

Agenda for a meeting of the InternetNZ Council

10am, Friday 6 June 2014

InternetNZ Office, Level 9 - Grand Arcade, 16 Willis St, Wellington

Start	Item	Person	Page number
10.00	Council and Council-CE alone time	Frank March	-
10.40	Apologies Declaration of Councillor interests Agenda consideration - in committee items	Frank March	- 5 -
10.50	Objects Review	Jordan Carter	11
11.10	Business Plan and Budget 2014/15	Jordan Carter, Andrew Cushen, Ellen Strickland, David Cormack, Mary Tovey	14 (<i>Bus Plan</i>) 44 (<i>Budget</i>)
12.15	Lunch		-
12.45	Subsidiaries – DNCL and NZRS - Alone time (Chairs, CE and Council - confidential) - NZRS Statement of Directions and Goals - NZRS 4 th Quarter Report - .nz Joint 4 th Quarter Report - DNCL 4 th Quarter Report - Any general items	Jay Daley, Richard Currey, David Farrar & Debbie Monahan,	- 51 66 74 83 -
13.10	.nz Framework Review	Jordan Carter	86
13.20	Business Development	Jordan Carter	91
13.30	International Update	Jordan Carter	-
13.40	Chief Executive's Report - CE's report and priorities for the quarter - Operations update - Financial Report ending 31 March 2014	Jordan Carter	114 119 123
14.10	Coffee		-
14.25	Chief Executive's Report cont'd - Internet Issues update - Brand update	Andrew Cushen David Cormack	135 -
14.50	Annual General Meeting and Elections	Jordan Carter, Maria Reyes	141
15.05	Community Funding - Partnerships Report - Community Funding Rounds update	Ellen Strickland	143 -
15.25	Appointments Panel Update	Frank March	-
15.40	Consent agenda items a. Ratification of minutes: 4 April 2014 b. Outstanding action points c. E-votes ratification d. Membership update	Frank March	154 160 163 168
15.45	Other business Meeting feedback – last meeting of this Council	Frank March	
16.00	Meeting ends		

Annotated Agenda for a meeting of the InternetNZ Council

10am, Friday 6 June 2014

InternetNZ Office, Level 9 - Grand Arcade, 16 Willis St, Wellington

Start	Item	Person	Page number
10.00	Council and Council-CE alone time	Frank March	-
10.40	Apologies Declaration of Councillor interests Agenda consideration - in committee items	Frank March	- 5 -
10.50	Objects Review <i>THAT Council agree that the review of the Objects not proceed any further at this time.</i> <i>THAT Council agree that the issue of the Objects and their fitness for purpose be assessed again following Strategic Planning in September.</i>	Jordan Carter	11
11.10	Business Plan and Budget 2014/15 <i>That Council approves for 2014/15 an operational budget limit of \$3.666 million and a capital budget limit of \$115,000.</i>	Jordan Carter, Andrew Cushen, Ellen Strickland, David Cormack, Mary Tovey	14 (<i>Bus Plan</i>) 44 (<i>Budget</i>)
12.15	Lunch		-
12.45	Subsidiaries – DNCL and NZRS <ul style="list-style-type: none"> - Alone time (Chairs, CE and Council - confidential) - NZRS Statement of Directions and Goals - NZRS 4th Quarter Report - .nz Joint 4th Quarter Report - DNCL 4th Quarter Report - Any general items <i>THAT NZRS Statement of Directions and Goals be received.</i> <i>THAT the NZRS 4th quarter report be received.</i> <i>THAT the .nz Joint 4th quarter report be received.</i> <i>THAT the DNCL 4th quarter report be received.</i>	Jay Daley, Richard Currey, David Farrar & Debbie Monahan,	- 51 66 74 83 -
13.10	.nz Framework Review <i>THAT Council receive the report on the progress of the .nz framework review, and notes with favour the considerable progress made to date.</i>	Jordan Carter	86
13.20	Business Development <i>THAT Council receive the letter from NZRS dated 28 May 2014 regarding business development.</i> <i>THAT Council agree the proposed basis of its response to NZRS as set out in this paper [[as amended following discussion]].</i> <i>THAT Council agree to increase the per-opportunity expenditure limit for business development from \$50,000 to \$100,000.</i> <i>THAT Council agree that no staged increases in the per-opportunity expenditure limit for business development will be contemplated in the near term.</i> <i>THAT Council instruct the Chief Executive to prepare a draft letter to NZRS from the President consistent with the advice in this paper [[as amended]] and the preceding resolutions.</i> <i>THAT Council adopt the Group Policy on Business Development</i>	Jordan Carter	91

	<i>with immediate effect.</i>			
13.30	International Update	Jordan Carter		-
13.40	Chief Executive's Report <ul style="list-style-type: none"> - CE's report and priorities for the quarter - Operations update - Financial Report ending 31 March 2014 	Jordan Carter		114 119 123
14.10	Coffee			-
14.25	Chief Executive's Report cont'd <ul style="list-style-type: none"> - Internet Issues update - Brand update <p><i>THAT Council receives the CE's Report.</i></p> <p><i>THAT Council notes the financial report ending 31 March 2014</i></p>	Andrew Cushen David Cormack		135 -
14.50	Annual General Meeting and Elections <p><i>THAT Council note the timetable for the 2014 Council Elections and the AGM.</i></p> <p><i>THAT Council appoint Maria Reyes as Returning Officer for the 2014 Council Elections.</i></p>	Jordan Carter, Maria Reyes		141
15.05	Community Funding <ul style="list-style-type: none"> - Partnerships Report - Community Funding Rounds update <p><i>THAT Council receives the Partnerships Report</i></p>	Ellen Strickland		143 -
15.25	Appointments Panel Update	Frank March		-
15.40	Consent agenda items <p><i>THAT the minutes of the meeting held on 4 April 2014 be received and adopted as a true and correct record, and THAT the following reports be received:</i></p> <ul style="list-style-type: none"> a. Ratification of minutes: 4 April 2014 b. Outstanding action points c. E-votes ratification d. Membership update <p><i>THAT the new members be approved.</i></p>	Frank March		154 160 163 168
15.45	Other business Meeting feedback – last meeting of this Council	Frank March		-
16.00	Meeting ends			-

Declaration of Interest

(For Information)

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: Frank March

Position: President, InternetNZ

Term: AGM 2012 - AGM 2015

Declaration Date: 21 March 2007, updated 27 January 2014

Interests:

- Holds two .nz domain name registrations
- Member of NZ Association of Scientists
- Employed by the NZ Government (Ministry of Business, Innovation and Employment), consequently:
 - NZ representative on the Governmental Advisory Committee of ICANN
 - Technical advisor to the Trans Pacific Partnership negotiators for the Telecommunications and Ecommerce Chapters
 - Officer's Honorarium for InternetNZ

Name: Jamie Baddeley

Position: Vice President, InternetNZ

Term: AGM 2012 - AGM 2015

Declaration Date: 28 August 2007, updated- [28 May 2014](#)

Interests:

- Owner and Director of Viewpoint Consulting Ltd
- Viewpoint Consulting Ltd is a shareholder of FX Networks Ltd
- Registrant of vpc.co.nz, is.org.nz, internetstandards.org.nz
- Member of the New Zealand IPv6 Steering Group
- [NZNOG Trustee](#)
- [Employee of TeamTalk](#)
- Officer's Honorarium for InternetNZ

Name: Donald Clark

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2014

Declaration Date: 20 April 2009, updated 20 May 2013

Interests:

- Holds several .nz domain name registrations
- Councillor's Honorarium for InternetNZ
- Employee of Google

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 25 September 2013

Interests:

- Full time contractor at Weta Digital
- 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

Name: Michael Wallmannsberger

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2014

Declaration Date: 31 July 2006, updated 24 June 2013

Interests:

- Employee of ASB Bank Limited
- Member of the New Zealand Labour Party.
- .nz domain name registrant
- Member of the Standards Council
- Shareholder/Director, Wallmannsberger Ltd
- Director of .nz Registry Services
- Councillor's Honorarium for InternetNZ
- Board Chair at OUTLine New Zealand Incorporated
- Member of the Board of the New Zealand Chapter of the Cloud Security Alliance (Cloud Security Alliance New Zealand Chapter Incorporated)

Name: Lance Wiggs

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: 9 August 2010, updated 3 April 2014

Interests:

- Director and shareholder in several NZ companies, generally operating online
- 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

Name: Dave Moskovitz

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2014

Declaration Date: 9 August 2010, updated 20 November 2013

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
- SWNZ 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
- Celsius Limited
- 8interactive Limited
- Admin Innovations Limited
- DIY Father Limited
- Smaratshow 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

Interests:

- Holds .nz and .net domain name registrations
- Member of ISOC, PICISOC and Pacific Internet Partnership Inc.
- Advisor to Rabid Technologies
- Employee of Morphoss Ltd
- Councillor's Honorarium for InternetNZ

Name: Amber Craig

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: 18 July 2013, updated 26 March 2014

Interests:

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

Name: Rochelle Furneaux

Position: Councillor, InternetNZ

Term: until AGM 2014

Declaration Date: 13 February 2014

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

Objects Review

Objects Review

Author: Jordan Carter

Purpose of paper: To recommend to Council that the process of reviewing the Objects be concluded with no changes made.

Dear Councillors,

At the Strategic Retreat last year, one of the outputs was a draft re-write of the Objects, for further discussion with members at the Strategic Member Engagement Sessions in October.

For a variety of reasons the focus of those meetings was instead on the vision and mission changes the Retreat proposed. These have now been adopted, and the current Objects have presented no barriers.

The revised Objects have remained in abeyance. They were seen as a more contemporary re-write of what InternetNZ aims to do, rather than presenting a fundamental change to the basis of the organisation or its purpose.

I sought legal advice from DLA Phillips Fox in March regarding the re-write and any implications this would have for InternetNZ. Their advice is circulated to the Council as a refresh (previously circulated online) and remains confidential to Councillors.

At our April meeting I undertook to review that advice and consider how best to proceed.

After considerable reflection, it is my view that the Objects should be left as they are. The reasons for this are:

1. While not as elegant or contemporary as might be wished, the current Objects do not present any barriers to InternetNZ's current or future operations in terms of the strategy agreed in September 2013. This is not surprising, given that the rewrite was not to fundamentally change anything anyway – just to clarify and freshen.
2. Changes to the Objects, given the lack of a “problem”, will require time and attention from staff, Council and members that can more profitably be focused on other activities related to InternetNZ's purpose.
3. With a full group Strategic Planning process happening in September, it would be better to consider at that time if changes to the Objects are required.

Accordingly, my recommendation is that the review not proceed at this time. If the Group wishes to embark on a new direction that is not consistent with the current Objects following the strategic work in September, then fundamentally new Objects can be developed at that time and discussed with the members in the Strategic Engagement sessions.

Recommendations

THAT Council **agree** that the review of the Objects not proceed any further at this time.

THAT Council **agree** that the issue of the Objects and their fitness for purpose be assessed again following Strategic Planning in September.

Jordan Carter

Chief Executive

29 May 2014

Business Plan and Budget 2014/15



Business Plan 2014-2015

**Final for Council Approval
30 May 2014**

Our focus in 2014/15: Summary

InternetNZ's vision is of a better world through a better Internet. A better Internet is one that is more open and uncapturable; more affordable; more available; more useable.

In bringing that vision about, we promote the Internet's benefits and uses, and we protect its potential. Through our work on Internet issues, our community funding programme, our community engagement work including support of platforms for debate like NetHui and through the operation of the .nz domain¹, we focus on our charitable purpose:

[T]o maintain and extend the availability of the Internet and its associated technologies and applications in New Zealand, both as an end in itself and as means of enabling organisations, professionals and individuals to more effectively collaborate, cooperate, communicate and innovate in their respective fields of interest.

Highlights from this year's Business Plan include the following:

- An Internet Issues Work Programme that will see us operating across Internet Governance, Use, Access, Technology and Law and Rights.
- Enhanced Community Funding and Engagement programmes that will increase InternetNZ's contribution to the New Zealand Internet Community and provide InternetNZ with greater exposure and profile in this Community.
- Improved organisational effectiveness and efficiency, through improving the organisational culture and capacity to deliver effectively.
- And a new brand framework, utilising this to increase the profile of InternetNZ in the eyes of our key stakeholders, the domestic and international Internet Community, and users of the Internet.

¹ Through our subsidiaries Domain Name Commission Ltd (<http://dnc.org.nz>) and NZ Registry Services (<http://nzrs.net.nz>).

Section One: Introduction

This draft Business Plan sets out the areas of work InternetNZ plans to pursue in the 2014/15 year and the goals it will seek to achieve in those areas. It has been prepared by staff based on strategic decisions made by Council in February 2014, input from InternetNZ members at meetings around the country in March, and the staff's analysis of and response to this input, particularly following our Staff Retreat in May.

The Plan is organised in six main sections:

Section Two sets out the context for our work this year.

Section Three sets out the five areas of work the operating team will focus on and the detailed description of the goals, measures and actions we will undertake in the 2014/15 year.

Section Four sets out the detail of the five portfolios of the Internet Issues programme.

Section Five sets out the picture for core operations and notes this area of the Plan has not been fully documented, as it largely reflects Business As Usual. For accountability purposes, further development is required.

Section Six summarises the governance work area involving Council and Members.

A high-level Budget summary follows.

We attach as an appendix the current strategic framework – Vision, Mission and Goals – which is up for review in the year's strategic planning process (starting in September).

This document follows the fresh approach set out in last year's Plan, of documenting the transformations our work seeks to achieve in each area, and then key tasks that will contribute to that.

A new feature is adding a proposed Goal for each area of work, and measures that will indicate that Goal's progress. We believe this is important in developing a more transparent and accountable framework for InternetNZ's operations.

As always, while this plan gives an overview of the planned work, InternetNZ's environment is sometimes fast-changing, and flexibility is always required. Nonetheless, we expect to achieve all Priority A tasks in this document, and to be progressing many Priority B ones as well.

Jordan Carter
Chief Executive

Section Two: Context for 2014/15 Business Plan

In 2014, we've considered these external and internal context factors in planning the work set out in this Business Plan:

- Global moves are afoot to change the way core Internet naming and numbering resources are governed. The United States is seeking to withdraw from its stewardship of the DNS and hand this over to the “global multistakeholder community”. This is of interest as it could impact on the operation of the .nz country code top level domain which is delegated to InternetNZ.
- The 2014 General Election will be held on 20 September. Analysing and sharing understanding of what various parties are proposing, and reflecting InternetNZ's objects and principles & the views of the Internet Community in election year discourse, will be an important part of our Internet issues work.
- Scrutiny and accountability are an increased focus among members and other stakeholders. We need to be providing the right information and tools so people can see what we are doing and so that our work is transparent, with value obvious to all.
- The implications of the Edward Snowden revelations and associated discussion around the security and privacy of Internet use remains an issue of community concern, picked up in our Internet issues work.
- The domestic rollout of faster broadband services through the ultra-fast broadband and rural broadband initiatives is building the capacity for much faster Internet access. Understanding and promoting the gains this can make available through better and different use of the Internet is of interest to the community.

The five portfolios in the Internet Issues work programme tackle these contextual factors most directly. The five high-level areas of work are about ensuring InternetNZ has the capacity to make a difference.

Section Three: 2014/15 Areas of Work

Summary:

1: Internet Issues	2: Community Engagement	3: Community Funding	4: Our new identity
5: Improved organisational performance			

For each of these areas, the operating team has developed a comprehensive overview of the goals, measures and activities intended to be done in the 2014/15 year.

Transformations: To help plan our activity, for each of the areas or portfolios we have set out changes of state or **transformations** of the external environment that we wish to bring about through our work. The left hand column sets out the current state of affairs; the right hand column shows the desired state. Every activity we plan will contribute to one or more transformations.

Priorities:

Priority “A” activities are expected to be completed/progressed in the current year with this being achievable given current resources.

Priority “B” activities are hoped for achievement but are at risk from resource contention or urgent unplanned reactive work.

Priority “C” activities are mentioned to give a sense of the desired breadth of work, and to provide other options where proposed priorities aren’t agreed by Council.

Budget: The final column identifies any direct costs incurred expected to be incurred in undertaking the activity. This will include cost of contractors and external costs, but no attribution of time for employed staff and standing contractor resource. Where the cost of undertaking any activity is as yet unknown, it has been left out. Regardless, the operating team commits to keeping all costs within the budgeted totals as set out in the summary at the end of this paper, and will manage within each of these areas of work to meet these financial commitments.

I: Internet Issues Programme

Lead Staff: Andrew Cushen

We apply a range of public and technical policy analysis techniques; develop collaborations with other likeminded organisations, and assist the development of the capacity of the Internet community in New Zealand to tackle a wide range of Internet Issues – from copyright, to mass surveillance to Internet governance and IPv6 adoption.

Our purpose in this regard is to share information and analysis with the Internet Community and all New Zealanders that assists them in maximising access to the Internet and what it offers, and so making the most of the opportunities it presents.

Transformations

	Current state	→	Desired state
I.1	InternetNZ is one of a number of advocacy groups active in Internet Issues.	→	InternetNZ is the leading advocate for discussion, debate and solution of Internet Issues in New Zealand.
I.2	InternetNZ's approach to issues is largely reactive	→	InternetNZ is a proactive leader of its objectives, while also responding in a timely and considered manner to reactive issues.
I.3	InternetNZ's approach to issue and policy development is unclear, and New Zealand's Internet community wishes to have clearer grounds for involvement in discussion, priorities, objectives and desired outcomes.	→	InternetNZ has a clearly defined issue and policy development process, and utilises the skills, experience and perspective of its members effectively.
I.4	Link to community and collaboration programme is ad-hoc	→	Explicit link between the Internet Use portfolio and Community and collaboration programme

2014/15 Goal

Goal	InternetNZ is the leading advocate for discussion, debate and solution of Internet Issues in New Zealand, and is looked to as a leader of both considered thought and careful action in furthering a better world through a better Internet.
Measures	<ol style="list-style-type: none"> 1. InternetNZ is called upon by the media as trusted authority on Internet Issues 2. Success in submissions/advocacy and positions taken 3. Delivery of each of the Issues Portfolios below

2014/15 Activities

The activities in this area refer to those that sit at an Issues Programme level, across the different Issues Portfolios.

	Activity	Transformation/s	Priority	Budget
I.A	Develop an InternetNZ “manifesto” for the 2014 General Election to inform political party policies on Internet Issues	1.1, 1.2, 1.3	A	N/A
I.B	Inform New Zealand voters interested in Internet Issues about InternetNZ’s perspective on these, so they have the opportunity to make informed choices in Election 2014	1.1, 1.2,	A	\$10,000
I.C	Development of a New Zealand “State of the Internet” report to highlight key trends and perspectives on the Internet in NZ	1.1, 1.2, 1.3	A	\$10,000
I.D	Provide a briefing to the Incoming Government, particularly the incoming Minister of ICT, on Internet related issues as a method of informing the Government of InternetNZ’s perspective on key Internet Issues Internet	1.1, 1.2, 1.3	A	N/A
I.E	Clarify the role and relationship with the Policy Advisory Group of InternetNZ, providing it with an appropriate role in the policy development process, a forum through which members can be heard, and in which robust debate on Internet Issues and InternetNZ’s perspectives may be had.	1.3, 1.4	B	N/A
I.F	Methodology and practice established between the Issues Programme and the Community Engagement and Community Funding work areas to determine the appropriate method for advancing particular opportunities	1.4	B	N/A

Note: the detailed portfolio plans for the Internet Issues Programme are set out in section 4 of this paper.

2: Community Engagement

Lead Staff: Ellen Strickland

The purpose of the Community Engagement area of work is to support the NZ Internet Community to help determine the future course of the Internet's development and growth in New Zealand, and to better understand and share its potential uses and benefits while building capacity to deal with the changes, challenges and risks which occur.

Community Engagement work includes engaging the broader community to inspire and support activity which relates to and supports achievement of InternetNZ's objects - reaching out to, working with, and serving the whole community. This work area includes creating platforms, including NetHui, as well as supporting other platforms and processes within the community which impact the decisions and activities related to the future development of the Internet in New Zealand. This work area relates to the implementation and support of multistakeholder processes of Internet Governance at a national level and relates closely to the Internet Governance Portfolio of the Internet Issues work area.

Transformations

	Current state	→	Desired state
2.1	The NZ Internet Community is poorly defined	→	An understanding of the NZ Internet community is developed by InternetNZ, with the community.
2.2	The role of NZ Internet Community in the development of the Internet is seen as important but not core to its development.	→	The role of the NZ Internet Community, and its importance, in the decisions and activities related to the development of the Internet is understood widely.
2.3	The NZ Internet Community through NetHui is made aware of and engaged in some of decisions and activities related to the future of the Internet in NZ.	→	The NZ Internet Community is supported by InternetNZ with processes and platforms, including NetHui, to engage in a broad range of decisions and activities related to the future of the Internet in NZ.

2014/15 Goal

In this area/portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>Develop and share understanding of, and support, the New Zealand Internet Community.</i>
Measures	<ol style="list-style-type: none"> 1. New Zealand Internet Community map developed and published. 2. All InternetNZ work includes a 'community' check, with a focus on supporting and ensuring community engagement, as appropriate. 3. InternetNZ engages with and supports a range of community existing processes and platforms.

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
2.A	NetHui I4	2.3	A	\$80K
2.B	NetHui South	2.3	A	\$40k
2.C	Community platform development: Internet Research focus (with Strategic Partner AUT ICDC)	2.2	B	\$20k
2.D	Sponsorship Process for Community events (also related to Work Area 5 Identity)	2.2, 2.3	A	\$50k
2.E	Develop and host public events (ie speaker series) for the NZ Internet Community	2.2, 2.3	B	\$20k
2.F	Relationship and Engagement Management System Implemented (with CRM)	2.1, 2.2	A	\$5k
2.G	Development of NZ Internet Community Map	2.1	A	Internal
2.H	Baseline research of community engagement in existing processes, esp NetHui	2.1, 2.2	A	Internal
2.I	Support for other community organisations (NZNOG,NZITF etc) clarified and framework created.	2.3	A	Internal
2.J	NZNOG Conference support	2.3	A	Internal

3: Community Funding

Lead Staff: Ellen Strickland

The purpose of the Community Funding area of work is to broaden the range of organisations and individuals contributing to the achievement of InternetNZ's objects, and to foster and support the development and engagement of the community in work which relates to and supports those objects.

Community Funding provides funding in two ways- through funding as part of Strategic Partnerships with other organisations and through Community Grant funding rounds which provide grants to individuals or organisations in the areas as set out below. Community grants support work of other organisations and people in areas of work related to the InternetNZ objects, as well as broadening our engagement with and support for the NZ Internet community. Strategic Partnerships work similarly, but additionally we work directly with these organisations towards our objects.

Transformations

	Current state	→	Desired state
3.1	Community Funding has a low profile.	→	The broader community views Community Funding as a beneficial and integral part of InternetNZ's activities.
3.2	How community funding works is not widely known about or understood by potential funding recipients and partners.	→	Potential partners and recipients know about InternetNZ Community Funding and understand how it works.
3.3	Community Funding has an unclear impact.	→	InternetNZ understands and communicates the impact of Community Funding.
3.4	Community Funding supports work of people and organisations with areas of work related to InternetNZ's objects.	→	Community Funding supports work of others through Community Grants and both supports and works directly with Strategic Partnership organisations.

2014/15 Goal

In this area/portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>Maximise the impact in New Zealand of the community funding programme, including telling the story better so more people are aware of this work.</i>
Measures	<ol style="list-style-type: none"> 1. Create and implement a process to measure the Community Funding: understand baseline and changes of who, what and how is funded. 2. Process to understand impact of funding, including benefits and results, developed and implemented. 3. Perceptions of stakeholders, internal and external, on components of community funding understood. 4. A plan implemented to communicate the beneficial and important role of Community Funding with the wider community and that Community Funding applicants and recipient have a clear understanding of process as.

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
3.A	Baseline research on stakeholder perceptions and awareness of Community Funding	3.1	B	\$15k
3.B	Finalisation implementation of Community Funding review processes	3.3	A	\$10k
3.C	Communications plans developed and implemented for Community Funding, including for each Partnership and Community Grants.	3.1, 3.3	A	Internal
3.D	Implement June/July Funding Round: Community Projects and Conference Attendance	3.2	A	\$100k
3.E	New Partnerships for 2015 onwards identified, negotiated and agreed with Council	3.2	A	Internal
3.F	Develop framework for measuring for impact of Community Funding	3.1	B	\$20k
3.G	Implement Dec/Jan Funding Round: Internet Research and Conference Attendance	3.1	A	\$100k
3.H	Implement Special Canterbury Funding Round: Nov/Dec	3.1	A	As advised
3.I	Community Funding Reports and Information related to impact are available	3.2	A	Internal
3.J	Management and review of Ad Hoc Community Grant Requests under \$5k	3.2	A	Internal
3.K-Q	Area of Focus Activities with Strategic Partners (related to Community Engagement & Work Issues Programme)	3.3	A	\$ other areas

4: Our New Identity

Lead Staff: David Cormack

InternetNZ's identity and brand is integral in the impression that it creates of our organisation, and is reflected in how we communicate, our look and tone and the areas of work we focus upon. A new identity is being developed that brings a concern for and interest in people and Internet alongside the historic interest in Internet technologies

Our purpose in this area of work for this year is to set out InternetNZ's identity clearly, so that people are more aware of what InternetNZ is, what our purpose and mandate are, and so that they can understand how the organisation fits among others interested in Internet issues in New Zealand.

