requested that the expenses in each Statement of Direction & Goals be broken down to the next level. Jay advised that some of this will be included in the updated, more detailed Group Financials.

As the paper was provided late, Council will take the opportunity to have any discussion on its email list before noting the draft SoD&G – a final draft will come to Council for decision at the May meeting.

Product & Service Development Report

The President requested a format change in this policy document. At the moment it is difficult to track what has actually changed. A summary at the top of the document outlining what has changed that would be welcome. Jay agreed to look at the format to highlight changes more clearly.

RN14/17: *THAT the Products & Services Development Report for February 2017 be received.*

(President/Vice President
CARRIED U

Technical Research Report

RN15/17: *THAT the Technical Research Report for February 2017 be received.*

(President/Vice President
CARRIED U

4.6 Evaluation of Products & Services Development

Jordan advised that as set out in the paper, the assessment looked at the criteria and targets agreed by Council in August. NZRS provided a confidential paper with the information required to make the assessment.

His overall assessment is that progress is satisfactory and should be encouraged to continue.

Jay noted that there were some false starts at the beginning of this process and things were slightly out of sequence but that there is now some momentum.

Hayden asked if Jordan took a view on whether we should change any of the objectives? Jordan advised that the only difficult objective was the revenue target. This should be considered as part of the review of the Strategy for InternetNZ due later this year.

RN16/17: *THAT Council advise NZRS that it considers progress on product and service development to be satisfactory at the assessment date, AND confirms that the fund available to finance this development remains in place at the same limit, extended to 31/3/2018.*

(President/Cr Lee)
CARRIED U

RN17/17: *THAT Council notify intent to amend the Group Policy on Product and Service Development to reflect this rollover, and confirm this decision at its next meeting.*

(Cr Furneaux/Cr Craig)
CARRIED U

Richard Currey left the meeting at 13:51

5.8 Council Committee Reports

Audit & Risk

Amber spoke about the Audit & Risk Register. This is an update paper since July last year. The committee are trying to become more efficient in order to focus on non-financial audits. They are working with Auditors making sure we are establishing a relationship between the Council and the Auditors.

The Committee is also working on building relationships with Subsidiary Boards, and met with the DNCL Board to talk about how we can collaborate more as a group on risk and audit matters, and how we can work together rather than doing things independently.

Amber also advised that the auditors' letter of engagement has been completed.

The President noted that there needs to be a line drawn regarding the Audit & Risk Committee maintaining a level of independence from the subsidiaries' own risk management processes.

Andrew also advised that there was a separate Audit & Risk Framework paper.

Maori Engagement

Sarah announced that an honoured and respected member of the Maori community had given InternetNZ a Whakatauki which is excellent news, and reads as follows:

“Kua raranga tahi tātou he whāriki ipurangi mo āpopo.

Together we weave the mat, in terms of the Internet, for future generations.”

Vanisa spoke about the next Marae visit training day. Thanks to Keith, Kelly and Richard for attending this session. Vanisa said that any Counsellors who would like to attend this event to please let her know. The dates are Thursday 25th and Friday 26th May 2017, followed by the next Council meeting on Saturday 27th May.

Vanisa spoke about meeting with BRG and Takawai in January to develop our consultation plan around taking draft strategy out and bringing fresh eyes to the process. We have put the draft strategy on hold in effect because what we discovered was that we were taking a strategy out to Maori and asking them is this how you want InternetNZ to engage with you, while we were doing the engagement – this didn't make sense.

Jordan said the best way is asking the question 'what matters to you'?

Sarah confirmed that this is what they have taken a look at; the draft strategy is more of an internal strategy. We need to focus on building relationships with Maori Stakeholders. Sarah is pleased to see that through membership research, there is affirmation that we need to engage with Maori more.

Audit & Risk Framework

Andrew spoke to this paper and advised there is also the Risk Register attached. This document has been developed on and off over the last year. This is for noting only. It has not been seen by the Audit & Risk Committee but they wanted it given to the Council. This is an active management framework. The Risk Register is not meant to be a static document done once – it needs to be owned as a management team and monitored. Every quarter Council will receive ongoing information about how we are actively controlling and identifying risk.

Regarding the Risk Register Kelly raised that it uses hot, warm and cold but there is no key. Jordan advised that the cover page to the Group Risk Register has a key on it so it can be used from here.

Amber confirmed that this will be sent to our Auditors confidentially so they can re write the terms of engagement and she will work with them on the Audit Strategy.

RN18/17: *THAT Council receives the Risk Register.*

(President /Cr Hulse)
CARRIED U

RN19/17: *THAT Council receives the Risk Management Framework paper.*

(President /Cr Hulse)
CARRIED U

RN20/17: *THAT Council agree the date of its next meeting be changed to Saturday 27 May 2017, in the Wellington office, to accommodate the marae visit.*

(President /Cr Hulse)
CARRIED U

Next Meeting: The next scheduled Council meeting is Saturday 27 May 2017, from 9.00am, in the Wellington office.

Meeting Closed: 2:15pm

To be ratified - MINUTES OF COUNCIL MEETING

Status: To be ratified

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

In Attendance: Jordan Carter (Chief Executive), Kimberley Ford (minute taker), Andrew Cushen (InternetNZ), Vanisa Dhuru (InternetNZ), Ben Creet (InternetNZ), Megan Baker (InternetNZ) and Richard Currey (NZRS Chair)

Apologies: Keith Davidson

Meeting Opened: 09:00

1. ICANN Governors and CEs Meeting

Richard Currey (NZRS Chair) gave a confidential briefing to Council about a meeting between Chairs and Chief Executives at the most recent ICANN meeting. The item was confidential because the meeting was held under Chatham House Rules.

2. Activity Plan & Budget Summary

a) Activity Plan

Council discussed the Activity Plan.

Access to the Internet – Internet Infrastructure

Council agreed that the word ‘collaborative’ should be used in this section of the paper.

Access to the Internet – digital divide

Council agreed that the three lines in the table for a better Internet be fleshed out more. The purpose of this was to show the advantage of this rolling approach to the planning.

Trust on the Internet – multi-factor authentication (MFA) / trust framework

Sarah Lee asked if we are establishing a baseline regarding measures and public opinion polling. Jordan advised that we have begun discussions with NZRS in order to work together to leverage market research, and that as part of the combined programme of research he expects we will be able to establish a baseline and then look at the impact of the promotion work.

Creative use of the Internet – creation enabling copyright

Councillors raised a concern around terminology and suggested some market research around this. “Open” or “Fair” or “Modern” copyright were suggested. Staff will canvass views and make sure the language reflects the intent, which isn’t to change copyright’s fundamental balance but to make the law work for that in today’s technology environment.

Creative use of the Internet – showcasing creativity

Councillors suggested that the paper include some more information around working with NetSafe on youth engagement, and that it should be clear this isn’t proposing an expensive “showcase” or “awards night” approach.

Andrew noted that these are specific ideas and channels we need in order to carry out this work and that we will still be bringing NetHui in as a place we can centre all of this. The language will be clarified and the broader focus included in the updated Plan.

Internet Issues

No comments.

Community

Jordan thanked Vanisa for her work in this area and noted that there are some exciting ideas in the team. Ellen has been kept in the loop re progress.

International

No comments.

Communications and Outreach

Councillors expressed their appreciation with the improvements that have taken place in the communications area, and commented on how great it is to see the new community section going onto the website.

Council also asked that this section of the Activity Plan link back to the other activities and focus areas – since communications is how people learn about the work being undertaken.

Operations

No comments.

Governance and Membership

Council would like to see examples like hackathon being linked back to the themes of the activity plan (access, trust and creative use).

Budget Summary

Noted.

RN21/17: *THAT Council **approves** the 2017/18 Activity Plan & Budget with agreed amendments.*

(Cr Wallace/Cr Furneaux)

CARRIED U

b) Budget Explanation Paper

Council discussed the draft Budget, including whether to ask staff to re-evaluate it and establish a zero balance for the year. Jordan noted that since we underspend the budget, it is likely there will be a year-end surplus in 2017/18 (as there will be this year).

Council agreed no changes were required, and complemented the paper as easy to read and understand.

Staff noted that there may be a request for an adjustment to the capital expenditure budget due to earthquake damage in the Wellington premises.

RN22/17: *THAT Council **receive** this paper and **agree** the strategy and high level composition of expenditure for the 2017/18 Budget.*

(Cr Craig/Cr Buehler)

CARRIED U

RN23/17: *THAT Council **approves** for 2017/18 an operational budget limit of \$4,985 million and a capital budget limit of \$185,000.*

(P Baddeley/Cr Wallace)

CARRIED U

RN24/17: *THAT Council **note** and **agree** in principle that should income turn out to be lower than expected, the operational and capital budget limits will be maintained, with funding to come from retained earnings.*

(Cr Lee/Cr Hulse)

CARRIED U

3. NZRS Draft Statement of Direction and Goals

Council got a soft copy of the draft NZRS SoDaG as a late paper to the February meeting. It was held over to allow for further discussion or questions. None were forthcoming. A final draft will be presented at the May meeting.

RN25/17: That Council receive the draft NZRS SoDAG.

(P Baddeley/Cr Moskovitz)
CARRIED U

4. DNCL Board Appointments Panel

Jamie introduced this item. He confirmed that Kenneth Johnson's appointment as a director would be rolled over for another two years.

He noted that Dave Moskovitz' position as the Council rep is at the end of the appointed term, and asked if there were Councillors who were interested in the role. Three Councillors put their names forward (Moskovitz, Buehler, Hulse).

Council discussed the Appointments Panel to conduct the appointments process for this year. It was agreed that the members would be Jamie Baddeley, Ron Hamilton, David Farrar and Joy Liddicoat.

Jamie will progress this process and intends that everything will be complete by the end of April.

