AGENDA – COUNCIL MEETING

Friday 5 June 2015

Level 9 16 Willis Street Wellington			
8.45am	Refreshments on arrival		
9.00am	Meeting start		
11.15am	Morning tea		
1.00 pm	Lunch		
3.30 pm	Meeting close		
Section 1 - Council Governance			
9.00am	1	Welcome	
	2	**Council Only** • Self-evaluation of Council and Chair	
	3	**Council and CE only**	
10.00-10.20am	4	Apologies	
	5	Councillors' Declarations of Interest	7
	6	Confirm Minutes – April 2015 Meeting	13
	7	Actions from April 2015 Meeting	21
	8	Membership update	23
	9	Evote ratification	25
	10	Industry Scan - Issues & Opportunities	
Section 2 – Strategic Priorities			
10.20-11.15am *11.15-11.30am*	11 12 13 14	Business Development Strategy update *verbal* Objects Review 2015/16 Amended Budget and revised 2016-2018 budget ***Morning Tea***	27
Section 3 – Matters for Decision			
11.30-12.00pm	15 16 17	Governance Framework • New: Grants policy • Development approach: Health and Safety policies *verbal* Appointments panel *verbal* Strategic Partnerships 2015/16	33 45
Section 4 – Matters for Discussion			
12.00-12.15pm	18	CEO Report	53

internetNZ

12.15-1.00pm	19	Management reporting:	
		• Internet Issues report	59
		• Community report (including NetHui update)	61
		• Operations report	63
1.00-1.30pm		*Lunch*	
Section 5 - Subsidiaries			
1.30-2.45pm	20	Alone time (Chairs, CE and Council - confidential)	
	21	Subsidiaries reports	
		• 4th quarterly report – DNCL 2014/15	65
		• 4th quarterly report – NZRS 2014/15	67
		• .nz joint 4th quarterly report 2014/15	75
		• Joint .nz strategy	83
		• Statement of Directions and Goals and Budget 2015/16-NZRS	89
	22	• Constraints on finance return update	
		.nz framework policy discussion	
	23	Any general items	
Section 6 – Other Matters			
2.45-2.50pm	24	Matters for Communication – key messages	
		• Communications in general	
2.50-3.10pm	25	General Business	
		• AGM update	
		• List of Acronyms	109
3.10-3.30pm	26	Meeting Review	

InternetNZ

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	2	**Council Only** • Self-evaluation of Council and Chair		
	3	**Council and CE only**		
10.00-10.20am	4	Apologies		
	5	Councillors' Declarations of Interest *THAT Council receive the Councillor's Declaration of Interest as at 26 May 2015.*	7	
	6	Confirm Minutes – April 2015 Meeting *THAT the minutes of the meeting held 10 April 2015 be received and adopted as a true and correct record.*	13	
	7	Actions from April 2015 Meeting *THAT the action list as at the 14 April 2015 be received.*	21	
	8	Membership update *THAT the new Membership list be noted.*	23	
	9	Evote ratification *THAT the evote ratification update be noted.*	25	
	10	Industry Scan - Issues & Opportunities		
Section 2 – Strategic Priorities				
10.20-11.15am *11.15-11.30am*	11 12 13 14	Business Development Strategy update *verbal* Objects Review 2015/16 Amended Budget and revised 2016-2018 budget 1. That Council **approve** the revised 2015/16 budget. 2. That Council **note** the revised three year budget framework. *Morning Tea*	27	
Section 3 – Matters for Decision				

InternetNZ

11.30-12.00pm	15	Governance Framework	
		• New: Grants policy	33
	16	• Development approach: Health and Safety policies *verbal*	
	17	Appointments panel *verbal*	
		Strategic Partnerships 2015/16	45
		1. THAT this paper be received.	
		2. THAT the Chief Executive be authorised to execute strategic partnership agreements with Wiki New Zealand and the Institute of Culture, Discourse and Communication, Auckland University of Technology as outlined.	
		3. THAT Council approves funding packages as part of the strategic partnerships for the following sums: ICDC AUT - $40,000 for 2015-16 and $40,000 for 2016-17 WikiNZ- $40,000 for 2015- 2016.	
		4. THAT Council approves the review of the Strategic Partnership framework with a proposed approach for 2016 onwards to be presented to Council at the October 2015 council meeting.	
		**Section 4 – Matters for Discussion**	
12.00-12.15pm	18	CEO Report	53
		THAT the Chief Executive's report be taken as read.	
12.15-1.00pm	19	Management reporting:	
		• Internet Issues report	59
		• Community report (including NetHui update)	61
		• Operations report	63
		THAT the management reporting be taken as read.	
1.00-1.30pm		*Lunch*	
		**Section 5 - Subsidiaries**	
1.30-2.45pm	20	Alone time (Chairs, CE and Council - confidential)	
	21	Subsidiaries reports	
		• 4th quarterly report – DNCL 2014/15	65
		THAT Council note the DNCL 4th quarterly report ended 31 March 2015.	
		• 4th quarterly report – NZRS 2014/15	67
		THAT Council note the NZRS 4th quarterly report ended 31 March 2015.	
	22	• .nz joint 4th quarterly report 2014/15	75
	23	*THAT Council note the .nz joint 4th quarterly report ended 31 March 2015.*	
		• Joint .nz strategy	83
		THAT Council approve the joint .nz strategy	
		• Statement of Directions and Goals and Budget 2015/16-NZRS	89
		THAT Council approve the revised Statement of Direction	

		and Goals and Budget for 2015-16 • Constraints on finance return update .nz framework policy discussion Any general items	
Section 6 – Other Matters			
2.45-2.50pm	24	Matters for Communication – key messages • Communications in general	
2.50-3.10pm	25	General Business • AGM update • List of Acronyms	109
3.10-3.30pm	26	Meeting Review	

INTERNETNZ COUNCILLOR REGISTER OF INTERESTS

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

Officers and Councillors receive the following annual honoraria:

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

Name: Jamie Baddeley
Position: President, InternetNZ
Term: AGM 2012 - AGM 2015
Declaration Date: 28 August 2007, updated 28 May 2014, updated 29 May 2105

Interests:
- Member of the New Zealand IPv6 Steering Group
- NZNOG Trustee
- Officer's Honorarium for InternetNZ

Name: Joy Liddicoat
Position: Vice President, InternetNZ
Term: 22-Aug-2014 *(by-election)-AGM 2015*
Declaration Date: 22 September 2014, updatd 29 May 2015

Interests:
- Holder of .nz domain name registrations
- Holder of .com domain name registrations
- Member of the New Zealand Law Society
- Representative of APC in the 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)
- Officer's honorarium for InternetNZ
- Assistant Commissioner, Policy and Operations) at the Office of the Privacy Commissioner
- Member, Non-Government Advisory Committee to Public Interest Registry .org

Name: Neil James
Position: Councillor, InternetNZ
Term: AGM 2013 - AGM 2016
Declaration Date: 28 August 2008, updated 20 November 2013

Interests:
- Fellow of IITP
- Member of the Dunedin Computers in Homes Steering Group
- Councillor's Honorarium for InternetNZ

Name: Hamish MacEwan
Position: Councillor, InternetNZ
Term: AGM 2012 - AGM 2015
Declaration Date: 24 August 2007; updated 31 March 2014

Interests:
- Self-employed Open ICT consultant
- Registrant of sundry .nz domains
- Member of Internet Party
- Councillor's Honorarium for InternetNZ

Name: Brenda Wallace
Position: Councillor, InternetNZ
Term: AGM 2012 - AGM 2015; updated 22 July 2014
Declaration Date: 29 May 2015
Interests:
- Employee of Rabid Tech
- Member of Green Party of Aotearoa New Zealand
- A gazillion .nz domain names
- Organiser of Girl Geek Dinners Wellington
- Member and volunteer for Tech Liberty
- Councillor's Honorarium for InternetNZ
- Employee and shareholder of Rabid Tech
- Volunteer Organiser for GovHack Wellington
- Volunteer Organiser for HackMiramar

Name: Lance Wiggs
Position: Councillor, InternetNZ
Term: AGM 2013 - AGM 2016
Declaration Date: 9 August 2010, updated 22 June 2014, February 2015, April 2015

Interests:
- Director and shareholder in several NZ companies, generally operating online
- Including: Director and, through Punakaiki Fund, shareholder of ISP Vibe Communications Limited
- Direct and indirect owner of various .nz domain names (<40)
- Director of Lance Wiggs Capital Management
- Director, and, through LWCM, Manager of Punakaiki Fund Limited
- Member of two Return on Science Investment Committees
- Better By Capital provider for NZTE
- Member of the Institute of Directors
- Member of NZCS / Institute of IT Professionals

- Wife (Su Yin Khoo) is Director and Shareholder of Gather Conference Limited and Gather Workshops Limited, and has performed work for Kiwi Foo Camp
- Councillor's Honorarium for InternetNZ
- Member of the Green Party
- Friday radio: NBR

Name: Dave Moskovitz
Position: Councillor, InternetNZ
Term: AGM 2011 - AGM 2017
Declaration Date: 9 August 2010, updated 20 November 2013, February 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
- Expander Limited
- Startup New Zealand Limited
- Open Polytechnic
- **Shareholdings (all of the above except for *SWNZ Limited and Open Polytechnic*, plus):**
- Lightning Lab 2013
- WIP APP Limited
- Learn Coach Limited
- Ponoko Limited
- Celsias Limited
- 8interactive Limited
- Admin Innovations Limited
- DIY Father Limited
- Smaratshow Limited
- Common Ledger Limited
- Cloud Cannon Limited
- Small holdings in numerous publicly listed companies
- **Non-profit Activity:**
- Global Facilitator
- Startup Weekend (Trustee)
- Pacific Internet Partners (Trustee)
- Think Tank Charitable Trust (Co-Chair)
- Wellington Council of Christians and Jews
- **Other memberships:**
- NZ Open Source Society
- NZ Rise
- Royal Society
- Registered marriage celebrant
- Councillor's Honorarium for InternetNZ

Name: Richard Wood
Position: Councillor, InternetNZ
Term: AGM 2013 - AGM 2016

Declaration Date: 15 July 2013, updated 31 January 2014, updated February 2015, updated March 2015

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

Name: Amber Craig
Position: Councillor, InternetNZ
Term: AGM 2013 - AGM 2016
Declaration Date: 18 July 2013, updated 30 July 2014

Interests:
- Organiser of Girl Geek Dinners Wellington
- Consultant and organiser of some corporate unconferences
- Holds .nz domain name registrations
- Employee of ANZ
- Creator & Director of Beyond the Achievements
- Councillor's Honorarium for InternetNZ

Name: Rochelle Furneaux
Position: Councillor, InternetNZ
Term: AGM 2014 – AGM 2017
Declaration Date: 13 February 2014, February 2015

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

Name: Sarah Lee
Position: Councillor, InternetNZ
Term: AGM 2014 – AGM 2017
Declaration Date: 23 September 2014

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

Name: Hayden Glass
Position: Councillor, InternetNZ
Term: AGM 2014 – AGM 2017
Declaration Date: 25 March 2015

- Interests:
- Consulting Economist with the Sapere Research Group. Clients are 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 Internet NZ.
- Convenor of the Moxie Sessions, a tech-economy discussion group
- Founder and Director of Kuda Ltd, a (slow moving) big data analytics startup
- COO at Wiki New Zealand
- Member of Techliberty
- Registrant of .org, .com and .nz domains

DRAFT MINUTES

Status:	Draft
Present:	Jamie Baddeley (President), Joy Liddicoat (Vice President), Neil James, Hamish MacEwan, Dave Moskovitz, Hayden Glass, Sarah Lee, Richard Wood, Amber Craig, Rochelle Furneaux, Lance Wiggs and Brenda Wallace
In Attendance:	Jordan Carter (Chief Executive), Marian Donaldson (minute taker), Debbie Monahan (Domain Name Commissioner, *in part*), Richard Currey (NZRS Chair, *in part*), Jay Daley (NZRS CE, *in part*), Andrew Cushen (InternetNZ, *in part*), Ellen Strickland (InternetNZ, *in part*), Mary Tovey (InternetNZ, *in part*).
Meeting Opened:	9.00am

1. **Welcome**

2. **Council only**

3. **Council and CE only**

4. **Apologies**

    An apology was received from D Farrar who will not attend the subsidiaries session.

5. **Declaration of Interest**

Council spent time clarifying on how best the risks of conflicts of interest are managed.

RN12/15:   THAT Council note the Councillor's Declaration of Interest as at 31 March 2015.

6. **Approval of minutes**

RN13/15:   THAT the minutes of the meeting held on 16 February 2015 be received and adopted as a true and correct record with the inclusion of *Cr Liddicoat to quarantine herself for any quarantine matters.*

(President/Vice President)
CARRIED U

7. **Outstanding action points**

RN14/15:   THAT the action list as at 31 March 2015 be received.

(Cr James/Cr Moskovitz)
CARRIED U

8.   **New Members List**

RN15/15:   THAT the new members list be noted.

(Cr Wiggs/Cr Lee)
CARRIED U

9.   **Evote ratification**

RN16/15:   THAT the evote ratification update be noted.

(President/Cr Craig)
CARRIED U

10.   **Agenda consideration – in committee items**
There were no in-committee agenda items noted.

Industry Scan
Timely discussion was held on the copyright issues and global mode. There is broad support around the Council table for management on their way forward with their thinking.

Morning Tea break 10-35-1050am

11.   **Activity Plan and Budget 2015/16**

The updated activity plan and budget 2015/16 was taken as read. It was noted that this was previously presented in draft at the February Council meeting.

Key projects remain the same as the draft plan.

In discussion, Council proposed several changes to details in the plan which will be reflected in an updated draft version. It also discussed changes to the reporting that will be based on this plan

Council also discussed the three-year projections in the budget paper and asked staff to prepare a paper showing a path to return the budget to balance within three years. This would include a rough balance sheet forecast, to show known information about investment returns.

RN17/15:   THAT Council **approve** the recommendation to rollover the balance of $80,000 for the Research Funding Round and $10,000 for On-demand Grants funding to the 2015/2016 financial year.

RN18/15:   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.

RN19/15:   THAT Council **amend** the draft Budget by including provisions as follows: $80k for moving expenses (INZ share), $40k for rent related to new premises, and the $90k in community funding referred to in RN 18/15, and **approve** an amended operational

expenditure limit of $4.322m and the recommended capital expenditure limit of $125,000 for the 2015/16 year.

<div align="right">(Cr Moskovitz/Cr Wallace)</div>

RN20/15:   THAT Council **ask** the Chief Executive to bring a revised three-year budget plan that leads to a balanced budget as soon as possible but no later than 2017/18 to the June 2015 Council meeting.

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

12.   Financial Reporting
Audit and Risk minutes

The Audit and Risk minutes dated 2 February 2015 were noted by Council.

RN21/15:   THAT Council note the Audit and Risk minutes dated 2 February 2015.

RN22/15:   THAT Council recommends, at the AGM to members, to appoint Crowe Howarth as auditors for the year 2015/16.

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

Special thanks were extended to Mary Tovey and Cr James for their contribution in the auditor appointment process.

13.   Governance Framework

Jordan Carter presented the changed Governance Manual documentation to Council. It was noted that all changes be accepted with the exception of the Planning and Reporting Timetable. The processes set out in this policy need further discussion with the subsidiaries so that any conflicts inherent in it can be resolved to the satisfaction of all.

AP8/15:   New Health and Safety policies (for Council function and staff function) and a Risk Register to be developed and then added to the Governance Manual.

Policy Development Policy

It was agreed that further work be carried out on the draft Policy Development Policy: clauses 4.2, 5.1 and 5.4. Once changes are incorporated the Policy Development Policy is to be approved by evote.

RN23/15:   THAT Council approve the Governance Manual update with the exception of the Planning and Reporting timetable **AND THAT** the revised Planning and Reporting timetable be presented at the June Council meeting.

<div align="right">(Cr Wiggs/Cr Glass)
CARRIED U</div>

14. Chief Executive's report

The Chief Executive's report was taken as read.

The main focus of conversation was the Chief Executive's priorities for the next three months and long range and the work been undertaken by the Chief Executive in the International arena on the IANA stewardship transition.

Property update (confidential)

A property update on the possibility of new premises location for INZ, DNCL and NZRS was discussed in full. Councillors agreed that they could see potential in housing all three organisations on the one floor.

It was agreed that Cr Wiggs and Cr Furneaux examine the Agreement to Lease and Deed of Lease and report back to management any findings that need further attention or investigation.

A recommendation was held until such times as feedback from both councillors was received. Final agreements to be sent to Councillors with a suggested recommendation.

15. Management reporting

Council welcomed the substantial completion of the very aggressive work plan for 2014/15 shown in the reports. Councillors were advised that new management reporting based on the new Activity Plan will be in use from the June Council meeting.

It was noted that Net Neutrality and the State of the Internet are still uncompleted and will carried over into the activity plan 2015/16. It was further agreed there is still a lot of work required with PAG.

Employment

A Cushen advised that preferred candidates for the Internet Issues team have been identified.