Transformations

	Current state	→	Desired state
4.1	Current InternetNZ brand is not immediately recognisable or connected to who we are and what we do as an organisation	→	New InternetNZ brand connected to revised mandate, issues and interests, brand is recognisable and respected
4.2	Stakeholder perceptions of InternetNZ not known	→	Stakeholder perceptions evaluated and benchmarked, and an appropriate management plan linked to new identity developed and implemented
4.3	Ambitions and purpose not widely understood or defined both internally and externally	→	Clear articulation of InternetNZ's role and purpose and alignment across the Group about our various roles in supporting and delivering to them
4.4	InternetNZ seen variously as a lobby group and/or overly technical, reactionary and anti-government, anti-industry, theoretical & unrealistic	→	InternetNZ viewed as a trusted authority by all stakeholders, recognised for the range of work we do, and the range of work we do is understood.

2014/15 Goal

In this area/portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>To develop and live up to our new identity in all that we do.</i>
Measures	<ol style="list-style-type: none"> 1. Brand refresh adopted and implemented 2. New website rolled out successfully, and other online presences updated accordingly 3. Increased identity recognition measured among stakeholders and the public. 4. Develop and articulate a core story that will provide a clear understanding of who we are, and what we do across the InternetNZ Group, with all constituent parts of the organisation understanding how they contribute to this vision.

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
4.A	New brand identity developed, signed off and implemented across InternetNZ activities and presences	4.1, 4.2,	A	\$55,000
4.B	New website developed, signed off and implemented	4.1, 4.2	A	\$25,000
4.C	New “core story” for InternetNZ developed, signed off and used whenever appropriate to explain who we are, what we do and why we do it.	4.1, 4.3	A	
4.E	Public Relations and Communications strategies refreshed in light of the new brand framework, and continually revised on a quarterly basis.	4.2, 4.3, 4.4	B	
4.F	Relationship between the InternetNZ brand and those of DNCL, NZRS and .NZ reviewed and a brands framework developed for use across the group.	4.2	B	
4.G	Develop an appropriate profile for the InternetNZ CEO as required to support the communications and public relations plan, as a personification of the InternetNZ identity.	4.1, 4.4	C	
4.H	Comprehensive stakeholder review completed and baseline established for further engagement and development	4.2	B	\$25,000

5: Improved Organisational Performance

Lead Staff: Jordan Carter

Improved Organisational Performance concerns our responsibility as an organisation, with a big vision and limited resources, to make sure that we perform as well as possible. Efficient and effective use of resources to achieve necessary outcomes, better management, systems and processes and communicating more clearly to contribute to improved performance.

Our purpose in adopting this as a focus for the 2014/15 year is to assure ourselves as an organisation, and to all interested stakeholders, that we are deliberately managing the performance within our organisation to take it to another level of delivery and satisfaction.

Transformations

	Current state	→	Desired state
5.1	Performance management, goal setting and expectation management done in an ad-hoc fashion	→	Performance, goals and expectations clearly discussed, set and managed in accordance with best practice
5.2	Accountabilities and priorities are unclear across the organisation	→	Staff, contractors, and council are all clear about their accountability for achieving our goals and performance
5.3	No established methodology or baseline for discussing improvements in performance and measuring success	→	Baseline set and performance and successes understood and measured.
5.4	Tools, processes and structures are not necessarily available	→	Tools, processes and structures enable continual improved performance
5.5	InternetNZ's culture does not encourage cooperation, collaboration, performance or enjoyment to the degree it could	→	The InternetNZ culture facilitates a stronger, more collaborative working environment for greater performance and enjoyment

2014/15 Goal

In this area/portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>Our members, the council and the public at large can clearly see what we do as an organisation so they can hold us to account for measurable performance in all our work;</i>
Measures	<ol style="list-style-type: none"> 1. New processes introduced that allow for clear management of staff and contractor priorities, goals and objective 2. New quarterly activity reporting to members and the community introduced 3. Planning and accountability documents clear about the outcomes sought and the measures of success of these

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
5.A	Develop and implement good performance management, measurement and analysis frameworks that over time provide the information to continuously improve performance (both objective and subjective)	5.1, 5.2, 5.3	A	
5.B	Identify barriers/incentives to working efficiently and effectively across the InternetNZ group and within the internal InternetNZ operating team and develop strategies to address those barriers/incentives.	5.1, 5.5	A	
5.C	The right tools are available to support efficient working, reduce duplication and encourage collaboration.	5.4	B	
5.D	Internal communications, meetings and collaboration methods refined to make these as efficient as possible.	5.2, 5.5	B	
5.E	Develop and implement new external engagement and relationship management systems and processes.	5.2, 5.4	B	
5.F	Develop and implement new reporting framework on progress made on the business plan, with this reporting done on a quarterly basis.	5.2, 5.3, 5.4	A	
5.G	Develop and implement an appropriate recognition structure that supports highlighting excellent performance and provides incentives for the same (note, not necessarily financial).	5.1, 5.5	B	

Section Four: Internet Issues Programme

The Internet Issues programme splits out our work on Internet Issues into five portfolios:

- A. Internet Law and Rights
- B. Internet Use
- C. Internet Connectivity
- D. Internet Governance
- E. Internet Technology

Each Portfolio follows the same planning form of the major Work Areas set out in the previous section – desired transformations are explained, a goal is set and measures proposed, and the planned activities are listed along with direct Budget costs.

The Work Programme Director, Andrew Cushen, holds responsibility for delivering the Internet Issues Programme across all portfolios. In this role, he is responsible for prioritising and resourcing each of the portfolios to ensure that the long-term transformations are achieved, the annual goals met and the specific activities delivered.

The Lead Staff named for each individual portfolio signifies that Andrew is assisted in delivering that portfolio by a Subject Matter Expert. This Lead Staff member is responsible for activity and thought generation as directed by the Work Programme Director. They do not hold responsibility for delivering to the portfolio, but for delivering specific tasks as requested by the Work Programme Director.

A: Internet Law & Rights Portfolio

Lead Staff: Andrew Cushen and Susan Chalmers

The Internet Law & Rights Portfolio of the Issues Programme encompasses InternetNZ’s work to inform and enhance the legal and political environments that shape the Internet and its use both domestically and internationally, and to ensure that Human Rights are recognised and respected in the online environment.

Transformations

	Current state	→	Desired state
A.1	New legislation does not take the Internet into account at a principled, fundamental level	→	New legislation understands and takes into account the Internet at a principled, fundamental level.
A.2	Legislation currently progressing through the House, or already implemented but subject to review, is harmful to the open Internet	→	InternetNZ engages in the legislative process to advocate for sensible, Internet-friendly approaches to current legislative challenges.
A.3	Legislators and public agencies do not have sufficient knowledge of the Internet and the online economy to effectively legislate	→	Legislators and public agencies are informed and multistakeholder in legislating matters related to the Internet and take a multistakeholder approach to developing Internet-relevant legislation.
A.4	Confusion about how law and policy recognises Human Rights in the online environment.	→	Human rights are appropriately recognised, respected, and extended in their application to the online environment

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>New Zealand’s legal system promotes and protects people’s rights in the online environment.</i>
Measures	<ol style="list-style-type: none"> 1. Current proposed legislation and debates on “Internet Rights” reflect these as “Human Rights on the Internet”, rather than as a separate construct. 2. Submission process concluded on Harmful Digital Communications and community of interest on this matter fostered

	<p>3. InternetNZ takes a leading position on the Net Neutrality debate in New Zealand in accordance with the NZ market structure and legislative landscape</p> <p>4. InternetNZ takes a leading position on State Surveillance on the Internet, advocating for the right for New Zealanders to be able to use the Internet without having their privacy violated.</p>
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2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
A.A	Internet Law Observatory – work on the establishment of this as a new body with its phase one objective to report on new legislation with an Internet centric lens.	A.1, A.2, A.3, A.4	B	N/A
A.B	Copyright review – establish a position on what Internet friendly copyright law would look like and promulgate it.	A.1	B	\$15,000
A.C	Harmful digital communications – continue to advocate for this legislation to be sensible and proportional, while also recognising that there is indeed harm being done and develop our position with regard to approved agency	A.1, A.2	A	N/A
A.D	Net neutrality – clarify the NZ-centric viewpoint on net neutrality, and seek to establish a leadership position on how the appropriate protections need to be built into NZ law and regulation and commercial operations	A.1, A.3	A	\$10,000
A.E	State surveillance – develop and deliver a programme of work that meets INZ’s objectives about surveillance	A.1, A.3	A	\$10,000
A.F	Internet rights – understanding which Human Rights are being recognised and respected in the online environment through current legislation, and which are not, and then fostering discussion on which legislation need be updated, left alone, or created in order to bring the current regulatory regime up to date.	A.1, A.3, A.4	B	N/A
A.G	Parliamentary Internet Forum – review the construct of this community with the objective of fostering and develop it further.	A.3	C	N/A

B: Internet Use Portfolio

Lead Staff: Andrew Cushen

The Internet Use Portfolio of the Issues Programme encompasses InternetNZ's activity to encourage and drive uptake and usage of the Internet in New Zealand homes, businesses and communities.

Transformations

	Current state	→	Desired state
B.1	Drivers and benefits of Internet uptake and use in NZ not clearly understood	→	Drivers of Internet uptake and use in NZ known, and the benefits of usage and uptake clearly appreciated.
B.2	Collaboration with the Internet Community on delivering initiatives to improve uptake and use ad-hoc	→	Deliberate targeting of Collaboration and Community Funding to deliver to uptake and usage goals.
B.3	Methods for reviewing and communicating lessons and successes in driving greater uptake and use of the Internet not developed	→	Clear methodology for reviewing success against targets and for communicating outcomes to all interested stakeholders.

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>For InternetNZ to be the leading authority in understanding how and why New Zealanders use the Internet, and effectively advocates for and implements programmes that encourage uptake and usage in New Zealand</i>
Measures	<ol style="list-style-type: none"> 1. New Internet Research commissioned, publicised and recognised as high quality 2. Mechanism for delivery of insights in collaboration with the Internet Community developed and deployed 3. Developing measures for better and more use happening as a result of 1 & 2

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
B.A	Commission new research into uptake and use in New Zealand, preferably in a manner that allows for comparison internationally – likely to be in partnership with the Web Index	B.1, B.2	A	\$50,000
B.B	Whangarei transformation study – kick off a process to look at what being the first fully wired city in NZ does on key economic and social indicators (look to a partnership with Northpower, CFH and/or MBIE)	B.1, B.2	B	\$50,000
B.C	Assess the progress of the Government on Better Public Services goals 9 & 10 and make proactive suggestions for further enhancement in these areas	B.1, B.2	C	N/A
B.D	REANNZ collaboration to highlight the benefits of connectivity with their network, and their ability to transform the higher education experience	B.1, B.2	B	N/A
B.E	Work with NZRS on understanding and driving SME uptake, enhancing the current digital journey tool.	B.1, B.2	C	N/A
B.F	Process and methodology developed with Community Funding and Engagement Programmes to best target those to common Internet Use goals.	B.2	B	N/A
B.G	Reporting methodology developed and deployed to robustly track and quantify improvements made	B.3	B	N/A

C: Internet Connectivity Portfolio

Lead Staff: Reg Hammond

The Internet Connectivity Portfolio of the Issues Programme encompasses InternetNZ’s activity to deliver the ability to connect to the Internet wherever you are in New Zealand.

Transformations

	Current state	→	Desired state
C.1	Regulatory and policy setting debates led by telecommunications and narrow commercial interests	→	Regulatory and policy setting debates reflect Multistakeholderism
C.2	Future regulatory models unclear	→	Regulatory standards developed and articulated through to 2020
C.3	High speed connectivity to some	→	High speed connectivity to all
C.4	Internet as a value added service	→	Internet as a utility

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>A process for the development of a 2020 policy and regulatory landscape [and made some progress on it] is set at both a central and local government level, while the short term interests for consumers in viable copper services are protected to ensure widespread, competitive and affordable Internet access in New Zealand</i>
Measures	<ol style="list-style-type: none"> 1. Copper FPP process resolves with the consumer interest protected 2. Clarity on the process to be used to develop a 2020 policy and regulatory landscape

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
C.A	Participate in the Commerce Commission-led copper pricing processes for UCLL and UBA, representing the consumer interest in these matters.	C.1	A	\$10,000
C.B	Lead a process of discussion and development within the industry to assist MBIE in developing a coherent and Internet and consumer-friendly regulatory model for New Zealand.	C.1, C.2, C.3, C.4	A	\$10,000
C.C	Encourage local government to understand their role in encouraging deployment and connectivity and to assist infrastructure deployments through an appropriately targeted relationship with Local Government New Zealand	C.1, C.2, C.3, C.4	C	N/A
C.D	Lead discussions on what a “next generation” approach is to Universal Service Obligations	C.3, C.4	B	N/A

D: Internet Governance Portfolio

Lead Staff: Jordan Carter

The Internet Governance Portfolio of the Issues Programme encompasses InternetNZ's participation in processes that make decisions regarding the future development of the Internet, both global and local.

Transformations

	Current state	→	Desired state
D.1	Debate on Internet Governance is largely framed by governments and the ITU	→	Debate on Internet Governance is largely framed by Internet Stakeholders.
D.2	NZ Government is an ally of the open Internet	→	NZ Government is a principled advocate of the open Internet
D.3	Shallow multistakeholderism is evident in the Internet Governance world	→	Multistakeholderism is firmly embedded in the Internet Governance world
D.4	Stakeholders do not understand Internet Governance and its relevance	→	Stakeholders understand and appreciate why we do this and they may appropriately engage in a true multistakeholder fashion

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>InternetNZ effectively contributes to Internet Governance processes regionally and globally.</i>
Measures	<ol style="list-style-type: none"> 1. Local multistakeholder model developed by furthering collaboration with the five “key constituencies” and effectively discussing and collaborating with them 2. Reflect New Zealand Internet governance debates in wider forums and reflect those wider debates in New Zealand forums 3. Group International Strategy and Plan are fully developed and signed off by Council in October 2014

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
D.A	Support ICANN's evolution in the post-NTIA era, including through a workable structural separation of the IANA functions	D.1, D.3	A	
D.B	Develop International Strategy and Plan to guide participation in international activities across the different parts of the InternetNZ Group	D.3	B	
D.C	Implement process changes and relevant tools for better collaboration and information sharing regarding Internet Governance work across the group.	D.3, D.4	A	
D.D	Develop new methods, fora or dialogue with the five key constituencies domestically, as a method of demonstrating multistakeholderism in New Zealand [link to community engagement area]	D.3, D.4	A	
D.E	Develop and use an assessment framework for the difference InternetNZ makes in Internet Governance	D.3, D.4	A	
D.F	Consider the overall level of resource devoted to Internet Governance participation	D.1, D.2, D.3, D.4	B	
D.G	Participate in a range of Internet Governance fora: <ul style="list-style-type: none"> • ICANN • ITU • United Nations (IGF, WSIS) • Other (NetMundial, Pacific, contingency) 	D.1, D.2, D.3, D.4	A	\$102,000 \$30,000 \$12,000 \$53,000

E: Internet Technology Portfolio

Lead Staff: Dean Pemberton

The Internet Technology portfolio concerns InternetNZ's advocacy and development of protocols and technologies that allow the Internet to function and to develop, while also continually pushing for enhancement of these functions.

Transformations

	Current state	→	Desired state
E.1	Communications on the Internet not authorised and identified by reliable systems	→	Reliable systems in place to identify and authorise online communications
E.2	Network design does not anticipate likely future demands, features, resilience and stability	→	Best practice in future proofing networks for demand, features, resilience and stability are developed and shared
E.3	Many online activities, products and services are insecure	→	All Internet products and services have positive security models
E.4	InternetNZ engagement with the development of Open Protocol Standards lacks strategy and focus	→	InternetNZ's strategy and engagement with the development of Open Protocol Standards bodies well documented and focused
E.5	The technical components within the New Zealand Internet community are not well mapped	→	The technical components within the New Zealand Internet community are well mapped.

2014/15 Goal

In this area/portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>To ensure that InternetNZ becomes a leading advocate for the technical development of the Internet in New Zealand by developing and sharing analysis of key technical challenges.</i>
Measures	<ol style="list-style-type: none"> 1. Successful InTAC conference held as judged by participant feedback 2. Publication of technical analysis on issues related to transformations in the business year 3. Feedback from the New Zealand technical community is largely supportive of InternetNZ's stances and activities. 4. InternetNZ is represented and engaged at IETF and RIR policy and protocol standards development fora

2014/15 Activities

To help bring the goal and these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	Budget
E.A	Undertake an evaluation of the RealMe authentication system and determine whether and how this could be more widely implemented.	E.1	A	N/A
E.B	Research and advocate for alternative authentication mechanisms that provide enhanced security over password based systems, while also not placing an undue burden on user experience	E.1	B	N/A
E.C	Research and advocate for systems that allow users to remain anonymous on the Internet while still complying with local laws and regulations	E.1, E.2	B	N/A
E.D	Advocate for the widespread adoption of DNSSEC to ensure that the domain name resolution system is protected from interception and redirection	E.2, E.3	B	N/A
E.E	Undertake or commission research into possible CSIRT models for NZ. This should include collaboration with PacCERT where possible.	E.3	A	\$20,000
E.F	Advocating for the deployment of RPKI to ensure that the Internet routing system is free of interference and can be trusted	E.2, E.3	A	N/A
E.G	Ensure that Internet exchanges within NZ are operating at an appropriate level to attract large global participants (e.g. CDN providers) to best provide content and services to NZers.	E.2	C	N/A
E.H	Publish and promote material educating the NZ Technical community regarding new technologies such as Software Defined Networking (SDN)	E.2	B	N/A
E.I	Active participation with the APNIC, RIPE NCC and IETF communities to ensure that both New Zealand views are represented in policies and that emerging technologies are communicated to the NZ Internet community.	E.4, E.2	A	\$25,000
E.J	Organise and hold InTAC conference	E.5	A	\$15,000

Section 5: Core Operations

Our staff perform a wide range of Business As Usual core operations that relate to the basic operation of the organisation. These include but are not limited to the following main areas:

- Finance and Accounting (incl Treasury)
- Human Resources and Internal Policies
- Reception and Premises
- Group services
- Communications
- Strategy and business process analysis
- Events
- Travel and accommodation
- Membership services
- General administration

The focus to date on Business Planning has singled out some related areas in Work Area 5 where improvements in performance are sought, but that does not convey the full range of the work done in this area.

To assist with proper execution of this work, and to allow for the team to be held accountable, we will be analysing and preparing plans on the same basis from the 2015/16 year on. If resources allow, we will present a half-year plan from 1 Oct 2014.

Section Six: Governance and Members

InternetNZ is a membership-based organisation which is governed by a Council of twelve members, elected by and from the Membership and comprising a President, Vice President and ten Councillors.

In 2014/15, governance activities anticipated include the following:

- Consideration of the way financial resources flow across the InternetNZ group.
- Development of a group-wide strategy through the Strategic Planning process.
- Development and implementation of a clear Policy Development Process for the Council.
- Maintenance of InternetNZ's ownership interests in its two subsidiary companies, Domain Name Commission Ltd and New Zealand Domain Name Registry Ltd (trading as NZRS).

These sit alongside the normal workload of six ordinary Council meetings each year, setting strategy for the Chief Executive and the operational team to execute.

Members have a wide array of roles in the organisation, including discussing issues through the Policy Advisory Group, participating in democratic processes to elect Council, and annual rounds of engagement on strategic direction and work planning. This role will be the focus of review and improvement as the year progresses, but specific plans are not in place.

Section Seven: Budget Summary

The Budget that backs this Business Plan up is presented separately to this Council meeting. In summary and for quick reference, the allocation of resources is as follows:

Summary Areas of Work	2013/14	2014/15	Change over last year	
	Approved	Proposed	Amount	%
Internet Issues	944	859	-85	-9%
Community Funding	450	525	75	17%
Community Engagement	170	195	25	15%
Our Identity	67	40	-27	-40%
Improved Performance	0	35	35	0%
International Event	200	200	0	0%
Core Operations	1395	1485	90	6%
Members & Council	304	327	23	8%
Total \$000s	3530	3666	136	4%

Conclusion

We are excited to present this 2014/15 Business Plan to Council for approval. We believe this is a high quality plan that will make a marked contribution to advancing InternetNZ's vision and mission during the 2014/15 year, and establish a basis for further strength and successes in the future.

Jordan Carter
Chief Executive

30 May 2014

Appendix: Strategic Framework

Vision: A better world through a better Internet

Mission: To promote the Internet's benefits and uses, and protect its potential

Goals:

The following medium-term goals were adopted by Council in March 2013. They form the strategic framework in which last year's Business Plan was developed, and give some guidance to the intent behind this plan.

A group-wide strategic planning process is going to reconsider and focus these goals, starting in September 2014.

1. Be a guardian of .nz.
2. Protect and promote the open Internet through multi-stakeholder Internet governance (in New Zealand and globally).
3. Drive universal access to, and accessibility of, the Internet.
4. Catalyse New Zealanders' ability to make use of the social, cultural, economic and environmental gains that can arise through the Internet's use.
5. Encourage adoption of best practice and leading technology in New Zealand's Internet services and architecture.
6. Collect and disseminate information related to the Internet and inter-networking in New Zealand.
7. Be recognised as a high-performing organisation with the resources and ideas to deliver on the vision and mission.
8. Expand the role of and engagement with members.
9. Stronger relationships with strategic partners, new communities of interest and the wider Internet ecosystem.

The first goal is delegated to the Domain Name Commission Ltd and NZ Registry Services, who manage and operate the .nz top level domain as wholly owned subsidiaries of InternetNZ. InternetNZ actively manages its ownership interest in these two subsidiaries, which manage .nz on InternetNZ's behalf and in line with InternetNZ's objects.

2014/15 Budget

Author: Jordan Carter

Purpose of Paper: Discussion and Approval of the final 2014/15 Budget

Budget 2014/15

This paper represents the final 2014/15 budget, now that the income and business plan have been finalised, and proposes for Council's agreement the budget along with associated notes.

The summarised presentation table below now reflects the areas of work as per the business plan, and results in an increase from the budget presented at the April meeting of \$65k, and an overall increase of \$136k from the 2013/14 budget.

Income confirmed

The InternetNZ operating income is derived from domain name fee income, through dividends from NZRS, which have now been confirmed in the NZRS Statement of Directions and Goals dated May 2014, presented at this Council meeting.

Increase in expenditure

The increase in expenditure from the budget presented at the April 2014 Council meeting has been driven by the increase of \$50k to Community Funding as requested by Council, and the balance of \$15k is attributable to the area of Improved Organisational Performance.

2014/15 Budget Summary

The budget shows an operational budget limit of \$3.666million for 2014/15.

This is an increase of 4% or \$136,000 compared with the 2013/14 operating limit of \$3.530 million, which increased from the March 2012 reported limit of \$3.402million, by approved increases. RN 47/13 identity review project, RN 56/13 Auckland office rent and AGM 06/13, increase to honoraria.

The 2014/15 increase is due to factors noted below the summary table, presented overleaf.

Summary	Change over last year			
	2013/14	2014/15	budget	
Areas of Work	Approved	Proposed	Amount	%
Internet Issues				
Internet Issues Programme	0	20	20	0%
Internet Governance	434	371	-63	-15%
Internet Connectivity	181	91	-90	-50%
Internet Use	110	143	33	30%
Internet Technology	145	146	1	1%
Internet Law & Rights	74	88	14	19%
	944	859	-85	-9%
Community Funding				
Funding Rounds	73	157	84	115%
Strategic Partnerships	327	323	-4	-1%
On demand grants	50	20	-30	-60%
Research Stakeholder Perceptions	0	25	25	0%
	450	525	75	17%
Community Engagement				
NetHui	120	120	0	0%
Sponsorship	50	50	0	0%
Public Event schedule/Speaker series	0	20	20	0%
CRM	0	5	5	0%
	170	195	25	15%
Our Identity				
Design development	52	5	-47	-90%
PR & Comms	0	10	10	0%
Recognition measure	15	25	10	67%
	67	40	-27	-40%
Improved Performance				
Consultants	0	20	20	0%
Training	0	15	15	0%
	0	35	35	0%
Other				
International				
International Event	200	200	0	0%
	200	200	0	0%
Core Operations				
Depreciation	50	96	46	92%
Overhead	141	162	21	15%
Remuneration	962	961	-1	0%
Operating Expenses	242	266	24	10%
	1395	1485	90	6%
Members & Council				
	304	327	23	8%
	304	327	23	8%
Total \$000s				
	3530	3666	136	4%

Notes regarding the proposed operational budget:

- The proposed operational budget for financial year 2014/15 is \$3.666 million, an increase of \$136,000 or 4% compared with the 2013/14 year.
- The summary presentation above splits direct costs across work areas, including costs of consultants.
- It does not yet allocate overhead of staff costs across work areas. We will work on allocating this at a high level, and present that break-down at the next meeting.
- The profit and loss presentation below does show the budget by function.