RN26/17: THAT the Appointments Panel for 2017 be Jamie Baddeley, Ron Hamilton, David Farrar and Joy Liddicoat.

(P Baddeley/Cr Wood)
CARRIED U

5. Organisational Review Working Group

Council went into committee (only Councillors present) to discuss a paper from the Organisational Review Working Group that set out a case for change, design objectives and design principles that could guide the creation of options for different ways to organise InternetNZ's work.

After the substantive discussion, the Chief Executive joined the meeting as it established the resolutions and to assist with next steps.

RN27/17: THAT Council **receive** this report from the Organisational Review Working Group.

(Cr Buehler/Cr Craig)
CARRIED U

RN28/17: THAT Council **notes** and **agrees** with the Organisational Review Working Group's finding that there is more work to be done.

(Cr Buehler/Cr Craig)
CARRIED U

- RN29/17:** THAT the Council **directs** the Working Group to proceed with the amended design objectives and principles as agreed with the next stages of its work programme, specifically:
- Identify set/s of changes that can deliver on the design objectives / principles, and agree these.
 - Test the pros and cons of the options against the design objectives and principles.

(Cr Buehler/Cr Craig)

CARRIED U

Note:

- The Working Group should provide work back to Council via the President as necessary.
- If there are options for change identified, appropriate consultation will be conducted before any decisions are made.

Meeting Closed: 11:15am

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Action Point Register

	Action	Who	Status	Due by	Comment
	FEBRUARY				
AP01/17	THAT Jordan and Andrew work with Richard Wood as the Head of Grants on focus area three (Creative Potential)	Andrew/Jordan	Complete	27.05.17	
AP02/17	THAT a feedback thread on council-discuss be created around list of initiatives.	Council	Complete	27.05.17	
AP03/17	THAT the note excluding the NZRS Board from the policy be removed from the Remuneration Council and Boards policy.	Jay	Complete	27.05.17	
AP04/17	THAT the Audit Services Tender Policy is not approved until the Audit & Risk Committee has reviewed.	Audit & Risk	Complete	27.05.17	
AP05/17	THAT the Audit Services Tender Policy and Contracting for Councillors and Directors Policy be approved via evote at a later date.	Council	Complete	27.05.17	
AP06/17	THAT Richard Currey and David Farrar be invited to the next Council meeting to provide an update on the ICANN meeting in Copenhgen.	Kimberley	Complete	27.05.17	
AP07/17	THAT Jordan circulates the full membership engagement report from Katherine Hall.	Jordan	Complete	27.05.17	

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InternetNZ Membership Report

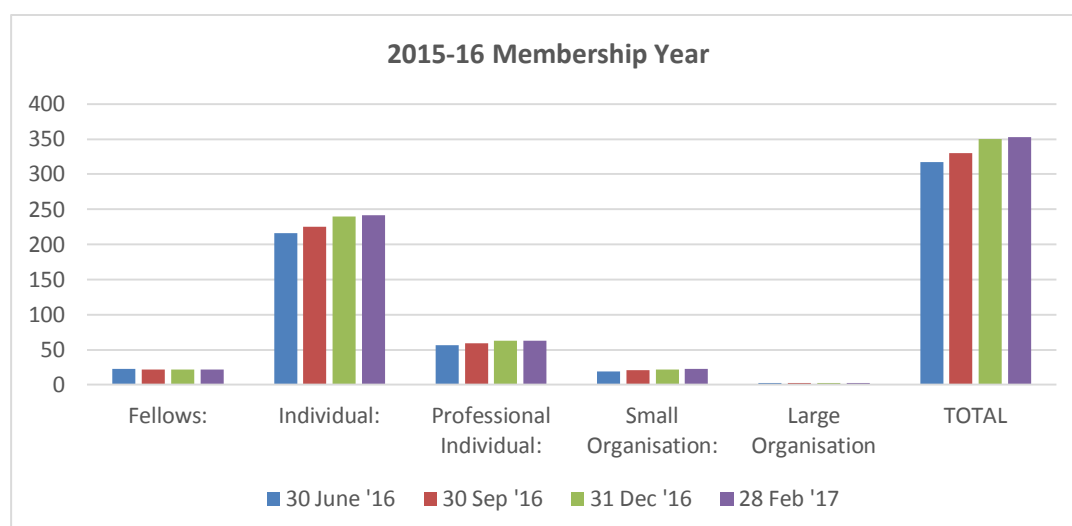
Status: FINAL
 Author: Kimberley Ford, Office Manager

Current Membership *(as at 15 May 2017)*

Fellows	Individual	Professional Individual	Small Organisation	Large Organisation	TOTAL
22	242	63	23	3	353

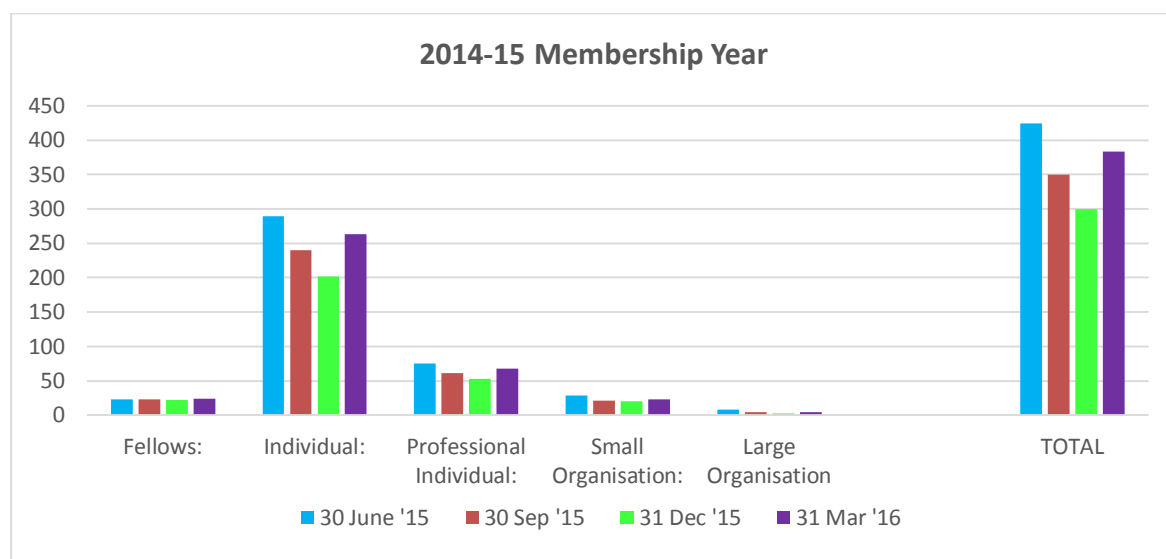
2015-16 Membership Year

	30 June '16	30 Sep '16	31 Dec '16	31 Mar '17
Fellows:	23	22	22	22
Individual:	216	225	240	257
Professional Individual:	56	59	63	62
Small Organisation:	19	21	22	23
Large Organisation:	3	3	3	3
Total Membership:	317	330	350	367



2014-15 Membership Year

	30 June '15	30 Sep '15	31 Dec '15	31 March '16
Fellows:	23	23	22	24
Individual:	289	240	202	263
Professional Individual:	75	61	53	68
Small Organisation:	29	21	20	23
Large Organisation:	8	5	3	5
Total Membership:	424	350	300	383



Membership by region *(based on Current Membership as at 15 May 2017)*

Joined in	NORTH ISLANDS		SOUTH ISLANDS	
	Northern	Southern	Northern	Southern
2016	26	32	7	6
2013-2015	30	60	8	4
2010-2012	28	50	15	7
2005-2009	29	48	4	5
Foundation-2004	3	6	0	3
TOTAL	116	196	34	25

*International members – 10

Recommendation:

THAT the new members be approved.

E-vote Ratification

Author: Kimberley Ford, Office Manager

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

Evote:	Motion:	For:	Against:	Abstain:
28032017	THAT Council adopt the paper setting out the recommendations paper on Research Projects.	Amber Craig Brenda Wallace Dave Moskovitz Hayden Glass Kelly Buehler Richard Hulse Richard Wood Rochelle Furneaux Sarah Lee Keith Davidson Joy Liddicoat		
18042017	THAT Capital Expenditure of up to \$15,000 (incl GST) be authorised for the purposes of making repairs to the Wellington premises following the 14 November 2016 Kaikoura earthquake, AND THAT this amount be added to the 2017/18 capital expenditure budget limit.	Cr Lee Cr Wood Cr Craig Cr Moskovitz Cr Furneaux Cr Hulse P Baddeley Cr Glass Cr Davidson Cr Wallace VP Liddicoat Cr Buehler		
21042017	THAT the renewal of the lease for the Auckland Office be approved and THAT the officers are authorised to affix the common seal of the Society to the lease renewal.	Cr Lee Cr Wood Cr Craig Cr Moskovitz Cr Furneaux Cr Hulse P Baddeley Cr Glass Cr Wallace VP Liddicoat Cr Buehler		

Recommendation

- THAT the e-votes be ratified.

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Health & Safety Update

Author: Laura Turnbull, Organisational Development Adviser

Month	Number of Near Misses reported/or identified	Number of Incidents reported/or identified	First Aid Incidents reported/or identified
December	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	2	1

Recommendation

- Two incidents have been reported since February.
- The first incident related to a guest that had their arm trapped in the lift door on the Boulcott Street entrance of the building. The Building Managers were notified immediately and the lift sensors were checked. The Building Manager advised that the sensors must cut off at a certain point to allow the doors to shut and that people should not use their bodies to prevent the lift doors from closing. All staff across the group and Councillors were advised not to use their hand or any other body part to stop the lifts from closing and to use the lift buttons only. The guest was offered ice but declined and later reported by email that afternoon that they were experiencing discomfort. We advised staff, Council and the Audit and Risk Committee of the actions taken to prevent this from happening again.
- The second incident related to a member of staff in the group who hit their head on a set of floating shelves that were installed in the kitchen when we first moved in. The staff member immediately reported the incident and the Health and Safety representatives across the group met and discussed the resolution. The shelves were removed from the kitchen to prevent this from happening again. This risk has now been successfully mitigated.
- First Aid was provided to the staff member who hit their head (only ice was required).
- Monthly hazard walks have taken place and no hazards or issues were identified.
- Health and Safety is a standing agenda item at team meetings and staff are repeatedly encouraged to report any incidents or hazards.
- The InternetNZ group have a First Aid training taking place in June for staff.