AP9/15:   Councillors are not receiving What's Up @ InternetNZ. Andrew Cushen to follow this up with David Cormack.

Strategic Partnership reports

The Strategic Partnerships reports were noted. The President asked that for future reporting this be designed using three or four questions to be considered i.e. what should INZ be considering as part of this partnership; two way reporting mechanism. The report to be presented as one report in the future.

International Report

The International Report was taken as read.

R24/15:   **THAT** the management reporting be taken as read.

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

16.   Grants Committee discussion

The information and communication paper from the Grants Committee was taken as read.

A discussion was held on how much information on the grants applications should be released to Councillors and also how sustainable is the grants round operating model.

Lunch break 1.15-1.30pm

17.   Subsidiaries reporting

.nz fee recommendation

DNCL and NZRS jointly recommended to Council:

RN25/15:   **THAT** the .nz domain name fee remain at $1.25 per domain name, per month; and

RN26/15:   **THAT** there not be any formal communication strategy to advise registrars and the internet community of the fee remaining at its current level.

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

3rd quarterly report – NZRS

RN27/15:   **THAT** Council note the NZRS 3rd quarterly report ended 31 December 2014.

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

Constraints on financial return for NZRS

Jay Daley presented the three financial risk scenarios – low, medium and high – as explained in the company's letter to the Council.

AP10/15:   It was agreed that NZRS present an assessment of the potential return available from the medium risk scenario at the June Council meeting.

AP11/15:   Council to send Richard Currey requests re future investment requirements and returns.

RN28/15:   **THAT** Council note the financial returns letters between INZ and NZRS.

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

Statement of Directions and Goals – DNCL and NZRS

SoD&G – NZRS

A discussion was held between NZRS and INZ on the content of the SoD&G, including the draft NZRS budget. The discussion covered a number of features of the work programme in 2015/16, and the changes to forecast levels of dividend that arise in the planning and budgeting process. It was noted that 2014-15 was an unusual financial year with so much registration activity coming in the last couple of weeks of the year due to the timing of opening the second level.

Council overall noted its preference that the company consider its budget again in light of the Statement of Expectations and its financial targets, in preparing its final SoD&G for the June meeting to consider. NZRS noted that following its transfer to INZ of all cash in excess of reserves in 2011, it was agreed with INZ that NZRS was no longer able to draw on reserves to ensure that dividend expectations are met.

AP12/15:   Council asked that NZRS include in its presentation of its financial information, a breakdown by particular areas of work using the areas set out in the Statement of Expectations as a basis.

Council noted a final SoD&G will be presented for the June meeting.

SoD&G – DNCL

In the development of DNCL SoD&G they incorporated/linked their Statement of Expectations into the document. It was noted that the Policy Framework would be discussed at the upcoming DNCL Board meeting. It was further noted that any legal risk is incorporated in the contingency reserves held by the company.

RN29/15   **THAT** Council note and receive the SoD&G from DNCL; a revised SoD&G from NZRS to be presented at the June Council meeting.

RN30/15   **THAT** Council approve the budget for DNCL for 2015/16.

(Cr Furneax/Cr Craig)
CARRIED U

AP13/15:   The Chief Executives to revisit the timing of planning documents to best be presented in a timely manner to Council meetings for the future.

18.   Business Development

Jay Daley presented the confidential Business Development paper and spoke through the various workstreams been undertaken at present. Particular attention was given to the possible risk content of the workstreams.

It was noted that the National Broadband Map is a big piece of work being undertaken at present showing possible risk and possible income at a medium level of risk.

RN31/15:   THAT Council receive the confidential Business Development paper.

(President/Vice President)
CARRIED U

19.   Any general items

"Who owns .nz?" infographic

A draft infographic was presented on the subject of "who owns .nz? and other tough questions" Councillors found it a helpful tool to set out some key questions and provided feedback on some of the specific questions & answers set out.

All comments made will be taken into consideration by the Chief Executives in development of the next version of this document.

20.   Matters for Communication

There were no matters for communication to the membership.

21.   General Business

Honorarium

Cr James advised Council that the revision of honorarium for Councillors should be reviewed more frequently.

AP14/15:   An honorarium paper to be presented at the June Council meeting outlining current rates & specifying a review date.

Subsidiary Boards Appointments Process 2015

After discussion the following recommendation were agreed:

RN32/15:   THAT Council note that the Appointments Panel will be advertising for one director to join the NZRS Board following the process set out in the relevant governance policy.

RN33/15:   THAT David Wright be reappointed to the NZRS Board for a three year term expiring at the company's AGM in 2018.

RN34/15:   THAT Adam Hunt be reappointed to the DNCL Board for a three year term expiring at the company's AGM in 2018.

RN35/15:   THAT Cr Furneaux be appointed as the Council member of the Appointments Panel.

RN36/15:   **THAT** Ron Hamilton be appointed as the independent member of the Appointments Panel, subject to his confirmation.

(President/Vice President)
CARRIED U

Membership Committee updated (1/4/2015)

The Membership Committee minutes from the 1 April 2015 were taken. It was agreed any feedback should be given to the Committee members.

List of Acronyms

The list of acronyms was noted.

Crs Lee, Wallace, James left the meeting at 3.55pm
Crs Glass and Wiggs left the meeting at 4.05pm

Institute of Directors courses

Cr Craig updated the meeting on her recent Audit and Risk committee and financial training. Suggestions have been given to Mary Tovey.

The President updated the meeting on his recent Chairing the Board seminar with the IoD. Chairing the Board is designed for directors who are interested in taking a step up from a director role and want to learn more about the chair's role. It is also for existing chairs who would like to fine-tune their effectiveness and leadership skills.

It was encouraging to see that our Council is considered best practice by IoD measurements in many respects.

AP15/15:   It was noted by the President that board evaluations need to be commenced in the near future.

Councillor's availability

It was noted that Cr Moskovitz is unavailable for Council duties from 20 April - 31 August 2015. During this time Cr Wood will chair the Grants Committee. Cr Moskovitz will be unavailable for the June Council meeting and the AGM to be held July 2015.

Next Meeting: The next scheduled Council meeting is Friday 5 June 2015 with the venue yet to be determined.

Meeting Closed: 4.10pm

2015 Action Point Register

	Action	Who	Status	Due by	Comment
ACTIONS C/F FROM 2014					
DECEMBER					
AP35/14	Joy suggested that a debrief review of the rollout of the second level registration be done group wide, with the results shared across the group.	Jordan	ongoing		
AP43/14	Word Community - Staff to revisit this issue and at the December Council meeting look at the definition of Internet Community refined in 2007.	Jordan	ongoing		
AP44/14	Sarah Lee to start the process of identifying a potential Kaumatua for InternetNZ and report back to the February 2015 meeting.	Cr Lee	In progress		
AP46/14	Strategic Partners - Further verbal update to be presented at the February meeting, with e-votes on agreements likely in late February or early March 2015.			February 2015	
		Ellen	In progress		
FEBRUARY					
AP01/15	Jordan Carter and Andrew Cushen to explain how the communications transformations would manifest themselves.	Andrew/Jordan	In progress		
AP02/15	Acronym paper to be included in the Council papers in the future.	Marian	Complete	February 2015	
AP03/15	President and Vice President to develop content for the Council part of the Business Plan.	Jamie/Joy	Complete	February 2015	
AP04/15	Chief Executive to draft Policy Development Policy and work with Councillors intersessionally on advancing it.	Jordan	complete	May-15	
AP05/15	Policy development approach to be tested with members informally at engagement meetings in March.	Jordan	In progress		
AP06/15	Chief Executive to review the draft of the objects prepared in 2013 and present an updated draft proposal to the April Council meeting for discussion.	Jordan	In progress		
AP07/15	Chief Executive to draft a letter to NZRS to ask if there are constraints in the policy or agreements framework that unnecessarily prevent the realisation	Jordan	Complete	February 2015	
	of the best possible return on funds held consistent with the company's obligation to be a responsible steward of registrant prepayments.				
APRIL					
AP08/15	New Health and Safety policies (for Council function and staff function) and a Risk Register to be developed and then added to the Governance Manual.	Jordan	In progress		
AP09/15	Councillors are not receiving What's Up @ InternetNZ. Andrew Cushen to follow this up with David Cormack.	Andrew/David	Complete	Apr-15	
AP10/15	It was agreed that NZRS present an assessment of the potential return available from the medium risk scenario at the June Council meeting.	NZRS	In progress		
AP11/15	Council to send Richard Currey requests re future investment requirements and returns.	Jordan/Mary	In progress		
AP12/15	Council asked that NZRS include in its presentation of its financial information, a breakdown by particular areas of work using the areas set out in the Statement of Expectations as a basis.	NZRS	complete	Apr-15	
AP13/15	The Chief Executives to revisit the timing of planning documents to best be presented in a timely manner to Council meetings for the future.	Jordan/Jay/Debbie	In progress		
AP14/15	An honorarium paper to be presented at the June Council meeting outlining current rates & specifying a review date.	Jordan	In progress		
AP15/15	It was noted by the President that board evaluations need to be commenced in the near future.	Jamie/Joy	complete	May-15	

INTERNETNZ MEMBERSHIP REPORT

Status: Final
Author: Maria Reyes

2014-15

	June 2015	April 2015	February 2015	December 2014
Fellows:	23	23	23	23
Individual:	289	283	271	270
Professional Individual:	75	74	74	71
Small Organisation:	29	29	29	28
Large Organisation:	8	8	8	8
Total Membership:	424	417	405	400

2013-14

	June 2014	April 2014	February 2014	December 2013
Fellows:	24	24	24	24
Individual:	302	290	281	253
Professional Individual:	81	83	82	76
Small Organisation:	31	30	30	26
Large Organisation:	7	6	5	5
Total Membership:	445	433	422	384

Membership by region

North Islands (Northern):

Joined in	Number
2015	5
2013-2014	47
2010-2012	34
2005-2009	38
Foundation-2004	3
TOTAL	*127*

North Islands *(Southern):*

Joined in	Number
2015	15
2013-2014	80
2010-2012	61
2005-2009	61
Foundation-2004	7
TOTAL	*224*

South Islands *(Northern):*

Joined in	Number
2015	2
2013-2014	22
2010-2012	17
2005-2009	4
Foundation-2004	1
TOTAL	*46*

South Islands *(Southern):*

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

* International members – 14

Please note, membership renewals are currently in progress. As at 27 May 2015, 134 Grace members (out of 278) have renewed.

Members whose membership is expiring on 31 March 2015 have until 1 July 2015 to renew their membership so they can maintain a continuous membership. If the subscription remains unpaid after 1 July 2015, the membership terminates and a new application for this will have to be made if the Member wishes to rejoin the Society.

Recommendation:
THAT the new members be approved.

E-votes Ratification

Author: Maria Reyes

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

Evote:	Motion:	For:	Against:	Abstain:
20042015	(1) THAT the 'Compromising Privacy for convenience and Wellbeing on the Internet of Things' project (Tony Garry, University of Otago) be awarded funding of $26,000 from the Internet Research round. (2) THAT the 'Traffic classification Enterprise Networks using Software-Defined Networking' project (Winston Seah, Victoria University of Wellington) be awarded funding of $30,000 from the Internet Research round. (3) THAT the 'Establishing the foundations of Future Software-Defined Mobile Internet' project (Syed Faraz Hasan, Massey University) be awarded funding of $15,000 from the Internet Research round. (4) THAT the 'Survey on New Zealanders' Mobile Internet Security Awareness' project (Sivadon Chaisiri & Ryan Ko, University of Waikato) be awarded funding of $9,000 from the Internet Research round.	Richard Wood Dave Moskovitz Amber Craig Rochelle Furneaux Neil James Sarah Lee Hayden Glass Hamish MacEwan Joy Liddicoat Jamie Baddeley Lance Wiggs Brenda Wallace		
13052015	THAT the draft Policy Development Policy be adopted, and scheduled for its first regular review in June 2017.	Richard Wood Dave Moskovitz Amber Craig Rochelle Furneaux Neil James Sarah Lee Hayden Glass Hamish MacEwan Joy Liddicoat Jamie Baddeley Lance Wiggs Brenda Wallace		

22052015	THAT the officers be authorised to sign the Lease Agreement for Level 11, 80 Boulcott Street, and to affix the Common Seal.	Richard Wood Dave Moskovitz Amber Craig Rochelle Furneaux Neil James Sarah Lee Hayden Glass Hamish MacEwan Joy Liddicoat Jamie Baddeley Lance Wiggs Brenda Wallace		

Recommendation: THAT the e-votes be ratified.

2015/16 Amended Budget and revised 2016-2018 budgets

Author:	Jordan Carter, Chief Executive
Purpose of Paper:	Seek Council approval of the revised 2015/16 Budget as per RN 18/15 and the revised forecast for 2016/2018 as per RN21/15.

Introduction

This paper presents the revised 2015/16 as per RN20/15 that required the draft budget be **amended** to include the provisions as follows: $80k for moving expenses (INZ share), $40k for rent related to new premises, and the $90k in community funding referred to in RN 18/15, and the approved amendment to the operational expenditure limit of $4.322m for the 2015/16 year.

1. Budget 2015/16

Internet New Zealand Incorporated	2015/16 Staff Proposal	2015/16 Council Agrees	+/-
Income			
	3524	3852	329
Expenses			
Internet Issues	679	679	0
Community Development	1093	1183	90
Internet Governance	249	249	0
Core Operations	1411	1590	179
Governance and Members	426	426	0
International Events	255	255	0
Total Expenses $000s	4113	4382	269
Net Ordinary Income $000s	-589	-529	59

Reconciliation to:

Operational Expenditure reconciliation

		Total Expenses $000s	4382

	Less subsidiaries rent	-59	
	Recharged - refer Income increase in detail		
	APPROVED Operational Limit RN 18/15	4323	

2. Detailed comparison

Internet New Zealand Incorporated	Staff Proposed 2015-16 Budget	Council Agreed 2015-16 Budget	+/-
Income			
Dividends	3157	3427	270
Membership	14	14	0
Group Shared Expenses reimbursement	284	343	59
Interest	69	69	0
	3524	**3852**	**329**
Expenses			
Internet Issues			
Internet Issues Programme	186	186	0
Internet Connectivity	137	137	0
Internet Use	81	81	0
Internet Technology	100	100	0
Internet Law & Rights	100	100	0
Issues Operating Costs	74	74	0
Internet Issues	**679**	**679**	**0**
Community Funding			
Funding Rounds	240	330	90
Strategic Partnerships	260	260	0
Community Funding Engagement	10	10	0
Research, improve reporting and impact measure/monitoring	15	15	0
Community Funding Operating Costs	164	164	0
Community Engagement			
NetHui	130	130	0
Sponsorship	50	50	0
NetHui community initiatives: NZIRF	15	15	0
Speaker Series	5	5	0
Oceania Internet Governance Summer/Spring School	10	10	0
Community Engagement Operating Costs	194	194	0
Community Development	**1093**	**1183**	**90**
Internet Governance			
International Collaboration	249	249	0
Internet Governance	**249**	**249**	**0**
Core Operations			
Remuneration	626	626	0
Depreciation	60	60	0
Operating Expenses	402	402	0
Overhead	323	503	179

Core Operations		1411	1590	179
Governance and Members				
Council & Members		396	396	0
.nz Stewardship		30	30	0
Governance and Members		**426**	**426**	**0**
International Events				
Apricot		191	191	0
ANZIA		64	64	0
International Events		**255**	**255**	**0**
Total Expenses $000s		4113	4382	269
Net Ordinary Income $000s		-589	-529	59
Operational Expenditure reconciliation				
Total Expenses $000s			4382	
Less subsidiaries rent – recharged refer income section			-59	
APPROVED Operational Limit RN 18/15			4323	

3. 2015/16 Executive Summary

The following table and chart provide a visual breakdown of InternetNZ's 2015/16 expense budget.