The increase has been driven by increases in the following areas:

- **Community Funding** has increased by the additional \$50k of funding as requested by Council at the April Council meeting, and \$25k has been reallocated from the Internet Issues Programme budget to support Community Funding through researching stakeholder perceptions, as per the business plan (+75k).
- **Community Engagement** has also increased by a reallocation from the Internet Issues Programme budget to support Community Engagement conferences, public events/speaker series and ongoing costs of the CRM (+25k).
- **Depreciation:** the decision to look for shared premises that can fit the Group in November 2015 means that the expense of the fit out in Grand Arcade Tower needs to be written down this year and next, leading to much higher depreciation charges in this year's Budget. (+\$46k)
- **Rent:** the establishment of an Auckland office and the need for additional space in Wellington across the group expands the net rent figure, is net of re-charge for rent to NZRS. (+\$20k)
- **National Travel:** has increased by the cost of the having the Work Programme Director based in Auckland. (+\$37k)
- Council/Members budget is net of interest earned on reserves. The increase of \$23k is attributed to an increase in meetings costs, printing and stationery, international and national travel.
- Core Operations expenditure is net of re-charge for common services to NZRS and DNCL.
- The "Major Event Hosting" line is not anticipated to be drawn on in cash during 2014/15 other than for expenses relating to hosting preparation (likely \$30k), but the provision is required as part of underwriting the hosting of APRICOT in early 2016 in Auckland.
- All amounts are exclusive of GST.

Capital Expenditure

The proposed capital budget is \$115,000 (c.f. current year \$66,000), made up of the following items:

Item	Amount
Website/Design redevelopment	\$75k
Video conference equipment (AKL)	\$15k
Acoustic fit-out for Auckland Branch	\$10k

Computers	\$15k
-----------	-------

Reserves

Based on projected operational expenditure limits the financial reserves for 2014/15 as required by the Reserves Policy are to be maintained at a level of \$1,149,000 (current year: \$831,000).

Three year Profit & Loss projection

Appended is an updated three year profit & loss projection. The critical underlying assumption is that dividends from NZRS are broadly in line with the amounts forecast in 2014/15 SoD&G.

Recommendations

- I. That Council **approves** for 2014/15 an operational budget limit of \$3.666 million and a capital budget limit of \$115,000.

Jordan Carter
Chief Executive

29 May 2014

InternetNZ: 3 year Profit & Loss Forecast

Financial Year	2014/15	2015/16	2016/17	Total
	\$	\$	\$	\$
OPERATING INCOME				
Memberships	9,225	9,686	10,171	29,082
Reimbursement of Shared Services	282,210	296,321	311,137	889,667
	291,435	306,007	321,307	918,749
INVESTMENT INCOME				
Dividends	2,755,776	3,790,000	4,043,000	10,588,776
Interest Received	39,500	41,475	43,549	124,524
	3,086,711	4,137,482	4,407,856	11,632,049
REMUNERATION				
ACC Levies	3,989	4,189	4,398	12,576
Miscellaneous Staff Costs	4,326	4,542	4,769	13,638
Recruitment	26,815	28,156	29,564	84,534
Staff Training	22,325	23,441	24,613	70,380
Kiwisaver Employer Contribution	26,364	27,682	29,066	83,112
Casuals/Temps	16,223	17,034	17,885	51,141
Contractors	51,636	61,000	66,000	178,636
Contracted Technical Services	42,850	44,993	47,242	135,085
Salary & Wages	848,750	891,188	935,747	2,675,684
	1,043,277	1,102,223	1,159,285	3,304,785
OPERATING EXPENSES				
Accountancy Fees	30,900	32,445	34,067	97,412
Advertising & Marketing	14,060	14,762	15,501	44,323
Audit Fees	8,000	8,400	8,820	25,220
Bank Charges	1,622	1,703	1,789	5,114
Conferences	11,059	11,612	12,192	34,862
Consultants	97,304	102,169	107,278	306,751
Domain Names	735	772	810	2,317
General Office Expenses	30,000	31,500	33,075	94,575
Governance Training	12,978	13,627	14,308	40,913
Honoraria	185,256	185,256	185,256	555,768
Legal Fees	24,223	25,434	26,705	76,361
Meeting Costs	94,372	99,090	104,045	297,506
Postage & Couriers	4,326	4,542	4,769	13,638
Repairs & Maintenance	8,652	9,085	9,539	27,275
Repairs & Maintenance - Software	16,890	17,735	18,621	53,246
Printing & Stationery	20,700	21,735	22,822	65,257
Sponsorship	50,000	50,000	50,000	150,000
Subscriptions	25,750	27,038	28,389	81,177
Telecommunications	72,150	75,758	79,545	227,453
Travel/Accomm - International	32,223	32,223	32,223	96,668
Travel/Accomm - National	112,505	118,130	124,037	354,673
Web Site Updates & Hosting	8,652	9,085	9,539	27,275
	862,355	892,099	923,330	2,677,784
OVERHEADS				
Cleaning	23,635	24,817	26,058	74,509

Electricity	28,509	29,934	31,431	89,875
Insurance	10,475	10,999	11,548	33,022
Rent Paid	250,452	250,452	262,975	763,879
Security	3,323	3,489	3,663	10,475
	<u>316,394</u>	<u>319,691</u>	<u>335,675</u>	<u>971,759</u>
OTHER COSTS				
Depreciation				
Computer Hardware	11,548	11,548	11,048	34,144
Furniture & Fittings	63,800	63,800	63,800	191,400
Software	18,888	18,888	13,888	51,664
Office Equipment	1,764	1,764	1,299	4,827
	<u>96,000</u>	<u>96,000</u>	<u>90,035</u>	<u>282,035</u>
OPERATING COSTS	<u>2,318,026</u>	<u>2,410,013</u>	<u>2,508,325</u>	<u>7,236,364</u>
SUB-TOTAL PROFIT	<u>768,685</u>	<u>1,727,469</u>	<u>1,899,531</u>	<u>4,395,685</u>
Internet Issues Programme	859,000	901,950	947,048	2,707,998
NetHui National/Regional	120,000	120,000	120,000	360,000
APRICOT (Int'l Event Holding)	200,000	200,000	200,000	600,000
	<u>1,179,000</u>	<u>1,221,950</u>	<u>1,267,048</u>	<u>3,667,998</u>
Community Funding	500,000	500,000	500,000	1,500,000
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>1,500,000</u>
TOTAL EXPENSES	<u>3,997,026</u>	<u>4,131,963</u>	<u>4,275,372</u>	<u>12,404,361</u>
PROFIT	<u>-910,315</u>	<u>5,519</u>	<u>132,484</u>	<u>-772,313</u>
Special Dividend Interest	109,000	114,450	120,173	343,623
NET PROFIT	-801,315	119,969	252,656	-428,690
CUMULATIVE NET PROFIT	4,774,112	4,894,081	5,146,737	5,146,737
CASHFLOW Opening	4,942,564	4,419,101	4,736,159	4,942,564
Closing	4,419,101	4,736,159	5,191,330	5,191,330
RESERVES Requirement	1,149,000	1,206,450	1,266,773	

Statement of Directions and Goals (NZRS)

22 May 2014

Frank March
President
InternetNZ
PO Box 11-881
Wellington

re: Statement of Direction and Goals

Dear Frank

Please find enclosed our Draft Statement of Direction and Goals (SoDaG) for the financial year 2014-15. It has taken longer than normal to produce this draft given the ongoing uncertainty over business development and the implications that has for our strategy and budgeting.

While our end of year accounts are still to be audited, we are pleased to note that the management accounts used for budgeting in the SoDaG, show an improvement in our medium term financial position compared to our revised forecast in my letter of November 2013.

Our dividend forecast for 2014-15 is slightly higher than advised in November 2013 (\$2,756k vs \$2,633k), while that in 2015-16 is forecast to be significantly higher (\$3,790k vs \$3,057k).

A number of components account for the significant change to the forecast for the outer years, which we look forward to discussing with you.

Underlying trading conditions remain tight, with growth still variable and averaging at a lower rate than seen for a number of years.

If you have any questions around the SoDaG or our budgeting process in general then the NZRS CE and I will be available to answer questions at the next Council meeting.

Yours sincerely



Richard Currey
Chair



Statement of Direction and Goals

DRAFT

(incorporating strategy, key performance indicators
and 3-year budgets)

for the 3 Years
2014 - 2015 to 2016 - 2017

May 2014



NZRS Statement of Direction and Goals

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Introduction

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

This Statement of Direction and Goals InternetNZ incorporates the expectations set out by InternetNZ in its Statement of Expectations.

This Statement of Direction and Goals is draft as it awaits:

- 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.
- Any other audit adjustments.

The budget takes into account the following factors:

- The unaudited end of year financial performance for the 2013-14 financial year.

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

The environment in which we operate is changing across a raft of fronts and our strategy for the coming year reflects that. There are several key factors that drive our strategy:

Economic climate

For many years there appeared to be a link between the growth of .nz domain names and the general economic climate. However all the indications are that this link has now been broken, except potentially in extremis, as we have entered a properly competitive market.



Impact of new gTLDs

In our Statement of Direction and Goals from last year we identified a number of competing scenarios for how new gTLDs will affect nz.

It is clear from our low growth over the last year that the optimistic scenarios did not eventuate and we are now competing in a very different market.

At the same time, the initial launches of new TLDs have changed the economics of domain names in ways that are still being understood. Almost all new TLDs have chosen to individually price a tranche of domains, generally generic words, at a premium that is much higher than their normal price. Even relatively obscure terms like 'knitting' can demand a premium of \$1000 per year in some new TLDs.

Very few registrars are cooperating in the sale of premium priced domains, leaving those to the registry to sell direct and very few speculators appear to be buying them.

Distribution model

Most of our 80+ accredited registrars sell directly to registrants and much of our growth continues to come from those registrars whose business model is focused around the low cost sale of domain names. We are increasingly understanding our registrars through channel management and data analysis and using that to strengthen our relationships. Feedback from registrars gained through our independent satisfaction survey shows increasing levels of satisfaction.

At the same time we increasingly understand the impact of the 5000+ active resellers of those registrars. These come in all forms from individual web designers to large law firms and the advice they give their clients can have a large aggregate effect on .nz registrations.

Our marketing strategy continues to broaden to recognise and support the positive impact of the full range of registrars, resellers and influencers.

International peers

The global TLD community is changing rapidly. The most prominent of those changes as they affect us are:

- The distinction between ccTLDs and gTLDs is almost gone for many ccTLDs as they launch gTLDs.
- The whole concept of regional TLD organisations is breaking down while they wrestle with the question of how to involve new gTLDs.
- New gTLDs are organising themselves into associations that are rapidly outpacing the ccTLD equivalents in getting attention from ICANN.
- The influence of the ccTLDs in ICANN is draining quickly.

Best practice in domain name registries

The domain name industry is a maturing market that has yet to develop formal benchmarks of quality assurance that can independently test for compliance with best practice. We have begun to take the lead within our industry to develop agreement on best practice and benchmarking, while in the interim relying on regular contact with international peers to enable informal assessment. However this issue is proving difficult to gain traction on.

Previous examples of NZRS demonstrating leadership in global best practice include:



- The introduction of the concept of 'community acceptance' for our DNSSEC practice statement.
- The introduction of a zone scan policy for which community acceptance was achieved.
- Our move into 'big data' analysis of the traffic to our servers.
- The provision of a national network time service.

More recently we have taken a lead in the introduction of a responsible disclosure policy along with a bug bounty.

DNS industry

In recent years a number of good business have grown up from the supply of DNS technology or services.

- Dyn.com recently raised US\$38m in private investment to grow their DNS services.
- ISC have established a commercial subsidiary and ring-fenced some new features for that.

The development of features for DNS software is increasingly driven by commercial requirements. At the same time, the market in quality open source nameserver software is bigger than ever thanks to the efforts of .cz (Czech) and .eu (European Union).

Cloud services and social networking

In the past risks have been identified where the growth of either cloud computing or social networking could have an adverse impact on domain names sales. It is reasonably clear now that those risks have not eventuated.

User experience

We have previously noted that a simple, consistent and tightly managed user experience can be far more profitable than giving people lots of choice. In the registrar market this is increasingly being proven.

Apps

Only a few registries or registrars have released apps and there is only a nascent industry in third party apps related to domain names, generally built around valuation and sale of domain name investments. This is an area where this is a chance of some notable innovation over the next year.

Mobile access

50% of the visits to any web site are now from mobile devices. Mobile devices are far more locked down than desktops and laptops. As an example it is not possible to change the DNS settings on a mobile unless you hack your own phone.



NZRS Vision, Mission and Values

Vision:

Excellence in registry management through superior service and the innovative application of technology.

Mission:

To provide robust, reliable registry services enabling people, entities and communities to access and gain increasing benefit from the internet.

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
- commitment to leadership, innovation and an outward focus
- 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 and a Business Plan that supports its Strategic 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.

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:***
 - Increase our DNS data capture network to partners.
 - Introduce new nameserver software.
 - Aim to improve the Internet connectivity architecture of NZ.
2. ***Deliver world-class registry services that continually improve.***



- Finish the implementation of the SRS architectural review that futureproofs the SRS.
- Finish the development of a modernised web portal for registrars.
- Replace the hardware in one SRS cluster.
- Support the introduction of registration at the second level.
- Complete the insourcing with a full review of handed over systems.

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

Business development, while originally delegated to NZRS some years ago, has been the subject of much discussion and a changing set of expectations. Now that InternetNZ have provided a new set of expectations, work on business development can restart.

- Follow through the existing business development pipeline with identified opportunities.

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

The technical research team has been in place for some months but slowly exiting their operational role and it is only from this financial year that they can focus fully on research.

- Introduce a data cataloguing and publication service to sit on top of our data analysis cluster.
- Expand and improve our NTP network.
- Reach a decision on whether or not to apply to become a wholesale gTLD registrar.

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

The Statement of Expectations provided by InternetNZ has, for some years, included a request for a joint .nz strategy from NZRS and DNCL. Work on a joint strategy is yet to begin but progress on the antecedent work, the .nz Framework, has been very productive. The .nz Framework sets out in detail the roles and responsibilities for NZRS and DNCL with regard to .nz. Its development has enabled us to resolve many outstanding questions on roles. When complete, the .nz Framework should provide a solid basis on which to begin the development of a full strategy for .nz.

Marketing has been a core function of NZRS for just over 18 months and has already seen substantial benefits in our relationships and profile.

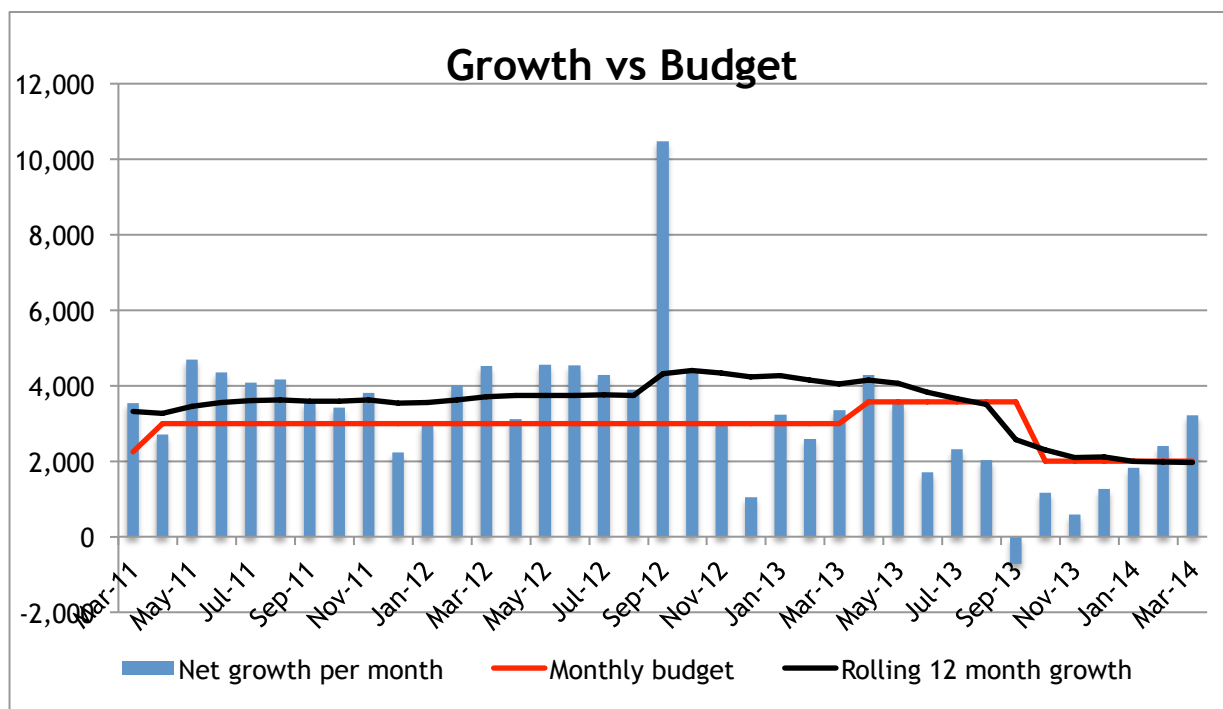
- Work with DNCL to create a full strategy for .nz.
- Continue to develop and implement a channel management strategy for registrars.
- Develop marketing material for .nz campaigns
- Update our existing marketing for opening the second level.
- Actively seek out best practice at the international level and share .nz best practice.



Key Performance Indicators and 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. The following chart shows growth against 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.

As a result the forecast comes in two halves, one for forecast for the first six months of the financial year and one for the second half. The following table shows this forecast along with our performance over the current and previous years:

Net growth	2012-2013	2013-2014	2014-2015	2015-2016	2016-17
Monthly budget H1	3,000	3,575	1,000	5,000	4,000
Monthly budget H2	3,000	2,000	13,000	250	250
Monthly budget	3,000	2,787	7,000	2,625	2,125
Monthly actual	4,043	1,965	-	-	-
Yearly budget	36,000	33,450	84,000	31,500	25,500
Yearly actual	48,516	23,580	-	-	-
above / (below)	12,516	(9,870)	-	-	-



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.

Financial key performance indicators

NZRS's financial performance indicators relate to each year's domain name fee revenue, net profit after tax, dividend to InternetNZ, retained earnings, capital expenditure and liquidity ratio maintenance. These are shown in the table below:

\$'000s	Actual	Budget	Budget	Budget
	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017
Domain name fee revenue	8,208	8,638	9,829	10,223
Other income	315	356	375	412
DNCL fee	1,500	1,870	1,926	1,984
Expenses (excl DNCL)	4,388	4,830	4,752	4,815
Net Profit	2,635	2,268	3,514	3,824
Dividend	(2,560)	(2,756)	(3,790)	(4,043)
Retained earnings	76	(488)	(276)	(219)
Capital expenditure	920	820	480	500
Liquidity ratio (31-Mar)	101%	103%	103%	103%



Appendix 1 - Budgets for the 3 Years to 31st March 2016

New Zealand Domain Name Registry Limited

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

	14 - 15 \$	15 - 16 \$	16 - 17 \$
INCOME	8,967,739	10,192,037	10,622,497
DIRECT COSTS	2,708,101	2,700,103	2,781,108
GROSS PROFIT	6,259,638	7,491,934	7,841,389
OVERHEADS	3,195,633	3,235,558	3,329,014
OTHER COSTS	796,201	742,147	688,260
OPERATING PROFIT	2,267,804	3,514,229	3,824,115
NET PROFIT	2,267,804	3,514,229	3,824,115
INCOME TAX	0	0	0
PROFIT AFTER TAX	2,267,804	3,514,229	3,824,115
DIVIDEND ACCRUAL	-2,755,776	-3,790,336	-4,043,269
RETAINED EARNINGS	-487,972	-276,107	-219,154
CUMULATIVE	-487,972	-764,079	-983,233



New Zealand Domain Name Registry Limited
BUDGETED STATEMENT OF FINANCIAL POSITION

	Opening \$	14 - 15 \$	15 - 16 \$	16 - 17 \$
FIXED ASSETS				
Software	3,405,219	3,405,219	3,405,219	3,405,219
Office Equipment	285,868	285,868	285,868	285,868
Computer Hardware	919,632	1,683,632	2,163,632	2,663,632
Leasehold Improvements	0	56,000	56,000	56,000
Accumulated Depreciation	-3,521,330	-4,317,531	-5,059,678	-5,747,938
	<u>1,089,389</u>	<u>1,113,188</u>	<u>851,041</u>	<u>662,781</u>
INTANGIBLE ASSETS				
TradeMarks and Brand	10,698	10,698	10,698	10,698
Accumulated Depreciation	-10,698	-10,698	-10,698	-10,698
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CURRENT ASSETS				
Bank	8,099,572	8,445,392	9,312,746	10,243,635
Trade Debtors	949,271	994,582	1,043,982	1,083,857
Other Debtors	13,944	0	0	0
Prepayments	67,647	67,647	67,647	67,647
Interest Receivable	88,224	88,224	88,224	88,224
	<u>9,218,658</u>	<u>9,595,845</u>	<u>10,512,599</u>	<u>11,483,363</u>
CREDITORS DUE WITHIN ONE YEAR				
Trade Creditors	351,173	295,607	259,343	267,163
Other Creditors	0	140,170	163,849	170,854
Deferred Income	6,357,562	7,161,916	8,105,215	9,092,048
Holiday and Sick Leave Accrued	72,983	72,983	72,983	72,983
	<u>6,781,718</u>	<u>7,670,676</u>	<u>8,601,390</u>	<u>9,603,048</u>
NET CURRENT ASSETS	<u>2,436,940</u>	<u>1,925,169</u>	<u>1,911,209</u>	<u>1,880,315</u>
CREDITORS DUE AFTER ONE YEAR	0	0	0	0
TOTAL NET ASSETS	<u><u>3,526,329</u></u>	<u><u>3,038,357</u></u>	<u><u>2,762,250</u></u>	<u><u>2,543,096</u></u>
CAPITAL & RESERVES				
Share Capital	30,000	30,000	30,000	30,000
Reserves	3,496,329	3,008,357	2,732,250	2,513,096
	<u>3,526,329</u>	<u>3,038,357</u>	<u>2,762,250</u>	<u>2,543,096</u>
Liquidity (bus dev reducing)	110%	103%	103%	103%
Surplus Cash over Required Liquidity	705,776	220,336	263,269	285,087



New Zealand Domain Name Registry Limited
BUDGETED CASHFLOW

	14 - 15 \$	15 - 16 \$	16 - 17 \$
RECEIPTS			
Income	10,813,528	12,339,095	12,850,937
Other Income	329,626	362,733	399,930
	11,143,154	12,701,828	13,250,867
PAYMENTS			
Invoiced Costs	351,173	0	0
Direct Costs	3,031,415	3,097,950	3,187,646
Overheads	3,239,497	3,420,045	3,512,608
Fixed Asset Purchases	864,416	584,584	573,083
Other Assets/Liab's Out	3,310,833	4,731,895	5,046,641
	10,797,334	11,834,474	12,319,978
NET CASH FLOW	345,820	867,354	930,889
OPENING BANK	8,099,572	8,445,392	9,312,746
CLOSING BANK	8,445,392	9,312,746	10,243,635



NZRS 4th Quarter Report

17 May 2014

Frank March
President
InternetNZ
PO Box 11 881
Wellington

Dear Frank

Re: 4th Quarter 2013 - 2014 Report

We enclose our fourth quarterly report of the 2013 - 2014 year; the quarter ended 31st March 2014. 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 \$683,479 for the quarter was 86.0% above the budgeted \$367,251.

Domain name growth has slowed significantly but was above the revised budget for the quarter (actual 7,427 versus budgeted 6,000). January's net growth was at 1,816, February's net growth at 2,395 and March's net growth at 3,216. Actual domain name fee income for the quarter was above budget by \$16,207 (actual \$2,077,092 versus budgeted \$2,060,885).

Expenses for the quarter were \$301,755 below budget (actual \$1,470,305 versus budgeted \$1,772,060) due to timing around recruitment and business development expenditure, cost control and the strong NZ dollar.

The company's liquidity ratio was met.

There were dividends totalling \$460,000 paid during this quarter.

2. Other Key Strategic and Operational Activities

a) Property

During this quarter we moved into our new office on L14 of Grand Arcade.

b) Recruitment

As part of the insourcing of our development and operations, a number of new staff were recruited this quarter. The operations team was expanded by the arrival of Mike Forbes and Josh Simpson as systems administrators, while a new software development team was created with the arrival of Taras Klish and Sean McCrindle as senior developers.

3. Business development

During this quarter we brought two opportunities to Council in line with the agreed business development, following which all work on business development was put on hold awaiting the outcome of the Council review of that policy.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Currey', written in a cursive style.