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Organisational Report

Author: Jordan Carter, Andrew Cushen

Purpose of Paper: To update Council on work across the InternetNZ Organisation since the last meeting of Council on 24th February 2017.

This report functions as a summary and highlights report for Council in understanding InternetNZ's programmes and operations since the last meeting. For detailed information regarding progress against the annual Activity Plan, refer to the Progress Reports published on the website at <https://internetnz.nz/reports>

Attached to this report as Appendix One is the Media Monitoring Report for January - March 2017.

1. Community Programme: Vanisa Dhiru

The Community Programme had a very busy quarter with a number of events and a full grants round.

Points of Note:

The Acting Community Programme Director Vanisa Dhiru moved from working four days a week to five in early May. In early June, Vanisa's hours will reduce, and Ellen Strickland will come back to work part time, and go full time in early August.

Highlights:

- *The NetHui 2017* theme has been announced and *Trust and Freedom on the Internet*. Work has commenced to approach keynote speakers and progress continues on generating sponsorship and fellowship application processes.
- Announcement of our *new Strategic Partner, the Centre for ICT Law* at University of Auckland, alongside formalising our ongoing partnerships with AUT for the World Internet Project and Creative Commons ANZ.
- Two *Speaker Series* events were held in Wellington - 9 May, called *Privacy and the Internet* for Privacy Week. Panellists included NetSafe's Angela Webster and InternetNZ's Ben Creet. This event was held in partnership with the Office of the Privacy Commission. Our second event was for Techweek'17, held at PwC Wellington titled *Food and the Internet*. Our chair was chef Martin Bosley, and panellists including PwC's Bruce Baillie, FarmIQ's CEO Collier Issacs and UberEats Emma Foley. Both events were well attended, and we have completed two of the events under this section of the Activity Plan.

- The 2016/17 *Internet Research grants round* is been completed, research applications approved by evote in late March. We have also supported the Netsafe's Online Safety Partnership Grant by sharing our processes and procedures for their first round, and provided a panel assessment member.
- Our *Māori Engagement Committee* have continued met and correspond to progress this work programme. The Committee has focussed on the marae training work and will begin shortly on our approach to engaging tangata whenua.
- In the last two months we have agreed *sponsorship* support for:
 - o TUANZ 2017 Rural Connectivity Symposium - May 2017
 - o Cyber Security Challenge, University of Waikato - July 2017
 - o Canterbury Tech Summit - September 2017

Lowlights:

- Team resourcing has been low, due to health issues, which have seen tasks delayed in this programme.

Next Priorities:

- *Māori Engagement Committee* will survey those that attend the marae training, reflect on learnings and continue to progress tikanga training with staff, and engagement plans.
- *Community Project grants round* will begin by July 2017, run using the new policy framework. The grant impact framework and tools should be underway, and we should see the fruits of our grant revitalisation project work.
- *NetHui 2017* sponsorship pitches, fellowship application scoping and promotion work will continue.
- *NZ Internet Research Forum* is planned for Day Zero (8 November) of NetHui, and we will be proactively seeking expressions of interest for the event.
- *Third Speaker Series* event of the year will be planned, focusing on democracy - and held before upcoming general elections.

2. Issues Programme: Andrew Cushen

The Issues team has been working on three projects in particular: firstly, completing the commitments on the Mapping Digital Inclusion project with 2020 and planning its launch; secondly in preparing InternetNZ's share of content for the Digital Regulation project we are sharing with the New Zealand Initiative, and thirdly on forming a new group to campaign with on Copyright reform. On top of that, we have also been working on scoping and planning the deliverables for 2017/18.

Points of Note:

As a Catalyst Project on the Data Futures Partnership, the mapping Digital Inclusion work has an additional set of stakeholders. We've been presenting the outputs of this project to them recently and have appreciated their very positive feedback - which has confirmed we are ready to proceed to launching the map. 2020 Trust are however constrained due to capacity limitations in

their organisation.

We await the next steps on the Telecommunications Act Review. The recent meeting we had with the Minister, Hon. Simon Bridges, indicated that this would be released sometime in the near future. We expect that this will continue largely down a similar path, which is very similar to what we submitted in 2016. This will however be a significant piece of work to respond to once that next consultation is launched.

Highlights

- Finishing phase one of the build of the *Digital Inclusion Map*, to the satisfaction of our partners in the Data Futures Partnership and 2020. We welcomed *Kiro Zhang* as a temporary member of the Issues team to assist with crunching through the data and preparing that for presentation. We're now in the middle of planning the launch of this Map for early July.
- A very positive and collegial first formal meeting with the new *Minister for Communications, Hon. Simon Bridges*. We discussed the next steps on the Telecommunications Act process and appreciated hearing some of his ideas and ambitions for this portfolio and sector. Of particular note was his interest and focus on consumer issues in telecommunications.
- Full drafting of the *Digital Regulation* work with the New Zealand Initiative, after a long gestation. This is now out for editing and document preparation for a launch in July-August.
- Launch of the *Digital Economy* work plan by MBIE, after a long phase of development. We have discussed this with MBIE at length, and believe this is particularly important that the Government contributes to realising the benefits and uses of improved connectivity. InternetNZ is named as a key contributor to this work.
- Launch of the new *IOT Alliance*, with InternetNZ being a founding member.
- Progress on building a wholly new *research model* for InternetNZ, as a precursor to scoping the *State of the Internet* report for 2017 on a new basis. This work has benefited from deep engagement with NZRS in shaping what matters and the data sources available for it.
- Bringing together an alliance of like-minded organisations to pursue *copyright reform*, and agreeing an initial scope of works with this group.
- The arrival of *Riley Creet*, the newest advisor-in-training in the Issues team.

Lowlights:

- We've slipped in delivering the *Encryption* paper as we've sought further feedback from the Internet community, and while Ben has been away on Parental leave. Ben is picking this up again now to finalise.

Next Priorities:

- Developing the *State of the Internet Report* for 2017 based off the Research Framework we have developed with NZRS.

- Hiring a new Issues Advisor
- Release of the report into the *Internet of Things* in New Zealand with the IOT alliance, in June.
- Following up on the recommendations of the *Telecommunications Act* review as it progresses into legislation.
- Launch of the *Digital Inclusion Map* work in early July.
- Launch of the *Digital Regulation* report with the New Zealand Initiative in July.

3. International Programme: Jordan Carter

Points of Note:

- Staff across the group participated in the most recent **ICANN** meeting, held in Copenhagen Denmark 11-16 March 2017. The usual Joint Report on that meeting is attached to this paper (Appendix 2).
- The **Pacific Internet Governance Forum** emerged more quickly and with less notice than expected, being held in Vanuatu 17-18 May. We provided some sponsorship and sent Cr Keith Davidson as an attendee, given his role as organiser of the 2011 event. The outcome hoped for from this year is a mandate and an organising team to build a full event with broad participation in 2018. Keith will report back to Council at the meeting.
- Jordan attended [RightsCon](#) in late March to see how debates about technology/Internet and human rights were progressing in the wake of the U.S. election. He will complete a report once the organisers of the event do their summary, but the key points of note:
 - There was a good deal of discussion of the propensity of some governments to **shut down the Internet** in regions or nationally to restrict communication of a primarily political nature. This is not something likely to arise in NZ.
 - **Encryption** was a hot topic, with some high profile discussion about whether rising public concern about security in the wake of high-profile terrorist activity in recent years might lead to an anti-encryption push by security agencies. This debate may play out here.
 - There remains a lively debate about the responsibilities of platforms in protecting **copyright** and other intellectual property rights.
 - Some **Internet governance** topics were up for discussion, with an extensive presence by ICANN.
 - Overall the conference is one we should consider attending as part of our annual cycle, but not at Chief Executive level.
- Staff from DNCL attended APRICOT and APTLD in February/March, with reporting through the usual process.
- Jordan was appointed as a co-chair of ICANN's Cross Community Working Group on Enhancing ICANN Accountability, representing the country codes (ccNSO). This role will help bring the second phase of that group's work to a conclusion, and is recognition of the work he has done in this area throughout the IANA transition process.

Next Priorities

- Preparations for the next ICANN meeting, being held in Johannesburg South Africa late June.
- Ongoing discussion with MFAT on International issues and how we can collaborate better.
- Bringing Ellen back into the international programme following her return to work.
- Group staff will attend CENTR's annual Jamboree, being held in Europe in May.

4. Operations: Andrew Cushen

This is typically the busiest time of the year for the Operations team, as we complete the end of the financial year; complete the audit; prepare for the AGM and continue to support the rest of the organisation in spinning up a new financial year.

Points to Note:

We are pleased with the progress and approach that Crowe Horwath have made on the annual audit.

Highlights:

- Supporting the *Organisational Review Working Group* as it presents its outputs to this meeting.
- Developing an approach to the new *Statement of Service Provision* reporting requirements.
- Supporting the delivery of the two *Speaker Series* events held in May.
- Repairs to the *Wellington Office*
- Completion of the foyer of the *Wellington Office*.
- Completion of the rent renewal for the *Auckland Office*.
- Preparation and planning for the 2017 *Annual General Meeting*.
- Commencement of the new *Human Resources Project*, with support from HR Shop.
- Significant progress made with the *NetHui* team in planning the 2017 event.