Activity	FTE		Expenses		Capex	
Internet Issues	3.3	28%	$679,262	16%		0%
Community Development	2.75	23%	$1,182,580	27%	$30,000	24%
International Engagement	0.4	3%	$248,922	6%		0%
Governance and Members	1.32	11%	$425,700	10%	$30,000	24%
International Events	0.25	2%	$255,247	6%		0%
Core Operations	3.4	28%	$1,247,364	28%	$65,000	52%
Group Services Recharged[1]	0.58	5%	$342,587			
Grand Total	12	100%	$4,381,663	92%	$125,000	100%

- Internet Issues
- Community Development
- International Engagement
- Governance and Members
- International Events
- Core Operations
- Group shared expenses - recharged
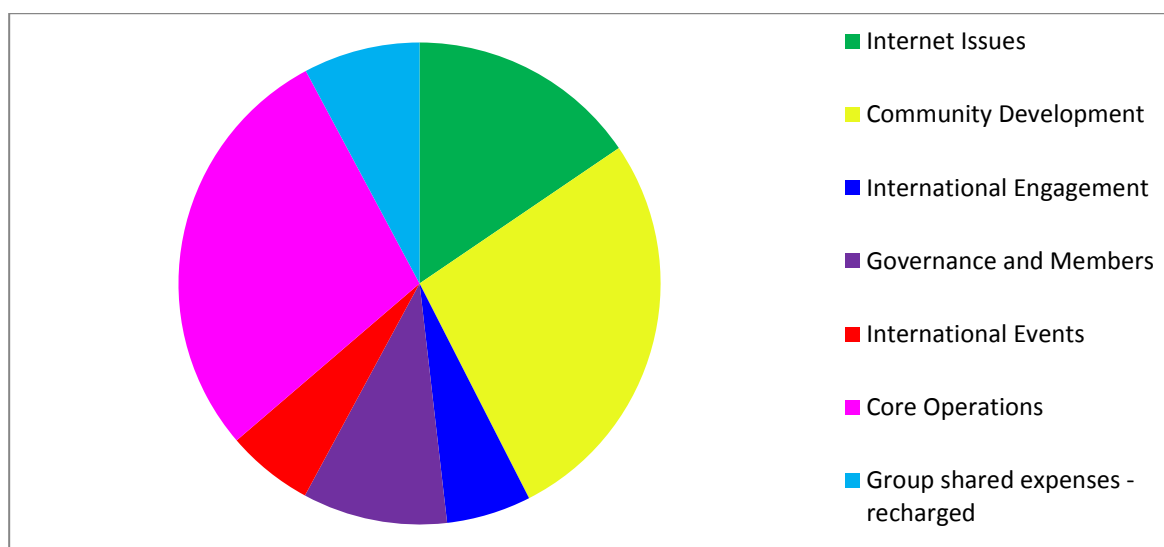
[1] Historically Core Operation expenses have been reported net of subsidiary expenses, and subsidiary expenses have not been reported, future reports will report subsidiary costs separately.

4. Revised three year Profit & Loss projections

Council at the April meeting requested THAT the CE bring a revised three-year budget plan that leads to a balanced budget as soon as possible but no later than 2017/18 to the June 2015 Council meeting (RN21/15).

To achieve this, the following adjustments have been made:

- Community funding increase of $60k per year has been reduced to $20k over the three years.
- Remuneration costs have been reduced by $189k over the three years; this has been achieved by reducing recruitment costs. Recruitment costs for 2015/16 were based on four plus new employees, this was then rolled over for 2016-2018. An assumption has been made that this level of recruitment will not be required.
- Work Programme areas expenditure has been reduced by 5% for 2016/17, and no increase has been budgeted for 2017/18 from 2016/17.
- The stakeholder review of $25k has been removed for 2016/17, as a review will be done in the financial year 2015/16, and another review is budgeted for in 2017/18.
- The standard 3% increase used for forecasting as been reduced to 1% for operating and overheads for the financial years 2016/17 and 2017/18.

Below is the detailed revised three year profit and loss projection, based on the preceding adjustments.

InternetNZ Budget 2015-2016	TOTAL	TOTAL	TOTAL
	Apr 15 - Mar 16	Apr 16 - Mar 17	Apr 17 - Mar 18
Ordinary Income/Expense			
Income			
Operating Income			
Shared Group Services	342,587.01	405,058.20	409,108.78
Membership - Corporate	5,800.00	5,858.00	5,916.58
Membership - Individual	7,800.00	7,878.00	7,956.78
Total · Operating Income	356,187.01	418,794.20	422,982.14
Investment Income			
Dividends	3,427,454.00	3,354,666.00	3,533,631.00
Interest	68,752.00	60,000.00	65,000.00
Total Investment Income	3,496,206.00	3,414,666.00	3,598,631.00
Total Income	**3,852,393.01**	**3,833,460.20**	**4,021,613.14**
Expense			
Total · Remuneration	**1,394,486.00**	**1,356,930.86**	**1,369,878.92**
Operating Expenses			
Accountancy Fees	28,300.00	28,583.00	28,868.83
Advertising & Marketing	6,750.04	6,817.54	6,885.72
Audit Fees	10,000.00	10,100.00	10,201.00
Bank Charges	2,182.15	2,203.97	2,226.01
Conferences	10,000.00	10,100.00	10,201.00

Consultants/ICT/Bus Dev	185,620.00	162,476.20	184,100.96
Domain Names	442.00	446.42	450.88
General Office Expenses	36,005.20	36,365.25	36,728.90
Governance Training	40,000.00	40,400.00	40,804.00
Honoraria	200,249.50	200,249.50	200,249.50
Legal Fees	49,000.00	49,490.00	49,984.90
Meeting Costs	92,280.00	93,202.80	94,134.83
Postages & Couriers	4,209.72	4,251.82	4,294.34
Repairs and Maintenance	2,897.59	2,926.57	2,955.83
R & M - Software	8,393.00	8,476.93	8,561.70
Printing & Stationery	23,086.08	23,316.94	23,550.11
Subscriptions	29,268.78	29,561.47	29,857.08
Telecommunications	66,132.00	66,793.32	67,461.25
Travel & Accommodation - International	14,000.00	14,140.00	14,281.40
Travel & Accommodation - National	73,070.00	73,800.70	74,538.71
Web Site Updates & Hosting	4,560.00	4,605.60	4,651.66
Issues Programme Header			
Internet Issues Programme			
Total · Internet Issues Programme	60,000.00	57,000.00	57,000.00
Total · Internet Law & Rights Portfolio	20,000.00	19,000.00	19,000.00
Total · Internet Use Portfolio	35,000.00	33,250.00	33,250.00
Total · Internet Connectivity Portfolio	60,000.00	57,000.00	57,000.00
Total · Internet Technology Portfolio	65,000.00	61,750.00	61,750.00
Total · Internet Governance Portfolio	238,099.97	166,915.00	166,915.00
Total · Issues Programme	**478,099.97**	**394,915.00**	**394,915.00**
Community Funding			
Strategic Partnerships	260,000.00	260,000.00	260,000.00
On Demand Grants	10,000.00	10,000.00	10,000.00
Community Funding Engagement	10,000.00	9,500.00	9,500.00
Research,	15,000.00	14,250.00	14,250.00
Community Grants	320,000.00	250,000.00	260,000.00
Total · Community Funding	**615,000.00**	**543,750.00**	**553,750.00**
Community Engagement			
NetHui	130,000.00	130,000.00	130,000.00
NetHui community initiatives: NZIRF	15,000.00	14,250.00	14,250.00
Sponsorship	50,000.00	50,000.00	50,000.00
Speaker Series	5,000.00	4,750.00	4,750.00
Oceania Internet	10,000.00	9,500.00	9,500.00
Total · Community Engagement	**210,000.00**	**208,500.00**	**208,500.00**
International Event			
APRICOT 2016	175,000.00	0.00	0.00
Other International Event	60,000.00	0.00	68,000.00
Total · International Event	**235,000.00**	**0.00**	**68,000.00**
Total · Operating Expenses	**2,424,546.03**	**2,015,473.03**	**2,120,153.61**

Overheads

Cleaning Costs	39,792.00	40,189.92	40,591.82
Electricity	19,020.00	19,210.20	19,402.30
Insurance	10,502.04	10,607.06	10,713.13
Rent Paid	349,531.90	387,123.60	387,123.60
Moving Costs	80,000.00	0.00	0.00
Security	3,720.00	3,757.20	3,794.77
Total · Overheads	502,565.94	460,887.98	461,625.62
Total Expense	**4,321,597.97**	**3,833,291.87**	**3,951,658.16**
Net Income	**-469,204.96**	**168.33**	**69,954.99**
Depreciation	60,000.00	60,000.00	50,000.00
Accounting Basis Operating deficit	**-529,204.96**	**-59,831.67**	**19,954.99**
				Mandate change required to include
Managed Funds Income @7.34%	174,283.58	174,283.58	174,283.58
	-354,921.39	**114,451.91**	**194,238.56**
Cash flow Opening	**4,577,995**	**3,401,683**	**3,456,135**
Cash flow Closing	**3,401,683**	**3,456,135**	**3,580,374**

Recommendations

1. That Council **approve** the revised 2015/16 budget.

2. That Council **note** the revised three year budget framework.

Jordan Carter
Chief Executive

21 May 2015

InternetNZ

Draft Community Grants Policy Framework

Author:	Ellen Strickland
Purpose of paper:	To table the draft Community Grants Policy Framework which is currently under development

Introduction

The attached draft Community Grants Policy draws together the existing guiding policies related to Community Grants and links to the Operations Manual, while also addressing a number of outstanding grants policy issues, including:

- Aligning criteria and processes for different grant types.
- Clarifying Community Grants conflict of interest policy as well as related parties (partners, staff, etc) policy.
- Creating policy to enable funding limits for repeat.
- Creating policy which enables but provides for additional scrutiny of grant applications for amounts over $25,000.

Timeline

Changes as agreed with the Grants Committee and Council will be made by staff after Council discussion.

The updated Community Grants Policy Framework will then be circulated for any further discussion and an e-vote by end of June 2015, to enable the 2015 Projects Community Grants Round to be launched using this policy framework by NetHui 2015.

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

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 advancing 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.   **All applicants treated equally**: there is no preference for or 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.   **Merit against criteria drive 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 residual 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 Manual 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 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 the screening of applications, in providing information to the committee, and in working with applicants to assist them in the grant application process. Staff have no role in decision-making regarding community funding grants.

4.4.   InternetNZ will only publish the names and details of applications of those applications for grants are successful. The names of other applicants will remain confidential.

4.5.   Reports from grants recipients are published on the website. Recipients can make supplementary confidential reports if required.

4.6.   Applicants must sign a contract in the approved form 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 Committee and the Council, and staff working with the Committee, 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, the following related parties are not eligible for community grants funding:

   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 done work for InternetNZ to the value of more than $1,000 in the two years prior to the date of application for the grant

   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.   Individual grant recipients who have received two community grants over the previous two financial years may be excluded from eligibility for a community grant round, by decision of the Grants Committee no later than Stage One of the grant round.

6. Related policies and documents

6.1.   Grant Committee Terms of Reference is a public document and is available >>>LINK<<<

6.2.   InternetNZ Council Conflicts of Interest policy >>>LINK<<<

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 >>>LINK<<<.

6.4.   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

6.5.   There is also a Grants Conflict of Interest guidelines in the Operations Manual which outlines examples and approaches to implementation.

Appendix A:
Projects Rounds

Purpose

The purpose of the Projects Community Grants Round is 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 research project is aligned with the Project Round 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 research 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 research 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.

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.

Appendix B: Research Rounds

Purpose

The purpose of the Research Community Grants Round is 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 projects of this kind.
- State what qualifications the applicants have that is relevant to the requirements of the project.

Frequency

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

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.

Appendix C:
Conference Attendance Rounds

Purpose

The purpose of the Conference Attendance Community 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 community grants round.
- 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 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.
- Describe 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: The proposed attendee must 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.

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.

Appendix D:
On-demand Grants

Purpose

To provide exceptional support of up to $5k to the Internet community for projects, research or conference attendance 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.

Strategic Partnerships 2015/16 & 2016/17

Authors: Ellen Strickland, Collaboration and Community Lead

Purpose of Paper: Proposal for Strategic Partnerships for 2015/16 & 2016/17

Introduction

This paper outlines the details of two proposed Strategic Partnerships for Council decision: the Institute of Culture, Discourse and Communication, Auckland University of Technology (ICDC AUT) and Wiki New Zealand (WikiNZ). These partnerships are proposed additions to the partnership portfolio which for 2015/16 already includes with 2020 Communications Trust (2020), NetSafe, and Creative Commons Aotearoa New Zealand (CCANZ).

This paper follows the update given at the February and April Council meetings on the discussions and negotiations with potential partners, which have taken place since the slate of potential partners was agreed at the December 2014 Council meeting.

This paper outlines the purpose of each partnership, updates on the partnership against the InternetNZ strategic partnership criteria (attached) and then sets out the proposed terms for the strategic partnerships, including areas of focus and funding. The governance and operations protocols for partnerships are also outlined.

Institute for Discourse, Culture and Communication, Auckland University of Technology

Funding recommended: $40,000 for 2015-16 and $40,000 for 2016-17

The partnership with ICDC AUT focuses on undertaking research around Internet use as well as disseminating information about and enabling greater understanding of Internet Use in New Zealand, including in relation to other countries using international benchmarks. This partnership will support the implementation of, analysis and reporting on and use of the World Internet Project 2015 New Zealand (WIPNZ) survey.

Strategic Partnership Criteria

Strategic Fit Partnership framework facilitates overarching InternetNZ Object as well as linkage to 2.8 Represent Internet Communityand 2.10 Liaise with other orgs	Additional object linkage: 2.4 Education and research 2.6 Collect and disseminate information Workstreams: Internet Use. Platform for Internet Research/community.
Additionality	Partnership is cornerstone of World Internet Project funding and would not be continuing without InternetNZ funding and support to engage other government funding from MBIE which is now committed. Facilitates exploration of potential future WIP surveys beyond 2015.
Capacity to Deliver	Established and proven partner. Overal funding at levels as of May 20145 where 2015 survey can proceed: funding from MBIE is being signed off at $75k as well as inkind support from a corporate sponsor and some potential funding from DIA still in discussions.
Community	International and national Internet research community. National Library. Government users of the data.

Areas of Focus

- WIPNZ 2015: ICDC/AUT will undertake and report on the WIPNZ Survey in 2015, with survey report to be published in late 2015 or early 2016.
- Facilitate and promote broad use of the survey data including:
  - Collaborate with InternetNZ and its partners to provide access to WIPNZ data
  - Update of reporting comparing data across the WIPNZ surveys: 2007, 2009, 2011, 2013, 2015.
  - Other engagement appropriate to WIPNZ research and the partnership with InternetNZ such as at NetHui.
- Collaboration on supporting the NZ Internet Research Forum: will assist in supporting the national Internet Research network and

activities towards maximising the impact of Internet Research for the benefit of New Zealand.

Wiki New Zealand

Funding recommended: $40,000 for 2015-16

The partnership proposed with WikiNZ is to enhance access to data about the Internet, and to enhance and promote access to other data relevant to the New Zealand public, by leveraging the Internet. This partnership is proposed for a one year term, with two areas of focus.

Strategic Partnership Criteria

Strategic Fit (Partnership framework facilitates overarching object as well as: Object 2.8 Represent Internet Community Object 2.10 Liaise with other orgs)	Additional object linkage: 2.2 Developing standards for Internet application 2.4 Education and research 2.6 Collect and disseminate information Workstreams: Internet Use
Additionality	Internet data analysis/ State of the Internet work would not be part of WikiNZ without this partnership. Also the partnership allows outreach and develops users of the data through WikiNZ.
Capacity to Deliver	Successful past engagement with the Issues team. Strong working relationships with senior government and business and have a range of work and expanding capacity planned for coming year. One year nature of the partnership is to test the impact and capacity to deliver.
Community	Central government. Business and education sectors. Youth, Government/Open data.

Areas of Focus

1. State of the Internet Report
InternetNZ is building a new online repository for metrics relating to the Internet in New Zealand. This is motivated by InternetNZ's desire to increase the visibility and use of data relating to the Internet in New Zealand to better inform its own work and the work of the community. WikiNZ specialise in extracting and presenting data in usable formats, to increase the use of data and allow for better decision making. WikiNZ has

been contracted by InternetNZ to extract and present some datasets selected by InternetNZ in usable formats, particularly graphs. The output from this work will be made available on wikinewzealand.org, and WikiNZ will also make it readily embeddable for other web pages, according to commonly used APIs, or other methods as agreed by the parties, including for InternetNZ's State of the Internet project

Having completed this initial piece of work for InternetNZ on this project, the focus of effort through this strategic partnership from April 2015 to March 2016 will be on extending the range of data on the topic of the Internet that is available through WikiNZ and InternetNZ's repository, and on keeping all of the datasets up to date throughout the period. WikiNZ will research both domestic and international datasets available, taking guidance from InternetNZ as relevant, and will enhance accessibiity through its specialist processes.

2. **Community engagement on using Open Data about New Zealand**

WikiNZ is a registered charity whose purpose is getting people to use data about New Zealand. It is the first organisation to democratise data, and as such it is not sufficient to build a great online user experience for playing and exploring data. Part of WikiNZ mission is to change how people think about data – to teach them how it can be relevant in their lives and decision-making and to show them it is not scary and can be fun.

Whilst everyone who can use data about New Zealand is a target user of WikiNZ, WikiNZ have defined two initial target segments – the education sector, and SMEs. Part of the strategic partnership with InternetNZ will enable outreach to the education sector, and it will include:
- Recruiting and up-skilling "evangelists" from the sector - especially classroom teachers
- Developing teaching resources in collaboration with early adopting teachers
- Formally documenting case studies of use and evaluate success
  - Use within mathematics department
  - Use to enrich subject matter teaching (eg social studies, special topics)
- Producing guides for parents of children who are using Wiki New Zealand

Other activities to engage communities in the use of open data as part of the strategic partnership with InternetNZ will include engagement at NetHui 2015 and involvement in the InternetNZ speaker series

Operations and Governance Arrangements

Each partnership will have monthly operational meetings between the key partner organisation contact and InternetNZ Community Programme staff, with CE involvement as required. Operations staff, from both InternetNZ

and partners, will liaise on Areas of Focus and ongoing collaborative work as required.