Richard Currey
Chair

NZ Domain Name Registry Limited
Financial Statements
For the Quarter Ended 31 March 2014

New Zealand Domain Name Registry Limited
Financial Statements
For the Quarter Ended 31 March 2014

Statement of Financial Performance

Balance Sheet

Statement of Cash Flows

Profit & Loss

NZ Domain Name Registry Ltd For the 3 months ended 31 March 2014

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Income								
Registry Fees	2,077,092	2,060,885	16,207▲	0.8%▲	8,211,030	8,208,006	3,024▲	0.0%▲
Total Income	2,077,092	2,060,885	16,207	0.8%	8,211,030	8,208,006	3,024	0.0%
Less Cost of Sales								
DNC Fee (348)	373,968	375,000	(1,032)▼	-0.3%▼	1,495,872	1,500,000	(4,128)▼	-0.3%▼
DNS Expenses	128,387	157,474	(29,087)▼	-18.5%▼	553,795	629,901	(76,106)▼	-12.1%▼
Other IT	60,588	54,519	6,069▲	11.1%▲	167,195	202,075	(34,880)▼	-17.3%▼
SRS Expenses	102,588	138,808	(36,220)▼	-26.1%▼	484,572	555,245	(70,673)▼	-12.7%▼
Total Cost of Sales	665,532	725,801	(60,269)	-8.3%	2,701,435	2,887,221	(185,786)	-6.4%
Gross Profit	1,411,560	1,335,084	76,476	6.0%	5,509,596	5,320,785	188,811	4.0%
Less Operating Expenses								
Depreciation & Amortisation	173,307	229,289	(55,982)▼	-24.4%▼	696,768	807,464	(110,696)▼	-13.7%▼
Overhead Expenses	631,466	816,970	(185,504)▼	-22.7%▼	2,009,877	2,228,455	(218,578)▼	-9.8%▼
Total Operating Expenses	804,773	1,046,259	(241,486)	-23.1%	2,706,645	3,035,919	(329,274)	-10.8%
Operating Profit	606,787	288,825	317,962	110.0%	2,802,951	2,284,866	518,085	23.0%
Non-operating Income								
Interest Received (203)	76,692	78,426	(1,734)▼	-2.2%▼	302,553	313,231	(10,678)▼	-3.4%▼
Total Non-operating Income	76,692	78,426	(1,734)	-2.2%	302,553	313,231	(10,678)	-3.4%
Net Profit	683,479	367,251	316,228	86.0%	3,105,503	2,598,097	507,406	20.0%

Balance Sheet

NZ Domain Name Registry Ltd As at 31 March 2014

	31 Mar 2014	31 Mar 2013
Assets		
Bank		
Cash and Cash Equivalents	8,099,572	7,423,866
Total Bank	8,099,572	7,423,866
Current Assets		
Accounts Receivable	949,271	805,132
Interest Receivable (688)	88,224	81,410
Prepayments/Credits (687)	67,647	87,106
Resident Withholding Tax Deducted (684)	-	7,461
Total Current Assets	1,105,143	981,108
Fixed Assets		
Fixed Assets	1,089,390	959,003
Total Fixed Assets	1,089,390	959,003
Total Assets	10,294,105	9,363,977
Liabilities		
Current Liabilities		
Accounts Payable	406,893	314,201
Credit Cards	29,289	-
Deferred Income - Registry Fees	6,014,320	5,682,822
GST	(13,943)	55,273
Total Current Liabilities	6,436,558	6,052,296
Non-Current Liabilities		
Deferred Income - Adjustment (81700)	327,195	327,195
Total Non-Current Liabilities	327,195	327,195
Total Liabilities	6,763,753	6,379,491
Net Assets	3,530,352	2,984,485
Equity		
30,000 Ordinary Shares (60100)	30,000	30,000
Current Year Earnings	3,105,503	3,121,803
Dividend Payment (483)	(2,559,637)	(3,828,920)
Retained Earnings (638)	2,954,485	3,661,602
Total Equity	3,530,352	2,984,485

New Zealand Domain Name Registry Limited
Statement of Cash Flows
For the Quarter Ended 31 March 2014



	This Quarter			Year to Date			Last Year (YTD)	Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance		Budget	LY Actual
Cash Flows From Operating Activities									
Cash Was Provided From:									
Registry Fees Received	2,107,912	2,613,511	(505,599)	9,299,977	10,218,287	(918,310)	8,893,892	10,218,287	8,893,892
Other Receipts	49,648	78,426	(28,778)	294,663	313,231	(18,568)	354,557	313,231	354,557
	<u>2,157,560</u>	<u>2,691,937</u>	<u>(534,377)</u>	<u>9,594,640</u>	<u>10,531,518</u>	<u>(936,878)</u>	<u>9,248,449</u>	<u>10,531,518</u>	<u>9,248,449</u>
Cash Was Distributed To:									
Payments to Suppliers and Employees	1,369,397	1,643,193	(273,796)	5,094,056	5,740,145	(646,089)	4,635,642	5,740,145	4,635,642
Net Taxation Paid (Refunded)	0	0	0	0	0	0	0	0	0
Net Dividend Paid	460,000	460,000	0	2,559,637	2,559,637	0	3,828,920	2,559,637	3,828,920
Net GST Paid	63,790	84,065	(20,275)	339,143	544,383	(205,240)	314,176	544,383	314,176
	<u>1,893,188</u>	<u>2,187,258</u>	<u>(294,070)</u>	<u>7,992,836</u>	<u>8,844,165</u>	<u>(851,329)</u>	<u>8,778,738</u>	<u>8,844,165</u>	<u>8,778,738</u>
Net Cashflows from Operating	264,373	504,679	(240,306)	1,601,804	1,687,353	(85,549)	469,710	1,687,353	469,710
Cash Flows from Financing Activities									
Cash was Provided From:									
Share Capital	0	0	0	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash was Distributed To:									
Purchase of Fixed Assets & Formation Expenses	423,418	498,717	(75,299)	955,386	1,303,717	(348,331)	910,175	1,303,717	910,175
	<u>(423,418)</u>	<u>(498,717)</u>	<u>75,299</u>	<u>(955,386)</u>	<u>(1,303,717)</u>	<u>348,331</u>	<u>(910,175)</u>	<u>(1,303,717)</u>	<u>(910,175)</u>
Net Cash flows from Investing Activities	(423,418)	(498,717)	75,299	(955,386)	(1,303,717)	348,331	(910,175)	(1,303,717)	(910,175)
Net Increase (Decrease) in Cash Held	(159,047)	5,962	(165,008)	646,418	383,636	262,782	(440,464)	383,636	(440,465)
Plus Opening Cash Balance	8,229,330	7,801,540	427,790	7,423,866	7,423,866	-0	7,864,330	7,423,866	7,864,329
	<u>8,070,283</u>	<u>7,807,502</u>	<u>262,782</u>	<u>8,070,283</u>	<u>7,807,502</u>	<u>262,782</u>	<u>7,423,865</u>	<u>7,807,502</u>	<u>7,423,865</u>
Closing Cash Carried Forward	8,070,283	7,807,502	262,782	8,070,283	7,807,502	262,782	7,423,865	7,807,502	7,423,865
Closing Cash Comprises									
ASB Bank Cheque Account	618,366	-	-	618,366	-	-	414,633	-	414,633
ASB Bank Call Account	252,326	-	-	252,326	-	-	569,728	-	569,728
Term Deposits	7,228,880	-	-	7,228,880	-	-	6,439,505	-	6,439,505
ASB Credit Cards	(29,289)	-	-	(29,289)	-	-	-	-	-
	<u>8,070,283</u>	<u>7,807,502</u>	<u>262,782</u>	<u>8,070,283</u>	<u>7,807,502</u>	<u>262,782</u>	<u>7,423,865</u>	<u>7,807,502</u>	<u>7,423,865</u>
Total Cash Held	8,070,283	7,807,502	262,782	8,070,283	7,807,502	262,782	7,423,865	7,807,502	7,423,865

.nz Joint 4th Quarter Report

.nz Quarterly Report

Fourth Quarter ended 31 March 2014

Introduction

This is the final joint .nz quarterly report for the 2013/14 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) ICANN

ICANN 49 was held in Singapore in March. The full schedule of the meeting is at <https://singapore49.icann.org/en/schedule-full> with copies of the transcripts and presentations available through <https://singapore49.icann.org/en/materials>.

Attendees from the InternetNZ Group were Debbie Monahan and Barry Brailey of DNCL, Jordan Carter, Ellen Strickland and Keith Davidson of InternetNZ and Jay Daley of NZRS.

A big focus of the ICANN meeting was around the recent NTIA announcement signalling their intention to transition their responsibilities for the DNS root, including their oversight of IANA, over to the global multistakeholder community. NTIA tasked ICANN with convening the community to develop a proposal to transition the role currently undertaken by NTIA which includes their stewardship of the DNS. This marks the final stage in the privatisation of the root as set out when ICANN was established.

This whole debate is existentially important to .nz as we rely on the IANA function to publish .nz nameserver details and if we were removed from the root by IANA then .nz would be taken off the Internet. At an operational level it is also important as we rely on IANA to action our change requests quickly and thoroughly.

A key topic of discussion was the role ICANN has in this, with a variety of views on what was the scope of the transition, and the process that should be employed. The NTIA statements made it clear to many of us that all aspects of their role were subject to the discussions to be had and that ICANN's role was to convene the multistakeholder community to try and get a consensus of views, not to impose any particular viewpoint itself. ICANN clearly disagreed and attempted at the beginning of the week to impose their own view on the outcome, but quickly backed down when it became clear they could not finesse the discussion.

In light of the NTIA announcement, and discussions at ICANN Singapore, the InternetNZ Group team developed a position which reflected the principles the Group works to and also the functional and structural split that has been in place and operating well for the .nz domain name space.

Two papers were prepared over the week and shared widely both with participants present and on a wide variety of mailing lists. These papers are also available online through a section of the InternetNZ website at <https://internetnz.net.nz/content/the-dns-transition>.

There were a number of people spoken to who were opposed to any separation and consider ICANN is best placed to automatically pick up the roles currently undertaken by NTIA. There were though, also a number of people who shared the InternetNZ Group position about the importance of structural separation or separating functions at least.

InternetNZ's work on this was acknowledged and formed the basis for a number of different discussions both within meetings sessions and in unofficial talks with a range of organisations. Work by the team has continued since the Singapore meeting and will do so until the whole process is concluded.

An update on .nz DNSSEC was provided to the DNSSEC workshop by Barry Brailey, this was well received and Dan York from ISOC expressed interest in the communications work and our approach to improve DNSSEC validation by ISPs. At relatively short notice Barry was also invited to present on a 'security topic' to the ccNSO. He took the opportunity to provide an overview of the NZITF, from it's creation to current working groups. He specifically covered the support NZITF has received in various forms from InternetNZ, NZRS and DNCL.

Jay continued in his role on the programme committee of the Tech Day and provided the usual closing speech. After a couple of year pushing for Tech Day to become an all of ICANN meeting rather than limited to the ccTLD community it looks as though ICANN are now behind that. This should ensure that we are able to have much better exchange of technical best practice for registries, across the whole of the ICANN community.

At the ccNSO members' meeting Jay gave a detailed presentation on .nz marketing, how it started and how we had developed it, that was well received. Keith continued his valuable work chairing the Framework of Interpretations group of the ccNSO, which is developing a set of guidelines for ICANN to use when considering the delegation or redelegation of a ccTLD.

This meeting saw the first stage of the handover of the NZ ICANN GAC (Governmental Advisory Committee) rep from Frank March of MBIE to Nicola Treloar also of MBIE. Nicola is experienced in this sector and has been well briefed on the principles that the NZG supports, which align well with the principles of InternetNZ and .nz.

b) New gTLDs

The two most popular new gTLDs have been .guru (with 52,216 registrations) and .berlin (with 46,149 registrations).

According to www.domainincite.com, almost 200 new gTLDs have now been added to the root, with a total of 583,138 names registered within the new spaces.

dotKiwi domains will become available for general registration on 1 May 2014 and it will operate on a first-come, first-served basis. Pre-orders for .kiwi domains have been available since mid-March, and for the names that have been pre-ordered will be submitted on the launch date automatically.

Our conversations with registrars at ICANN in Singapore indicated that they are on the whole unwilling to participate when new TLDs, such as dotKiwi, offer premium pricing as this is too complicated for their systems and customers. This is likely to be a big set back for many new TLDs that have chosen complex pricing structures.

c) Security

The Manager Security Policy of DNC attended the Blackhat Asia conference in Singapore,

whilst there he also attended some of ICANN where spoke on two panels and was invited to participate in the Law Enforcement workshop. He has engaged with ICANN, APNIC and APTLD in order to arrange local and regional Law Enforcement/ Justice Sector Training, including a workshop as part of Nethui. This should also lead to an APTLD 'train the trainer' workshop at the September APTLD meeting. Additionally, he has sourced a proposal from a regional expert relating to options and services for a National CERT, which relates to some ongoing activity he is undertaking with Group Security Forum.

DNC met with the Police National Cyber Crime Centre (NC3). There is interest in another training course in conjunction with APNIC. Discussions are also being held with IRD regarding domain name awareness and training.

2. Activities

a) .nz Promotion and Marketing

digitaljourney.co.nz goes Live - NZRS has contributed to a project funded by Google and InternetNZ in the last few months to assist businesses assess where they are on their digital journey. A business can generate a tailored action plan after completing the free assessment with supporting resources to help them unlock their online value. The use of domains names as the best means of identification online, features prominently.

NZRS has started development of the Registrar Portal which is a private web site for registrars providing them with information on their performance, invoices and payments as well as marketing collateral.

b) Registrations at the Second Level proposal

Changes to the Second Level Domain Policy around closing off applications for new second level domains on 30 April 2014 were approved by the DNCL Board and were formally notified and published on the DNCL website.

The final policies for .nz registrations at the second level were approved by the DNCL Board. The pending Registering, Managing and Cancelling, and Dispute Resolution Service policies were published on the DNCL website, along with reference to the minor changes to the Privacy, WHOIS, Change of Registrant, Second Level Domains, Transfer to Another Registrant policies and Outline Document. The date these policies will come into effect has not yet been finalised as the implementation of the project will depend largely on when NZRS have completed the required changes to the SRS.

Second level registrations project activities for the month were around:

- DNCL defining the requirements for anyname.nz and the awareness campaign that will be undertaken.
- DNCL working through the list of 'privileged' staff and contractors of the INZ Group for the RMC policy and deciding an approach to be taken in respect of the different groups
- DNCL and NZRS worked on the final list of names that would apply to each preferential group based on the final approved RMC policy.
- NZRS continued work around the technical development required to implement second level registrations

c) DNSSEC

A DNSSEC information guide for Registrars is being developed and this was discussed at the first DNSSEC meeting of the year. There was good discussion and feedback at the NZNOG meeting where a presentation on the work being done was given.

d) .nz Framework

Work began in earnest in this quarter on a framework to clarify the role and responsibilities for .nz, given the new areas of activity, such as marketing, that have been introduced in response to our changing environment.

e) International Engagement

- DNCL and NZRS staff attended the ICANN meeting in Singapore in March.
- The Manager Security Policy attended the Black Hat Asia in Singapore in March.
- DNCL staff attend the APTLD meeting in Malaysia in February.

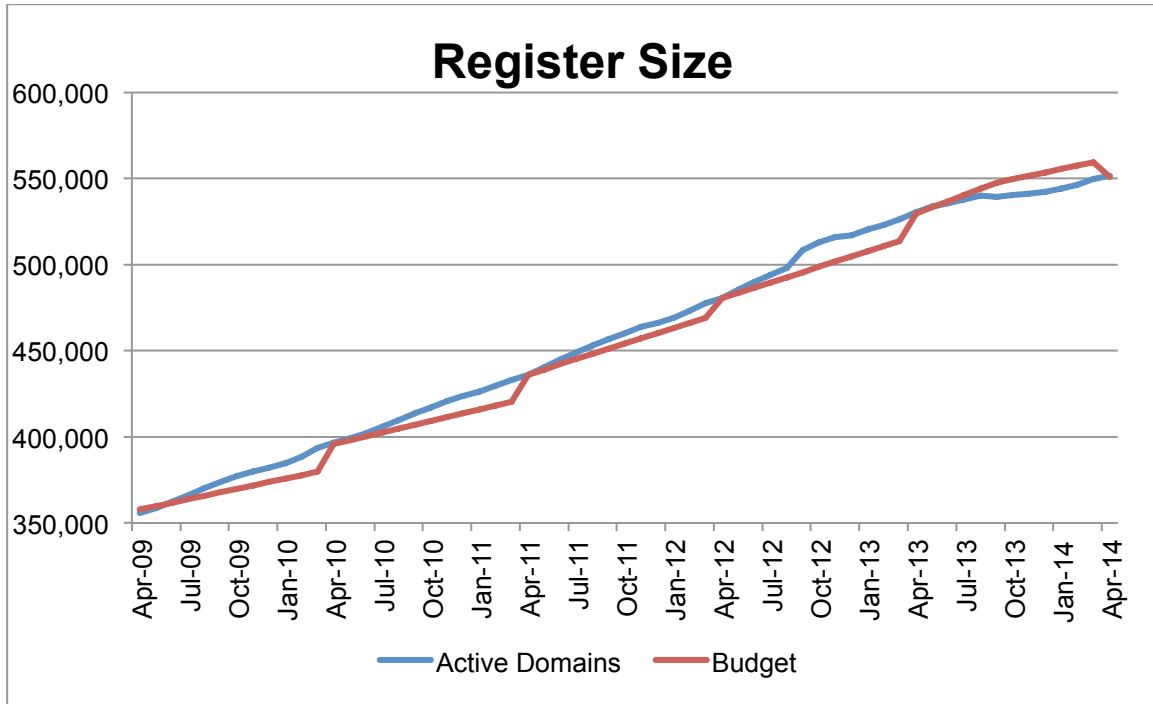
f) Other matters

Meetings of the DNCL Board were held in February and March with minutes available at <http://dnc.org.nz/story/minutes-dncl-board-meeting-5-february-2014> and <http://dnc.org.nz/story/minutes-dncl-board-meeting-21-march-2014>

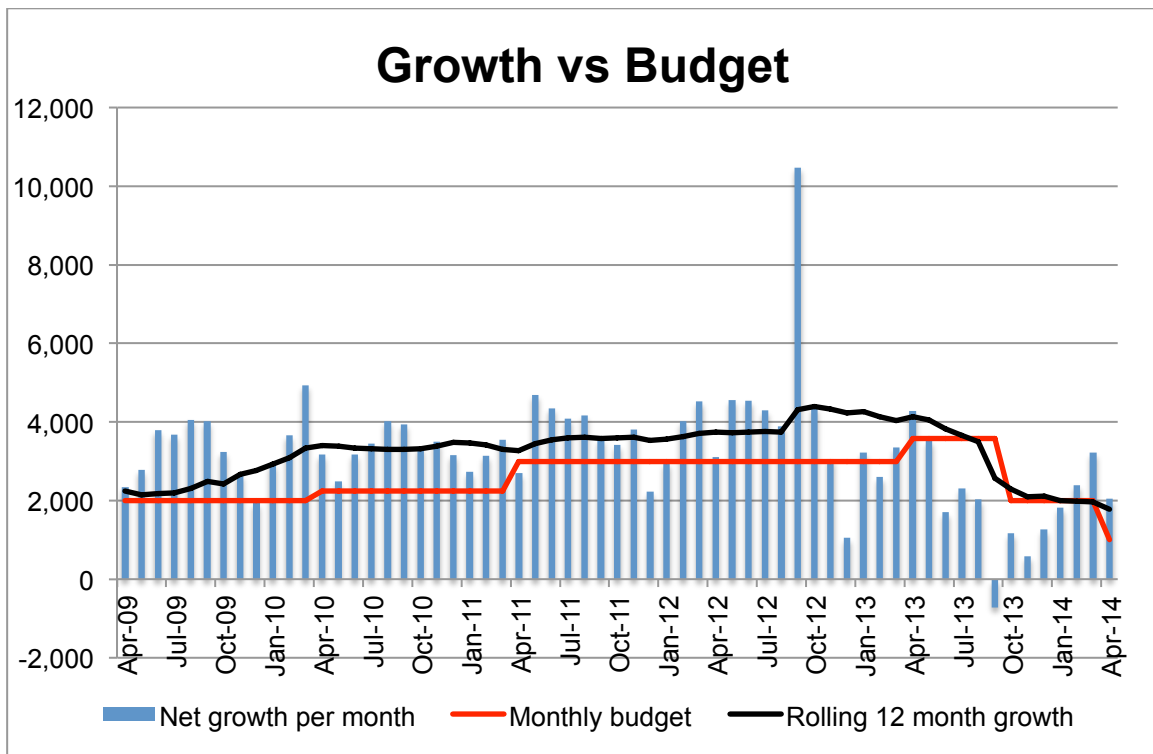
3. Statistics

a) Domain Names

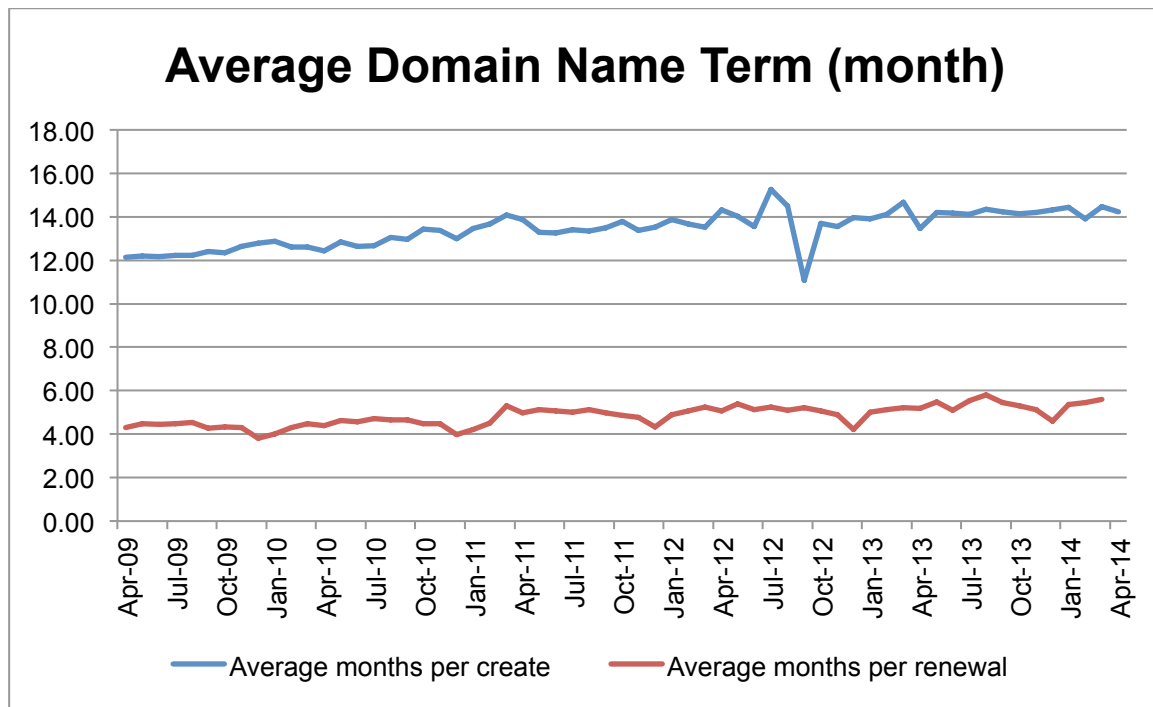
The size of the register against NZRS budgeted growth is shown in the chart below:



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



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



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

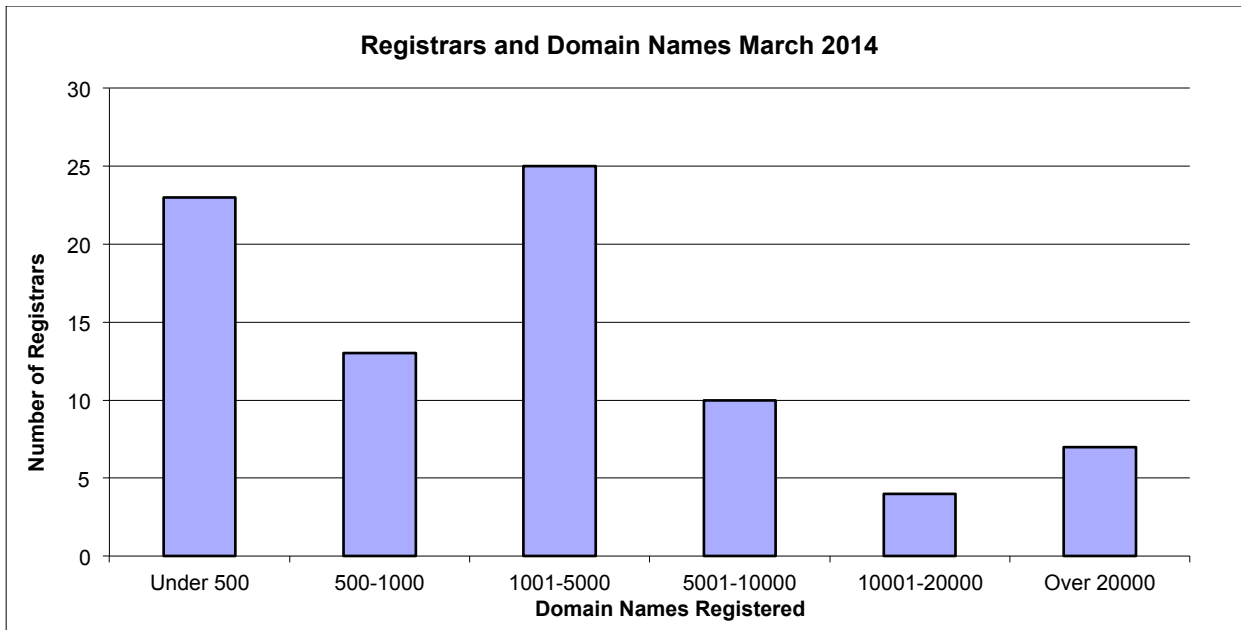
	31 Jan 2014	28 Feb 2014	31 Mar 2014
.ac	2,045	2,053	2,068
.co	468,858	471,142	473,950
.cri	12	12	12
.geek	1,197	1,204	1,202
.gen	1,331	1,336	1,332
.govt	1,047	1,046	1,042
.health	187	187	191
.iwi	85	85	86
.kiwi.nz	6,854	6,963	7,252
.maori	1,146	1,161	1,160
.mil	37	37	37
.net	29,598	29,607	29,689
.org	28,373	28,312	28,328
.parliament	10	10	10
.school	3,390	3,410	3,422
Total	544,170	546,656	549,781
Growth over previous month	1,816 0.3%	2,395 0.4%	3,216 0.6%
Variance against NZRS budget	-184	395	1,216

Over the quarter, .nz domain names have increased from 542,354 to 549,781, a net increase of 7,427 or 1.37%. This compares with a growth of 13,442 or 2.6% in the same quarter last year.