Lowlights:

- None to report.

Next Priorities:

- *Annual General Meeting and Elections* processes
- Finalisation of the 2016/17 Accounts and Audit
- *Organisational Review* support.
- Continuing the *Human Resources project* with the design of our HR strategy, employee value proposition and undertaking an engagement

and staff survey, to serve as a base-line and feedback mechanism.

- Implementing the recommendations received on ***core system improvements***, as advised by Think Concepts.

5. Governance and Members: Jordan Carter

The significant work in this area has been on the Organisational Review, which is covered elsewhere in this area, and on the annual process of membership renewals. We are also preparing the Community team for hosting our revamped work on Membership during the year.

Points of Note:

- Completion of the investigation and report by the Organisational Review Working Group, as covered elsewhere in this meeting's agenda.

Highlights:

- ***Membership and stakeholder engagement*** on the Activity Plan for 2017/18. We enjoyed the conversations we had with Members in Auckland, Wellington and Christchurch, and appreciate and valued the feedback they provided on the plan for this year.
- Design of the approach to ***Membership Surveys***, and engagement of Vivian Chandra to help develop this approach further as a method of informing ongoing proposition development for the Community team.

Lowlights:

- None to report.

Next Priorities:

- Next phase of the ***Organisational Review*** process.
- Completing renewals of membership for the 2017/18 year, including following up slow-to-renew members.
- Complete the ***transition of membership*** to the Community Team, and resource this function to deliver to our plans.
- ***Membership recruitment planning***, using the new model of 'engagement to membership' approach.
- ***Elections and Annual General Meeting***, 27th July 2017.

Jordan Carter
Chief Executive

Andrew Cushen
Deputy Chief Executive

17 May 2017

ATTACHMENTS:

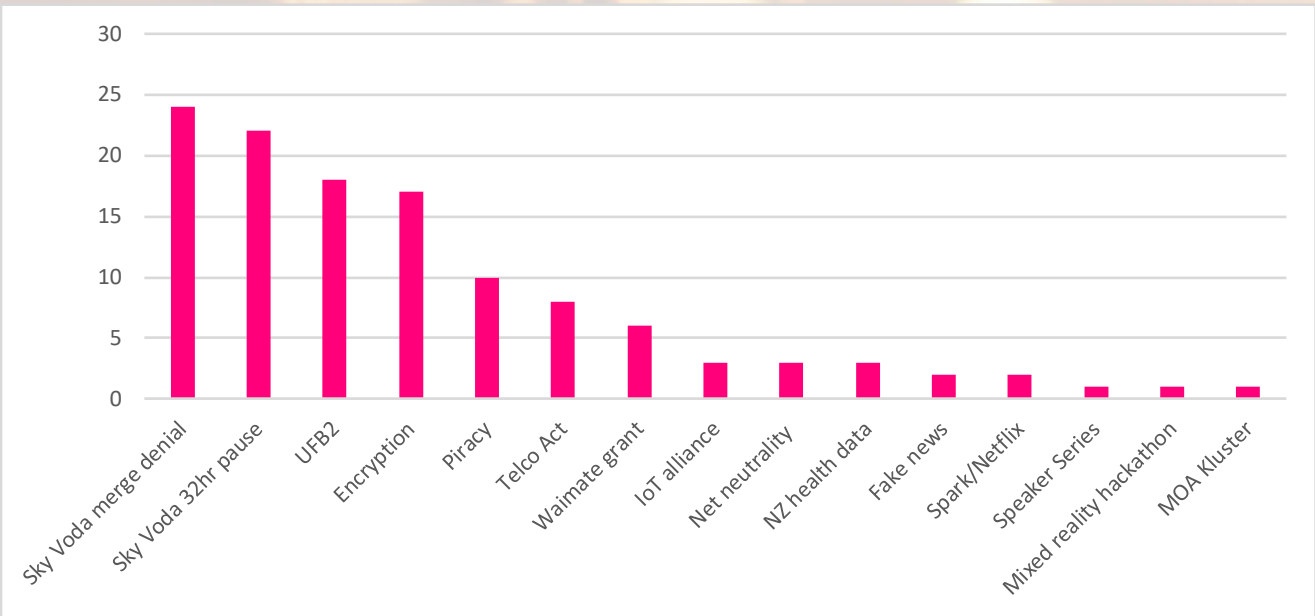
APPENDIX 1 – Media Monitoring Report (January to March).

APPENDIX 2 – Joint Report on ICANN 58 – Copenhagen (March 2017)

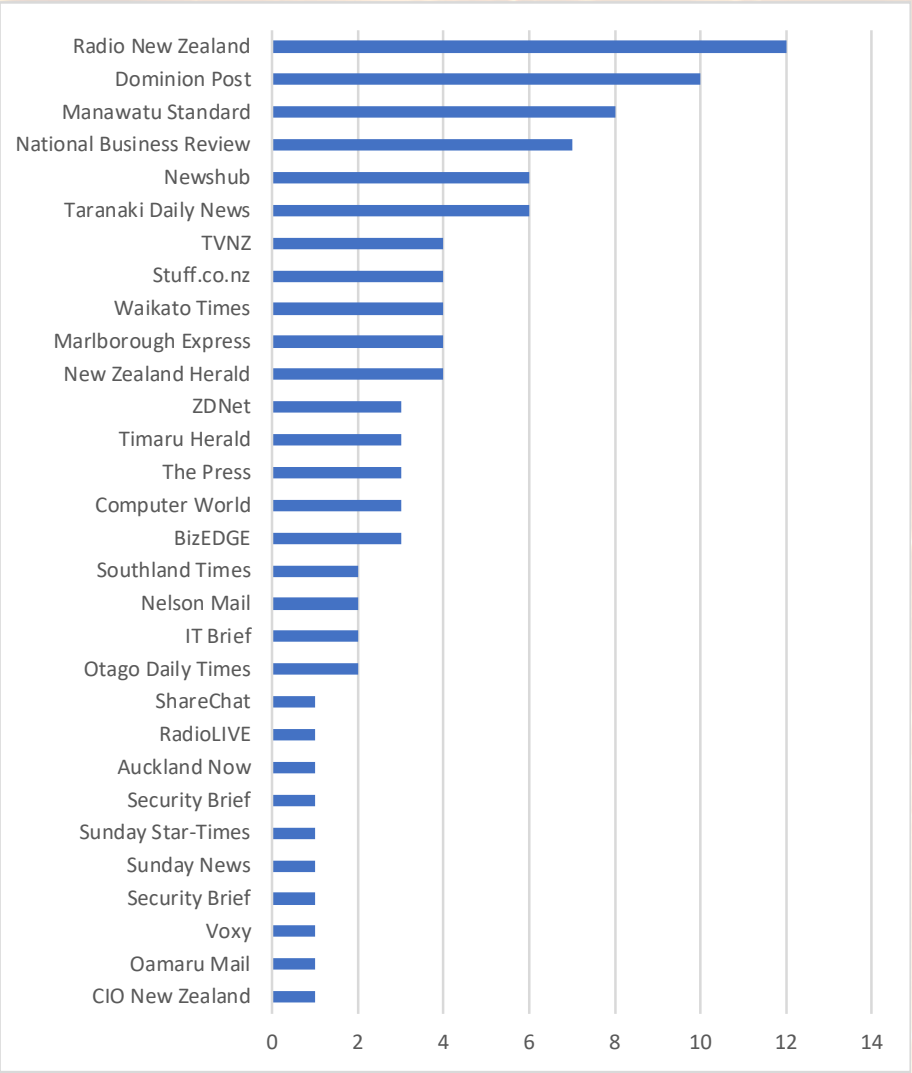
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MEDIA REPORT 1 JANUARY - 31 MARCH 2017

Media articles by topic



Media articles by outlet

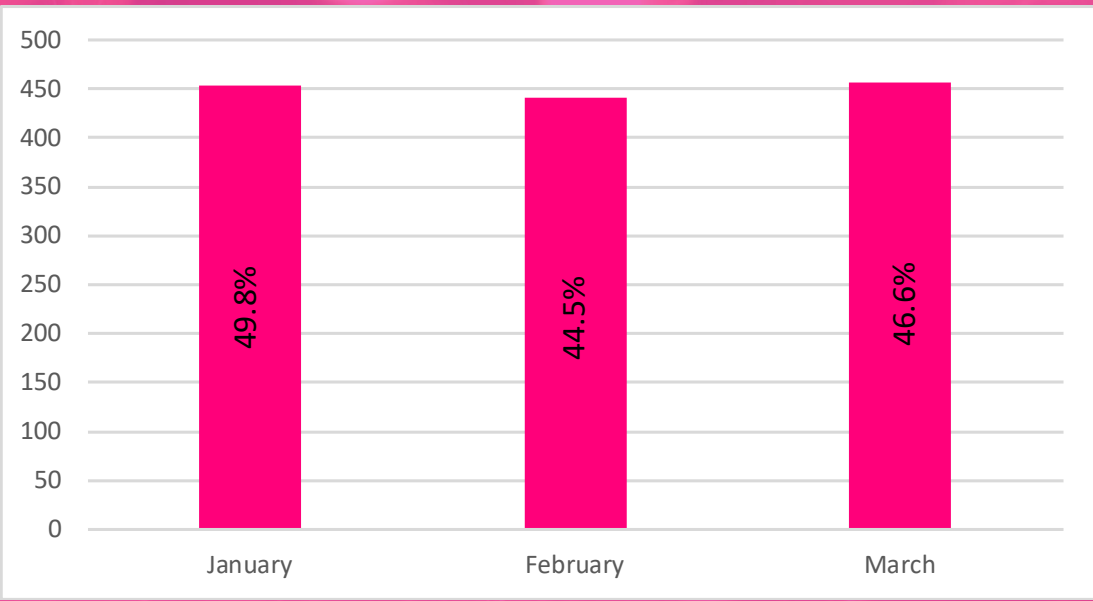


105
media articles
(79 in last quarter)