Strategic Partner organisations will submit a written update to InternetNZ before each Council meeting, as input to the Council Update on the Community Programme from staff. InternetNZ staff will provide information and updates for partners' respective governing bodies through operational meetings or in person at organisational governance meetings, as agreed.

InternetNZ host a meeting of all Strategic Partnership governance bodies, annually, to share information on partnership areas of focus and ongoing work and to facilitate networking between governance bodies and key staff of InternetNZ and partner organisations.

Strategic Partnership Funding Update and Review

With these strategic partnerships as proposed, partnership funding commitments for 2015-16 and 2016-17 for InternetNZ are:

	2020	Netsafe	CCANZ	ICDC AUT	WIKINZ	Total Commitment
2015-16	$75k	$75k	$33k	$40k	$40k	$263k
2016-17				$40k		$40k

With most partnerships expiring for the 2016-17 financial year, we propose a review of the Strategic Partnership criteria and framework with a proposed approach for 2016 onwards to be presented to Council for discussion at the October 2015 council meeting.

Recommendations

1. THAT this paper be received.

2. THAT the Chief Executive be authorised to execute strategic partnership agreements with Wiki New Zealand and the Institute of Culture, Discourse and Communication, Auckland University of Technology as outlined.

3. THAT Council approves funding packages as part of the strategic partnerships for the following sums:
   ICDC AUT - $40,000 for 2015-16 and $40,000 for 2016-17
   WikiNZ- $40,000 for 2015- 2016

4. THAT Council approves the review of the Strategic Partnership framework with a proposed approach for 2016 onwards to be presented to Council at the October 2015 council meeting.

Ellen Strickland
June 2015

Appendix: Partnership Criteria

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

1. Strategic Fit

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

This criterion was assessed by:
* Each potential partnership being assessed and related to both the InternetNZ Objects and current InternetNZ strategy. Only partnerships which clearly contribute to these will be entered into.
* All current and prospective partnerships are then assessed as a Portfolio, to ensure that we have a range of partner organisations which relate to a broad variety of the Objects and areas of work canvassed by the current strategy. Recommendations on Strategic Fit are therefore made on the Portfolio as a whole.

2. Additionality

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

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

These will be assessed by:
* Preferring partnership opportunities which support new or additional outputs or capacity as of greater benefit to InternetNZ than supporting existing capacity.

* Preferring partnership opportunities which support activities that would otherwise not be possible, or not possible in a way which aligns to InternetNZ goals and objects, without such funding support.

3.   Capacity to Deliver

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

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

4.   Partners and Community Links

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

This will assessed by:
* Understanding and valuing other institutional and funding relationships, particularly those which are complementary to InternetNZ relationships.
* Valuing links to community which support the organisation's work and are aligned and potentially beneficial to InternetNZ and vice versa.

Chief Executive's Report

Author: Jordan Carter, Chief Executive

Purpose of paper: Report for the two months to 30 May 2015

Introduction

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

Reporting changes

As flagged in my report to the April meeting, we have now implemented a new report format for the operational aspects of our work. These are as follows:

- Internet Issues Programme Report
- Community Programme Report
- International Report
- Operations Report

For this sequence of reports, for the two months to 30 May, there is no International Report as there is no activity to report. Most meetings all four reports will be present.

In my last report, I set out our plan for these reports as such: from the start of the 1 April year, we would only report on key issues in each of the above areas to Council, with more detailed maps of activity posted on the website where anyone can access them. This approach will help ensure that Council time and attention is focused on the most important issues, and mean that there is less reading to be done for each meeting. However, with staffing availability in communications, it has not proved possible to implement this for the June meeting. I expect to introduce this approach in the August meeting.

1:   Critical / Other / Potential Risks

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

A mix of planned staff additions and unplanned staff departures means we are in a situation of considerable staff change at present. The risk arising is to continuity of operations in some areas of work, which is being mitigated by careful debriefing of departing staff, induction of arriving staff, and appropriate use of temporary resources when required. See further in the last section of this report.

2: Recent Priorities

Chief Executive

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

- Work planning for 2015/16, to implement the Activity Plan
- Staff reviews and performance plans for 15/16 (continuing)
- Common premises project
- A range of HR issues (see staffing section below)
- Participating in ICANN accountability matters
- Assisting as required with NetHui 2015
- APRICOT 2016 project
- Reasonable degree of stakeholder outreach

A number of the priorities identified in the April report have not been advanced, or have not proceeded as intended, for the reasons set out here:

Priority not advanced	Explanation
Membership – implementing findings (was 2nd in list)	Pressure of work has led to little progress here, for which I apologise to Council and members.
Business development strategy – for Council (was 3rd in list)	A verbal update will set out progress made – I anticipate we will be able to share a draft with Council for discussion online in the next couple of weeks.
Reintroduction campaign & stakeholders (was 4th in list)	This combined item is a little behind in development with more preparatory work still to do.
.nz stewardship (Framework policy, .nz MOU with government) (was 6th in list)	In my own work plan the drafting of this conflicted with unavailiabity of other CEs, and so initial discussions could not be held. We are also now subject to the PDP which specifies a process for developing this policy that I will follow. Discussions continue with MBIE officials and we have a further discussion over some remaining draft text due.

All these matters except the reintroduction campaign are picked up in my priorities for the coming quarter. The campaign / reintroduction is what I want to work with our new comms lead on once she starts in role in late July.

Operating team

The separate reports on the Internet Issues & Community programmes, Interational and Operations set out the detail. We will discuss those reports at the appropriate place on the agenda.

I will note here that it has been a very busy two months across all areas – on Internet issues (copper pricing, inducting new members of the Issues team); community (planning for NetHui, finalising new Strategic Partnerships); events (APRICOT 2016).

A more measured pace is, as noted last report, needed as we commence the 2015/16 Activity Plan in the coming quarter. This is starting to come through.

3:   Priorities for the next three months

Chief Executive
I have been in the past few reports setting out 8-9 priorities. This is not leading to success: an unacceptable number are not being progressed, and I am trying to bite off more than is sensible.

For this report then, I present a smaller than previous list of true key priorities for my work to the end of August.These are in my intended priority order:

1. **Staffing and HR:** As discussed below, there are a large number of staffing changes under way. Hiring good people for the open roles and building the new arrivals into a cohesive team with existing staff is my first priority for the next few months.
2. **NetHui 2015:** as usual the extraordinary work involved in this event will come up my prioirty list at this time of year.
3. **Business development:** working with NZRS to complete development of the Strategic Plan's requirement for a distinct strategy in this area.
4. **New Council:** with elections due and at least one Councillor departing, I'll be working with the team to help get induction organised, as well as playing my part in the AGM process.
5. **International:** ICANN accountability remains my focus, dealing with the development of our second draft proposal for comment later in the year – including through attendance at the 53rd ICANN meetings in Buenos Aires in late June.

I particularly welcome Council feedback on this, smaller and more focused, set of priorities.

Other matters that will be progressed include:
- **Members:** assisting with the work of the Membership working group and implementing the findings as they arise and are agreed among members to improve what our team does in this area.
- **Subsidiary and .nz stewardship:** two areas of focus here: developing the ".nz policy" arising from the .nz Framework review; ongoing discussions regarding an MOU between MBIE and InternetNZ regarding .nz.
- "Deep dives" into our core administrative processes in conjunction with staffing matters below, and into our community funding processes in conjunction with Ellen.

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

- **Team wide:** team building to farewell departing and incorporate arriving members, making sure we build a solid and successful team culture.
- **Community Engagement**: NetHui 2015 will be complete by the time of the next meeting, with a particular focus on the programming, sponsorship and

marketing aspects. Sponsorship is tracking below what was hoped for for reasons that will be discussed with Council.

- **Community Funding**: preparations for the Projects Round launching at NetHui, and implemetation of online grants management, as well as finalising Strategic Partnerships.
- **Internet Issues**: ongoing induction and orientation of Issues Advisors; continuing progress in delivery of 2015/16 Activity Plan. Net Neut, Copyright, Telco regulation are all in the mix.
- **Core operations**: with extensive staff changes, continuity of operations, delivery of the AGM, and planning for the move of premises are focus areas.

4:   Longer Range Priorities

The big picture issues on my mind, in no particular priority order at this stage, remain similar to those set out in my previous reports to Council in 2015, and are:

- **Team and Group culture and dynamics:** getting the best bang-for-buck across the group is important, and restoring common premises will help with this. Now we face extensive changes in our own team which needs to be acknowledged and planned for in addition to the move.
- **Identity:** living up to the new brand identity and "spreading the word" on this, so that our public profile becomes clearer.
- **Role of and relationship with Members:** there is a good deal to do to better understand our members and develop a stronger culture of respect and inclusion among them.

5:   Staffing and Contractor matters

As noted above, there have been and are ongoing extensive changes in the staff team.

Since the last meeting, two Issues Advisors have been hired by: Ben Creet and James Ting-Edwards. They join Andrew in focusing on the Internet Issues programme.

Applications are open for a Community Programme Liaison position which Ellen will hire, to be based in Wellington and expanding the work of that Programme. We expect an appointment in mid-June.

David Cormack has resigned as Communications Lead, and returned to the PR world. We have hired a new Comms Lead whose name I will discuss with Council at the meeting – she starts in late July. For temporary cover on comms as well as NetHui support, we have engaged Aimee Whitcroft on contract.

Marian Donaldson resigned as my EA in May, and Aimee Watson resigned as Receptionist today.

After considering the EA role and the needs of the operations team, we have decided an Office Manager is more appropriate to join the team, with a contractor in the role for a few months to review and assess all our adminstrative and support services, and work with the rest of the operations team to improve them.

At the end of this period we will have a new staffing structure agreed for core operations, and hires in place as required by our fresh understanding of our requirements.

A short term engagement of Johnny Tito to manage the premises move project has been done – he will be with us 2days/wk until the start of August.

I would like to thank all the staff who have left or resigned since the last report for their work. David, Marian and Aimee have contributed well to our team and to the InternetNZ group while they have been in their roles, and they will be missed. I'd also like to welcome the new arrivals, we are looking forward to working with them over the coming months and years.

As is clear, these changes represent a considerable turn-over in a small team. There will be moments as people change roles, as temporary cover is provided, and as non-urgent work is deferred to avoid locking incoming people into things they should lead… and these moments may cause frustration.

We will do our level best to minimise the impacts, and we will be most concerned in ensuring that critical matters are dealt with. I will be very open to discussing what is critical and what is not in this respect if any of you (or any other readers of this report) identify things you believe need to be dealt with.

6:   Other matters

- None to report.

I would like to thank the Council for their support, work, diligence, good humour, consideration and efforts over this term. It has been a pleasure to work with a group as diverse and thoughtful – where that diversity has led to great perspectives being teased out and real contributions being made to the governance of InternetNZ.

Best wishes to those leaving, and to those seeking re-election.

Jordan Carter
Chief Executive

29 May 2015

InternetNZ

Issues Programme Management Report to the June 2015 Council Meeting

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

Commentary

The year has got off to a roaring start in the Internet Issues Programme. I am positively delighted to introduce the Council to Ben and James, our new Advisors, both of whom are settling in well and impressing me with their ability to absorb information and get good ideas going.

This year for the Internet Issues Programme is about delivering meaningful, positive change on a smaller number of projects, and using new innovative ways to communicate our ideas to our stakeholders.

We continue to operate in a very dynamic environment. Challenges such as Global Mode can surprise us with when they arise. But, with the addition of new capacity and improved process, we can better deliver to our plan AND meet these emerging challenges.

Highlights:

- Onboarding of Ben and James, and the excellent feedback received about them thus far.
- Team forming within Issues team.
- Finalising of the public version of our Net Neutrality discussion document.
- Release of the Copyright Discussion Document
- Successful Parliamentary engagement on Rural Broadband; presentation to TUANZ/RHAANZ Rural Broadband Symposium
- Very busy, but very successful representation at FPP conference
- Innovation Partnership engagements, and trust structuring.

Lowlights:

- None to report

Next Priorities:

- Delivery of Net Neutrality engagement – new ideas
- Preparation for MBIE Telco review engagements in line with legislative programme

- Public information on Global Mode
- "Makeover" of business in accordance with Innovation Partnership report – demonstrating the transformation potential.
- Engagement on Copyright
- Support and integration with NetHui

InternetNZ

Community Programme Management Report to the June Council Meeting

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

Commentary

The Community Programme is in its most exciting time of the year: NetHui. Everything is on track for an exciting and engaging event. We are all looking forward to the best NetHui yet: as always! The NetHui 2015 project team has been under a lot of pressure due to resourcing issues due to the departure of the Communications Lead as well my own unfortunately timed sick leave and reduced capacity due to illness, at a critical time for the event. Interim support has now been brought on board to address this but there is a lot of work ahead over the next 6 weeks for the team to deliver the event as expected.

Adding pressure but also a big highlight of NetHui 2015 is the ongoing collaboration with the Internet Society (ISOC) global online InterCommunity even. ISOC Chief Executive Kathy Brown will launch the 2nd annual Global Internet Report at this event, and we have confirmed she will deliver a keynote on the Thursday of NetHui which will focus on the Mobile Internet, as the global report findings will highlight the rise of mobile Internet use and potential impacts and issues around that.

NetHui 2015 is also a focus for Strategic Partnerships as partner organisations are contributing to the programme in a variety of ways.   Additionally this year we have a great range of community grant recipients who are also taking part in the NetHui 2015 programme process. We are looking at providing an informal opportunity for partners and grant recipients to meet during NetHui week, as well.

In other Strategic Partnership highlights: NetSafe as a Strategic Partner is now working actively with INZ and DNC around the NZ CSIRT. We are pleased to have been able to support AUT ICDC in securing MBIE as an additional, significant funder for the WIPNZ 2015 survey, providing $75k. We've also begun an exciting working relationship with the new CE of 2020 Communications Trust, Vanisa Dhiru, who has taken over from Laurence Zwimpfer as our main contact.

Other Community grants work continues around 2014-15 contracts and reporting arrangements, as well as significant progress being made towards the Grants Policy Framework (which is a separate Council paper) and finalising details of additional proposed Strategic Partnerships (also a separate Council paper).

Highlights:

- NetHui 2015 plans progressing well with ISOC involvement adding exciting elements.
- Internet Research Community Grant round decision process completed and contracts and applicant follow-up being finalised.
- Community Programme Liaison recruitment process underway.

Lowlights:

- Staff resource issues have put additional pressure on during a period with heavy workload and tight timeline.
- Sky City as the NetHui venue has had a substantial increase in costs from last year which has put additional financial pressure on the event.

Next Priorities:

- NetHui 2015
- Community Programme Liaison appointment process
- Community Grants Policy Framework Finalised
- New Strategic Partnerships signed
- Opening of the 2015 InternetNZ Internet Projects Community Grants Round in July
- Oceania Internet Governance School project: attending the European Internet Governance School in late July as research for this project and to meet with the organisers, who founded the concept and support and teach at such such regional initiatives.
- Global Internet Community engagement: I will be on panel at the Asia-pacific regional IGF (remote participant) in late June on local and regional IG and Internet communities, discussing NetHui.

Issues on the Radar:

- Maori community engagement around NetHui is ongoing and has had significant input and support from Councillor Sarah Lee, which relates to the Maori Engagement work of the Council.
- The Ministry of Education contracted Martin Jenkins to provide a "value for money" review of Computers in Homes which has 2020 says has involved various briefings and site visits. The final report for this is due by 30 June.
- WIPNZ and 2020 have become involved in a Victoria University-led research submission to the MBIE targeted research fund for health and society in a four year project to understand and measure digital inclusion in New Zealand. Professor Miriam Lips, e-Government Chair at VUW, brought together the 2020, NZIER and AUT to partner with Victoria University. The outcome of this submission will be known at the end of the year.

Core Operations Team Management Report to the June 2015 Council Meeting

Author:	Mary Tovey/Marian Donaldson
Purpose of paper:	To summarise the activity undertaken in this reporting period

Commentary

Since the April Council meeting the Core Operations team have been working on the funding rounds, membership renewals, the property move, the year-end accounts and audit, appointment of director's, finalisation of the travel tender, ICT tender, health and safety scope, and the revised budget.

Highlights:

- Finalised the funding agreements for the Canterbury Projects round and Internet Research round
- Funding Management System chosen - Smartygrants
- Manage/monitor progress of the membership renewals
- Audit clearance
- Property lease documentation signed-off
- Property project plan hand-over
- Travel provider appointed
- One stop shop ICT provider by tender
- Health and Safety Co-ordination

Lowlights:

- Monitor and follow-up pending reports from previous Grant recipients
- Audit and Risk Committee support
- Council induction process

Next Priorities:

- NetHui support
- Audit of membership database (post-membership renewal period)
- AGM and Council Election 2015
- Implementation of Smartygrants
- Final recommendations ICT Solutions tender
- Audit and Risk Committee support risk, health and safety inclusion

April 2015

Jamie Baddeley
President, InternetNZ

Dear Jamie,

Fourth Quarter 2014/15 report

As for the 2013/14 reporting to Council, DNCL are reporting .nz activities in joint quarterly reports with NZRS. This means that generally the financial reporting is all that remains to be reported to Council. I have included the Profit and Loss Statement and information regarding DNCL Security and Training in this letter. If Council requires any further information please let me know so I can include it in future reports.