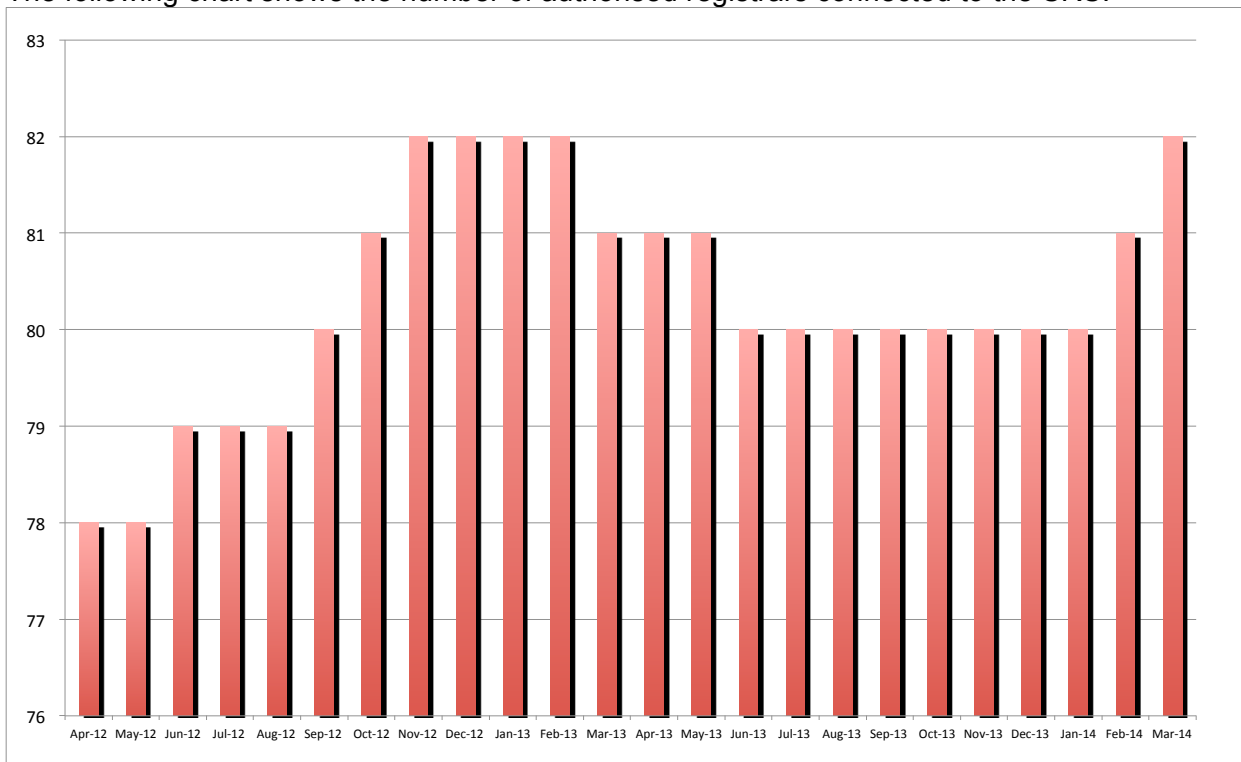
b) Registrars

Registrars authorised	84
Registrars connected	82

Number connected during the quarter: Two – Safenames and Ascio
 Number authorised during the quarter: Nil
 Number de-authorised during the quarter: Nil



The following chart shows the number of authorised registrars connected to the SRS:

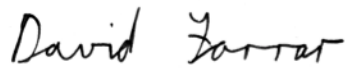


c) Registry Performance

SLA targets achieved for January, February and March 2014.

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

System	SLA %	Jan-14	Feb-14	Mar-14
SRS	99.9	100	100	100
DNS	100	100	100	100
Whois	99.9	100	100	100



David Farrar
Chair, DNCL



Richard Currey
Chair, NZRS

DNCL 4th Quarter Report

May 2014

Dr Frank March
President
InternetNZ

Dear Frank

Fourth Quarter 2013/14 Financial report

As for the first three quarters reporting to Council, DNCL are reporting .nz activities in a joint Quarterly report with NZRS. This means that the financial reporting is all that remains to be reported to Council. As you are aware, the DNCL financials are not complicated and so I have included the Profit and Loss Statement 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 2014

	Jan - Mar 2014			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
INCOME						
Management Fees	373,968	373,968	0	1,495,872	1,495,872	0
Authorisation Fees	9,000	3,000	6,000	18,000	9,000	9,000
DRS Complaint Fees	6,000	9,000	(3,000)	26,000	36,000	(10,000)
Interest Income	16,256	8,000	8,256	28,266	13,000	15,266
Total Income	405,224	393,968	11,256	1,568,138	1,553,872	14,266
EXPENSES						
Staff and Office Costs	259,808	193,329	(66,479)	863,966	824,350	(39,616)
Professional Services and Communications	39,500	53,760	14,260	86,035	186,800	100,765
Dispute Resolution Services	43,179	64,540	21,361	88,679	117,100	28,421
DNCL and DNC activities	107,259	52,845	(54,414)	228,206	211,280	(16,926)
International	32,551	61,990	29,439	188,713	259,000	70,287
Total Expenditure	482,298	426,464	(55,834)	1,455,600	1,598,530	142,930
Depreciation	3,312	8,000	4,688	5,614	32,000	26,386
Net Profit/Loss	(80,385)	(40,496)	(39,889)	106,924	(76,658)	183,582

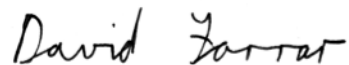
Note: These are the unaudited figures for the financial year. The audited report will be provided to Council when it has been signed off.

A main reason for the underspending within DNCL was that the budget allowed for higher levels of expenditure on the registrations at the second level project. Some of this work could start before the final policy was signed off but work around the awareness material started after the final policy approval in February resulting in a lower level of spending overall for the year but high in the fourth quarter. The increase in Staff and Office costs reflects the restructure of the DNCL office that resulted in the creation of an Office Manager role and a Manager, Legal Policy position. Recruitment for these roles, along with the Office Manager starting in the quarter, resulted in the increased expenditure. Legal expenses were also significantly under budget as no major investigations were undertaken over the year.

DNCL remains within the requirement of the Operating Agreement with InternetNZ in that the contingency held does not exceed 60% of the operational budget.

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

Yours sincerely

A handwritten signature in black ink that reads "David Farrar". The signature is written in a cursive, slightly slanted style.

David Farrar
Chair, DNCL

.nz Framework Review

Progress in developing the .nz Framework

Author: Jordan Carter

Purpose of paper: To provide Council with an update on the progress of the .nz framework review.

Introduction

The .nz Framework is being jointly developed by InternetNZ, NZRS and DNCL. It will establish and set out in comprehensive detail, the roles and responsibilities of the three business units with regard to .nz. The need for this has become clear as there have been a number of environmental changes affecting .nz that have required a structural response, such as the creation of a marketing function, and so exposed gaps and inconsistencies in the roles as commonly understood.

The original definition of these roles and responsibilities is distributed across a number of source documents and there have been multiples changes agreed over time, either by practice or by Council decision. These source documents include the Operating Agreements, the Statements of Expectations provided to the subsidiaries, the .nz policies and the Service Level Agreement agreed between NZRS and DNCL. The Rose Percival papers are included in the DNCL Operating Agreement and so were not examined separately. The Hine Report, given its age and how much it has been superseded has not been used as a source document.

Progress to date

Progress can be summarised as

1. Agreement on the elements of the .nz service that should be covered by the framework.
2. Agreement on the standard roles that can be assigned to each element.
3. Agreement on which business unit adopts which role for 80% of the elements.

This leaves 20% of the elements where agreement is yet to be reached on which business unit fills one or more of the identified roles. The elements are:

- Registry data
- DNS data
- .nz Marketing Brand and .nz DNCL Brand
- Registrar <-> Registrant security
- Research with registrants

Elements

Many of the elements are self-explanatory but a few require explanation:

IANA database	This is the contents of the IANA database, which is the public register for TLDs.
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InternetNZ reserved principles	There are a small number of principles for .nz that InternetNZ reserves to itself as specified in the DNCL Operating Agreement.
Structure of the market (SRS)	The current market structure as determined by InternetNZ, generically known as a Shared Registry System.
.nz Identity	The set of characteristics/attributes that define .nz in the public perception. The core components of the .nz brand.
Registry data	The data held on registrants (name, address, etc) and published in the WHOIS.
DNS data	The data of what nameservers each domain is delegated to and any DNSSEC information.
.nz Marketing Brand	The .nz logo and style guide.
.nz DNCL Brand	The brand by which DNCL represent their role in .nz
ICANN AoC	The Affirmation of Commitments letter signed with ICANN
ICANN contribution	The financial contribution paid to ICANN
IANA admin contact	The roles here show which business unit will respond to the IANA admin contact email and carry out authorisation functions using that email. It does not cover changing the details of that contact, which is shown under the 'IANA database' element above.
IANA tech contact	The roles here show which business unit will respond to the IANA tech contact email and carry out authorisation functions using that email. It does not cover changing the details of that contact, which is shown under the 'IANA database' element above.

Standard roles

A major achievement of the work so far has been the agreement on a set of standard roles that a business unit can be assigned. This list has changed over the course of the work and may change again as the remaining areas are resolved.

The roles are split into three categories:

Ownership

All elements have the concept of ownership and most have a delegation of the ownership which is reflected in the standard roles defined in this category.

Owner	In most cases this role is assigned to INZ and will remain as INZ. The only cases where it isn't is where it refers to a process or business function that one of the subsidiaries is wholly responsible for.
Delegated To	While INZ is the Owner, in most cases the ownership is delegated to a subsidiary.
Formal Reporting	This shows what business unit must formally report to what other business unit

Change Process

Recognising that no part of .nz is static, there are a set of standard roles that relate to how the elements may be changed.

Propose Change	Any business unit may propose a change to any element at any time. This role identifies which business unit(s), if any, are specifically expected to propose changes as part of their role.
Notified	What business units must be notified of any proposed change.
Verify – Principles and Policy	Which business unit verifies any proposed change to ensure that it complies with .nz principles and policy. In practice only DNCL can take this role and so the Framework lists which elements this role applies to as it does not apply to all roles.
Verify – Technical and Commercial	Which business unit verifies any proposed change to ensure that it complies with technical and commercial best practice. In practice only NZRS can take this role and so the Framework lists which elements this role applies to as it does not apply to all roles.
Review for SLA	Which business units will review the proposed changes to see if they should lead to a change in the SLA. In practice this will always be NZRS & DNCL and the Framework lists with elements this role applied to.
Consult with LIC	Which business unit consults with the Local Internet Community (LIC), where LIC is deliberately left as a very broad term that is interpreted as needed for each element.
Verify – Community Acceptance	Which business unit assesses whether or not the community has accepted the proposed change as represented by the community during the consultation. Not all consultations require an assessment of community acceptance.
Approve Change	Which business unit makes the final decision at board or management level to proceed with the change, once the various verifications have been completed. This role always matches the "Delegated To" role above as it relates to the ownership function rather than a third party approval.
Implement	Which business unit implements a change, once approved.
After the fact intervention	Once a change has been implemented, if issues are then identified with that, this role is which business unit then intervenes.

It should be noted that the verification is a hard stop. If a change doesn't pass verification then it does not proceed; the delegated owner cannot approve a change if a change has not passed verification.

Next steps

The CEs and the WG are continuing to work through the remaining areas and will report in due course on progress.

Recommendations

THAT Council **receive** the report on the progress of the .nz framework review, and **notes** with favour the considerable progress made to date.

Jordan Carter
Chief Executive

30 May 2014

Business Development

Business Development: Letter from NZRS and Policy adoption

Author: Jordan Carter

Purpose of paper: To bring to Council's attention a letter from NZRS in response to Council's letter on business development from March 2014, to propose the key elements of a reply to NZRS for Council's discussion and decision, and to finally adopt the Business Development Policy as agreed in February.

Introduction

The issue of Business Development in the Group has taken considerable time and attention from Council in the past few months. Following the February meeting, Council prepared a letter to NZRS which was sent in March setting out its proposed approach (this is attached as Appendix B).

NZRS has considered this letter and written a reply, received by me on 28 May 2014 (this is attached as Appendix A). The letter raises a number of questions for Council to clarify to help the Company complete its understanding of the business development framework.

This paper sets out the questions raised by NZRS and proposes for Council consideration my recommendations as to how to respond.

I also recommend raising the limit set by Council in its previous letter for particular Business Development matters from \$50,000 per opportunity to \$100,000 per opportunity, but retaining the overall \$400k cap.

Finally, the Council has yet to formally adopt the revised Business Development Policy document. This is attached (as Appendix C) and the last recommendation is to adopt this formally.

Questions in the NZRS letter and proposed answers

There are a number of questions and matters raised in the letter. These are copied here and proposed answers suggested, along with supporting logic if required.

A - Fit with InternetNZ objects and NZRS skills

NZRS asks:

Does Council support the approach of NZRS to explore opportunities that are a tight fit to InternetNZ's objects and NZRS skills or does it expect NZRS to explore lower cost opportunities with less of a fit?

Proposed response:

Council supports an approach by NZRS of exploring opportunities that are a tight fit to InternetNZ's objects and NZRS skills.

Rationale:

- A tight fit with the existing skills of NZRS will minimise execution risk on any particular business development opportunity, and reduces the chance that an overly broad portfolio of activity on the company's part might divert attention from its core role.
- The alignment with InternetNZ objects is important in maintaining Group coherence.

B – Financial principles regarding transparent accounting and lean resourcing

NZRS asks:

Does Council support the two financial policies of honest accounting and operating as a lean organisation or does it expect NZRS to have significant internal resources spare to use for business development whose costs are absorbed as BAU?

Proposed response:

Council supports both policies: of transparent accounting for resources deployed, and of retaining a lean core team for NZRS. The implication that resources for business development beyond basic product research and scoping will require contracted resources which will be accounted for with visibility – and count against the resource commitment limits required by Council – is understood and acknowledged.

Rationale:

- Openness and transparency are core features of how InternetNZ wishes to operate, as demonstrated most recently by Council decisions regarding reporting of staff remuneration.
- Council should not send any signals to any subsidiary that resources should be retained beyond those required to perform the functions of the business. Sending such a signal is contrary to good stewardship of Group financial resources.
- There will be some use of internal resources e.g. for business development concepts being created and tested, and so the issue is not a brightline test for all business development: it is simply about keeping a lean team in NZRS and additional paid resources being transparently accounted for.

C – Local v overseas development

NZRS asks:

Does Council support the exclusive use of local IT firms to design and develop software or, in order to keep within the specified limits, does it expect that NZRS will need to commission software development from overseas firms?

Proposed response:

Council supports the current approach by NZRS of using local IT firms to design and develop software, and does not expect overseas procurement to be used for this purpose. This does not preclude a choice by NZRS to use such firms for development on a case by case basis if other factors suggest this is the best approach after all matters are considered.

Rationale:

- Maintaining the current approach will continue the current focus of NZRS in deployment its procurement resources in a way that develop and support the local community.
- Decisions about procurement avenues should be based on fitness for purpose, with cost only being one factor.

D – Customer equality

NZRS asks:

Does Council support NZRS taking the same principled approach to new customers of new products as it does for .nz or does it expect that new products will only be offered to selected segments of the market based on likely profitability?

Proposed response:

Council supports the current approach in general terms, but does not wish to apply this in a blanket fashion free of nuance. That is to say, if a service was to be conceived that was only of relevance to a narrow market, equality of treatment within that market is an important principle to uphold. Council also distinguishes between the development of a new product or service and its availability once developed: development in an iterative fashion will of necessity (and certainly in the early stages) only involve a subset of prospective customers, but NZRS should make efforts to ensure development does include the full range of potential customers in the relevant market rather than a selective approach that could cause reputational damage to the Company or the Group.

Rationale:

- NZRS offers the same service on the same terms to .nz registrars and provides equal information and opportunities to all in developing these services.
- The same principle should apply to the development of new services, but this needs to be qualified in the ways set out in the proposed response above – in particular:

- The principle applies in respect of the intended market for the service, which could be narrow; and
- Within that market, subsets of potential customers will be involved with the development process and that is understood.

E – Working within the Financial Limit

First issue – if further resources are required to reach Minimum Viable Product (MVP).

NZRS asks:

If it were clear at the outset that a specific opportunity would cost more than \$50k to get to MVP then would Council consider a higher limit for that opportunity or does it expect that all opportunities are developed to MVP stage within a \$50k budget?

Proposed response:

Council understands that some particular business development opportunities might require resources in excess of the limit in order to achieve an MVP. Where this is the case, NZRS should use the process set out in our earlier letter of 24 March to seek approval for a higher limit through the InternetNZ Chief Executive.

Rationale:

- The thresholds set out in your earlier letter are designed to balance flexibility for NZRS in pursuing business development opportunities with the need for Council oversight when significant resources are being deployed.
- More expansive business development opportunities should not be ruled out by the approach, and so an ability to approach Council with a well-reasoned case should be part of the business development approach.

Second issue – criteria for decisions regarding further resources once MVP reached.

NZRS asks:

If an opportunity is progressed to MVP then what criteria would be applied to any request from NZRS for additional funds for that opportunity?

Proposed response:

Council has not developed criteria to apply in respect of these additional funds. Such criteria will be developed by the Chief Executive and discussed with other Group Chief Executives before being presented to Council for adoption at its August 2014 meeting. If NZRS believes a decision of this type will be required before then, please advise Jordan as soon as possible.

Rationale:

- Explicit and transparent criteria as to how decisions will be made on this front should be developed as a matter of proper practice and to give those seeking such funding a clear framework to structure their proposals around.

- To avoid further delays in the business development process, such criteria should be signed off sooner rather than later.
- The proposed timeframe is achievable.

Change to the financial limit for individual business development opportunities

In its March letter, Council set out financial limits for NZRS as follows:

NZRS currently holds \$400,000 in business development funds, which was authorised by Council in 2013. NZRS is expected to draw down these funds without replenishment. To maintain the group's investment at a reasonable level Council requires that business development opportunities that are being explored will initially be kept at or below a cost of \$50,000 per year per venture, with the limit increasing to \$100,000 per year per venture once the Council has been satisfied that the money is being spent effectively. The total amount spent on business development will remain under the \$400,000 cap at all times. Any additional investment above these limits will need to be agreed with InternetNZ Council.

The recommendations I have made in the previous section in how to respond to the NZRS letter render the \$50,000 limit unfeasible. Such a limit requires a reliance on in-house resource that isn't appropriate.

NZRS is not a start-up; it is pursuing business development from the perspective of a well-established operation that maintains a vital piece of New Zealand's Internet infrastructure. We regularly rely on it to execute projects valued an order of magnitude above the proposed spending limits. The straight-jacket these very low limits impose make no sense to me.

As such I recommend that the limit per opportunity be increased to \$100,000, and that the reference to a future increase in the limit be removed.

NZRS are very clearly on notice that there is a lot riding on their execution of business development. I have full confidence in the company's ability to do that job and impress Council. We need to give them the flexibility to do just that.

Consultation

Given that this paper is advice to Council regarding how to respond to a letter from a subsidiary, I advise that I have not discussed my advice or shared this paper in advance of submitting it to Council with any staff member or any Board member of either subsidiary company.

Recommendations

THAT Council **receive** the letter from NZRS dated 28 May 2014 regarding business development.

THAT Council **agree** the proposed basis of its response to NZRS as set out in this paper **[[as amended following discussion]]**.

THAT Council **agree** to increase the per-opportunity expenditure limit for business development from \$50,000 to \$100,000.

THAT Council **agree** that no staged increases in the per-opportunity expenditure limit for business development will be contemplated in the near term.

THAT Council instruct the Chief Executive to prepare a draft letter to NZRS from the President consistent with the advice in this paper **[[as amended]]** and the preceding resolutions.

THAT Council **adopt** the Group Policy on Business Development with immediate effect.

Jordan Carter
Chief Executive

30 May 2014

Attached: Appendix A: Letter of 28 May from NZRS re Business Development.
 Appendix B: Letter of 24 March from President re Business Development.
 Appendix C: Group Policy – Business Development

Appendix A

Letter from NZRS to InternetNZ re Business Development

28 May 2014

Frank March, President
InternetNZ
PO Box 11881
Wellington

28 May 2014

re: Business Development

Dear Frank

Thank you for your letter of 24 March 2014 setting out InternetNZ Council's expectations of NZRS and DNCL in regard to business development.

The simplification of the process for business development is welcome but with this simplification comes a number of areas of uncertainty. In particular we are concerned that the expectations that led to a low limit of \$50k per opportunity may be in conflict with our principled approach to business. So I write to you now seeking clarification of Council's expectations in those areas.

Fit with InternetNZ's objects and our skills

Business development opportunities sit on a wide spectrum of relevance to NZRS and InternetNZ, from those that have a tight fit to our objects and skills to those that have no relation at all and are chosen purely for their commercial potential. This has been the subject of much debate with the outcome that all business development must strongly support the objects of InternetNZ. Or, to put it more practically, all business development must take InternetNZ closer towards fulfilling its mission.

NZRS takes the approach that the opportunities we pursue should have a tight fit to our objects and skills rather than consider any commercial opportunity, however weak the fit. This means that the opportunities we pursue will provide a service to the benefit of the public while also providing a revenue stream to support the service and provide funds for InternetNZ to use. It should be noted, not all such public good services have a commercial opportunity associated with them and so on occasion we have launched such a service outside of any business development policy as a free, public good service.

Developing an innovative service with this tight fit is inherently more work and more expensive than picking the low-hanging fruit of a purely commercial opportunity. A tightly constrained budget for new business development would require a major rethink of that with a switch to opportunities that are less of a fit to the objects.

NZRS seeks clarification on the following point: *Does Council support the approach of NZRS to explore opportunities that are a tight fit to InternetNZ's objects and*



NZRS skills or does it expect NZRS to explore lower cost opportunities with less of a fit?

Financial principles

NZRS has always adopted two key financial principles that have a material impact on business development. The first is honest accounting, where the true costs of any activity are split out and recognised. This ensures that the performance, risk and impact of any activity can be properly measured.

The second principle is that we operate as a lean organisation that only employs the staff that it needs to do the job and no more. This is part of the fundamental basis on which NZRS was established.

Our approach to business development has been for initial research to be accounted for as BAU until an opportunity is potentially viable enough for development to begin. This development is then accounted for as specific project expenditure from the business development fund.

An alternative approach to business development, inconsistent with these two principles, is for NZRS to maintain significant internal development resources that can be redirected to business development and account for these as BAU rather than expenditure against the specified limits.

NZRS seeks clarification on the following point: *Does Council support the two financial policies of honest accounting and operating as a lean organisation or does it expect NZRS to have significant internal resources spare to use for business development whose costs are absorbed as BAU?*

Local vs overseas development

NZRS has always used local IT firms to design and develop software given the important role that .nz plays in the local community. These firms are chosen through a competitive process with considerable due diligence built into that process.

It is possible to find cheaper software development firms based in lower wage economies overseas saving up to 75% of software development costs.

NZRS seeks clarification on the following point: *Does Council support the exclusive use of local IT firms to design and develop software or, in order to keep within the specified limits, does it expect that NZRS will need to commission software development from overseas firms?*

Selected customers

NZRS takes a principled approach to its customers, treating them equally fairly. For example, new features are offered to all customers equally and they are all provided the same opportunity to guide our development.



Developing new products to the same ethical standards is more expensive than an alternative approach, which sees NZRS only offer the product to the most potentially profitable segment of the market and use their feedback alone to develop the product. For example this could mean concentrating solely on large enterprises willing to buy a premium package and approaching those enterprises directly rather than making the product generally available.