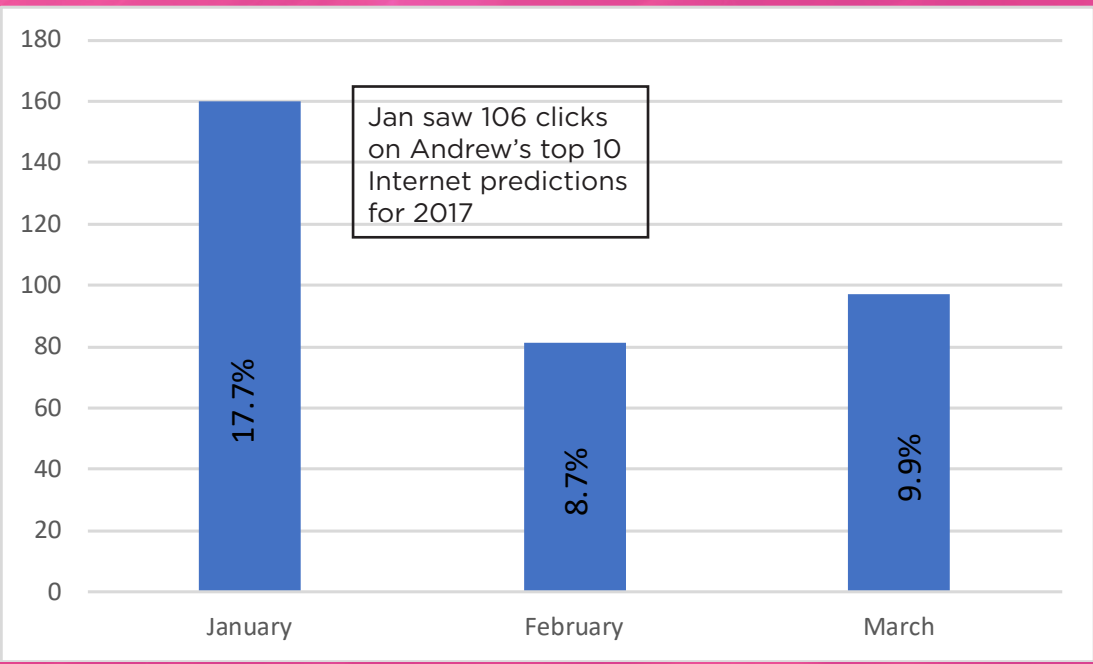
We appeared in the media 46 times for the Vodafone Sky merger decision including TV & radio

15
topics in media
(17 in last quarter)

dotNews open rates (# and % of recipients)



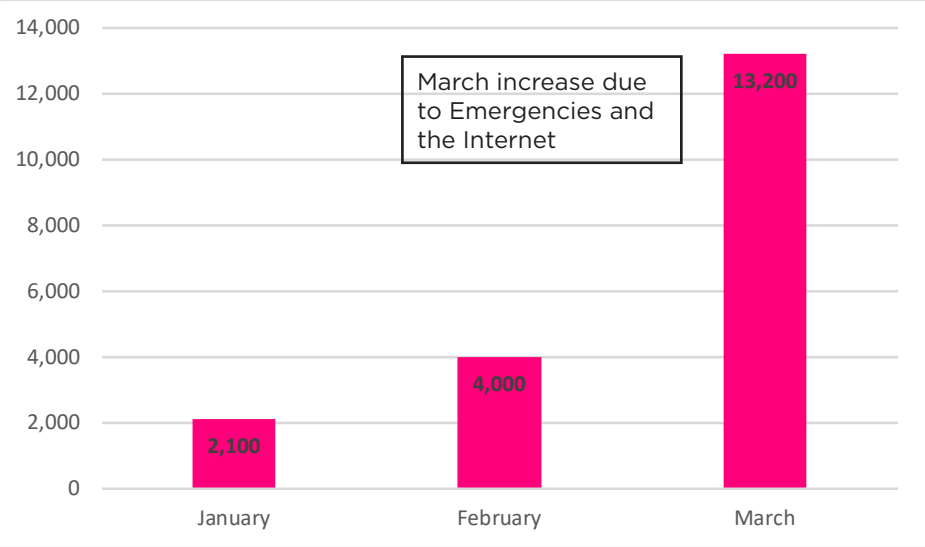
dotNews click rates (# and % of recipients)



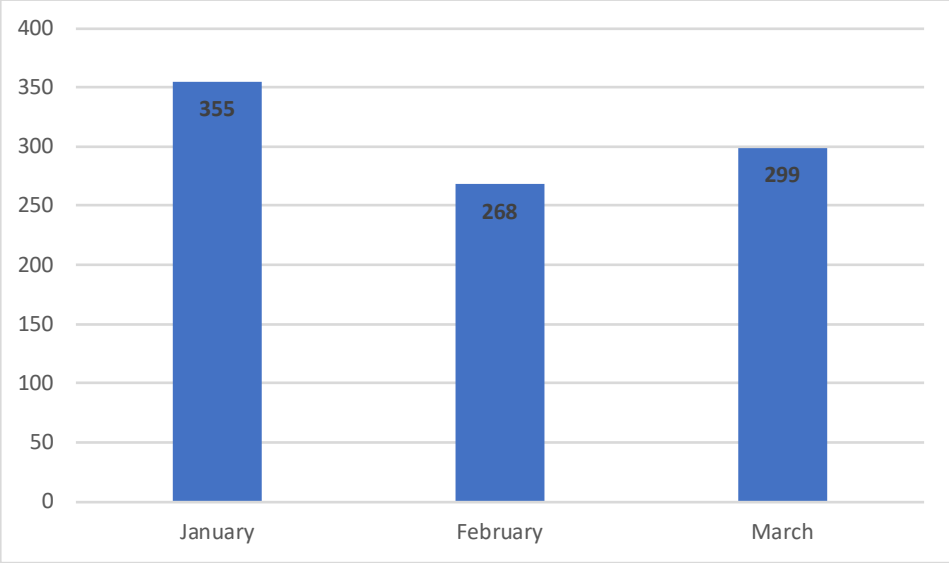
Jan saw 106 clicks on Andrew's top 10 Internet predictions for 2017

MEDIA REPORT 1 JANUARY - 31 MARCH 2017

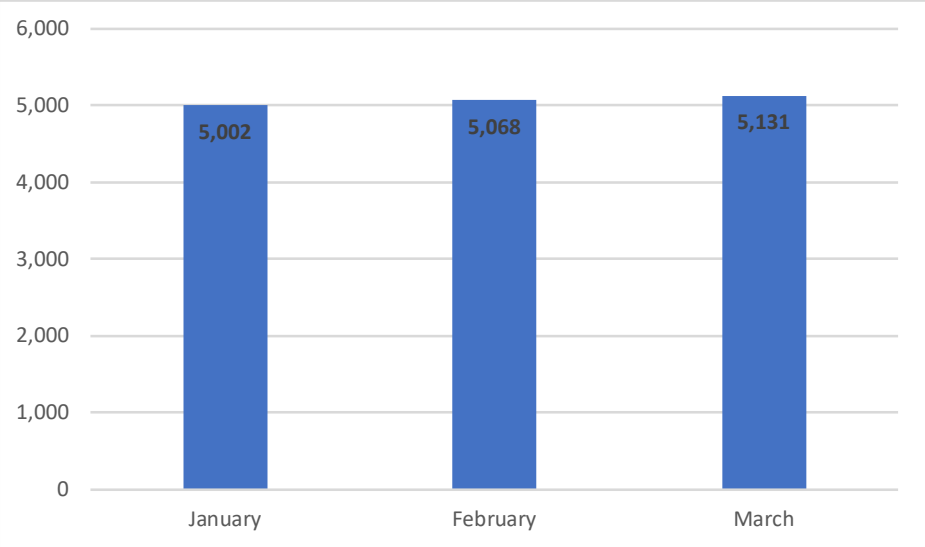
Twitter impressions (on average by day)



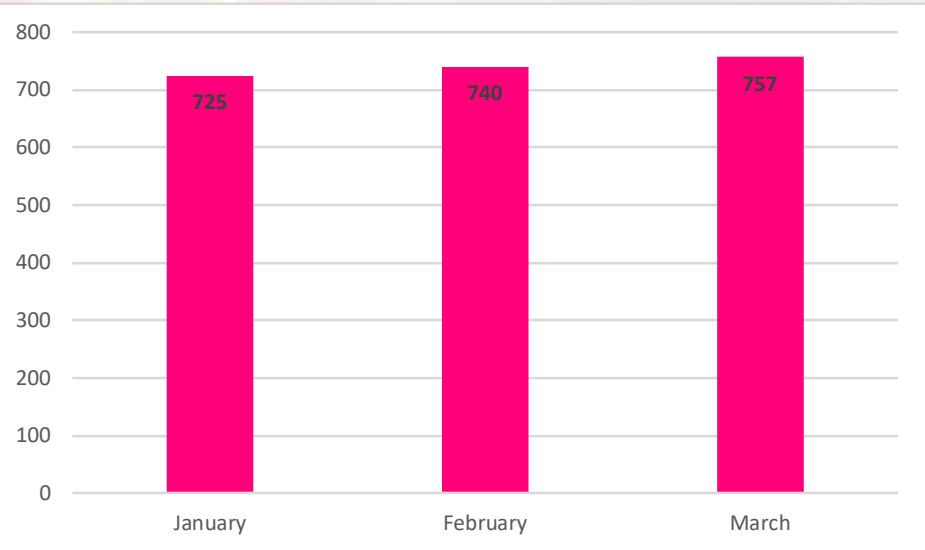
Facebook reach (on average by post)



Twitter followers



Facebook likes



My Privacy campaign

17
media articles on
My Privacy
campaign

Stuff and NZ Herald
shared our video
resource

Main outlets

- NZ Herald

Security Brief

Stuff

Timaru Herald
- Radio New Zealand

Dominion Post

The Press

Waikato Times

nzherald.conz

National Opinion Business **Tech** World Sport Entertainment Lifestyle Tr

Tech Internet Computers Mobile Gadgets ICT News Scie

BREAKING NEWS Police will seek to re-try Malcolm Rawa for the 1992 murder of Susan Burdett.