Profit and Loss Statement
For Quarter ending 31 March 2015

	Jan - Mar 2015			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	9,000	9,000	0
DRS Complaint Fees	8,000	9,000	(1,000)	18,000	36,000	(18,000)
Interest Income	17,521	11,095	6,426	31,297	16,000	15,297
Total Income	**495,981**	**490,555**	**5,426**	**1,928,137**	**1,930,840**	**(2,703)**
EXPENSES						
Staff and Office Costs	291,390	274,951	(16,439)	1,160,007	1,100,900	(59,107)
Professional Services and Communications	130,754	85,065	(45,689)	313,709	317,050	3,341
Dispute Resolution Services	43,209	47,531	4,322	79,768	117,100	37,332
DNCL and DNC activities	48,649	74,203	25,554	228,398	300,250	71,852
International	38,182	58,616	20,434	192,718	267,000	74,282
Total Expenditure	**552,184**	**540,366**	**(11,818)**	**1,974,600**	**2,102,300**	**127,700**
Depreciation	8,273	23,840	15,567	28,364	95,345	66,981
Net Profit/Loss	**(64,475)**	**(73,651)**	**9,176**	**(74,828)**	**(266,805)**	**191,977**

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

Spending on Professional Services and communication items is significantly higher than the previous quarter as the DNCL awareness campaign re-commenced this quarter. The increase in Staff and Office costs reflects the new roles of Office Manager and Manager, Legal Policy and additional costs associated with introducing those positions.

DNCL Security and Training

This quarter, DNCL has adopted the NZITF Coordinated Disclosure Guidelines as its approach for reporting security issues and vulnerabilities to DNCL. DNCL has also spoken at New Zealand Network Operators' Group (NZNOG) about these guidelines, including DNCL's approach. DNCL engaged with several stakeholders regarding the National Cyber Policy Office (NCPO) 'Computer Emergency Response Teams (CERT)/institutional mechanisms' work and process in February. This appears to have been a successful engagement process to avert NCPO progressing plans and solutions that may not have been thoroughly thought out.

In March, DNCL attended the Asia Pacific Regional Internet Conference on Operational Technologies (APRICOT) conference in Japan and engaged with stakeholders and progressed work towards a 'train the trainer' workshop for Law Enforcement and Regulators in New Zealand to be held later this year. This discussion is also ongoing with the New Zealand Police.

In addition, DNCL has been invited to attend fortnightly briefings at National Cyber Security Centre (NCSC) in March. These are classified and other participants are National Cyber Crime Centre (NC3), Department of Internal Affairs, New Zealand Defence Force and Department of the Prime Minister and Cabinet. Barry Brailey, DNCL's Manager, Security Policy is the first (and currently only) 'industry' participant - whilst the output from the briefings is not directly actionable, it is a vital step towards a more transparent and engaged NCSC.

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

Yours sincerely

David Farrar
Chair, DNCL

31 March 2015

Jamie Baddeley, President
InternetNZ
PO Box 11 881
Wellington

Dear Jamie

Re: 4th Quarter 2014 – 2015 Report

We enclose our fourth quarterly report of the 2014 - 2015 year; the quarter ended 31st March 2015. The report, which I submit on behalf of the Board, consists of the summarised management accounts and a commentary on financial, operational, and strategic issues in relation to the company's performance. There is nothing in the report that we regard as confidential.

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

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

1. Financial

Enclosed are Statements of:

- Financial performance; and
- Financial position

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

The net profit before tax of $781,916 for the quarter was 10.0% above the budgeted $708,911.

Domain name growth was below budget for the quarter. Growth was 34,068 versus a budgeted 39,000. January's net growth was 2,189, February's net growth was 6,245 and March's net growth was 25,634. The reason for the significant increase in net growth in March was due to the expiry of PRR (preferential, registration and reservation) of domain name registrations at the second level on 30 March, 1.00pm.

Actual domain name fee income for the quarter was above budget by $33,954 (actual $2,321,507 versus budgeted $2,287,553).

Expenses for the quarter were $36,165 below budget (actual $1,625,335 versus budgeted $1,661,500) due mainly to the timing of expenditure.

The company's liquidity ratio was met.

$700,000 was paid in dividends during this quarter.

2. Other Key Strategic and Operational Activities

a) Company name and brand

We have completed the change of company name to NZRS Ltd and the adoption of a new brand that mirrors that of InternetNZ. This new brand will be applied to our web presence as and when site changes are needed.

b) Summer of Tech

Over the summer we employed two students through the Wellington Summer of Tech programme. Both were part way through software engineering degrees and looking for summer work experience. One worked on our planned web scan and the other on botnet detection.

c) GirlsInnov8

As part of our engagement with the technical community we entered uncharted waters and supported two 15 year old girls from Porirua College to attend the GirlsInnov8 code camp, which is a 3 day residential camp for girls in Year 9 – 13. For a total cost of $2,370 this has provided a great experience for these girls and delivered multiple opportunities for further marketing.
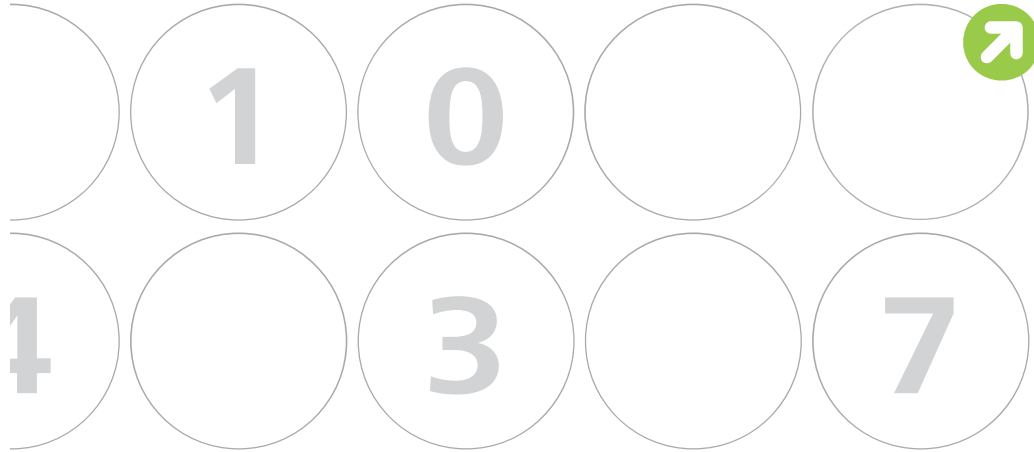
3. Business/service development

Following the internal alpha test of the National Broadband Map we identified a number of changes needed with a view to having those completed in time for a partner preview in the first quarter of 2015-16.

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

Yours sincerely

NZRS Ltd

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

Richard Currey
Chair

Deloitte*private*

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NZRS Ltd

Financial Statements
For the Quarter Ended 31 March 2015

Deloitte.

New Zealand Domain Name Registry Limited
Financial Statements
For the Quarter Ended 31 March 2015

Statement of Financial Performance

Balance Sheet

Statement of Cash Flows

Profit & Loss

Deloitte.

NZRS Ltd
For the 3 months ended 31 March 2015

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Income								
Registry Fees	2,321,507	2,287,553	33,954▲	1.5%▲	8,775,789	8,638,113	137,676▲	1.6%▲
Total Income	**2,321,507**	**2,287,553**	**33,954**	**1.5%**	**8,775,789**	**8,638,113**	**137,676**	**1.6%**
Less Cost of Sales								
DNC Fee (348)	467,460	467,460	-	0.0%	1,869,840	1,869,840	-	0.0%
DNS Expenses	92,707	99,576	(6,869)▼	-6.9%▼	365,738	417,341	(51,603)▼	-12.4%▼
Other IT	56,370	40,984	15,386▲	37.5%▲	136,031	164,195	(28,164)▼	-17.2%▼
SRS Expenses	49,158	55,597	(6,439)▼	-11.6%▼	190,273	256,724	(66,451)▼	-25.9%▼
Total Cost of Sales	**665,695**	**663,617**	**2,078**	**0.3%**	**2,561,882**	**2,708,100**	**(146,218)**	**-5.4%**
Gross Profit	**1,655,812**	**1,623,936**	**31,876**	**2.0%**	**6,213,907**	**5,930,013**	**283,894**	**5.0%**
Less Operating Expenses								
Depreciation & Amortisation	197,732	198,974	(1,242)▼	-0.6%▼	803,882	796,201	7,681▲	1.0%▲
Overhead Expenses	761,908	798,909	(37,001)▼	-4.6%▼	2,930,365	3,195,633	(265,268)▼	-8.3%▼
Total Operating Expenses	**959,640**	**997,883**	**(38,243)**	**-3.8%**	**3,734,247**	**3,991,834**	**(257,587)**	**-6.5%**
Operating Profit	**696,172**	**626,053**	**70,119**	**11.0%**	**2,479,660**	**1,938,179**	**541,481**	**28.0%**
Non-operating Income								
Interest Received (203)	85,744	82,858	2,886▲	3.5%▲	320,055	329,626	(9,571)▼	-2.9%▼
Total Non-operating Income	**85,744**	**82,858**	**2,886**	**3.5%**	**320,055**	**329,626**	**(9,571)**	**-2.9%**
Net Profit	**781,916**	**708,911**	**73,005**	**10.0%**	**2,799,715**	**2,267,805**	**531,910**	**23.0%**

Balance Sheet

Deloitte.

NZRS Ltd
As at 31 March 2015

	31 Mar 2015	31 Dec 2014
Assets		
Bank		
Cash and Cash Equivalents	8,946,848	9,187,556
Total Bank	**8,946,848**	**9,187,556**
Current Assets		
Accounts Receivable	1,440,681	670,512
Interest Receivable (688)	101,589	63,787
Prepayments/Credits (687)	93,143	46,180
Total Current Assets	**1,635,412**	**780,479**
Fixed Assets		
Fixed Assets	1,087,270	1,089,219
Total Fixed Assets	**1,087,270**	**1,089,219**
Total Assets	**11,669,530**	**11,057,254**
Liabilities		
Current Liabilities		
Accounts Payable	290,734	335,745
Credit Cards	5,444	18,068
Deferred Income - Registry Fees	7,339,872	6,855,806
GST	119,970	16,041
Rounding (860)	-	-
Total Current Liabilities	**7,756,020**	**7,225,660**
Non-Current Liabilities		
Deferred Income - Adjustment (81700)	343,242	343,242
Total Non-Current Liabilities	**343,242**	**343,242**
Total Liabilities	**8,099,262**	**7,568,902**
Net Assets	**3,570,268**	**3,488,352**
Equity		
30,000 Ordinary Shares (60100)	30,000	30,000
Current Year Earnings	2,799,715	2,017,799
Retained Earnings (638)	740,553	1,440,553
Total Equity	**3,570,268**	**3,488,352**

New Zealand Domain Name Registry Limited
Statement of Cash Flows
For the Quarter Ended 31 March 2015

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	2,322,251	2,859,942	(537,691)	10,647,837	10,813,528	(165,691)	9,299,977	10,813,528	9,299,977
Other Receipts	44,546	82,858	(38,312)	303,295	329,626	(26,331)	294,663	329,626	294,663
	2,366,797	2,942,800	(576,003)	10,951,132	11,143,154	(192,022)	9,594,640	11,143,154	9,594,640
Cash Was Distributed To:									
Payments to Suppliers and Employees	1,564,498	1,604,506	(40,008)	6,148,484	6,622,085	(473,601)	5,094,056	6,622,085	5,094,056
Net Taxation Paid (Refunded)	0	0	0	0	0	0	0	0	0
Net Dividend Paid	700,000	700,000	0	2,755,776	2,755,776	0	2,559,637	2,755,776	2,559,637
Net GST Paid	120,463	129,406	(8,943)	305,525	555,057	(249,532)	339,143	555,057	339,143
	2,384,961	2,433,912	(48,951)	9,209,784	9,932,918	(723,134)	7,992,836	9,932,918	7,992,836
Net Cashflows from Operating	(18,164)	508,888	(527,052)	1,741,348	1,210,236	531,112	1,601,803	1,210,236	1,601,803
Cash Flows from Financing Activities									
Cash was Provided From:									
Share Capital	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Cash was Distributed To:									
Repayment of Redeemable Preference Shares							0		
Inland Revenue Use of Money Interest	0	0	0	0	0	0	0	0	0
Net Cash flows from Financing	0	0	0	0	0	0	0	0	0
Cash Flows from Investing Activities									
Cash was Provided From:									
Fitout Contribution	0	0	0	0	0	0	0	0	0
Cash was Distributed To:									
Purchase of Fixed Assets & Formation Expenses	209,922	235,750	(25,828)	899,518	864,416	35,102	955,386	864,416	955,386
Net Cash flows from Investing Activities	(209,922)	(235,750)	25,828	(899,518)	(864,416)	(35,102)	(955,386)	(864,416)	(955,386)
Net Increase (Decrease) in Cash Held	(228,086)	273,138	(501,223)	841,831	345,820	496,011	646,417	345,820	646,417
Plus Opening Cash Balance	9,169,489	8,172,254	997,235	8,099,572	8,099,572	0	7,423,866	8,099,572	7,423,866
Closing Cash Carried Forward	8,941,403	8,445,392	496,012	8,941,403	8,445,392	496,011	8,070,283	8,445,392	8,070,283
Closing Cash Comprises									
ASB Bank Cheque Account	918,966	-	-	918,966	-	-	618,366	-	618,366
ASB Bank Call Account	1,286,395	-	-	1,286,395	-	-	252,326	-	252,326
Term Deposits	6,741,486	-	-	6,741,486	-	-	7,228,880	-	7,228,880
ASB Credit Cards	(5,444)	-	-	(5,444)	-	-	(29,289)	-	(29,289)
Total Cash Held	8,941,403	8,445,392	496,012	8,941,403	8,445,392	496,011	8,070,283	8,445,392	8,070,283

.nz Quarterly Report
Fourth Quarter ended 31 March 2015

Introduction

This is the final joint .nz quarterly report for the 2014/15 financial year. Council is asked for feedback on this report and what changes, if any, Council would like to see for reports for the upcoming year. It is the intention of DNCL and NZRS to continue to provide a joint report to prevent the ongoing duplication of .nz information. There is nothing in this report that is confidential.

1.   Environment

a)   New gTLDs

There were a total of 587 new gTLDs as at the end of the quarter with a total of 4.9m registrations. The previous quarter had 435 gTLDs and 3.7m registrations. The 5 most popular new gTLDs are .xyz (861k), .网址 (xn--ses554g) (352k), .club (202k), .berlin (157k), and .wang (137k). The top 5 gTLDs accounted for 34.73% of total new gTLD registrations.

Registrations of new gTLDs registered from New Zealand numbered 21,645 as at the end of March 2015.

The first of the new gTLDs have reached their one year anniversary in the last few weeks of the quarter. Initial renewal rates have been reported at 70-75% for these gTLDs.

.kiwi names have continued their slow growth. During March .kiwi arranged with three of our largest registrars for their customer details to be provided to a telesales company, who then called them direct to sell them .kiwi names and the matching .nz. This saw a large rise in their register of 2,452 names since the previous quarter, taking their total to 11,160. This same campaign also sold over 6,000 .nz domain names. .kiwi will reach its first year of general availability on 1 May 2015.

2.   Activities

a)   .nz Promotion and Marketing

The core focus for both NZRS and DNCL was 'final push' reminder activity for .nz Registrations Direct at the Second Level. This was done by leveraging the communications channels of .nz registrars and professional/membership organisations – activity that was complemented by media and advertising campaigns.

From January, all .nz registrars were approached and strongly encouraged to remind their affected registrants about the Preferential Registration or Reservation (PRR) expiry date. Registrars proved ready and willing to make contact with their affected registrants - a process made easy thanks to NZRS' Registrar Portal and a fifth version of DNCL's Registrar/Reseller Communications Pack.

A second, significant round of outreach with trade, professional and membership associations was completed. Close to 100 organisations were contacted and asked to disseminate reminders about the PRR expiry date through their communications channels. In addition, two media releases were produced and distributed by DNCL.

The quarter saw both NZRS and DNCL run advertising campaigns to support the process of raising awareness of the expiry of PRR rights.

DNCL ran online advertisements on international websites and on highly-trafficked local websites. Print advertisements and public notices featured in the major dailies. Outdoor poster advertising featured in major cities and provincial towns. NZRS ran online advertisements via the Google Display Network, Techday and on community and social media channels. Advertisements also featured on the backs of some buses in Auckland, Wellington and Christchurch.

Further highlighting the salience of Registrations Direct at the Second Level NZRS' wemovedto.nz website was added to over the quarter. Still in an early stage this site showcases businesses that have already moved direct to .nz.