NZRS seeks clarification on the following point: *Does Council support NZRS taking the same principled approach to new customers of new products as it does for .nz or does it expect that new products will only be offered to selected segments of the market based on likely profitability?*

Working within the financial limit

If the expectations of Council are that we maintain our principled approach as set out above then we are concerned that it will not be possible to deliver any meaningful opportunity within the \$50k limit. This is based on our long experience of developing and commissioning software products

It may be that few councillors have commissioned the development of software or if they did it was some years ago and so to assist their understanding of the true costs of software development we provide some examples of costs of projects undertaken by NZRS in recent years and the estimate for one business development opportunity:

Project	Development	Additional costs	Overall
SRS architectural review	\$542,000	Hardware (\$67k)	\$629,000
Registrar portal	\$140,000	-	\$140,000
getyourselfonline	\$35,000	Videos (\$17k)	\$52,000
Domain analytics MVP (estimate)	\$110,000	Audit/HW (\$15k)	\$125,000

Bearing in mind these previous development costs it is unclear from the letter what criteria would be used to assess a request from NZRS for investment in an opportunity over and beyond the initial limit of \$50k. In particular it is not clear if the expectation is for a minimum viable product (MVP) to be launched within the \$50k or some other milestone met.

NZRS seeks clarification on the following point: *If it were clear at the outset that a specific opportunity would cost more than \$50k to get to MVP then would Council consider a higher limit for that opportunity or does it expect that all opportunities are developed to MVP stage within a \$50k budget?*

We are also unclear as to the process for an opportunity that has reached MVP to then become eligible for further investment.



NZRS seeks clarification on the following point: *If an opportunity is progressed to MVP then what criteria would be applied to any request from NZRS for additional funds for that opportunity?*

Finally, I note that if it is the expectation of Council that NZRS continue with its principled approach and develop all opportunities to MVP within a \$50k limit then it is likely we will need to take several months to identify and research entirely new opportunities as none of our current opportunities can be developed within this limit. We can give no guarantees that any new opportunities can be identified in a line of business relevant to the InternetNZ Group.

Both the NZRS CE and I will be available at the next Council meeting to answer any questions you may have, otherwise we look forward to your reply.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Currey', written in a cursive style.

Richard Currey, Chair
NZRS



Appendix B

Letter from InternetNZ to NZRS and DNCL re Business Development

24 March 2014



24 March 2014

Richard Currey
Chair of the Board
New Zealand Domain Name Registry Ltd (trading as NZRS)

POST P.O. Box 11-881, Wellington, New Zealand
PHONE +64 4 495 2119
FAX +64 4 495 2115
EMAIL office@internetnz.net.nz
WEB www.internetnz.net.nz

David Farrar
Chair of the Board
Domain Name Commission Ltd

Dear Richard and David,

Business Development approach

At its meeting on 12 February, the InternetNZ Council discussed the matter of business development in some detail, spurred on by a revised draft of a previous Group Policy on Business Development that was presented by the three Chief Executives.

Council's decision was to consult members on the policy section of that paper, and to replace the process section of that draft policy with an exchange of letters. The framework for business development set out here is consistent with the draft policy. It grants InternetNZ subsidiaries the flexibility to progress business development, retains the approval authority of Council and membership consultation where appropriate, and provides for smooth processes and professional governance.

This letter and the attached appendix set out the Council's views on this matter. I trust they provide a clear approach for business development.

Overall approach

The Council's support of business development as an activity for InternetNZ to pursue is set out in the policy attached in Appendix 1. It expects all business units to act in a positive and supportive manner in respect of business development efforts.

NZRS

InternetNZ sees NZRS as its primary vehicle for business development, and expects the company to have this as a strategic focus, prioritised after, of course, the critically important core business of NZRS.

It is the expectation of InternetNZ that in exploring a business development opportunity within the limits set out below, NZRS will generally take the approach of understanding end user needs, developing and testing prototypes then minimum viable products, testing those in the marketplace, and iterating as required in order to build a market for the product.

Council recognises and expects that there will be failures, and some that products will not show sufficient evidence of a market for any further development to be commissioned. That is inevitable in any process of business development and InternetNZ's intention is that the incentive is for NZRS to learn about the failures at as low a cost as possible.

NZRS currently holds \$400,000 in business development funds, which was authorised by Council in 2013. NZRS is expected to draw down these funds without replenishment. To maintain the group's investment at a reasonable level Council requires that business development opportunities that are being explored will initially be kept at or below a cost of \$50,000 per year per venture, with the limit increasing to \$100,000 per year per venture once the Council has been satisfied that the money is being spent effectively. The total amount spent on business development will remain under the \$400,000 cap at all times. Any additional investment above these limits will need to be agreed with InternetNZ Council.

Council expects a no-surprises approach by the company in pursuing business development, insofar as this can be maintained given commercial realities of business development. This should include an open door and open exchange of information and views regarding business development plans with the InternetNZ CEO and with the group of Councillors appointed as a business development liaison group.

DNCL

Any business unit is welcome to pursue business development opportunities, in a manner consistent with the policy for business development. Where DNCL wishes to consider business development opportunities, it should do so. There is no strategic imperative on the company to do so: as noted, NZRS is the core focus for business development in the group.

Where a business development opportunity being pursued by another business unit has an impact on .nz registry or DNS functions, DNCL has an interest in the matter given its role as the policymaker and regulator for .nz.

Council expects that in providing feedback and guidance to other business units in such conversations, DNCL will ensure that the other business unit is aware of any issues that might cause business development plans to clash with:

- the high level principles for .nz set out in the Operating Agreement, or
- fundamental elements of the .nz policy framework.

Internal communications regarding business development

In general, the Council expects that informal and on-going discussions between the group's Chief Executives will ensure appropriate and timely sharing of information regarding business development. This is to ensure all relevant matters are taken into account by any unit conducting business development.

Where a business development proposal includes .nz or DNS matters, the business unit's reporting will include specific comment on DNCL and NZRS's respective views as appropriate.

Council's role in business development

As shareholder InternetNZ Council has a role in overseeing business development matters and in approving large investments, as a specific subset of its interest in its subsidiaries as owner.

DNCL

DNCL should provide specific reporting to Council if it is contemplating a business development opportunity, and in particular should outline the financial implications of any such development. It is not expected that DNCL would progress such opportunities prior to a discussion with Council.

NZRS

NZRS should provide a report on business development on a quarterly basis, at the same time as it provides its general reporting. This report can be commercially confidential if required, but must be an evidence-based reflection of the development efforts and results to date.

As noted above, Council's prior agreement is needed when a particular opportunity exceeds certain dollar thresholds. To obtain such agreement NZRS should approach the Council through the Chief Executive not less than two weeks before a Council meeting, and present for the meeting an appropriately high-level outline of the proposal it wishes to progress.

General accountability for business development

The Council regards the NZRS Board as having general accountability for business development, subject to the approvals required above spending limits imposed by the shareholder. In pursuing that role, in line with the framework set out in this letter, Council expects the company to act in a manner that brings credit to the group, protects InternetNZ's reputation, and brings into being services and activities that are consistent with InternetNZ's objects and that can help achieve our vision and mission.

Attachment

The attached Appendix 1: Business Development Policy is the draft Group Policy on Business Development. It is being discussed with members in March and Council will finalise it in April.

I trust this sets out a workable framework for business development, and I look forward to your reply.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank March', written in a cursive style.

Frank March
President

Appendix C

Group Policy – Business Development

6 June 2014

Business Development Policy

Adopted	6 June 2014 (RN XX/14)
Version	4.0
Review date	June 2016

The need for business development

InternetNZ provides services to NZ Internet users on both a paid basis, such as .nz, and an unpaid basis, such as the OpenPGP keyserver, where a service is defined as an ongoing operational commitment to external customers. The general ethos of our service provision is to provide a trusted, quality service to the community on non-discriminatory terms to support the open Internet in NZ.

Currently, all material income of InternetNZ and its subsidiaries comes from the single service of .nz domain names. In recent years the domain name market has become increasingly volatile and the risks to InternetNZ from that volatility have become apparent.

Business development is the proactive effort to identify, explore new opportunities and then develop those into new services. This effort is undertaken for the following reasons:

- The development of a service may be the best way for InternetNZ to deliver a particular object or priority.
- InternetNZ needs a diversified income stream for InternetNZ that reduces the risk of it being required to suddenly scale back its work in response to a sharp change in the domain name market.
- InternetNZ must avoid the stagnation and ultimate demise that so often affects dominant incumbents through a lack of innovation and change.
- InternetNZ could benefit from an increased income that allows it to expand the work that it does in pursuit of its objects.

Purpose of this policy

The purpose of this policy is therefore to:

1. Set out the top level policy for all business development undertaken by the group;
2. Ensure that all business development opportunities are well managed in a consistent and well communicated manner;
3. Ensure that governance bodies, staff and members are appropriately involved throughout the decision making process.

Mandate for investment

InternetNZ will need to invest to explore and implement new services that may be very different from .nz and that investment will come from reserves, which have been accumulated from the income that InternetNZ has derived from .nz. While InternetNZ is legally free to use this income as it wishes, there is also a principled mandate to do so as the objects of InternetNZ, being solely concerned with the promotion and protection of the Internet in NZ are entirely consistent with the principles in RFC1591 of operating a ccTLD for the benefit of the local Internet community.

From this, derives the key statement of principle for InternetNZ:

- Money raised from .nz may be considered for investment in business development that is external to .nz so long as that service is for the benefit of the NZ Internet community.

Implicit in that is the understanding that any service that is explored or developed will comply with the objects of InternetNZ.

Competition

.nz is not a monopoly. It is a strong local brand within a highly competitive market for domain names. From this, derives the key statement of principle that:

- Business development opportunities in a competitive market may be considered.

Mitigating the risk of .nz being incorrectly portrayed or perceived as a monopoly is a broader issue of brand and communications.

Eligibility

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

Step 1:

Does the proposal meet, or provide a good fit with, the objects of InternetNZ?

Step 2:

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

Step 3:

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

Expectations of return

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

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

While this policy is primarily concerned with those services that do not run at a loss, a subset of the policy should apply to all services.

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

Implementation

Council will decide on a case-by-case basis who should implement a particular opportunity and what legal structure should be put in place around that opportunity in order to:

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

The options for legal structure are:

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

Authority

The final authority for implementing new services rests with InternetNZ Council. Council may consult the membership on individual opportunities but these are not ordinarily put to the membership for authorisation by vote except in exceptional cases, such as where the investment commits 50% or more of reserves.

Transparency

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

Identification and exploration

Any part of the group or any stakeholder may identify a business development opportunity though NZRS is specifically charged with this role. NZRS is also expected to coordinate the list of opportunities to prevent duplication of effort and ensure that no opportunity is forgotten.

It is understood that any business unit that identifies an opportunity will need to conduct non-trivial exploration of the opportunity before it is ready to bring the opportunity to Council in line with the process below. During this exploration it is expected that the other business units are advised of the opportunity on a 'for information only' basis and to draw on any knowledge they have that may assist the exploration.

A standing advisory group of councillors exists whose views and expertise can be drawn on as part of the exploration process. This group has no other role in the process below.

Operational principles

Business development is a top level priority of InternetNZ that all business units participate in, in a manner appropriate for their wider role. The following principles are set out to guide that operational participation:

Mainstream

As a top-level priority, business development is a mainstream activity that should be pursued concurrently with other work though with appropriate regard to other priorities and defined roles.

Timeliness

Many opportunities are time-limited and the timely completion of assessment stages is key. The Working Group or Business Unit responsible for a particular stage should ensure that they deliver their work with the urgency that befits the opportunity.

It should also be understood that at any stage there are multiple dependencies on a variety of people during this process and they have a similar responsibility to ensure the timely processing of a business development opportunity.

Evidence-based

The InternetNZ group has many experts with good insight into Internet services but ultimately any new service, particularly the more commercial, can only succeed if there are sufficient satisfied customers. It is therefore paramount that the views of potential customers (and the sales channel) are sought early on to enable evidence-based decision making.

Exclusions

Care should be taken to recognise that one service may be made up of many sub-services and this policy does not apply to those sub-services. An example is the Registrant Search Functionality of the .nz Register, which is a sub-service within the .nz service.

Chief Executive's Report

Chief Executive's Report

Author: Jordan Carter, Chief Executive

Purpose of paper: Report for the two months to 31 May 2014

Introduction

This report from the Chief Executive conveys critical risks or other risks Council should be aware of, my priorities in the period since the April Council meeting, planned priorities for the three months from now until the end of August 2014, longer range priorities, and a brief update on staffing and contractor issues.

Separate papers, which are “For Information” papers, are attached:

- Operations Update to 31 May 2014
- Internet Issues Programme Update to 31 May 2014
- Financial Report to 31 March 2014 (pre-audit)
- Travel Report (from NetMundial)

As always, feedback from Councillors or members on the content of this report is very welcome.

1: Critical / Other / Potential Risks

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

Other current or potential risks for Councillors to consider:

- The ongoing evolution of the Internet Party continues to see ICT issues in the spotlight, but the linkage with MANA and the formation of Internet-Mana as an electoral coalition would seem to change the brand and reduce risks of confusion with InternetNZ.

2: Recent Priorities

Chief Executive

Since the April meeting of the Council, and aside from general involvement with a range of work plan projects, I have been focused on the following issues, generally in descending priority order:

- Attendance and participation at NetMundial in Sao Paulo, Brazil.

- Induction of our new Work Programme Director, Andrew Cushen.
- Leading the business plan and budget development.
- Further progress on internal staff policies, with the internal framework largely complete at the date of this meeting.
- Progressing the Financial Flows review.
- Attendance at a Strategic Leadership development course, which I found hugely beneficial and challenging.

Planned priorities identified by me for focus in the previous report that have not progressed as expected are as follows:

Area not progressed	Explanation
Governance policies	CEs availability and focus on more immediate issues has deferred this further.
Staff annual reviews	These will be complete by 12 June.
Internal and Governance policies	Internal set largely complete; will be finished by 30 June, with focus then on governance policies ready to discuss at August Council.

Operating team

We present a new Operations Update format, a précis of what will be in place once the Business Plan is updated (once that is agreed, the “face/colour” indicators will come back). Progress is reported against the five priority areas in the plan, plus core operations and Members / Council. We present a separate report on the Internet Issues Programme.

I draw Council’s attention in particular to the following:

- Completion of the Audit for 2013/14.
- Construction of the 2014/15 Business Plan and Budget.
- Ongoing work regarding the Commerce Commission’s final pricing of copper broadband services.
- Preparation and lodging of a submission in response to ICANN’s call for comments on how to manage the IANA transition.
- Considerable work on the final stages of the implementation of the Community Funding Review, signing contracts with the last grant round’s recipients and signing up strategic partnerships as decided by Council.
- NetHui preparations are in full swing.
- Rebranding process culminating in presentation to this Council meeting.
- New website construction well under way, and able to proceed once design issues settled.
- A team retreat held, with a focus on working together and team culture development.

3: Priorities for the next three months

Chief Executive

The following are my planned broad areas of focus in the June-August period, in priority order.

1. **NetHui 2014:** participating in NetHui 2014, as our premiere event in the year.
2. **Staff goal setting:** With the Business Plan in place, we will get every person with a clear set of goals to pursue over the year, with agreed milestones and pieces of work to be doing.
3. **Relationship building with the new President:** the Chair-CE relationship is critical to any organisation. I will be focused carefully on building a great relationship with whoever the members elect as President.
4. **Team culture and resources:** welding the InternetNZ staff into a highly functioning team will be a focus for this three months and for the next year. There are a range of issues to work through and things to learn about ourselves and each other, but we have started well and have the makings of an excellent team.
5. **Strategy:** the Council is due to have a Strategic Retreat in September to work through and set the Group's direction for the coming years. The preparatory thinking and analysis will be a focus for me in the coming few months.
6. **.nz Framework:** I will work with Jay and Debbie to draw together the outputs from the .nz Framework Review for Council consideration and adoption in August.
7. **Leadership:** reflecting on the lessons I have drawn from the Leadership course I attended, and putting these into practice at work.
8. **Governance and internal policy:** with internal policy frameworks largely in place, we will develop a schedule for regular reviews and then move onto reviewing the Governance Policy framework, including Council's policy development process.
9. **International:** Ellen and I will join Keith at the ICANN meetings in London in June, and I will attend OECD meetings the week prior in Paris. The focus will remain firmly on the IANA transition at ICANN, and I have been asked to present the technical community's interventions at the OECD's "Committee on Digital Economy Policy" meeting.

I particularly welcome Council feedback on my priorities, and on any other matters that need to be picked up and advanced.

Operating Team

- Execution of NetHui 2014
- Implementation of the 2014/15 Business Plan's first pieces of work
- Brand work and new website rolled out (perhaps at NetHui)
- Recommendations arising from the review of Financial Flows ready for Council consideration in August
- Election year work under way
- Preparing for the 2014 Council elections and AGM
- Executing the Grants Round on Internet Projects

A greater sense of what is coming up can be discerned from the 2014/15 Business Plan.

4: Longer Range Priorities

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

- **Team and Group culture and dynamics:** getting the best bang-for-buck across the group is important, and there are some self-imposed limitations we should sort out.
- **Identity:** Living up to the new brand identity so that our public profile is clear.
- **Role of and relationship with Members:** there is a good deal to do to better understand of our members and a stronger culture of respect and inclusion among them.
- **.nz delegation:** clarifying the expectations of the group and the Government in respect of our .nz delegation is a longer run issue.
- **Building the new strategy into an excellent work plan:** I want our planning effort to bring the new strategy into reality to be a well-conducted, insightful and clever effort that builds on the work done to date and that we can point to and say: “that’s really very good”.
- **My own development as a leader:** I still feel very new to this role and will be continuing to explore and change as I appreciate what it demands of me, and how I can best help InternetNZ achieve its goals.

5: Staffing and Contractor matters

Andrew Cushen is settling in well as Work Programme Director and leaving me freer to progress a range of broader issues.

Councillors should consider a process to review my Key Performance Areas as CE, in light of the completion of the 2013/14 year.

6: Other matters

- Relationships between the three CEs are generally satisfactory from my point of view, but progressing the .nz framework is important to keeping this the case.
- We are examining a role for a PA or EA in the office, primarily to support me but also to do some projects work on an as-needed basis.
- I plan to take a holiday mid-July for a week, following NetHui (16-23rd).

I welcome questions, comments and feedback on the content of this report or on any other matter.

Jordan Carter
Chief Executive

29 May 2014

Operating Report to Council: to 31 May 2014

Author: Jordan Carter

Purpose of paper: To update Council on InternetNZ Operations for the two months to 31 May 2014.

This document is for an interim format Operating Report to Council for Activity from 1 April to 31 May 2014. It is interim because we can't traffic-light the tasks that haven't been approved yet.

The next report will go back to the format setting out the transformations, etc, and traffic lights, as per the old format.

1. Internet Issues Programme

Please note that the detailed work of the Issues Programme is presented in a separate report, the "Internet Issues Programme Report to Council - May 2014".

2. Community Funding

Matters to report:

- Community Funding Agreements have been finalised with the recipients for the Internet Research Funding Round
- Report received from Murray Bain re recommendations around the criteria set for the Community Projects round and Conference Attendance round, as well as for the decision-making process and conflict of interest management
- Draft Operations Manual for the Community Grants Funding is currently being finalised
- Strategic Partnership legal contracts being finalised with Partners, after negotiations around new contract wording
- Working with Strategic Partners to engage with and promote NetHui to their communities.
- Further Strategic Partnership update in separate Council paper

3. Community Engagement

Matters to report:

- NetHui 2014 Registrations have opened
- Planning is running smoothly and timelines are being adhered to
- NetHui Fellowships are being developed to assist people with travel and/or accommodation to attend NetHui
- NetHui programme planning meeting, a new step to engage the community in the programme development, was held on 27 May with 40 attendees between Auckland, Wellington and online

participation. Attendees were enthusiastic and it was a positive new step for NetHui in transparency, inclusivity and community ownership

- 'New Zealand Internet Research Network' Event tentatively planned for Monday 1 December (AUT ICDC partnership activity) with preparation session at NetHui
- Introduction of internal Relationship and Engagement Management processes underway, including implementation of team CRM
- Event Sponsorship process underway: Auckland Rails Girls event in July to be sponsored

4. Our Identity

Matters to report:

- New website has been 80% built (based off wireframes)
- DesignWorks provided first draft of new website design to be laid over the top of build
- DesignWorks provided first draft of brand guidelines and templates
- Third party consultancy asked for brief on stakeholder audit to provide benchmark on identity work for future analysis
- Media engaged around issues including pro-active releases

5. Improved Organisational Performance

Matters to report:

- New Performance Management process introduced to staff, with the objective of using this from the early-June Performance Review process onward.
- Performance Reviews scheduled for all staff in early June.
- Very productive and positive team retreat held on Waiheke Island between the 19th and 21st of May, with a particular focus on developing the Business Plan as presented to Council and upon starting the process of building the team's shared culture and values. This process will be ongoing.

6. Core Operations

"Core Operations" is where we report on general work that relates to the ongoing existence and operations of InternetNZ and isn't related to other business plan areas and priorities.

Matters to report:

- Health and Safety processes for INZ staff have been refined
- Prepare year-end accounting systems for INZ and DNCL
- Finalise accounting systems (INZ and DNCL)
- Prepare Financial reports for Deloittes (INZ and DNCL)
- GST Returns for IPv6, NZNOG, INZ, DNCL and NZITF
- Meet with Lance Wiggs to identify Investment Committee reporting requirements
- Review and return NZITF Annual report to Deloittes
- Work on Kiwisaver policy
- Meeting with Paul Pettit re: moving to Xero
- Chase NZITF and NZNOG overdue debtors
- Prepare report on DNCL March results
- Prepare report for Council March results
- Prepare and report on DNCL April result

- PAYE returns (DNCL and INZ)
- Work on budget in line with Business Plan
- Redraft budget for Council meeting
- Finalise Audit timetable and requirements
- Prepare audit files for auditors
- Audit week of 12 May 2014
- Meeting with BDO audit update
- Meeting BDO re audit reappointment

7. Members and Council

“Members and Council” is where we report matters related specifically to the membership base and the Council.

Matters to report:

- Renewals for ‘Grace’ members are currently in progress
- Preparations for the 2014 AGM and Council elections are well under way.
- Applications for the DNCL Board appointment closes on 4 June. The Assessment Panel have arranged to meet on 5 June to discuss the shortlist and before doing the interviews on 13 June



Financial Report: Twelve months to March 2014

Author: Jordan Carter, Chief Executive

Purpose of Paper: To provide an update on the financial performance of InternetNZ for the year to March 2014 (note: this is a pre-audit report).

Commentary to the Accounts

At March 2014, InternetNZ saw the following headline results:

- Expenditure of \$3,617,839 compared with budget of \$3,834,196 – a positive variance of \$216,357
- Income of \$2,845,874 compared with budget of \$3,156,558 – a negative variance of \$310,684
- Overall a loss of \$771,965, against a budgeted loss of \$677,638 – a negative variance of \$94,327.

Detailed commentary on variances follows. This is pre-audit, and the audited financial statements are the authoritative outcome.

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

- A - The profit and loss statement
- B - A chart showing net income, actual against budget
- C - The balance sheet
- D - Information about the spread of assets across institutions
- E – Managed Invested Funds, balance per month and chart
- F - A chart showing cash in bank, actual against forecast
- G - The cash flow forecast to March 2014.

Income variances

The income variance is a negative variance of \$310,684 due to the reduction in dividend payment of \$341,681 as advised in the budget paper presented at the April 2014 Council meeting.

Expenditure variances

Major areas of difference are:

- Recruitment is over by \$52k due to recruitment costs for the new chief executive, communications lead and the work programme director. Miscellaneous staff costs, casual and temporary costs, along with contracted technical services, are over by \$23k, while the following

budgets lines are under by \$107k: staff training, KiwiSaver, wages and salaries, and contractor costs, net result being remuneration is \$32k under for the year.

- Operating costs are \$23k over budget, of which accounting fees, advertising, conferences, general office expenses, honoraria, repairs and maintenance, and international travel/transition, are all under budget. The following budget lines are over budget: bank charges, consultants, governance training, legal fees, meetings costs, R & M software, subscriptions, telecommunications, international and national travel, and website updates and hosting.
- Workstreams are under budget by \$83k for the year.
- Overhead costs are under budget by \$44k for the year, due to the delay in the occupation of the Auckland office.
- Community Funding expenditure (noted in the accounts as “Sponsorship” currently) is under budget by \$80k for the year. As reported in the February financials the decision was made by Council to carry the majority of this surplus over to the 2014/15 financial year.