Matthew Theunissen Matthew Theunissen is a business reporter

Online messages not private - InternetNZ

11:57 AM Tuesday Jan 17, 2017

Advertising Business IT Security Internet Privacy SHARE: f t G+ in ☆

To find out more visit internetnz.nz/myprivacy

InternetNZ

Your online communications may not be as secure as you think, warns InternetNZ.

The industry body has released a series of resources to help New Zealanders keep their messages from advertisers and other prying eyes.

Chief executive Jordan Carter said communication tools usually thought to be private, including SMS and email, were often not.

The best communication tools which could ensure privacy were Signal, WhatsApp and 'secret conversations' in Facebook Messenger.

Signal and WhatsApp are both automatically encrypted while secret conversations in Facebook Messenger is an opt-in service.

"As part of your 2017 New Year's resolutions, you should be thinking about what you can do to keep your personal information private. By using messaging apps with encryption you can claim your privacy and make your conversations genuinely private," Carter said.

ICANN 58: Joint Report

The 58th ICANN Meeting was held in Copenhagen, Denmark from 11-16 March 2017.

Attendance across the group was as follows:

- Jordan Carter and Keith Davidson from InternetNZ
- Debbie Monahan and David Farrar from DNCL
- Jay Daley and Richard Currey from NZRS

The New Zealand contingent was completed with Harry Chapman from MBIE.

This is a public report.

Information on the sessions (including transcripts and presentations) can be accessed through the following URL:

<https://meetings.icann.org/en/copenhagen58>

In addition, the post-event Policy Report provides a concise summary of what happened across the meeting: <https://www.icann.org/en/system/files/files/post-copenhagen58-policy-report-28mar17-en.pdf>

Key Points to Note

These are critical observations or things readers should know / consider / discuss further

- ICANN feels very different now that the IANA transition is over.
- Underlying problems with the way ICANN operates are emerging that point to a need for a major change in the way the Board operates.

Summary of Meeting

These are points observed and raised during the meeting

- The ccNSO agreed to [commence](#) a PDP (policy development process) which covers defining an appeal process for decisions around the delegation, revocation and retirement of ccTLD and also creating a process for the retirement of ccTLDs.
- There was an effort by some GAC participants and others to re-open the question of two-letter country codes in new gTLD registrations, which caused some consternation in parts of the event.
- The ITEMS [draft report](#) prepared as part of the review of ICANN's At-Large Advisory Committee made waves before and during the meeting, as it takes a critical view of where the Committee is at and recommends substantial change.
- Questions of the Board, executive and individual directors showed that ICANN as an overall system has some work to do in prioritising its work - there isn't a clear shared sense of what the priorities are in the system's work.

Governors and CEs meeting

This is a meeting that happens once a year bringing together Board members and senior staff from a group of ccTLDs who wish to exchange frank views on a range of topics.

Nominet, the .uk ccTLD, supported and developed this meeting.

Key topics:

- What have been the major trends, opportunities and challenges as a domain registry business over the last year?
- What is your strategy for the next 3-5 years, and how are you tackling diversification from the current dependency on domains?
- What are the governance and structural implications for this?

Individual updates

Debbie Monahan

I attended the Governors and CEs session on the Sunday afternoon meaning I was unfortunately unable to attend the ccNSO Council Prep Meeting or the ccNSO Strategic and Operating Plan Working Group (SOPWG) meeting that were both also on Monday afternoon. The latest version of the Operating Plan and Budget also includes the IANA budget and is available at <https://www.icann.org/public-comments/fy18-budget-2017-03-08-en>. The SOPWG will review this document and make comment on it as we have done regularly over the years.

The ccNSO is my main focus at ICANN and I attend and contribute as both a .nz representative and as a ccNSO Councillor. I chaired the session of the ccNSO with the ccNSO appointed Board directors. This is an opportunity for the community to ask questions of their representatives on the Board. One of the ccNSO appointed directors is Chris Disspain who has left the employment of auDA but remains on the board and has recently been reappointed to the board for a further three years. The other ccNSO director is Mike Silber who is in his final term and can't be reappointed so there will be a vacancy arising.

Chris and Mike had said they wanted to talk about a 'Board School' for those interested in becoming directors to learn more about what was involved and what they needed. Prior to getting them to talk about that, I asked Chris to advise the community what region he now represented given he had left auDA and Australia and was now living in England. Chris confirmed he was Asia Pacific which means that the next director appointed cannot be from our region as the two ccNSO appointed directors cannot be from the same region. I was asked at late notice to step in for Rachael Falk from .au in the legal session. The presentation topic was about taking down domain names with the panel consisting of three registries, a registrar and a law enforcement officer. I went back and reviewed the blog post I had written for InternetNZ back in 2011 and it is equally as applicable today.

I outlined our requirement for a court order and how we have developed standard documents to aid people in gaining that appropriate court order. (I've since shared these with other ccTLD managers on request). I also explained our process of managing names with incorrect registration details which could lead to a name being cancelled. Given the late call up to join this panel there was no formal .nz presentation. Rather, Jordan reposted my 2011 blog post and the link to that was published. The blog post is now at <https://internetnz.nz/blog/takedown-domain-names-rule-law-and-due-process>.

All three of the registries represented in the legal session required a court order to take down a domain name. It might have been interesting to have had a registry like Nominet talk about their process given they do have situations where they take down domain names without a court order - <https://www.nominet.uk/8000-uk-domains-suspended-law-enforcement-industry-collaborate-keep-uk-safe/>.

The key ccNSO development at the meeting was the formal commencement on a Policy Development Process around the Retirement of ccTLDs and also a Review Mechanism for decisions around revocation, delegation and retirement of ccTLDs. Expressions of Interest will be sought for the two working groups that will be involved in the work. The PDP will start with the policy around the retirement of ccTLDs. It is the first PDP undertaken by the ccNSO in many years since the fast track IDNs.

At the ccNSO Council meeting, Katrina Sataki (.lv) was reappointed Chair, with Byron Holland (.ca) and Demi Getschko (.br) reappointed as the two Vice Chairs.

Jay Daley

With the IANA transition now complete the focus is returning to the normal work of ICANN but with a stronger sense of community and community ownership. Work on the remaining elements of the transition has been relegated in profile and appeal.

The new CEO and his executive continue their light touch and are more responsive to and engaging of the community than any previous CEO. However some deeper problems are emerging:

- Expenditure and staffing levels, as inherited from the previous CEO, are still excessive and the CEO and Board appear unwilling to acknowledge this is a problem let alone tackle it.
- Complaints about ICANN actions are repeatedly being countered with “we only do what they community wants, please tell us what to do” even if there are no structures in place that allow the community to do that or ICANN acts before any consensus is reached.
- The board, when questioned by Jordan, were unable to identify their highest priorities and gave instead a list of all their work items. I was told later by a board member that even that was progress.

New gTLDs continue to disappoint their investors with lower than forecast rates of growth. The end game is still too far off to be predicted but there are already implications for the current fees due to ICANN (gTLDs asking to defer), the extent of ICANN's regulatory

purview (as gTLDs do bad things nobody prepared for) and the timing and details of the next round of new gTLDs.

Many ccTLDs are engaged in business development and several have raised their prices as they react to a flatlining market. I presented on Domain Analytics and interactions with peers show that we are still regarded as a leader in understanding the market, innovation on registrar services and business development. However it is clear that in the areas of proactively cleaning up the domain name space and public information services around .nz, we are falling further behind best practice.

The domain name market is clearly maturing as it attempts to define and measure itself and there are several uncoordinated initiatives underway aiming to measure various aspects including: competition; pricing; geographic distribution of market players; and abuse of domains. This is primarily to support evidence based policy but also to help individual market players optimise their commercial activities.

To promote and help coordinate the increased use of data I presented a high interest session titled “Towards a data driven ICANN” supported by a GSNO delegate and an ICANN staff member. This was held in the main hall with ~120 people in attendance who engaged well to make the session a success.

Jordan Carter

My main purpose in attending the meeting was to continue with my contribution to the work improving ICANN’s Accountability to the global Internet community. My secondary purpose was to talk with others about how ccTLDs organise themselves and to participate in the ccNSO meeting. I also maintained my global Internet governance network, and had a meeting with ICANN about the prospects of hosting a meeting in New Zealand in 2020.

As such, my main points of engagement during the meeting were:

- Cross Community Working Group on Enhancing ICANN Accountability - day-long session on Friday 10th.
- Governors and CEs meeting of some ccTLDs on Sunday 12th.
- ccNSO Members Meeting on Tuesday 14th and Wednesday 15th, incl presenting as part of the Accountability work update to the ccNSO community.
- ICANN Public Forums on Monday 13th and Thursday 16th.
- Dinner meeting with the Australian delegation.
- Meeting with ICANN re hosting a meeting in NZ.
- General catch up with ISOC delegation on their 2017 plans.

With the process of the IANA Stewardship transition complete, and the new U.S. administration showing no signs of trying to reverse it, the focus of the ICANN community moves to “getting back to business as usual”, and will inevitably turn to improving how the organisation works and ensures it is delivering its functions a) effectively, and b) efficiently. There is a looming risk from the new gTLD process: poor decisions about how to use the multi-millions of dollars raised could drive the organisation in seriously problematic directions.