A number of promotional items were produced for getyourselfonline.nz during the quarter, with DNCL providing feedback from a policy perspective. These items included a .nz domain name lifecycle info graphic and a 'How the DNS works' animated video.

b)   Registrations at the Second Level

Beginning at 1pm on 30 September 2014, the Preferential Registration or Reservation (PRR) period ended at 1pm on 30 March 2015. During this time, 39,896 eligible .nz registrants had taken action to register the shorter version of their name, with a further 20,400 opting to use the reservation service.

A total of 3,835 conflicts were resolved between 30 September and the end of March with 2,284 of those registering the shorter version.

Total Reservation and Resolved Statistics

	October*	November	December	January	February	March	Total
Names Reserved	5,785	2,125	520	449	1,984	9,537	20,400
Conflicts Resolved	1,465	619	378	255	383	735	3,835

* Please note that October also includes 30 September.

PRR Status Summary

The table below shows the number of registrants with PRR rights at the start of Preferential Registration Period (PRP) and the total with PRR rights that were unused at the end of PRP.

PRP Started (30/9/14)	427,352
PRP Ended (30/3/15)	331,276

Conflicted Names Process

- As at the end of March, there were 19,579 conflicted sets of domain names, down from 20,951 as at the end of December.

c) Registrar Portal

In January NZRS launched the new Registrar Portal, a secure website for Registrars that provides the following features:

- Statistics on registrar and registry transactions. This replaces a similar feature available only to registrars on the NZRS main web site but presented in such a way as to help them recognise how they could improve.

- Financial data. This lets registrars see their spend on a daily basis and a full invoice history. Overseas registrars can see how much money we hold on account for them and what transactions have occurred on that account.

- A new quality section which gives registrars access to internal data which they could not see previously. Again this is a soft approach to driving improvements. This data includes:

    o The list of errors reported by our system in relation to their transactions.
    o The results of our automated analysis of the registrant data supplied to us to look for common problems and problem indicators.

- A resources section providing access to supporting materials such as .nz marketing assets, second level registrations related data, and drop list data.

d) DNSSEC

- DNCL and NZRS have been engaging with a Registrar as they work towards DNSSEC Friendly status.

- DNCL discussed DNSSEC related services with Cloudflare at the New Zealand Network Operators' Group (NZNOG) meeting in January as they are offering DNSSEC related services. NZRS are a part of this discussion.

- NZRS has started DNSSEC Hardware System Module (HSM) replacement. Initial alpha testing of the new HSM's is completed. The implementation will be dependent on completing the secondary SRS site hardware upgrade.

- Following the last NZNOG meeting in Rotorua, NZRS posted an article on the InternetNZ blog called "DNSSEC Validation at Spark NZ". This article is available at https://internetnz.nz/blog/dnssec-validation-spark-nz .

e) International Engagement

- DNCL and NZRS staff, and a Director of each, attended an ICANN meeting in Singapore in February.

- DNCL staff travelled to Japan for the APTLD meeting in February as well as the APRICOT conference in March.

f) Other matters

- A meeting of the DNCL Board was held in February with minutes available at http://dnc.org.nz/story/minutes-dncl-board-meeting-17-february-2015 .

- The amendments to the Roles and Responsibilities (RAR) policy relating to .nz domain resellers, were effected on 20 March 2015. The updated RAR policy can be seen at http://dnc.org.nz/content/roles_and_responsibilities.pdf .

- The Registering, Managing and, Cancelling Domain Names (RMC) Policy was updated at the conclusion of the PRR period, 1 pm on 30 March 2015. The updated RMC policy is available at http://dnc.org.nz/content/registering_managing_cancelling.pdf .

- The Registry Connection Process (CON) policy was updated on 20 March 2015 to reflect the new legal name of NZRS Limited. The updated CON policy is available at http://dnc.org.nz/content/connection_process.pdf .

3. Domain Names

The size of the register against NZRS budgeted growth is shown in the chart below:
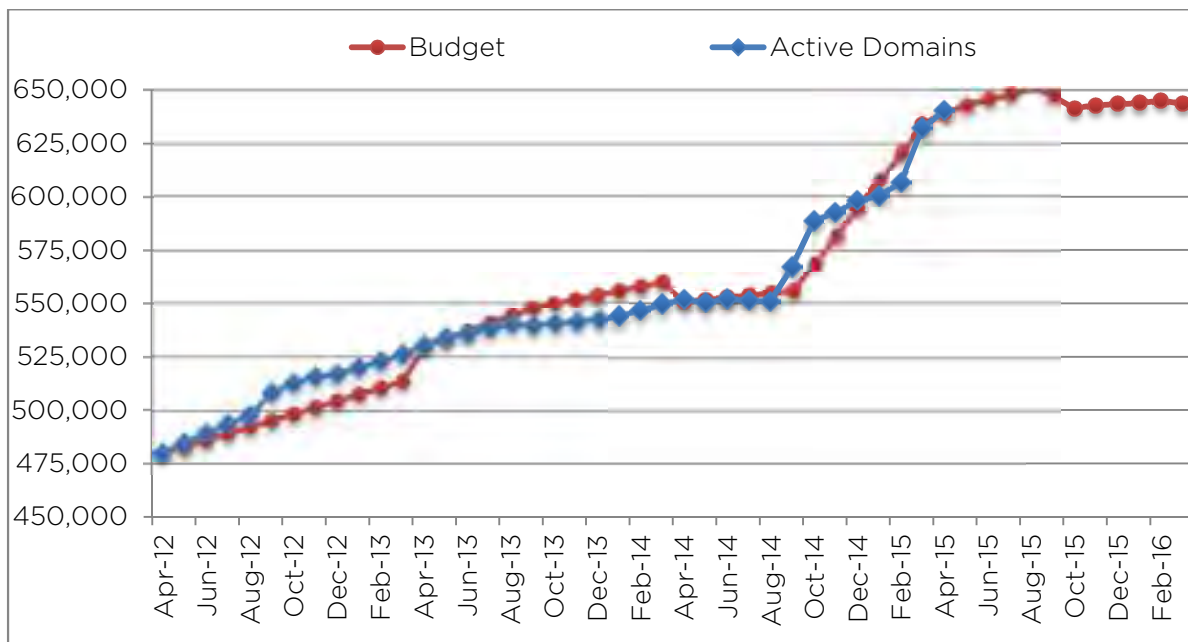
The actual growth against NZRS budgeted growth is shown in the chart below:
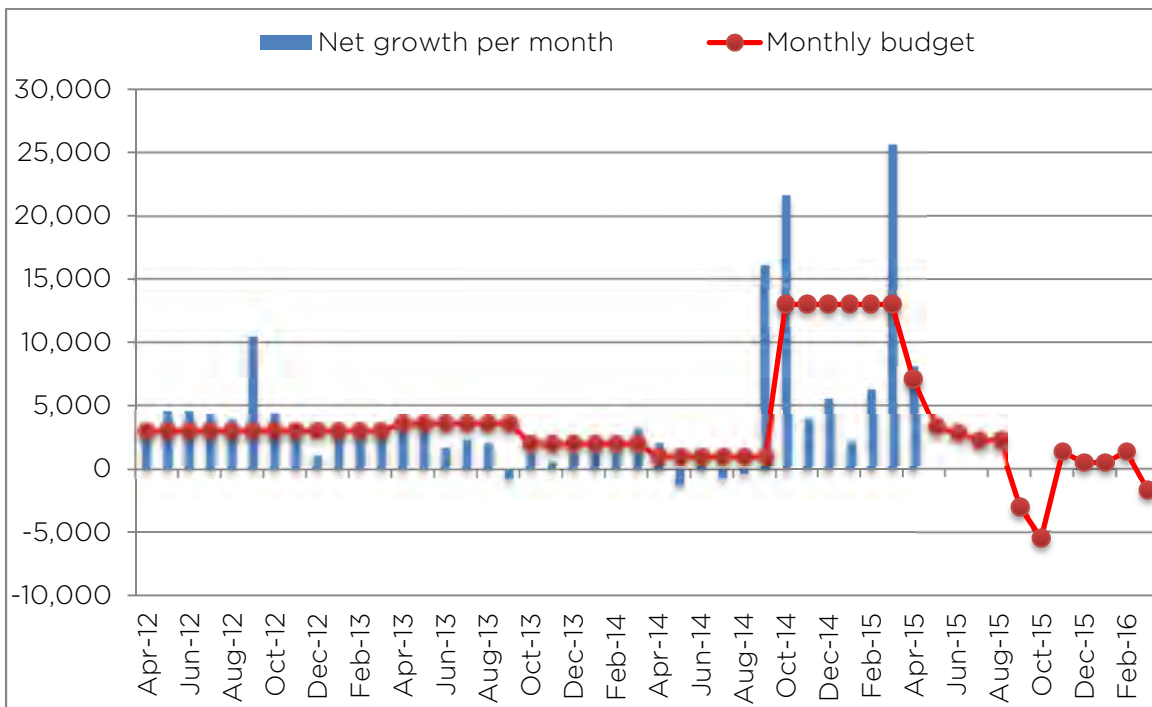
The average term (average number of months a domain is registered/renewed for) is shown in the chart below:
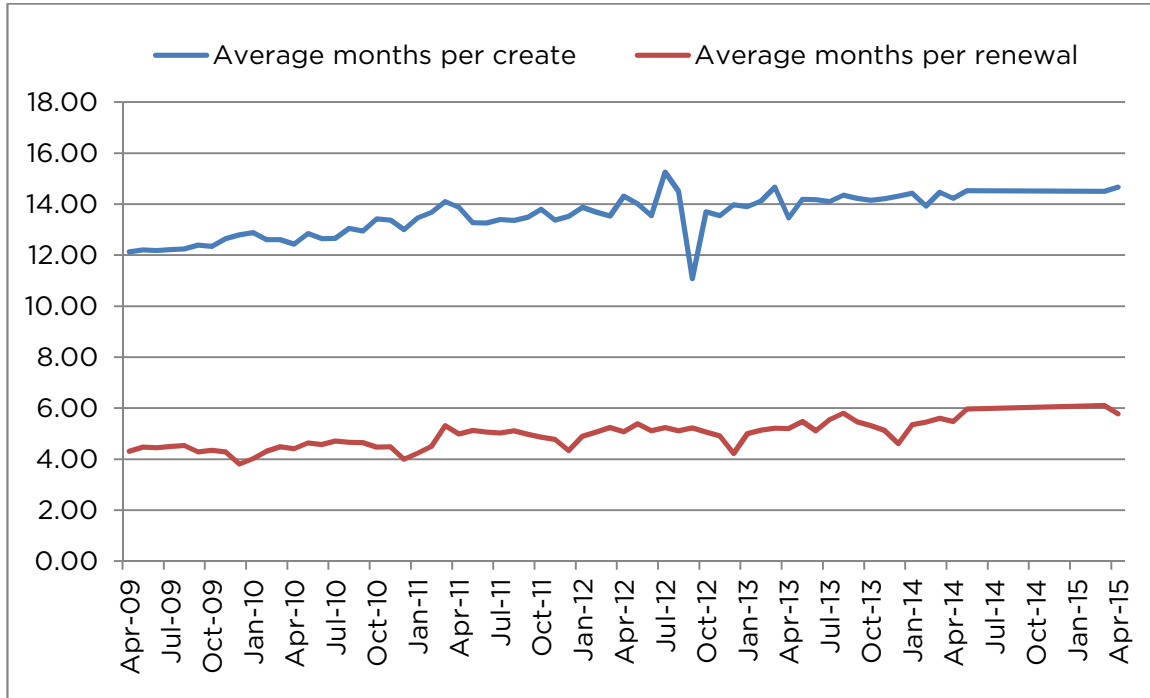
The breakdown of domain name growth by second level domain is noted in the table below:

	31 Jan 2015	28 Feb 2015	31 Mar 15
.nz	46,018	51,657	79,391
.ac.nz	2,160	2,181	2,200
.co.nz	479,844	480,625	478,996
.cri.nz	12	12	12
.geek.nz	1,174	1,169	1,170
.gen.nz	1,285	1,281	1,287
.govt.nz	1,034	1,037	1,035
.health.nz	203	205	210
.iwi.nz	82	83	87
.kiwi.nz.nz	6,845	6,787	6,715
.maori.nz	1,063	1,059	1,057
.mil.nz	33	33	33
.net.nz	28,596	28,454	28,032
.org.nz	28,543	28,539	28,528
.parliament.nz	10	10	10
.school.nz	3,487	3,502	3,505
Total	**600,389**	**606,634**	**632,268**
Growth over previous month	**2,189**	**6,245**	**25,634**

Over the quarter, .nz domain names have increased from 598,200 to 632,268, a net increase of 34,068 or 5.39%. This compares with a growth of 7,427 or 1.35% in the same quarter last year, and is influenced by the end of the Preferential Registration or Reservation (PRR) period, and the subsequent availability of names which had previously been unavailable.

a) Registrars

|	
Registrars authorised	88
Registrars connected	85

Number connected during the quarter: 0
Number authorised during the quarter: 1
Number de-authorised during the quarter: 2*

Two registrars voluntarily de-authorised during this quarter.

The following chart shows the spread of registrars across the level of domain name registrations:
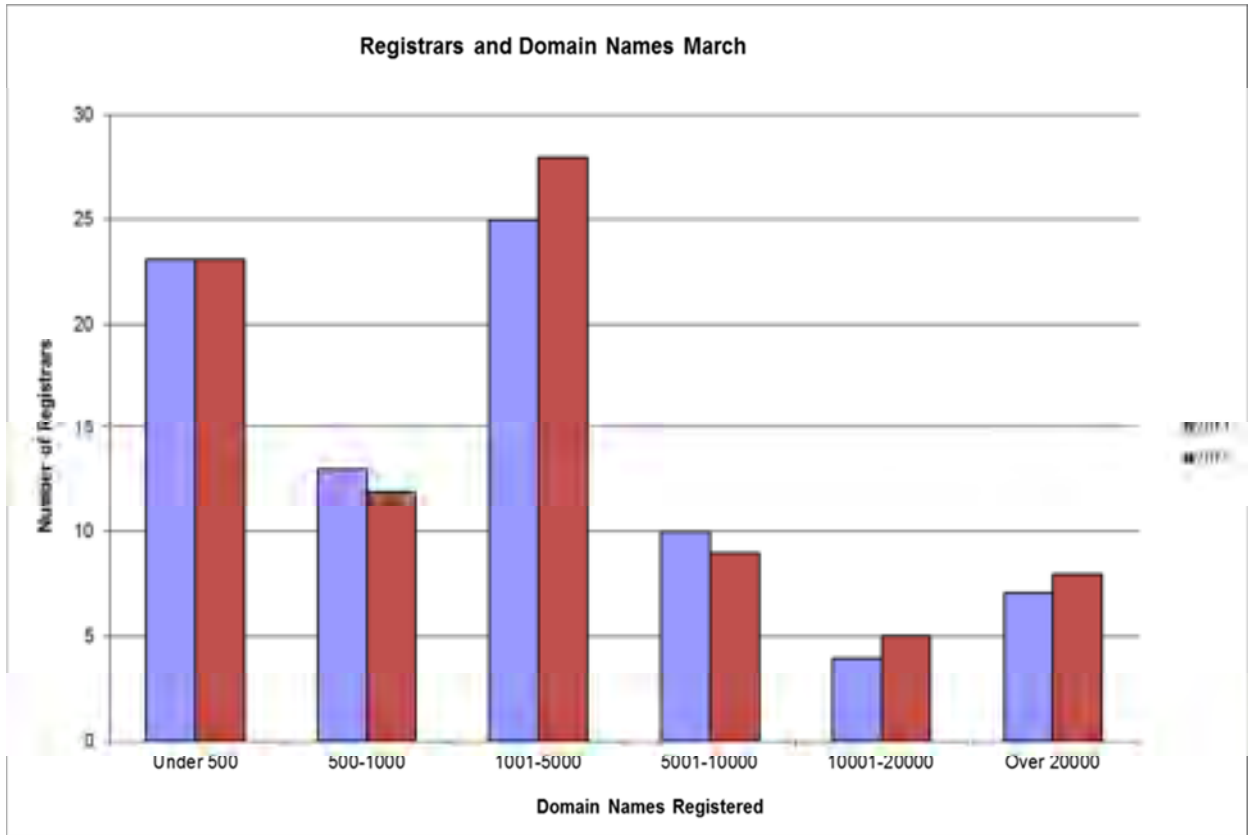
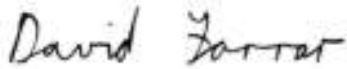The following chart shows the number of authorised registrars connected to the SRS:
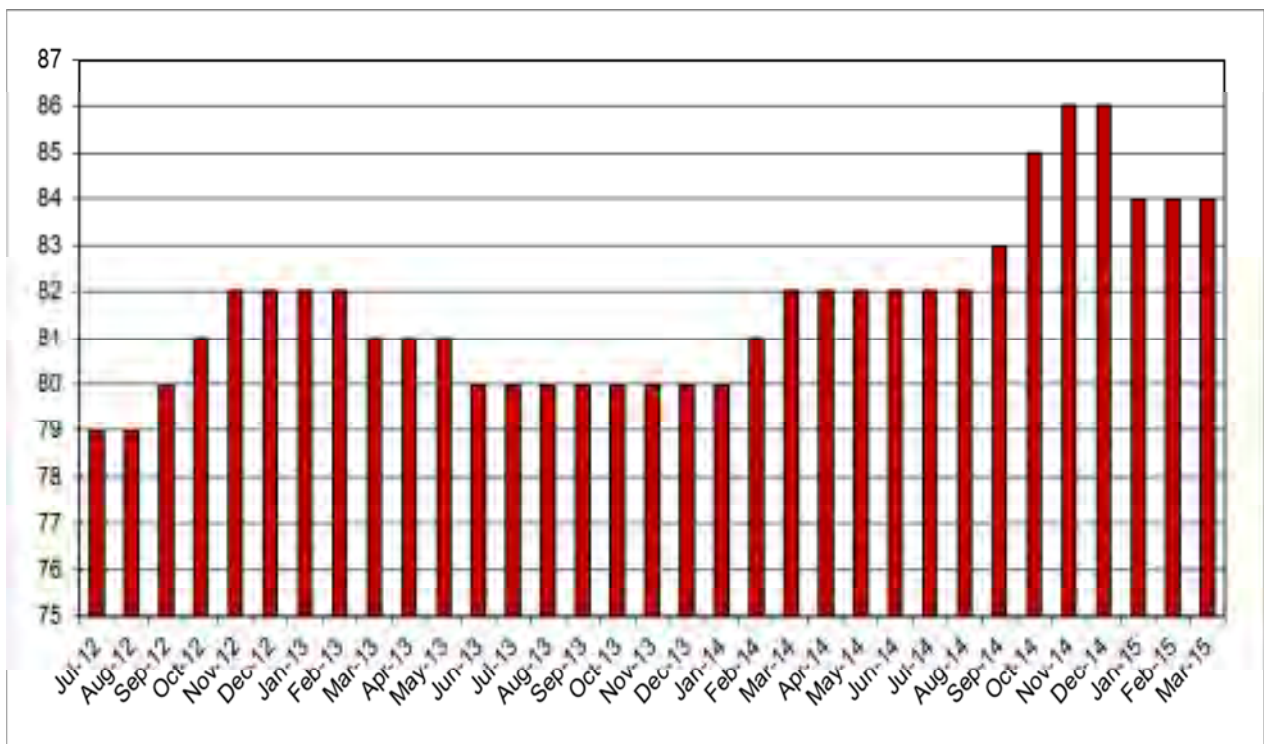
Registry Performance