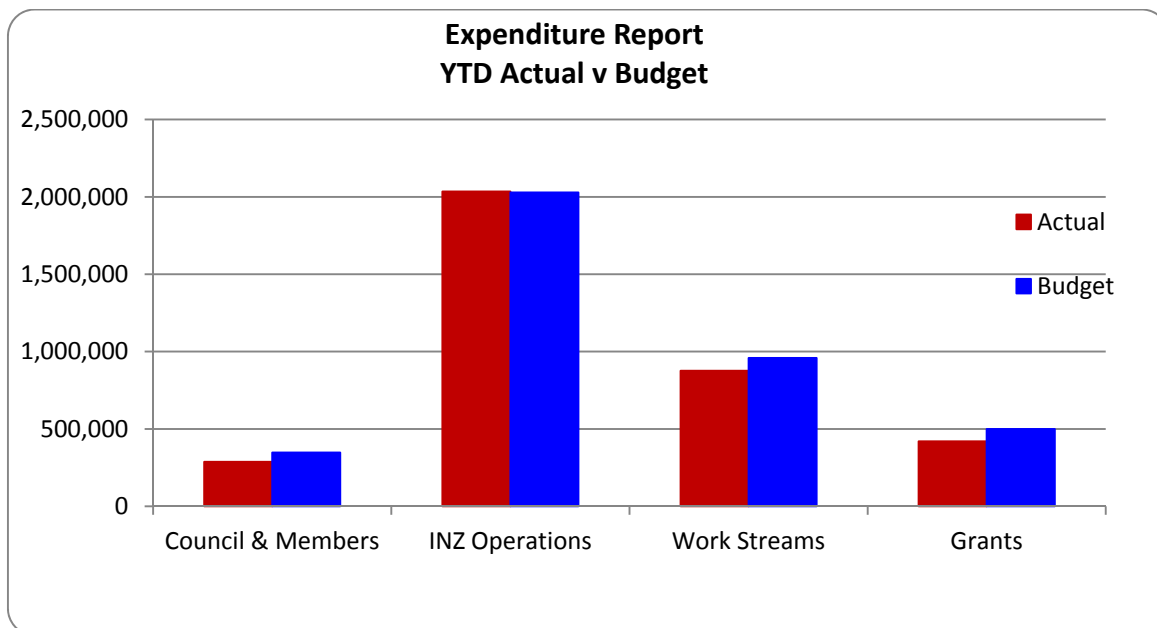
Other Expected Major Budget Variances

Other than the variances reported in the preceding, there are no other major variances to report.

Condensed Income and Expenditure Report

Actual v Budget As at 31 March 2014 (pre-audit)

	YTD Actual \$	YTD Budget \$	Variance \$
Income – total	2,845,874	3,156,558	-310,684
Expenditure			
Council & Members	287,227	346,931	-59,704
INZ Operations	2,034,559	2,028,265	6,294
Work Streams	875,936	959,000	-83,064
Grants	420,117	500,000	-79,883
Expenditure - total	3,617,839	3,834,196	-216,357
Net Income	-771,965	-677,638	-94,327



Attachment A

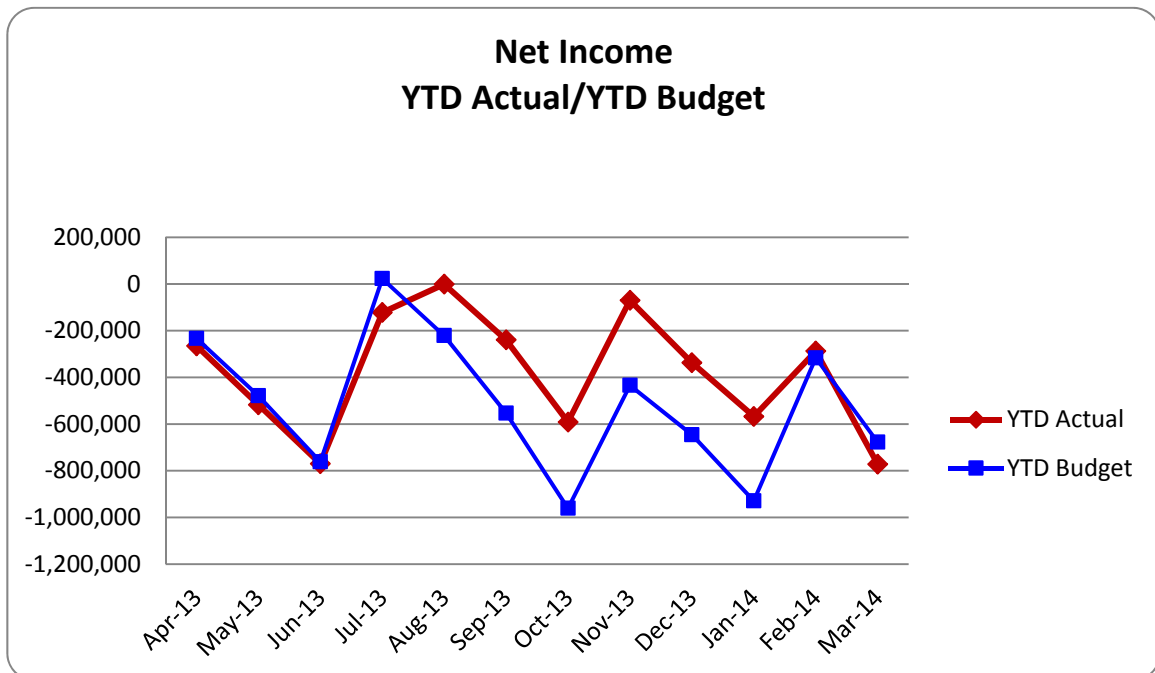
InternetNZ Profit and Loss Statement As at 31 March 2014

	<u>Apr 13 - Mar 14</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
500 · Operating Income			
530 · Shared Group Services	202,131.00	207,240.00	-5,109.00
542 · Membership - Corporate	7,000.00	4,500.00	2,500.00
546 · Membership - Individual	8,639.05	4,500.00	4,139.05
Total 500 · Operating Income	<u>217,770.05</u>	<u>216,240.00</u>	<u>1,530.05</u>
570 · Sundry Income	14,281.20	0.00	14,281.20
580 · Investment Income			
583 · Dividends	2,559,637.00	2,901,318.00	-341,681.00
586 · Interest	54,186.05	39,000.00	15,186.05
Total 580 · Investment Income	<u>2,613,823.05</u>	<u>2,940,318.00</u>	<u>-326,494.95</u>
Total Income	<u>2,845,874.30</u>	<u>3,156,558.00</u>	<u>-310,683.70</u>
Expense			
600 · Remuneration			
601 · ACC Levy	2,811.33	3,610.00	-798.67
625 · Miscellaneous Staff Costs	11,311.04	4,120.00	7,191.04
630 · Recruitment	78,347.48	26,300.00	52,047.48
635 · Staff Training	4,561.04	16,500.00	-11,938.96
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Cont	15,159.54	26,375.00	-11,215.46
651 · Wages & Salaries - Other	716,987.97	768,158.00	-51,170.03

Total 651 · Wages & Salaries	732,147.51	794,533.00	-62,385.49
653 · Wages - Casual & Temporary	24,033.43	15,450.00	8,583.43
654 · Wages - Contractors	227,881.38	260,000.00	-32,118.62
655 · Contracted Technical Services	<u>44,356.56</u>	<u>37,000.00</u>	<u>7,356.56</u>
Total 600 · Remuneration	1,125,449.77	1,157,513.00	-32,063.23
800 · Operating Expenses			
801 · Accountancy Fees	23,928.84	30,900.00	-6,971.16
805 · Advertising & Marketing	4,488.42	13,390.00	-8,901.58
808 · Audit Fees	8,060.00	7,750.00	310.00
809 · Bank Charges	3,448.19	1,651.00	1,797.19
811 · Conferences	6,113.31	10,532.00	-4,418.69
813 · Consultants	30,679.50	16,480.00	14,199.50
816 · Depreciation	49,481.62	50,000.00	-518.38
817 · Domain Names	591.35	700.00	-108.65
820 · General Office Expenses	32,779.90	50,000.00	-17,220.10
822 · Governance Training	15,904.05	12,360.00	3,544.05
824 · Honoraria	178,975.00	180,226.00	-1,251.00
826 · Legal Fees	43,122.35	23,450.00	19,672.35
829 · Meeting Costs	75,658.08	70,830.00	4,828.08
835 · Postages & Couriers	3,880.73	4,120.00	-239.27
851 · Repairs and Maintenance	4,172.55	8,240.00	-4,067.45
853 · R & M - Software	6,312.76	1,800.00	4,512.76
855 · Printing & Stationery	22,949.14	19,000.00	3,949.14
860 · Subscriptions	31,553.72	25,750.00	5,803.72
870 · Telecommunications	72,685.44	63,000.00	9,685.44
872 · Travel & Accommod - International	127,640.52	120,450.00	7,190.52
873 · Travel & Accommod - National	88,490.73	75,302.00	13,188.73
874 · Travel & Accommod - Int'l Trans			
874-1 · ICANN	54,970.00	57,000.00	-2,030.00
874-5 · IGF	70,789.39	67,000.00	3,789.39
874-7 · ITU	11,855.19	36,000.00	-24,144.81
874-9 · Technical Int'l Transition	<u>17,999.03</u>	<u>20,000.00</u>	<u>-2,000.97</u>
Total 874 · Travel & Accommod - Int'l Trans	155,613.61	180,000.00	-24,386.39
885 · Web Site Updates & Hosting	10,462.01	8,240.00	2,222.01
Total 899 · Work-stream	<u>875,936.46</u>	<u>959,000.00</u>	<u>-83,063.54</u>
Total 800 · Operating Expenses	1,872,928.28	1,933,171.00	-60,242.72
900 · Overheads			
915 · Cleaning Costs	13,203.92	15,000.00	-1,796.08
933 · Electricity	17,420.08	17,700.00	-279.92
950 · Insurance	10,255.78	9,976.00	279.78
975 · Rent Paid	155,441.20	199,100.00	-43,658.80
980 · Security	<u>3,022.93</u>	<u>1,736.00</u>	<u>1,286.93</u>
Total 900 · Overheads	199,343.91	243,512.00	-44,168.09
995 · Other Items			
857 · Sponsorship	<u>420,117.24</u>	<u>500,000.00</u>	<u>-79,882.76</u>
Total 995 · Other Items	<u>420,117.24</u>	<u>500,000.00</u>	<u>-79,882.76</u>
Total Expense	<u>3,617,839.20</u>	<u>3,834,196.00</u>	<u>-216,356.80</u>
Net Ordinary Income	<u>-771,964.90</u>	<u>-677,638.00</u>	<u>-94,326.90</u>
Other Income/Expense			
Other Income			

1000 - Special Dividends			
1010 - Special Dividends - Interest	106,940.87	123,000.00	-16,059.13
1030 - Investment Income	77,249.60	0.00	77,249.60
Total 1000 - Special Dividends	184,190.47	123,000.00	61,190.47
Total Other Income	184,190.47	123,000.00	61,190.47
Other Expense			
1900 - Special Dividend Exp-Overhead			
1940 - Council Approved Expenditure	24,530.84	25,000.00	-469.16
1950 - Investment Funds Management Fee	3,360.56	0.00	3,360.56
Total 1900 - Special Dividend Exp-Overhead	27,891.40	25,000.00	2,891.40
Total Other Expense	27,891.40	25,000.00	2,891.40
Net Other Income	156,299.07	98,000.00	58,299.07
Net Income	-615,665.83	-579,638.00	-36,027.83

Attachment B



**InternetNZ
Balance Sheet
As at 31 March 2014**

	March 31, 14
ASSETS	
Current Assets	
Cheque/Savings/Term Deposits	
Total Cheque/Savings/	1,463,134.60
Term Deposits-Special Dividends	
Total - Term Deposits-Special Dividends	2,405,390.89
Petty Cash	400.00
Total Cash	3,868,925.49
Investment Funds	
GMI Investment	524,573.00
Milford Asset	549,064.01
Total Investment	1,073,637.01
Other Current Assets	172,698.75
Total Other Current Assets	172,698.75
Total Current Assets	5,115,261.25
Fixed Assets	
Total Fixed Assets	330,854.56
Other Assets	
Ordinary Share Capital	30,000.00
Shares in DNCL	580,000.00
Total Other Assets	610,000.00
TOTAL ASSETS	6,056,115.81
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Total Accounts Payable	298,661.10
Other Current Liabilities	
Accruals	139,999.06
Lease Incentives	22,611.34
Payroll Liabilities	19,417.31
Total Other Current Liabilities	182,027.71
Total Current Liabilities	480,688.81
Total Liabilities	480,688.81
Equity	
Retained Earnings	6,191,092.83
Net Income	-615,665.83
Total Equity	5,575,427.00
TOTAL LIABILITIES & EQUITY	6,056,115.81

Attachment D: Spread of assets across institutions

Special Dividend Investment Information

Date	Bank	Term	Amount
15/07/2013	ANZ	12 months	164,251
27/07/2013	ANZ	12 months	104,200
11/11/2013	ASB	12 months	423,230
02/12/2013	Kiwibank	12 months	273,934
12/12/2013	Kiwibank	12 months	681,449
28/02/2014	BNZ	12 months	85,194
20/01/2014	Westpac	179 Days	265,469
30/01/2014	ASB	6 months	407,663
Total \$			2,405,390

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

InternetNZ Operating Reserves Investment Information

Date	Bank	Term	Amount
17/01/2014	Westpac	6 months	258,299
07/02/2014	ANZ	12 months	197,253
15/03/2014	BNZ	189 Days	576,326
Total \$			1,031,878

Managed Investment Funds Information

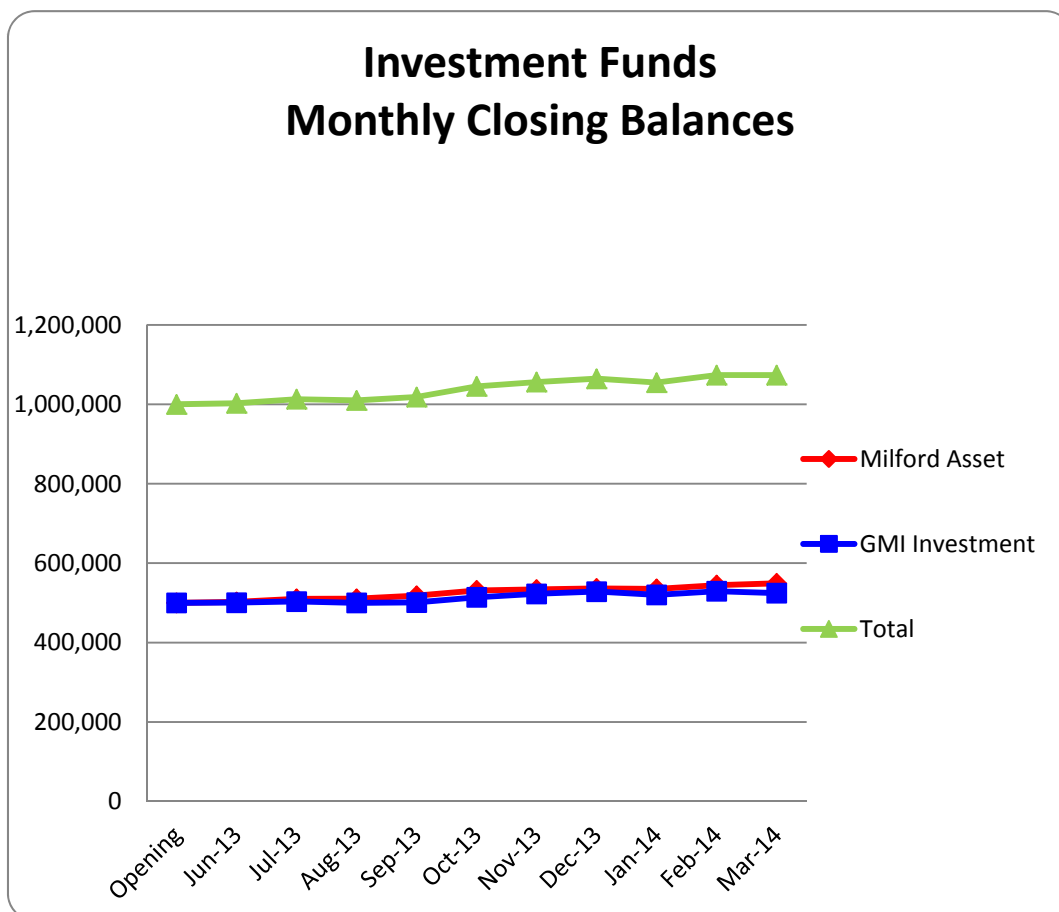
Date	Managers	Amount
20/06/2013	GMI	524,573
20/06/2013	Milford	549,064
Total \$		1,073,637

Managed Investment funds recorded at market value on 31 March 2014.

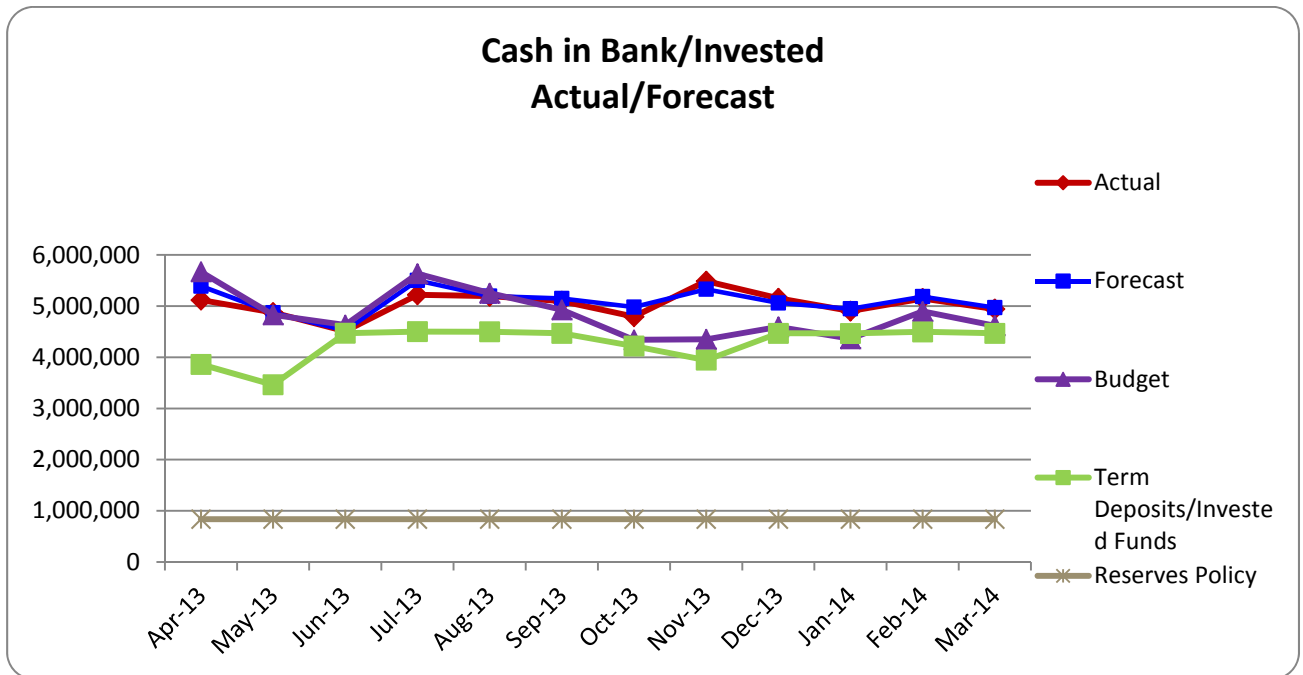
Attachment E: Managed Invested Funds

**Investment Funds
Monitoring report**

	Milford Asset	GMI Investment	Total
Opening	500,000	500,000	1,000,000
Jun-13	502,114	500,515	1,002,629
Jul-13	509,888	503,345	1,013,233
Aug-13	510,190	499,815	1,010,005
Sep-13	517,776	500,933	1,018,709
Oct-13	531,439	513,978	1,045,417
Nov-13	533,477	522,776	1,056,253
Dec-13	536,156	528,378	1,064,534
Jan-14	534,949	520,011	1,054,960
Feb-14	544,611	529,257	1,073,868
Mar-14	549,064	524,573	1,073,637



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



Attachment G

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
RECEIPTS	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Invoiced Sales	73,378	28,867	24,838	20,875	10,644	111,442	16,388	132,015	45,666	16,788	37,444	236,675	755,020
Special Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Dividends Interest	0	2,497	4,757	26,006	-3,227	8,704	25,095	40,668	16,371	7,256	22,340	30,135	180,602
Dividends	0	0	0	983,765	315,872	0	0	800,000	0	0	450,000	10,000	2,559,637
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Received	3,162	2,399	1,933	3,951	2,392	12,223	606	135	1,003	5,578	7,723	13,082	54,187
Special Dividend Term Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Receivable	6,977	14,655	2,605	31,026	0	2,121	0	0	0	0	1,128	0	58,512
RWT Received	0	0	0	0	0	0	0	0	0	0	0	0	0
GST	0	67,345	0	57,263	0	52,585	1,236	47,870	0	50,708	0	60,180	337,187
	83,517	115,763	34,133	1,122,886	325,681	187,075	43,325	1,020,688	63,040	80,330	518,635	350,072	3,945,145
PAYMENTS													
Invoiced Costs	434,308	285,278	335,009	341,966	292,574	235,439	304,322	265,501	327,977	285,689	217,017	492,817	3,817,897
ACC Levies	0	0	0	0	0	3,162	0	0	0	0	0	0	3,162
Salary & Wages	58,225	49,165	50,035	61,305	33,002	36,656	38,895	40,631	58,411	35,369	35,369	47,868	544,931
Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
RWT	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYE	5,784	25,215	14,820	8,563	21,473	8,839	3,753	20,933	11,171	9,346	20,128	15,216	165,241
GST	0	0	0	0	5,037	0	0	0	0	0	241	0	5,278
	498,317	359,658	399,864	411,834	352,086	284,096	346,970	327,065	397,559	330,404	272,755	555,901	4,536,509
NET CASH FLOW	-414,800	-243,895	-365,731	711,052	-26,405	-97,021	-303,645	693,623	-334,519	-250,074	245,880	-205,829	-591,364
OPENING BANK	5,533,927	5,119,127	4,875,232	4,509,501	5,220,553	5,194,148	5,097,127	4,793,482	5,487,105	5,152,586	4,902,512	5,148,392	5,533,927
CLOSING BANK	5,119,127	4,875,232	4,509,501	5,220,553	5,194,148	5,097,127	4,793,482	5,487,105	5,152,586	4,902,512	5,148,392	4,942,563	4,942,563

Bank Account Balances as per BS	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
ANZ Savings	1,040,124	1,342,523	4,456	605,421	606,942	508,204	108,810	5,261	406,263	106,790	112,248	362,867
ANZ Current	216,765	70,501	35,514	113,184	88,485	68,415	139,070	1,537,356	88,169	329,293	539,605	68,039
ANZ Term Deposit	444,418	444,418	644,418	657,935	657,935	657,935	657,935	657,935	657,935	457,935	465,704	465,704
ASB Term Deposit	1,004,514	1,004,514	809,207	809,207	809,207	809,207	809,207	819,165	819,166	826,829	826,829	831,055
BNZ Term Deposit	635,671	635,671	635,672	635,672	635,672	648,755	647,142	647,143	647,143	647,144	650,578	661,700
Kiwibank Term Deposit	871,949	871,919	871,919	871,919	871,919	871,919	871,919	250,010	955,393	955,393	955,393	955,393
Westpac Term Deposit	905,286	505,286	505,286	513,582	513,582	513,582	513,582	513,582	513,582	523,769	523,769	523,769
Petty Cash	400	400	400	400	400	400	400	400	400	400	400	400
Investment Funds	0	0	1,002,629	1,013,233	1,010,005	1,018,709	1,045,417	1,056,253	1,064,534	1,054,960	1,073,868	1,073,637
	5,119,127	4,875,232	4,509,501	5,220,553	5,194,148	5,097,127	4,793,482	5,487,105	5,152,586	4,902,512	5,148,392	4,942,563

Internet Issues Programme Report to Council: May 2014

Author: Jordan Carter, Andrew Cushen

Purpose of paper: To outline to Council work done on Internet Issues in the two months to 31 May 2014.

This document is for an interim format Internet Issues Programme Report to Council for Activity from 1 April to 31 May 2014. It is interim because we can't traffic-light the tasks that haven't been approved yet.

The next report will go back to the format setting out the transformations, etc, and traffic lights, as per the old format.

We welcome comments from Council as to the utility of separating the Internet Issues matters from the broader Operational Report.

I. Cross Programme

Election 2014

- InternetNZ intends to play an active role in Election 2014, with the objective of both facilitating “a better world through a better Internet” and through informing the New Zealand public about different parties' approaches to Internet Issues.
- A plan has been developed for this project in this time period. An “InternetNZ Election Manifesto” is currently in development outlining our perspective on the following issues that are currently “top of mind” for this election:
 - UFB (and RBI by extension)
 - Overseas connectivity / data caps
 - Fair IP law
 - Surveillance (GCSB / TICS) / privacy (protection of data, metadata protocols)
 - Internet Governance - free and open internet - e.g. HDC etc
 - Innovation
 - Government in the Internet era

State of the Internet Report

- Focus of this period has been purely on design and consulting across the InternetNZ Group about the potential, and form, of this particular output.