ICANN's new staff leadership has now had a year to come up to speed. There are welcome improvements on openness and willingness to engage and listen, but the next step will need to be for Goran and his team to step up to driving some focus and priorities across the system. At present the approach seems to be "do a bit of everything to keep everyone happy" and that is not the route to high performance or confidence. It may be that new mechanisms and approaches are required to involve the community in a real conversation about priorities. In any case, Goran's style and approach are far superior to his predecessor in every imaginable way.

Our focus as a .nz delegation should be to continue making concrete suggestions about how ICANN can do its work better, and to help ask the questions that lead other parts of the system and the community to push in the same direction.

The work of the Accountability CCWG is going more slowly than hoped because there is no externally imposed deadline on the work, and because the community volunteers involved cannot sustain the level of contribution required to achieve the IANA Stewardship transition in the 2014-16 period. I anticipate the life of the group will be extended until mid 2018, allowing two more public meetings than previously intended to consult the community on remaining work items. This extension should be confirmed or denied at the ICANN 59 policy forum in June.

The Governors and CEs meeting was a worthwhile exchange of views, with an interesting dynamic from the executive side of the picture. Those of us who work full time on this may benefit from a separate gathering, as the Chairs or Non-Execs did at .nz's inspiration. Working with the sorts of boards many of us have is a particularly challenging exercise - size and composition is often different to more conventional organisations and poses specific challenges for Chief Executives.

As others have mentioned the main ccNSO matter of importance was the commencement - at last - of a policy development process to develop an appeals framework for changes to ccTLD manager. Today, there is no such mechanism - decisions of the ICANN Board are unappealable. That is not a satisfactory situation and so the PDP and its outcome will require close monitoring. The ccNSO approach to policy development is very slow, and we may wish to contribute to changes and speeding up of that process.

Reflections on the way ccTLDs operate will be shared with Council and with the Organisational Review at a suitable point. I will simply note that our unique approach remains unique.

Our colleagues from AUDA continue to make changes from .AU's historic approach in the ICANN environment and to change their own organisation as well. It was good to spend time with them at this meeting and as they set out on their new path, I look forward to the devising ways we can work together, as our two countries have always done.

David Farrar

I attended the Governors and CEs session on the Sunday, the ccNSO meetings, a DNS abuse session and a privacy session. We also had a separate Chairs meeting and a tour of the Netnod Internet exchange.

The Governors and CEs session was more useful than the previous one, as there was more time to discuss issues as they arose. A key takeaway is that pretty much all of the ccTLDs present are working on business development in the light of stalled growth. CIRA had a slogan of innovate, operate, donate which I thought could also apply to InternetNZ.

.nz proposed a separate session (held on Wednesday) just for Chairs (or non executive directors) and this was enthusiastically supported by other Chairs. While relatively brief, many topics were covered ranging from KPIs for Chief Executives, board composition, balancing international representation with domestic work, and succession planning. The Chairs agreed that it would be beneficial to continue with a chairs only session annually, with the next one provisionally scheduled for ICANN 61 in Puerto Rico.

The ccNSO's main work in the next year will be developing a policy on delegating, revoking and retiring ccTLDs. Former ccTLDs such as .su continue to operate despite the country they represent having disappeared 25 or so years ago.

There was also discussion on whether 3 letter country codes such as .nzl should be reserved as TLDs. There was no consensus on this. The bigger areas of disagreement is on whether two letter codes such as .nz should be reserved for Governments at the second level in new TLDs. So nz.shop, nz.web, nz.catholic would not be allowed. ICANN has decided not to reserved them, but some (not all) GAC members are very upset with this.

The session on DNS abuse was a law enforcement heavy session which included memorable quotes such as "criminals just see domain names as disposable tools" and "the legal system is too slow to respond, so Internet organisations need to assist more", While somewhat one sided, it was a useful reminder that law and order entities are taking a very active interest in issues such as whois and takedowns.

Also of interest was how some of the new gTLDs are mainly being used for harmful activities. Around 55% of .science domains are being used for spam etc.

The session on privacy featured a Privacy Commissioner from the Council of Europe. The Council has effectively declared ICANN's whois policies to be not good enough and from 2018 may fine registrars for breaching European privacy law. The registrars are caught in the middle between ICANN and the Council of Europe. Should Europe impose its laws on the entire Internet? The European Commissioner said that in his view domain names are the same as phone numbers, and you should be able to entirely opt out of being listed as you can with a phone directory.

This issue does not directly impact .nz, but may one day because we have many Europe based registrars.

Overall the meeting was more subdued than previous meetings as the IANA transition has been completed, and the next round of gTLDs is still some years off.

Richard Currey

As David has noted the Governors and CE session at the beginning of the conference was more useful than previous sessions. Attendees were; Denmark, Australia, Canada, France Germany, Netherlands, Norway and the UK. Each participant was asked to answer these questions:

- What have been the major trends, opportunities and challenges as a domain registry business over the last year?
- What is your strategy for the next 3-5 years, and how are you tackling diversification from the current dependency on domains?
- What are the governance and structural implications for this?

It is apparent that ccTLDs' ability to diversify and innovate is dependent on their structure and "ownership", e.g. Government department, Registrar owned, NFP, commercial company.

This was a topic that I discussed with a number of the participants after the session and with other ccTLDs during the week that were not in attendance. The meeting was held under Chatham House rules and consequently it is not appropriate to provide a detailed report on the discussions however it is useful to note that the following key themes were covered by most ccTLD's:

- There is a strong focus on security and trust within each ccTLD
- Domain name growth is generally flat
- Organisational culture and governance structure is key to innovation and growth
- There is a strong focus on cost reduction

Keith Davidson

I was pleased to be able to attend the Copenhagen meeting, my first ICANN since Dublin some 18 months ago, therefore having missed 3 ICANN's. I am also pleased to see some useful progress within ICANN, as my last role was the completion of the work of the IANA Transition Group which evolved the plan for the US Government transition of the IANA function to the multistakeholder community. ICANN has moved on, the transition and subsequent restructuring of ICANN with the separate PTI board, the various standing committees such as the Customer Standing Committee, and the various checks and balances surrounding IANA accountability are all settling into place.

I attended most of the ccTLD sessions and some GAC sessions during the week, and pleasingly it seems these two parts of ICANN are settling into a much more "business as usual" mode, with greater thought put into a more measured dialogue, and overall a greater air of professionalism. Our staff were undertaking their various tasks showing clear leadership and propels .nz as an excellent exemplar in the ccTLD community.

I also enjoyed reviewing the new ICANN meeting format, as I was a member of the Working Group that recommended the new structures for ICANN meetings, which now seem to be bedding in well.

I spoke to a huge number of old colleagues, and most were happy with the new ICANN, post transition, and the new meeting structure.

So in summary, it was useful to see ICANN having made significant progress in the past 18 months and while I was grateful to attend this meeting as a one-off, I am also grateful to be absent from the ICANN world these days.

May 2017 Grants Reporting Update for Grants Committee

Author: Vanisa Dhiru, Acting Community Programme Director

There are currently no overdue reports. Overall, other contracts are progressing and acceptable reporting has been received on time.





We continue our Community Outreach programme, to share and communicate the great work our grants have made around New Zealand. This financial year we will look into different mediums for grant recipient reporting.

Since the last report, we have had further media coverage about WestREAP “South Westland WiFi Internet Connection Project” and “The Waimate Digital Development Project” (Community Project 2016/17). From completed projects we have funded, we have received a guest blog from Linda Lew about OpenCon (Conference Attendance 2016/17) and Lorraine Williamson from MOA Kluster’s commitment to exploring ICT (Conference Attendance 2015/16), which was also a double page spread in the INTERFACE magazine.

From the recently received grantee reports, we will consider pursuing additional communications activities around these projects:

- Conference Attendance 2016/17: Jonathan Brewer – Final report. Jonathan ran a 90-minute tutorial on IoT as well as few shorter talks. Worthwhile following up with a guest blog and sharing key moments and learnings from APRICOT17.

Legend

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

Internet Research 2015/16

Name	Amount awarded	Purpose	Report	Comments
Dr Faraz Hasan (Massey University)	\$15,000	A universal mobility management framework for future wireless Internet.	Final report	● <i>Very technical research, however well budgeted with possibility to further the research with leftover funds.</i>
Dr Haibo Zhang (University of Otago)	\$25,000	Developing efficient solutions to eliminate multipath effects for better quality of mobile Internet services.	Final report Full report	● <i>Very technical research.</i>

Community Projects 2015/16 (last from this round)

Name	Amount awarded	Purpose	Report	Comments
Alistair Adam (Venture Southland)	\$15,000	To help make better use of internet connections for both rural and urban users (both private and commercial) through digital connections liaison and enablement support. Project will focus on 2 areas. 1) to increase awareness and streamline technology pathways and connection options for end users and 2) increase digital competence through enablement support.	Final report	● <i>Report was 4 months late, and now the research outcomes are dated as the survey was completed in 2016.</i>

Conference Attendance August 2016/17 (last from this round)

Name	Amount awarded	Purpose	Report	Comments
Jonathan Brewer	\$3,500	For APRICOT 2017, aten-day long summit consisting of seminars, workshops, tutorials, conference sessions, birds-of-a-feather (BOFs), and other forums with the goal of spreading and sharing the knowledge required to operate the Internet within the Asia Pacific region.	Final report	★ See above.

Community Projects 2016/17

Name	Amount awarded	Purpose	Report	Comments
Cheryl Smeaton (WestREAP)	\$35,086.50	Providing viable affordable Internet service to families in the South Westland area, between Fox Glacier and Bruce Bay.	Mid-year report	● Project is proceeding well and has had good media coverage.