SLA targets achieved for January, February and March 2015.

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

System	SLA %	Jan-15	Feb-15	Mar-15
SRS	99.90%	100.00	100.00	100.00
DNS	100%	100.00	100.00	100.00
Whois	99.90%	100.00	100.00	100.00

David Farrar
Chair, DNCL

Richard Currey
Chair, NZRS

Joint .nz Strategy

DNCL and NZRS met to discuss a joint .nz Strategy, as previously discussed and agreed with Council. We started with the transformations in Area 1 of the Group Strategic Plan relating to "A World Class .nz for the Local Internet Community".

It was agreed by both entities that there should be some minor changes made to the transformations listed as currently published. For example, instead of the primary transformation moving to ".nz is widely recognised as a successful ccTLD held in high regard domestically and internationally" it is proposed it reads instead "InternetNZ is widely recognised as a successful ccTLD manager and .nz is held in high regard domestically and Internationally".

Of more significance to the .nz strategy, was the decision to add two new transformations to the existing list. One relates to gaining greater knowledge of the .nz market and the other measures to improve the brand recognition of .nz.

An updated joint .nz strategy is enclosed for Council's consideration and approval. It has the agreement of both DNCL and NZRS and both entities are committed to ensuring the strategy as detailed is incorporated into our business planning.

Recommendations

NZRS and DNCL jointly recommend to the InternetNZ Council:

(a) That the joint .nz strategy as enclosed be approved by Council

(b) That the InternetNZ Group Strategic Plan be amended to incorporate the updated .nz strategy

(c) That Council note that DNCL and NZRS will reflect this .nz strategy in their 2016-2017 strategic and business plans

David Farrar
Chair, DNCL

Richard Currey
Chair, NZRS

Area 1: A World Class .nz for the Local Internet Community

InternetNZ is the designated manager for the .nz country code top level domain (ccTLD). This is the most obviously "New Zealand" part of the Internet's Domain Name System or DNS, that allows users to type in recognisable letters to a web browser or email application (e.g. internetnz.nz) and have the DNS map it to the Internet Protocol address of the desired system or content.

We manage .nz consistent with the requirements of the Internet community as set out in RFC1591, and see ourselves as obliged to do so in a manner that puts the public interest first. We also seek to manage it in a fashion that best meets the needs of the local Internet community. This informs the primary transformation in this area.

Primary Transformation

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

Underlying transformations

	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

Transformation/s		
	From	**To**
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

Transformation 1 – global benchmarking

NZRS would lead on this transformation, which is already in their workplan as a low priority. It will be elevated.

Establishing global benchmark standards will take time, but .nz is well positioned to lead a discussion and work programme on this area with our global peers – both country code and generic.

NZRS's currently uses customer satisfaction surveys, KPIs, and plans to use a registry-specific capability and maturity model.

DNCL will look at how they could make greater use of surveys to measure external perceptions.

Transformation 2 – preferred choice of New Zealanders

NZRS would lead on this transformation, which is already underway through marketing and communications.

This would be measured by whether .nz maintains and/or increases its share of domain names registered by New Zealand residents and organisations.

Transformation 3 – a sophisticated and competitive market

DNCL and NZRS would jointly lead on this transformation.

It is accepted the market is already highly competitive with over 80 registrars and no dominant players.

Measuring whether the market is sophisticated could include how many registrars offer IDN registrations, IPv6 and DNSSEC.

Transformation 4 – roles and responsibilities

This transformation would be shared between InternetNZ, DNCL and NZRS.

The .nz roles and responsibilities framework has already gone a long way towards clarifying roles and responsibilities. Ensuring this is reviewed on a regular basis will help with maximising clarity. Next review should be in two years.

DNCL's development of a market regulation policy is also seen as contributing to this transformation, as will their overall review of the .nz policy framework.

The operating agreements with DNCL and NZRS need to be reviewed to reflect the framework.

All three organisations will need to focus on ensuring the roles and responsibilities are understood both internally and externally.

Transformation 5 - .nz policy framework

This transformation will be led by DNCL.

DNCL plans to review the policy framework for .nz, and also conduct first principles reviews of some or all of the major policies.

Validation of the .nz policy framework meeting the needs of the local Internet community will be done via forums such as Nethui, representatives groups such as the Registrar Advisory Group and research amongst registrants.

Transformation 6 - .nz mandate articulation

This transformation would be shared between InternetNZ, DNCL and NZRS.

The mandate needs to first be consistently articulated and understood internally, and then externally.

Internal articulation can be done by way of induction sessions for new staff, councillors/directors and even members. Misleading words such as monopoly and taxation should be eliminated where possible.

For external articulation, a brochure which clearly sets out how InternetNZ came to operate .nz on behalf of the local Internet community, the principles it applies, its track records, measures of satisfaction, and the community benefits from our stewardship is desired.

Success in this transformation could be measured by stakeholder and/or public surveys.

Transformation 7 – understanding purchasing behaviour

This transformation would be led by NZRS.

InternetNZ needs to better understand the sales channel of registrants, resellers and registrars. How does each level impact purchasing behaviour, interact with each other, and lead to decisions to purchase a domain name, and specifically a .nz domain name.

Any research will need to be done in a way that doesn't interfere with the relationship between registrars and registrants, and recognises the key role of the registrar in the sales channel.

Transformation 8 – well recognised brand

This transformation would be led by NZRS

.nz would need to be an easily recognised brand (including visual identity), on a par with other widely recognised brands.

Success could be measured by brand recognition surveys.

The brand will need to have well define attributes and a visual identity.

DNCL as the independent regulator would not use the brand for its regulatory functions, but could use it when representing .nz in appropriate forums.

NZRS

an InternetNZ company

Statement of Direction and Goals

FINAL DRAFT

Incorporating strategy, key performance indicators
and 3-year budgets

For the 3 Years
2015 - 2016 to 2017 - 2018

May 2015

NZRS Statement of Direction and Goals

Contents

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 draft. It includes:

- Our actual figures for the end of year including actual expenditure and actual domain name numbers.

- InternetNZ's decision on the joint NZRS/DNCL fee recommendation.

- The end of year adjustment to income recognition required by our new income recognition policy.

It remains draft until the NZRS board signs it off at our next board meeting.

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

Impact of new gTLDs

It is our view that the introduction of many new TLDs has fundamentally changed the market and the previously experienced trading conditions are unlikely to return. This is down to the following factors:

1. Undermining of speculative behaviour.

We use 'speculative' in a broad sense here to cover two overlapping behaviours:

- Early purchase of a domain name that the registrant is thinking of using in the future; and

- Purchasing a domain name that the registrant believes has value greater than the purchase price that they can unlock at a later date through use or resale.

It is our view that this speculative behaviour emerged because of the relative scarcity of domain names. By 'relative' we mean that the perceptions of meaningfulness of domain names by potential registrants is what created the scarcity rather than any technical limitation.

For those that were thinking of using a domain name, it became important for them to purchase it when they had the idea, long before they were ready to execute, because failure to do so would often mean losing the domain name.

For those looking to arbitrage on prices, speculating on domain names was a good bet. While there are no reliable figures for second hand domain name sales in .nz, in other TLDs that are many examples of domains being resold for hundreds of thousands of dollars and sometimes up into the millions.

It is commonly believed that domain name speculators are a small group of people who purchase domain names in bulk and so can easily be spotted by a registry through examining portfolios. However there is no clear boundary in portfolio sizes as demonstrated by the following chart:
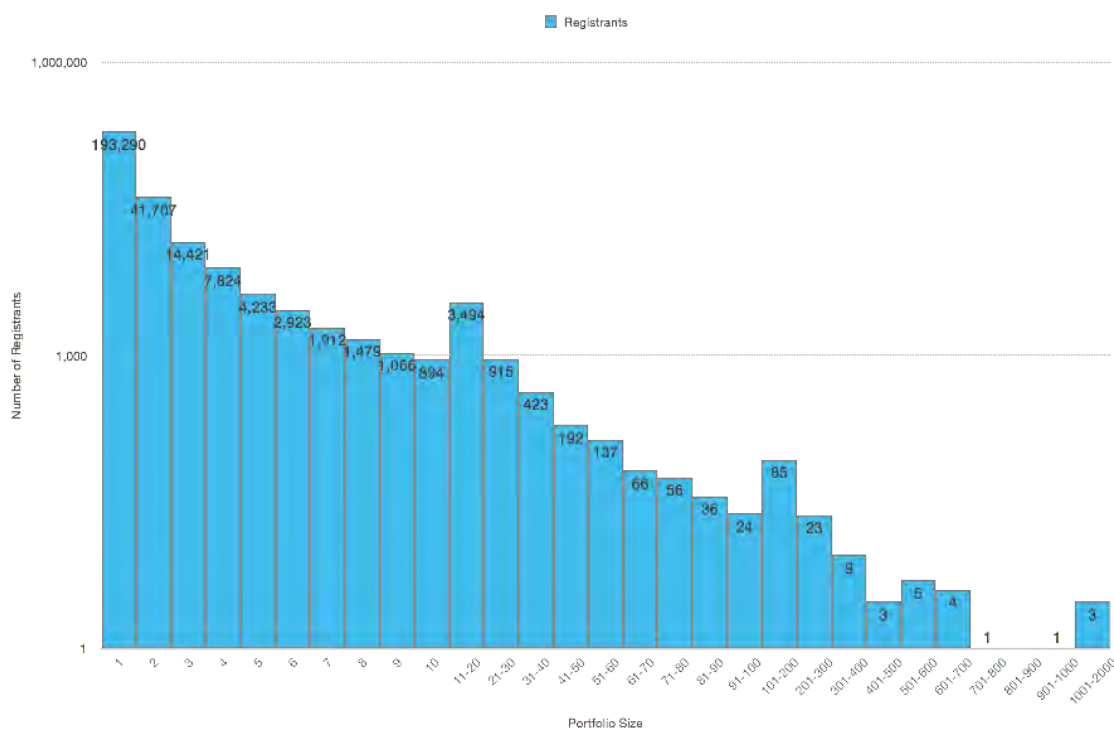
The impact of new gTLDs has been to solve the 'meaningfulness problem' by the creation of hundreds of new gTLDs and this in turn directly affects the perception of scarcity. This reduction in scarcity is in turn reducing the incentive to speculate.

It is our assertion that this speculative behaviour has been a significant factor in our historical growth and so our growth prospects are partly dependent on what happens to that behaviour. At the macro level, global speculative behaviour in domain names

will reduce and the money will switch to a different scarce asset, permanently leaving our industry.

2. Branding

Our launch of registrations directly under .nz would have put us at number 15 on the table of TLD launch size had .nz been a new gTLD. This is undoubtedly down to the strength of .nz as an established brand. At the current time it appears that familiarity with our brand is keeping our sales up but against soft opposition.

3. Choice

In our view this is the biggest threat to growth, if demands dissipates across many hundreds of new gTLDs. There is strong evidence that this is already happening with 16,457 domains names spread across 257 new gTLDs purchased from within NZ (as at Feb 2015).

Registrars and their resellers

Registrars across the board are finding it much harder to gain business – less customers and those customers are more expensive to acquire. Registrars are still key to our growth because of some key market influences:

- Registrars, rather than being passive shops waiting for customers to walk in, actively sell to their customers. Some of our largest registrars have a telesales team calling prospective customers all day.

- Registrars provide awareness of the products available. We are confident that almost every registrant that has heard of a new TLD and made a purchase decision, did so on the back of communications from a registrar or reseller.

- Registrars and resellers in particular help registrants choose what domain name to buy. Their recommendations come from their own perceptions of TLD brands, their knowledge of the market and their understanding of the customer.

About 18 months ago, as the launch of new gTLDs approached, many registrars switched their focus away from us towards the new gTLDs. However their initial dealings with new gTLDs led them to predict that the launch of the new gTLDs would be a disappointment and to our surprise they quickly switched their focus back to us. The success of the opening of the second level has cemented that.

It is our view that easy pickings have dried up for registrars and they now need to be much smarter in how they sell. That means understanding the market better, using smarter sales techniques and selling better services. We have active plans to support them in all three areas and expect that to be our biggest contribution to increased sales. This support includes:

- New registrar portal giving them much better market data, which will grow significantly over time.

- Marketing materials, which we regularly see used by registrars.

- Educating them on the importance of usability and customer experience (primarily through talks and workshops at our registrar conference).

Global developments in domain name registries

The leading edge country-code registries are now fully engaged in business development and where once we were a leader we have been overtaken. Examples of business development being undertaken by other country-code registries include:

- Compliance checking under contract to ICANN.
- Comprehensive security reports in specific industries looking at a company's external Internet profile.
- Building home routers.
- Showcasing whitespace devices and a whitespace registry.
- Selling internally developed data analysis tools.
- Broadband measurement.

NZRS Vision, Mission and Values

Vision:

> *A world class Internet in NZ.*

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 development of the InternetNZ Group Strategic Plan saw the introduction of a set of transformations for .nz at the group level for the first time. These transformations align well with the Strategic Plan that NZRS had previously developed and so will be used here.

Primary Transformation

From	To
.nz operates as a successful ccTLD held in high regard domestically and internationally	.nz is widely recognised as a successful ccTLD 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 does well in assessments against these standards
1.2	.nz is the preferred choice for New Zealanders	.nz remains the preferred choice for New Zealanders
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

The Statement of Expectations lists the *Promotion and marketing of the .nz product* as a secondary function for NZRS. In NZRS marketing goes hand in hand with customer relationship management and this dual function is now a fully integrated part of the .nz service provision. A decade ago it would have been unusual for any registry let alone a ccTLD to have a marketing function but this is now a core function

in all mature ccTLDs and all gTLDs. This is a natural evolutionary change for registries brought about by the advent of strong competition and the changing purchasing behaviour of registrants.

The Group Strategic Plan contains no transformations relevant to the marketing and customer relationship management function, which will be addressed in the Joint .nz Strategy. Until then the following transformations will be used:

From		To
.nz Brand and registrant market		
Very few know what a domain name is and are still confused with web/email addresses	→	People understand domain names and their use as a portable identifier for multiple applications
Individuals don't know how easy and cheap it is to get online	→	Everyone knows just how easy and cheap it is to be online
.nz brand is unknown	→	.nz is a household name
Registrar relationships		
We are perceived as a very good registry	→	We are perceived as an outstanding registry
The data we publish to registrars is very basic, without analysis and we are unsure what value it adds	→	We make extensive use of enhanced .nz data and analysis to deliver value for registrars
Broader channel		
We have limited knowledge of the broader channel of resellers and influencers	→	We have extensive knowledge of the broader channel of resellers and influencers

Strategic Plan – Business Development

The Group Strategic Plan includes a set of strategic transformations for Business Development as a secondary function of NZRS. These do not align so well with the Strategic Plan that NZRS had previously developed but it is expected that the development of the Group Business Development Strategy will lead to a revision in the same way as with the development of the Joint .nz Strategy.