We are expecting the following reports prior to the next Grants Reporting Update in April 2017

Round	Date signed	Name	Amount awarded	Purpose	Report due
2015/16 Internet Research		Aniket Mahanti	\$9,000	To study the content sharing dynamics in the piracy ecosystem using Internet measurements, and gauge the online media consumption characteristics of New Zealanders through a survey.	31/05/17
2016/17 Community Projects	7/12/17	Chris Rowes from Project De-Vine Trust	\$16,450	To create a Geospatial database system to manage the many properties that Project De-Vine visits with its weed busting projects.	31/05/17
2016/17 Community Projects		Brent Wood	\$5,000	To implement a self-maintaining production metadata catalogue describing NZ WMS and WFS services.	31/05/17
2016/17 Community Projects		Brent Wood	\$4,500	To deploy & support an R-Shiny server for NZ.	31/05/17
2016/17 Community Projects	7/12/16	Matt Hampton	\$15,000	For the <i>Waimate Digital Development Project</i> is all about Education and Community. The aim is to provide faster cheaper internet to residents of the Waimate District and utilize any revenue to expand the network and provide discounted digital devices to 6 - 18 year old students in Waimate.	31/05/17

2016/17 Community Projects	8/12/16	Novia Ng for Gather	\$22,500	For the <i>Gather Workshops Outreach</i> is a programme for rural and low- decile students which aims to increase the number of students in these areas who consider becoming an IT professional.	31/05/17
2016/17 Community Projects	15/12/16	Brittany Travers for Homely NZ	\$5,000	For <i>Homely</i> , a cloud platform service that sources donations for new refugees' state houses, supporting refugee resettlement in New Zealand.	31/05/17
2016/17 Conference Attendance		Edgar Pacheco	\$2,670	To attend the CONF-IRM2017: Democratization and Participation: People's Roles in the Digital World.	23/06/17
2016/17 Conference Attendance	02/03/17	Dong Seong Kim	\$3,000	To attend the 47 IEEE/IFIP International Conference on Dependable Systems and Networks (DSN) 2017. The subject of the conference is dependable and secure systems and networks including architectures, protocols, and algorithms, as well as experimentation.	11/08/17
2016/17 Conference Attendance	02/03/17	Liang Yang	\$3,000	To attend the IFIP/IEEE International Symposium on Integrated Network Management.	16/06/17
2016/17 Conference Attendance	03/03/17	Shane O'Connell	\$3,000	To attend the Next Web (TNW) Conference, a conference in Europe where internet and technology leaders from all over the globe come together and share knowledge, ideas, and experiences.	23/06/17

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Summary of Committee Activity

Author: Jordan Carter, Chief Executive

Purpose of Paper: To provide a staff summary of Committee activity in the three months 15 February – 15 May 2017.

Audit and Risk Committee

- The Committee has met once since the last Council meeting.
- The Committee would like to add a fifth member to the group to ensure that quorum is able to be met at all meetings.
- The Committee has been discussing and looking at the statement of services performance which is a new reporting requirement for charities from 2018.
- The Chair of the Committee met with Deloitte Accountants and Crowe Horwath Auditors since the last meeting to continue to improve and establish our relationship with them. Meetings have been going well and regular meetings have been established.
- The Committee has reviewed the audit tender, treasury, financial reserves, and funds investment management policies. These are provided in the May papers for Councils final approval.
- The Auditors have been onsite during May auditing the 2016/17 financial year.
- Health and Safety has been regularly discussed and reported on and a separate report is provided for Council in these papers.
- The next meeting will take place on 23 May 2017.

Grants Committee

- The Committee has met twice, to review the stage two of Internet Research grant round (which were approved by evote by 31 March 2017), and for an annual policy changes, which have been included for resolution at this meeting.
- External assessors Philippa Smith (AUT) and Dean Pemberton continued to support the Committee's review on the Internet Research applications from a research and technical perspective.
- The Committee is seeking to meet to discuss next steps for the Grant Impact framework, and next steps with the support of Philanthropy New Zealand.
- Preparation for the next round of grants, Community Projects, will open in late July.

Māori Engagement Committee

- The Committee has met three times since the last Council meeting.
- Focus has been on finalising our internal marae training at Pāpāwai marae in Greytown, to be facilitated by Takawai Murphy. This optional training is a repeat "day 1" training (for those who missed the August session at Hongoeka marae), and "day 2" training before the next Council meeting. All council and staff have been invited to join from Thursday evening for dinner and reflections on action plans created.
- Tikanga training and waiata practices sessions have been run for staff in the lead up to the internal marae training. These have been open sessions for all INZ staff to attend.
- Other tikanga training options have been suggested and discussed for staff to participate in.
- An internal recommendations paper is to be tabled with guidelines for use of our whakataukī, gifted by Takawai Murphy to InternetNZ.
- External advisors from BRG have continued to support the committee with marae training, and for next steps in our engagement work with tangata whenua.

Jordan Carter
Chief Executive

17 May 2017

AGENDA – COUNCIL MEETING

Saturday 27th May 2017

InternetNZ, Level 11, 80 Boulcott St, Wellington			
8.45am	Refreshments (coffee, tea, & scones) on arrival		
9.00am	Meeting start		
11.00am	Break		
12.30pm	Lunch		
2:15pm	Break		
4.00pm	Meeting Close		
Section 1 – Meeting Preliminaries			
09:00	1.1	Council only (in committee)	-
09:20	1.2	Council and CE alone time (in committee)	-
09:40	1.3	Apologies, Interests Register and Agenda Review	3
Section 2 – Strategic Priorities			
10:00	2.1	<p>Strategic Framework for 2017 Strategy Review</p> <ul style="list-style-type: none">Outcomes of “why” work from Eleven <p><i>THAT Council notes the paper from the Chief Executive and agrees with the proposed approach to reviewing InternetNZ’s strategy.</i></p> <p><i>THAT the Chief Executive report back to Council in a timely way with any implications for this process arising from the Organisational Review should they arise (along with proposed ways to adjust the process if required).</i></p> <p><i>THAT the President confirm with the chairs of subsidiary boards the approach to subsidiary involvement in the InternetNZ strategy development process.</i></p>	9
Section 3 – Matters for Decision			
10:30	3.1	<p>Grants Policy Framework Review</p> <ul style="list-style-type: none">GRT: Grants Policy <p><i>THAT Council note and endorse the proposal to make Stage 1 of the grants process staff-led rather than committee-led.</i></p> <p><i>THAT Council approve the Grants Policy as amended, subject to any revisions arising from feedback before Friday 2 June.</i></p>	15

10:50	3.2	<p>Review of Governance Policies:</p> <ul style="list-style-type: none"> • TSY: Treasury <ul style="list-style-type: none"> ◦ AST: Audit Service Tender ◦ INV: Funds Investment Management • DEL: Chief Executive Delegations • MIS: Reporting Cases of Misappropriation • NZF: .nz Framework • SUB: Subsidiaries • APT: Boards appointments and roles • INF: Information Sharing Policy <p><i>THAT Council approves the updates to the Treasury, Audit Services Tender, Investment and Chief Executive delegations policies and the changed review dates for the other Tranche Three policies.</i></p>	29
11:00		Tea Break	
Section 4 – Matters for Discussion			
11:15	4.1	<p>President and CE briefing</p> <ul style="list-style-type: none"> • Chief Executive Overview and Key Issues 	65
Section 5 – Consent Agenda			
11:30	5.1	<p>Confirm Minutes – February & April 2017 Meetings</p> <p><i>THAT the minutes of the meetings held on 24 February 2017 and 7 April 2017 be received and adopted as a true and correct record.</i></p>	125
	5.2	Actions Register	143
	5.3	<p>Membership update</p> <p><i>THAT the new members be approved.</i></p>	145
	5.4	<p>Evote ratification</p> <p><i>THAT the evotes be ratified.</i></p>	147
	5.5	Health & Safety update	149
	5.6	<p>Organisational Report</p> <ul style="list-style-type: none"> • Programmes • Operations • Communications • Governance and Members <p>Media Monitoring Report</p> <p>Joint ICANN Report</p>	151 159 161
	5.7	Grants Update Report	169

	5.8	Council Committee Reports <ul style="list-style-type: none"> • Audit & Risk • Grants • Māori Engagement • CE Review 	175
Section 4 continues – Matters for Discussion			
11:50	4.2	Report from Cr Davidson on Pacific IGF	
12:00	4.3	Subsidiaries: <ul style="list-style-type: none"> • Joint.nz Quarterly Report for NZRS/DNCL • Quarterly Reports (.nz, NZRS, DNCL) – Q4 2016/17 • Tech Research – Q4 2016/17 • Product and Services Dev’t – Q4 2016/17 • NZRS Statement of Direction and Goals 2017/18 <p><i>THAT the Joint.nz Quarterly Report for NZRS/DNCL be received.</i></p> <p><i>THAT the Quarterly Reports (.nz, NZRS, DNCL) for Q4 be received.</i></p> <p><i>THAT the Tech Research Report for Q4 be received.</i></p> <p><i>THAT the Product and Services Development Report for Q4 be received.</i></p> <p><i>THAT the NZRS Statement of Direction and Goals for 2017/18 be received.</i></p>	69
12:30		LUNCH	
Organisational Review			
13:00		Organisation Review <ul style="list-style-type: none"> • Options and Analysis Paper • Recommendations to proceed 	-
14:15		Tea Break	
14:30		Organisation Review continues	-
Section 6 – Other Matters			
15:30	-	CONTINGENCY <i>(for any overflow)</i>	-
	6.1	Matters for Communication – key messages <ul style="list-style-type: none"> • Communications in general • Upcoming events 	-
	6.3	General Business	-

	6.4	Meeting Review	-
16:00	-	Meeting close	-

** Section 6 - List of Acronyms and Annotated Agenda*