The transformations for Business Development from the Group Strategic Plan are:

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

Underlying transformations

Transformation/s		
	From	To
5.1	Clarity about forms of business development to be pursued is missing	Agreement across the group regarding what forms of business development to pursue
5.2	No clear business development strategy	Clear business development strategy agreed after engagement with membership
5.3	No commercial products developed and in production	Three commercial products developed and in production by 2018

The transformations for Business Development from the NZRS Strategic Plan are:

From		To
Business and service development		
NZRS/INZ Group has static single income stream	→	NZRS/INZ Group has evolved and diversified income stream
Free services are low profile	→	Free services are higher profile
NZRS is perceived externally solely as a domain name registry	→	NZRS is recognised as the vehicle for INZ technical research and business development
Ad-hoc communications around business development and technical research	→	Strategic communications around business development and technical research

Single channel/customer base of registrars/registrants	→	Dual channel/customer base of registrars/registrants and ISPs/Internet users

Strategic Plan – Technical Research

The Statement of Expectations lists Technical Research as secondary function for NZRS but the Group Strategic Plan has no transformations.

The NZRS Technical Research Team has four areas of work:

- Research into .nz that directly supports .nz such as identifying data or analysis that can be shared through the registrar portal.
- Research into the Internet in NZ, such as our BGP Topology Map.
- Research that supports future business development, such as the Broadband Map.
- Research that directly supports InternetNZ such as providing data and analysis for the State of the Domain.

The transformations for the Technical Research function are:

From		To
Technical research		
Valued participant in NZ Internet	→	NZ Internet technical leadership role
NZRS known as an authority solely for DNS	→	NZRS known as an authority for a range of areas relating to the Internet in NZ

Strategic Plan – Supporting InternetNZ

While the Statement of Expectations does not list this as secondary function, NZRS continues to aim to achieve its Strategic Goal of supporting InternetNZ. The Strategic Plan contains the following transformation regarding this:

From		To
InternetNZ technical policy		
The potential for our contribution to INZ technical policy is unclear	→	NZRS seen as a valued partner for INZ technical policy and a trusted source of data and analysis

Business Plan

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

1. Deliver a world-class domain name service to registrars, their customers and all Internet users

- o Review and re-architect our entire DNS infrastructure. This has grown organically over the last decade with some key elements designed by third parties that we no longer use.
- o Scheduled hardware replacement of all DNS servers.

2. Deliver world-class registry services that continually improve

- o SRS systems review. With the architectural review complete the focus is now on system performance, security, reliability and management.
- o Registrar portal. We expect regular releases of the registrar portal during 2015-16 as new features are introduced.
- o ANZSIC coding of the register. This is a project that delivers a new understanding of our register that can then be used in multiple places, including:
    - i. The registrar portal
    - ii. Supporting InternetNZ
    - iii. .nz Marketing
    - iv. Technical research
- o Churn analysis. Research project to understand churn within our register.

3. Support InternetNZ through tangible contributions of income, governance and management resources, and expert knowledge

- o Supporting InternetNZ in their development of a 'State of the Internet' report.

4. Develop our services and technology within a long term evolutionary framework to meet the future needs of Internet users

- o National Broadband Map.
- o Full web scan of .nz.
- o NZ Internet topology mapping.
- o Open data portal. To discharge our duty to share the data that we collect, suitably anonymised and aggregated to prevent misuse.
- o Continue the expansion of our NTP network.
- o ISP Switching (TelMe). Work with Consumer and InternetNZ to develop a new ISP switching site.

    o   Broadband measurement. A watching brief on developments in the TCF to see where we might add value.

5. Deliver, in partnership with DNCL, a successful long-term strategy for .nz

    o   Work with DNCL to create a full strategy for .nz.

    o   Work with DNCL on how the .nz policy framework might be adapted to explicitly allow business development.

    o   Actively seek out best practice at the international level and share .nz best practice.

Marketing

Marketing has now moved into BAU with the following goals:

- Registrars actively selling second level names when PRR expires and ensuring that second level names renew and we don't have the drop off we saw with .kiwi.nz.

- Reaching the whole channel of resellers and influencers so that they have the motivation, knowledge and resources to recommend .nz to their customers as an informed choice.

- Showcase second level names as a good choice for registrants to take.

- Registrars much better informed on their existing customers and domain portfolio so that they can understand them better, increase sales and be better at acquiring new customers.

- Build .nz as a nationally recognised brand, with strong brand attributes.

- Raising the user experience that registrants get when dealing with registrars, with a focus on usability of online sites.

- Encourage registrars to innovate and develop new products to meet the changing needs of their customers.

Budget - Assumptions

Domain name growth

Growth varies significantly from month to month and so is best understood using a rolling 12-month average, which is the measure we aim to track for budgeting purposes.

While growth this year is close to forecast our forecasting for future years is significantly lower than previously forecast in recognition of the changing environment noted above.

The following chart shows growth against budget:

Growth vs Budget
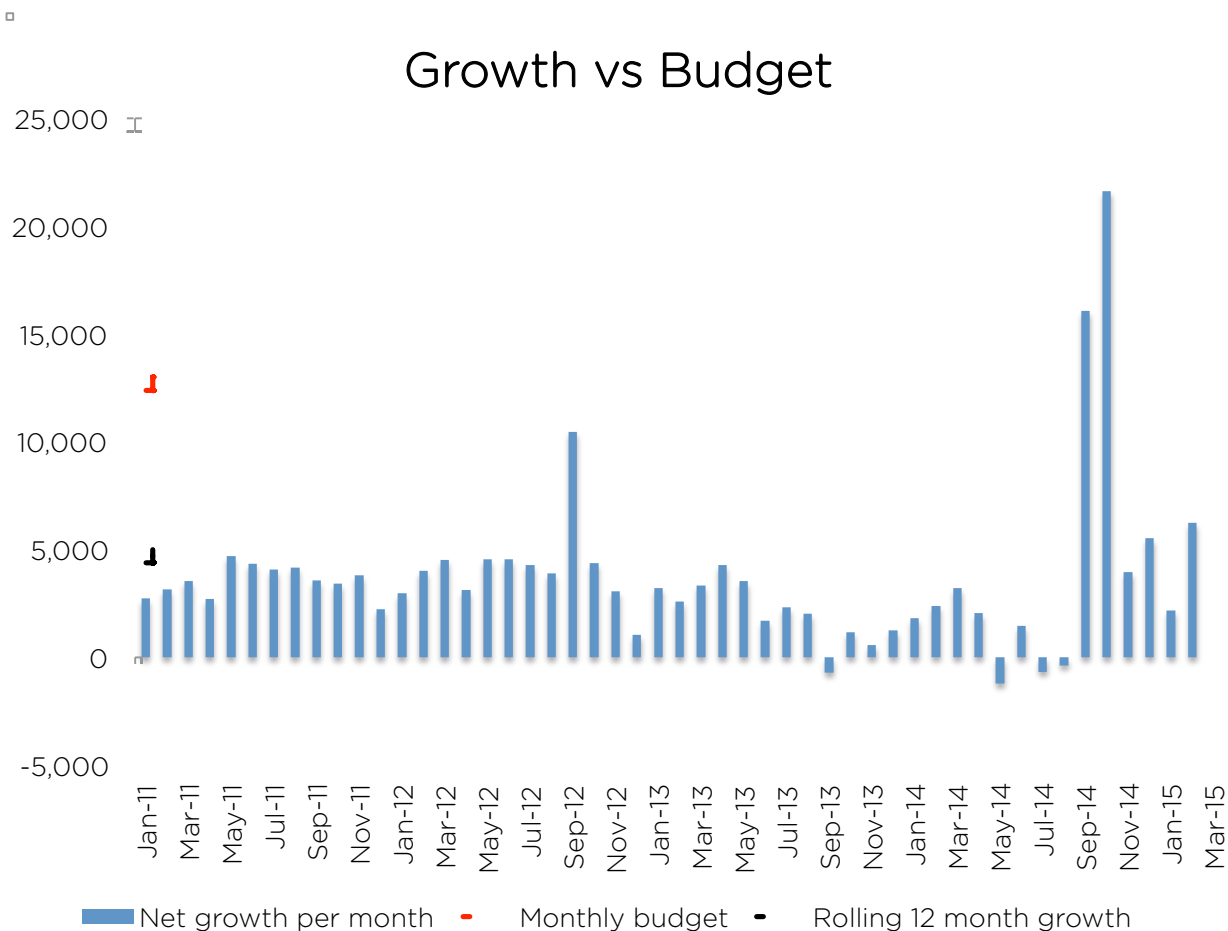
From analysis of current and past growth and the environmental factors detailed above, we forecast growth three years ahead, which is then incorporated into our budget. This process is much more complex now as a result of the decision to open the second level, which will lead to a combination of people registering directly under .nz while also dropping current registrations at the third level.

Annual growth	2014-2015	2015-2016	2016-17	2017-18
Estimate	84,000	11,269	17,129	9,936
Actual	82,487	-	-	-
above / (below)	(1,513)	-	-	-

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 continues to pay a management fee to Domain Name Commission Ltd.

Budget - Significant Changes

The following significant changes have been made to our budget since that presented in last year's Statement of Direction and Goals. Much of this has been made in response to the reduced income forecast from our lower growth forecasts:

- There is a notable increase relating to the cost of moving premises, primarily increased rent, which affects NZRS disproportionately to the rest of the group.
- The direct costs budget (primarily paid to ISPs for service hosting) has been completely restructured to reflect the changes in the way we are billed by ISPs. As part of this a significant structural underspend has been eliminated.
- Marketing costs have reduced significantly as they were temporarily elevated last year to incorporate campaigns around opening of the second level.
- The one-off budgets for Catalyst transition costs are no longer required.
- The capital budget has dropped considerably as internal developers now meet all of our software development requirements.
- While the purpose of the insourcing was not cost saving it produced an annual saving of almost $300k, which was incorporated into last year's budget. Since then we have identified one area that was not resourced correctly and have

employed a new staff member in Application Support. This will still leave a considerable net saving of over $200k from that project.

- The backlog of work in the technical research team has begun to have operational consequence, particularly for the development of the registrar portal where that research is turned into valuable commercial insight for our registrars. Consequently we are investing in a junior researcher to bolster that team.

Budget - Key Performance Indicators

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

$'000s	Budget 2014 /15	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18
Domain name fee revenue	8,673	8,711	9,666	9,817	10,003
End of year adjustment	-	(63)	(48)	(52)	(56)
Other income	339	320	397	422	457
DNCL fee	1,870	1,870	1,870	1,870	1,870
Expenses (excl DNCL)	4,830	4,438	4,744	4,684	4,696
Net Profit	2,312	2,724	3,401	3,632	3,838
Dividend	(2,756)	(2,756)	(4,170)	(3,806)	(3,980)
Retained earnings	(444)	(32)	(769)	(173)	(141)
Capital expenditure	860	804	489	478	488
Liquidity ratio (31-Mar)	104%	104%	100%	100%	100%
EBIT as a % of Expenses[1]	42%	55%	65%	71%	74%

The key points to note are:

1. The target for EBIT as percentage of expenses is forecast to be exceeded.
2. The dividend target of $3.8m is forecast to be exceeded.

The nature of these targets remains a concern as the cost of delivery of .nz is primarily determined externally from NZRS by the strategy set by Council for .nz to be a world-class ccTLD and the concomitant .nz policy.

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[1] This is calculated slightly differently from the requirement in the SoE in that it years 2015/16 onwards it includes 50% of the cost of Technical Research not 25% as that more accurately reflects the resources of that team working on .nz.

Appendix 1 – Budgets for the 3 Years to 31st March 2018

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

	15 - 16 $	16 - 17 $	17 - 18 $
INCOME	10,014,832	10,186,380	10,404,648
DIRECT COSTS	2,650,104	2,656,531	2,672,259
GROSS PROFIT	7,364,728	7,529,849	7,732,389
OVERHEADS	3,225,935	3,290,308	3,355,972
OTHER COSTS	737,713	607,426	538,008
OPERATING PROFIT	3,401,080	3,632,115	3,838,409
NET PROFIT	3,401,080	3,632,115	3,838,409
INCOME TAX	0	0	0
PROFIT AFTER TAX	3,401,080	3,632,115	3,838,409
DIVIDEND ACCRUAL	-4,170,058	-3,805,613	-3,980,297
RETAINED EARNINGS	-768,978	-173,498	-141,888
CUMULATIVE	-768,978	-942,476	-1,084,364

BUDGETED CASHFLOW

	15 - 16	16 - 17	17 - 18
	$	$	$
RECEIPTS			
Income	12,561,057	12,287,541	12,528,703
Other Income	396,995	421,753	457,434
	12,958,052	12,709,294	12,986,137
PAYMENTS			
Invoiced Costs	211,851	0	0
Direct Costs	2,972,894	3,054,396	3,071,592
Overheads	3,261,563	3,474,380	3,543,676
Fixed Asset Purchases	515,488	551,159	560,220
Other Assets/Liab's Out	5,064,669	4,748,554	4,948,899
	12,026,465	11,828,489	12,124,387
NET CASH FLOW	931,587	880,805	861,750
OPENING BANK	8,959,053	9,890,640	10,771,445
CLOSING BANK	9,890,640	10,771,445	11,633,195

Glossary of Terminology

2020	2020 Communications Trust
2TLD	Second Level Domain
3TLD	Third Level Domain
ACCC	Australian Competition & Consumer Commission
ACTA	Anti-Counterfeiting Trade Agreement
ADA	Australian Digital Alliance
ANZIAs	Australia New Zealand Internet Awards
APEC	Asia-Pacific Economic Cooperation
APNIC	Asia Pacific Network Information Center *(RIR for the Asia Pacific region)*
APRICOT	Asia Pacific Regional Internet Conference on Operational Technologies
APTLD	Asia Pacific Top Level Domains Associations *(organisation for ccTLD registries in Asia Pacific region)*
auDA	.au Domain Administration Ltd *(Australian equivalent of DNCL)*
BCOP	Best Current Operational Practices
BIM	Brief to Incoming Minister
ccNSO	County Code Names Supporting Organisations
ccTLD	Country Code Top Level Domain *(such as .nz for New Zealand, .uk for United Kingdom)*
CDMA	Code Division Multiple Access *(server) (a means to transmit bits of information)*
CFH	Crown Fibre Holdings
CIRA	Canadian Internet Registry Authority *(operators of the .ca ccTLD)*
DHB	District Health Boards
DIDO	Distributed-Input Distributed-Output *(wireless protocol system)*
DNCL	Domain Name Commission Limited
DNS	Domain Name System
DNSSEC	DNS Security *(adds security to the Domain Name System)*
DSLAM	Digital Subscriber Line Access Multiplier
DRS	Dispute Resolution Service
FTTH	Fibre To The Home
GAC	Government Advisory Committee
GCSN	Greater Christchurch Schools Network Trust
GNSO	Generic Name Supporting Organisation *(makes recommendations re gTLD to ICANN)*
gTLD	Generic Top Level Domain *(such as .com / .edu)*
HDC	Harmful Digital Communications
IANA	Internet Assigned Numbers Authority
ICANN	Internet Corporation for Assigned Names and Numbers

Glossary of Terminology	
ICT	Information and Communications Technologies
IGF	Internet Governance Forum
ISOC	Internet Society
ISPANZ	Internet Service Provider Association of New Zealand
ITAC	Internet Technical Advisory Committee
ITU	International Telecommunications Union
ITR	International Telecommunications Regulations
LFC	Local Fibre Company
MAG	Multistakeholder Advisory Group
MBIE	Ministry of Business, Innovation and Employment
MTR	Mobile Termination Rates
NCSG	Non-Commercial Stakeholders Group *(committee under ICANN's GNSO)*
NTIA	U.S. Commerce Department's National Telecommunications and Information Administration
NZITF	New Zealand Internet Task Force
NZNOG	New Zealand Network Operators Group
OECD	Organisation for Economic Co-operation and Development
OFDM	Optical Frequency Division Multiplexing
PAG	Policy Advisory Group
PIP	Pacific Internet Partners *(group revived by Keith to help IGF)*
RBI	Rural Broadband Initiative
RIR	Regional Internet Registry
STD	Standard Terms Determination
TCF	Telecommunications Carriers' Forum
TLD	Top Level Domain
TPP	Trans-Pacific Partnership
TPPA	Trans-Pacific Partnership Agreeement
TSO	Telecommunications Services Obligation
UBA	Unbundled Bitstream Access
UCLL	Unbundled Copper Local Loop
UFB	Ultra Fast Broadband
WSA	Wholesale Services Agreement
W3C	World Wide Web Consortium