2. Internet Law and Rights Portfolio

Harmful Digital Communications:

- The Justice and Electoral Select Committee has reported back on the Harmful Digital Communications Bill on Tuesday 27th May. Some parts of this legislation have been improved through the submission process and are more aligned with InternetNZ's perspective. In particular, the process change to make the regime for content hosts "notice-notice-takedown" in order to qualify for Safe Harbour is a distinct improvement in making this legislation more reasonable and workable, though the timeframes for this process remain challenging. The legislation also contemplates the preparation of "guidelines" about what constitutes harm in digital communications, to provide a guide to the Authorised Agencies in interpreting whether a particular communication is relevant under this legislation. This at least provides some clarity to users.
- Of concern however is that the proposed penalties in this legislation have been strengthened - now up to two years jail time is possible for sending harmful communications. This is out of step with what Australia is proposing for their regime, and while it is aligned with the penalties for Harassment in legislation, still appears disproportionate.
- Next steps on this matter are still being contemplated by staff. Now that the Select Committee stage is complete, the opportunities for formal submissions are limited, though there remains methods through which InternetNZ may still have influence - in particular through direct engagement with Select Committee members, the drafting of SOPs, and through involvement with a broader community of interest.

Net Neutrality

- A discussion document on Net Neutrality for PAG/members is being developed to start a full project on this particular matter. The Commerce Commission has also invited InternetNZ to take a leadership role on this issue, in terms of defining in an appropriate manner for NZ terms, and leading a discussion about how and where this is relevant to the NZ market, legislation and regulatory landscape.

State Surveillance

- A discussion document has been forwarded around members soliciting feedback on how InternetNZ may approach this issue this year. This particular matter will be further discussed and developed in the PAG meeting of 5th July.
- InternetNZ has commissioned research from Horizon Research Panel to understand more about New Zealander's perceptions and concerns about internet-based surveillance. The results of this will be available in the first week of July, whereby the intent is to both publicise these concerns and also build these results into our longer term programme of work in this area.

Internet Rights

- InternetNZ has provided advice to both the Labour and Green Parties to assist them in formulating their proposals for Internet Rights based legislation, and has responded to these as they have been released.
- The Greens have proposed quite a comprehensive regime, based around both enacting new specific legislation on Internet Rights and the establishment of a new "commissioner" to monitor these and check legislative compliance against them. Our advice has been that while we applaud their attempt to articulate what rights people have on and to the Internet, we do not believe that a separate rights regime is necessarily the right way to protect and advance these.

3. Internet Use Portfolio

Portfolio Development and Planning

- This is the newest and most under-developed of the Internet Issues Programme, but also the one where InternetNZ can make a big impact in the 2014/15 year. A particular focus in this period for the Internet Use portfolio in this period has been to plan out activities for the next year, particularly now that the Work Programme Director is on board.
- The outcome of this is the articulation of the Internet Use Portfolio in the Business Plan, and the focus for the year on generating new, unique and high quality research into Internet Use in New Zealand, and matching that with a series of studies that further exemplify the potential of the Internet in New Zealand. Accordingly, a focus of this initial period has been to meet and form relationships with the various parties through which the initiatives named in the Business Plan will be progressed, and understanding the research options available to inform InternetNZ's efforts in this area.
- From the previous year's work, we saw right on 31 March the launch of the joint research with Google on the Internet economy, and we will explore how to further follow this up in the 2014/15 year within the Internet Use portfolio.

4. Internet Connectivity Portfolio

Copper Pricing FPP

- Completed Commerce Commission workshop, submission and cross submissions relating to the processes and proposed modelling methodology to determine the UBA/UCLL Final Pricing Principle prices (FPP). The key component of our position was the need for the Commission to not be rushed into hastily completing the modelling which would mean having to base the modelling upon the existing Chorus network structure, financial data and legal interpretations - all resulting in increasing the regulated copper prices. The Commission has subsequently deferred the FPP process by four months which we consider a partial win - we would have preferred longer.
- In conjunction with the above, Chorus undertook a High Court appeal on the Commission's Initial Pricing Principle decision (IPP) - we joined the action supporting the Commission along with several RSPs. The original decision was upheld and Chorus incurred costs. They have subsequently sought leave to appeal to a higher Court.
- As a result of the Commission's decisions above Chorus has announced some new commercial broadband services (copper and fibre). The copper services are on the face of it a welcome sign of Chorus trying commercial innovation to drive new revenue, but the concern is that they may be another attempt to avoid the requirement to provide the regulated UBA services at the lower regulated IPP price in December 2014. There are dangers that they will be supported by RSPs in this regard. We have issued a blog indicating we will be watching this very carefully.
- There is an issue whether or not wholesale prices, when eventually determined under the FPP, will be backdated to the IPP date (December 2014). Clearly if the FPP is a lower price than the IPP this would be a windfall gain for end-users and retailers. If the eventual FPP price is higher than the IPP price it would be a significant windfall gain for Chorus. However, the uncertainty created will allow RSPs the excuse that they cannot pass through lower regulated prices to end users in December 2014 in case the prices are subsequently backdated. We submitted that all the uncertainty can be avoided if the Commission indicates it will not be backdating. Chorus asserts that the Commission must backdate - thus extending the period of uncertainty.

5. Internet Governance Portfolio

Net Mundial

- As previously reported to Council, Jordan attended the NetMundial meeting in Sao Paulo in April. This meeting was of quite vital importance in asserting the multistakeholder foundations of Internet Governance internationally, and in defining the future of the Internet Governance Forum (IGF) in particular. Of particular relevance in these discussions were the following facets:
 - States learning that in a multistakeholder environment, where they try and introduce ideas nobody else supports, they won't go anywhere - particularly an issue for India, Russia, Cuba. Positive to see governments being dealt with as simply one stakeholder among many - which they are not used to.
 - Civil society led efforts to strengthen language on mass surveillance in the outcomes document. The technical community here at a joint civil society and technical community meeting was cautiously supportive of this.
 - Significant efforts to strengthen the language around human rights.
 - Network neutrality issues are attracting a lot of interest, with a general debate being between civil society reps arguing in favour of strong language on this, and business reps arguing on both sides of the matter.
- The outcome of this process is a cause for cautious optimism, in that this truly multistakeholder process resulted in a document which has the potential to create a more robust and human rights- and public interest-oriented approach to internet policy and management. How this is now reflected, and how the themes of discussion are furthered, in the IGF will be a challenge to be met from the Istanbul meeting onward.

IANA Transition

- As the Council is well aware, InternetNZ has continued to actively advocate for a truly multistakeholder approach to be taken to decision-making around the transition of the IANA function.
- InternetNZ continues to have serious concerns about ICANN's approach to this transition, and their attempt to assert control over this function with very scant engagement from the wider internet community. At the most recent phase of this consultation, InternetNZ has asked ICANN to slow down and provide the wider community with more time to engage in and collaborate with them in designing this transition process. It remains to be seen as to whether ICANN will heed these calls.
- This discussion will continue at ICANN 50 in London, at the end of June.

6. Internet Technology Portfolio

Internet Technology Portfolio Strategy

- Continued development and socialisation of InternetNZ Internet Technology Strategy. This has now been incorporated into the Business Plan for the 2014/15 year as presented to the Council.

Community Engagement

- Ongoing work to organise InTAC conference, to be held in conjunction with NetHui this year, and to have a particular focus on discussion and delivery of the initiatives identified in the Business Plan. Note that as InTAC was the forum through which this technology strategy was

originally defined, it is a great opportunity to involve this community in sharing in the development and delivery of these initiatives.

- Contribution to APNIC policy discussions.

Technical Support and Advice

- Research and develop strategy with regard to RPKI deployment within New Zealand.
- Assistance with Connect Safe campaign, with the objective of assisting this campaign in being technically sound.
- Develop community advice with regard to authentication and identity management online.
- Assist with HeartBleed incident response, particularly in articulating InternetNZ's response to this incident in a timely fashion.
- Assist New Zealand organisation with incident response following an unauthorised release of personally identifiable information.

Annual General Meeting and Elections

Timeline for Elections and the Annual General Meeting (AGM) 2014

Author: Jordan Carter, Maria Reyes

Purpose of paper: To provide a list of key dates to Council for the 2014 Council elections and the Annual General Meeting, and to appoint the Returning Officer.

The following are the key dates for the Annual General Meeting 2014:

5 June (12pm)	Nominations for Councillors and Officers open.
20 June	Proposals for Constitutional Amendments open.
1 July	Notice of AGM sent to members including date and venue.
10 July (12pm)	Nominations for Councillors and Officers close.
17 July	Annual Report is emailed to members.
17 July (4pm)	Proposals for Constitutional Amendments close.
17 July (5pm)	Online Election of Officers and Councillors, and Online Voting on Constitutional Amendments opens.
18 July	Obtain legal advice on any proposed constitutional amendments.
29 July	Close pre-electronic voting.
31 July	Annual General Meeting, including last chance to vote.
1 August	Scrutineer to review and sign-off the results. Formal results announcement on members-announce.

Recommendations

THAT Council **note** the timetable for the 2014 Council Elections and the AGM.

THAT Council **appoint** Maria Reyes as Returning Officer for the 2014 Council Elections.

Jordan Carter, Maria Reyes

29 May 2014

Community Funding

Strategic Partnerships Update

Author: Ellen Strickland, Collaboration and Community Lead

Purpose of paper: **Strategic Partnerships Update**

This paper contains an update on Strategic Partnerships, with activity update reports from each Strategic Partnership organisation attached.

Partnerships 2014-15

The Strategic Partnerships agreed between InternetNZ and 2020 Communications Trust (2020), Creative Commons Aotearoa New Zealand (CCANZ), the Institute of Culture, Discourse and Communication, Auckland University of Technology (ICDC AUT) and NetSafe have been negotiated and contracts are being finalised, using new consistent legal partnership agreements. One change to note is that the host organisation of CCANZ has changed, outlined in detail in the report from CCANZ. We view this change as a positive development for CCANZ, which will free up funding for the organisation to do more and add value to our Partnership.

In support of the Business Plan, we are working with the each Partner organisation to plan out activities around Areas of Focus, to maximise and manage opportunities for collaboration aligned to InternetNZ's objects and our own work.

The InternetNZ Strategic Partnership Governance meeting is planned take place just prior to the August 2014 Council Meeting, with the incoming Council.

Attached are update reports from each of the Partner organisations on current work.

Strategic Partners involvement in NetHui

It is worth highlighting that Partner organisations are all actively engaged in NetHui and are working to engage their respective communities in the event. 2020 and CCANZ are hosting and organising Meet-ups, as side events. 2020 is also using NetHui to cohost a workshop with the research community to advance the Digital Inclusion Indicators Research outputs. ICDC AUT are involved in coordinating an Internet Research focused session, towards developing a research network and event later in the year. NetSafe are part of the steering committee organising the Youth Forum on the first day of NetHui.

VUW CIEL

Additional to these four agreed Strategic Partnerships, Council should be aware there is an existing commitment to Victoria University Wellington Centre of International Economic

Law (CIEL) which is termed a Strategic Partnership in the agreement signed by Vikram Kumar in July 2011.

This agreement agrees to support three conferences over four to five years with an Internet and the Law focus, with \$50k plus GST in financial support for each conference. There are two remaining conferences, in this commitment, as the first was held in 2012.

We have agreed with NZCIEL that one will be held in 2014 and one will be held in 2015. Each conference will result in a book of essays/proceedings, and the Internet Issues team will be involved in the programme development. This will be reported on and be a budget item under Strategic Partnerships.

InternetNZ Strategic Partnership:
Brief Update from Creative Commons Aotearoa New Zealand
March to May 2014

CCANZ Funding and Structure

In the 15 May Government Budget, CCANZ was allocated \$90,000 per annum for the two years 1 July 2014 to 30 June 2016, a reduction in funding from previous years.

Under its current hosting arrangements with the Royal Society of New Zealand, CCANZ pays standard overhead charges from its funding contract with Government. Given the reduction in funding, CCANZ has decided to pursue alternative, overhead-free hosting arrangements, in order to avoid any reduction in capacity.

As of 27 May, the Open Educational Resource Foundation (OERF) is very likely to become host of the Creative Commons project in Aotearoa New Zealand. OERF will host the project on a cost-recovery basis, with no fixed overhead charge.¹

After the OERF signs an MoU with Creative Commons Headquarters, all funding agreements for CCANZ, including those from Government and InternetNZ, will need to be with the OERF as legal host of the CCANZ project.

CCANZ will continue to be based in Wellington, and its roadmap for the next two years will remain unchanged. CCANZ is currently discussing changes to its governance structure, to reflect the both the growth of the project and the new hosting arrangements.

CCANZ's Recent Activities²

Creative Commons in New Zealand Schools

- Over 50 schools have Creative Commons policies in place.
- CCANZ is developing toolkits for schools, which it will send to BoTs and schools in the second half of 2014.
- CCANZ is working with DigitalNZ, and it plans its revamp of Mix & Mash for 2014/2015.
- CCANZ is working with the New Zealand Principals' Federation to communicate with regional principals' groups, and is currently planning workshops with these groups for the second half of 2014.
- CCANZ continues to provide workshops and resources to schools. Workshop numbers and participation rates will be provided in the next update.
- CCANZ had stands at the Festivals of Education in March in Auckland and Wellington.

Open Access

- Waikato, Lincoln, Unitec and Otago Polytechnic have OA policies in place, with policies under discussion at most other New Zealand universities. These policies are

¹ The OER Foundation is Dunedin based non-profit, whose principal work is to advocate for open education and to coordinate the network of OER tertiary institutions across the world:
<http://wikieducator.org/OERF:Home>

²More detail about our current activities will be provided in the next update, following CCANZ's transition to a new host.

tending to follow the 'green' route of mandatory deposit of published research in an institution's research repository.

- A paper on OA mandates by CCANZ was put to the Marsden Fund Council, with further discussion slated for its next meeting, in October 2014.
- CCANZ continues to provide workshops and resources to tertiary institutions.
- Unitec's new e-press is publishing under a Creative Commons licence, after some encouragement and consultation with CCANZ.
- CCANZ is also developing toolkits for the research sector, to aid with the passage and implementation of OA policies.

Open GLAM

- Te Papa continues to release a substantial amount of content under an open licence.
- The National Library of New Zealand has published an open policy, mandating clear 'No Known Copyright' statements on all out-of-copyright collection items and recommendations for CC licensing on all donated or deposited items.
- The MCH has coordinated the release of the 'H' series of World War One photography under standardised 'No Known Copyright' statements.
- CCANZ is developing toolkits for regional institutions releasing digitised archival materials, as many of these materials are released under restrictive terms and conditions, regardless of their copyright status.

Indigenous Knowledge

- CCANZ will begin the process of translating the 4.0 licences into *Te Reo Māori* in July.

Open Arts and Culture

- CCANZ is working with NZ On Air on open licensing for its digital-only projects.

Open Education

- The Open Textbook 'Cookbook' for the CC-supported Open Media Studies Textbook has been published.

ENDS



Strategic Partnership Progress Report: June INZ Council

Partnership

The 2020 Trust welcomes the decision of the INZ Council in April to provide sustaining partnership funding for a further two-year period.

Areas of Focus

We recognise the following four areas of focus for the partnership:

1. Auckland digital divide
2. Stepping UP in libraries
3. Digital divide research
4. Media/Public awareness of digital divide issues

Focus Area Updates

Focus Area	Update
Auckland digital divide	We are planning to host a Digital Inclusion Meet-up at NetHui on Thursday 10 July to focus on the Auckland digital divide and start to develop an action plan. The Meet-up will help to identify stakeholders who can contribute.
Stepping UP in libraries	Programmes are now running in five regions – Whangarei, Taranaki, Palmerston North, Lower Hutt and Marlborough. We are actively seeking to develop relationships with other Councils to expand this programme.
Digital divide research	Scoping report was tabled at the April Council meeting. This will be followed up by a full day workshop at NetHui with invited researchers.
Media/Public awareness of digital divide issues	We are continuing to engage with media for Computers in Homes graduations with good results – over 30 media articles during the last 3 months.

Other Updates

The Government's Budget announcement on 15 May that further funding would be provided to ensure the **Computers in Homes** programme continues was welcomed. The level of funding being provided means the programme can be sustained at its current level – supporting 1500 families across 19 regions. We have more work to do to ensure the programme continues beyond July 2015 as Census 2013 indicated that there are still some 62,000 households with school-aged children who do not have access to the Internet in their homes.

Our Computers in Homes coordinators met in Wellington on 21-22 May for their quarterly hui; Ellen joined us for a NetHui planning session. The suggestions for Nethui sessions included rural challenges, privacy, community hubs, digital divide, individual learning devices, community technology centres, Stepping UP in libraries, engaging volunteers, home centric applications and inviting school principals to give their perspective.

The Trust's **BYOD equity pilot** was launched in Dunedin with over 60 families from two schools on 15 April. Most families chose an iPad 2 or a Samsung Galaxy 10.1 device. Other Computers in Homes schools in Nelson, Wanganui and Auckland have registered to take part during Terms 2 and 3.

The Trust is continuing to promote the **ICDL certification programme** as a solution for foundation literacy skills. We were successful in securing funding from Community Lottery to provide ICDL training for up to 25,000 unemployed people over the next three years. We also participated with an ICDL Challenge in the Whangarei ICT Hub initiative (30 April to 8 May), promoted by Crown Fibre Holdings, Northpower and the Whangarei District Council.

We have also agreed to collaborate with Northpower and Ubertnet to develop an affordable internet package for Whangarei Computers in Homes families using **UFB fibre connections**. This could create a model to deploy in other area, as it is becoming increasingly difficult to secure copper connections where telephone lines are not already in place.

We appreciated support from the Council for the **Digital Community Hub** report. Our next goal is to get this in the hands of key stakeholders so that the challenges identified can be addressed. A priority is to collaborate with the Ministry of Education in raising awareness of their new policy guidelines, as most schools are either unaware of these or confused about what they can and cannot do.

The Trust has supported the establishment of a new community hub at **Otangarei Marae** in Whangarei and will be providing ongoing support with digital literacy programmes, including ICDL. The hub was officially opened by Minister Amy Adams on 8 May.

We launched a new **Living Heritage** initiative on 21 May – *Their Names Shall Live*. The project aims to support 100 schools over 3 years complete a Living Heritage site commemorating the people in their communities who died during World War One. We will be seeking funding support in August from the Heritage Lottery Committee, which is prioritising activities commemorating WW1.

The **ICT in Schools** survey (renamed Digital Technologies in Schools) will finally be sent to schools during the first week of June. The survey will be online, so we are expecting to have results from July.

1. WIP Briefing meetings

(i) MBIE and National Library meetings

Allan Bell, Philippa Smith and Andy Gibson met with representatives from the MBIE and National Library on 28 March to update them on our WIPNZ findings and discuss areas of particular interest to their departments. The ten MBIE representatives from Communications and IT Policy team were interested in how ICT could contribute to economic growth but also information about digital divides and internet access (Broadband roll out). The National Library wanted to know more about New Zealanders' engagement with government online as this related to the Event 10 initiative where government services increasingly have an online presence.

- (ii) Professor Jeff Cole, director of the World Internet Project, was one of the speakers at 'The Project: Digital Disruption' event held at AUT on 30 April- 1 May. Although Professor Cole had not been brought to Auckland by ICDC, he willingly gave us his time to participate in a private lunch and briefing meeting to which stakeholders and funders were invited. Video conference facilities enabled interested parties in Wellington to be part of the meeting and this involved representatives from the National Library. Philippa Smith led the meeting and highlighted some of the findings from the current project looking at trends across the four WIPNZ surveys, while Professor Cole gave a global view of the findings from the WIP. This was followed by a great deal of discussion amongst the various parties present.

2. Internet Study Reports

The WIPNZ has just completed its report looking at the trends in internet use of New Zealanders across all four surveys since 2007. Areas it covers are:

- An overview of the internet in NZ
- Key findings from across the four surveys such as usage patterns, information seeking, consumer transactions and internet security
- Changing digital divides

The report is currently being reviewed before being proofed and made publicly available on the WIPNZ web page. A small number of hard copies will be printed and sent to funders, key stakeholders and public libraries etc.

3. Deposit of data

The WIPNZ 2013 data (alongside earlier WIPNZ surveys) is being deposited for downloading by bona fide researchers (with the permission of the WIPNZ team) in the New Zealand Social Science Data Service which is operated by COMPASS at the University of Auckland. NZSSDS provides space for holding data sets and metadata related to social sciences surveys in New Zealand, together with other resources to enhance social research in NZ.

4. Publicity

WIPNZ has had some good public recognition recently both at 'The Project: Digital Disruption' where it was highlighted by Professor Cole and also by Russell Brown in his interview with Adam Holt, Chairman of Universal Music, NZ. In addition the lead article in the *NZ Herald* Canvas Magazine (3 May) on Generation Z in the digital age and written by Greg Dixon featured comment from Philippa Smith as the executive director of the WIPNZ.



Report for InternetNZ - June 2014

Key areas of activity

Digital Challenge Coordination Centre (DC3)

We are researching two aspects of the DC3 project. We are identifying and reviewing the scope of Government led initiatives to identify possible shortfalls in reporting capacity and quality. We are also reviewing existing digital challenge data sources and quality.

We have committed to running the ORB until August 2015 – at which point it will need to be replaced with either the DC3 or (an)other cyber crime reporting system(s).

NetSafe Secondment Programme

NetSafe has completed its second official secondment for 2014. Delight Roberts (Senior Online Safety Strategist, Child Protection Specialist at Microsoft) worked alongside the NetSafe team for seven weeks. We are working on a couple more secondment opportunities with Facebook being the most likely next partner.

Harmful Digital Communications Bill

The Justice and Electoral Select Committee has reported back on the HDC Bill. They recommended a raft of minor adjustments and the addition of oversight of the Official Information Act, Ombudsman Act, and Public Records Act. These moves will increase transparency and public confidence – but may have an impact on people's willingness to communicate with the Approved Agency.

NetSafe has presented the HDC Bill to, and explained the AA process to, key multinational online content hosts and social networks.

Election Year Issue Promotional Activity

NetSafe, InternetNZ, and others are developing an election year (online) event designed to raise the profile of our sector and its concerns.

General

The National Cyber Policy Office (NCPO) appointed Acumen Republic to coordinate the cyber security awareness week. This week (June 16 – 20) will now be run under the Connect Smart¹ brand. NetSafe is considering how it can support this initiative. We have received a request to provide case studies for the media. However, people who share their stories are often ridiculed – making it more difficult to convince others to share their stories publicly.

¹ Please note that the Connect Smart brand has not yet been released publicly. Partners including InternetNZ have been shown the new brand – but have committed to keeping in private until Connect Smart Week.

This reluctance is also hampering our ability to provide stories for Fraud Awareness Week (June 2-6).

NetSafe ran a SmartPhone survey and released the data on May 29. The findings of that survey show that computer security threats are yet to be realized in any significant way on phones. The majority of challenges being experienced by smart phone users fall into the cyber safety and cyber crime categories.

Volumes across all reporting points (web, email, and phone) continue to grow month on month. Media activity spikes demand for services to unsustainable levels.

In the education space we are continuing to increase usage of the NetSafe Kit and contributing to the Ministry of Education led Bullying Prevention Advisory Group (BPAG) and the Cyberbullying subcommittee of the BPAG.

The BPAG has released “Bullying prevention and Response: A guide for schools” and is now investigating possible programs that would support that initiative. The cyberbullying subcommittee is developing specific guidance for schools around cyberbullying challenges and responses – and advice on how to implement the Education Act Search and Surrender provisions for electronic items and devices.

Sincerely

Martin Cocker

NetSafe

Consent Agenda items:

Minutes of the last meeting:

4 April 2014

(For Information)

MINUTES OF COUNCIL MEETING

- Status:** Draft
- Present:** Frank March (President), Jamie Baddeley (Vice President), Amber Craig, Neil James, Hamish MacEwan, Dave Moskovitz, Rochelle Furneaux, Brenda Wallace, Lance Wiggs, Richard Wood
- In Attendance:** Jordan Carter (Chief Executive), Maria Reyes (minute taker), Debbie Monahan (Domain Name Commissioner), Michael Foley (DNCL Director, *in part*), Richard Currey (NZRS Chair), Jay Daley (NZRS CE), Ellen Strickland (InternetNZ Staff, *in part*), Dean Pemberton (InternetNZ Staff, *in part via video*), Keith Davidson (InternetNZ Staff, *in part via video*), Di Daniels (*in part*)
- Meeting Opened:** The President formally opened the meeting at 10.09am
-

1. Apologies

Council received apologies from Donald Clark and Michael Wallmannsberger.

2. Business Development

Council discussed the draft Business Development Policy. It was noted that the comments raised by members haven't given rise to any revisions to the policy. It will be sent out to the Council list and an evote will be conducted to formalise adoption of the Business Development Policy.

- AP 00/14:** Jordan to circulate the draft of the Business Development policy to Council for adoption.

3. Financial Flows in InternetNZ Group

Jordan spoke to his paper around the review of financial flows in the InternetNZ group including the Terms of Reference for the review. He advised that this has also been discussed with Jay Daley and Debbie Monahan, and both are happy with the TOR for the review. It was noted that the Review will generate an initial report, which should be available late May for discussion at the June Council meeting.

- RN 00/14:** That Council approve the terms of reference for a review of InternetNZ group financial flows, and ask the Chief Executive to progress it with a view to seeing an initial report at the June meeting of Council.

(Cr Moskovitz/Cr Craig)

CARRIED U

AP 00/14: Chief Executive to provide an initial report on InternetNZ Group financial flows at the June Council meeting.

Keith Davidson joined the meeting via video at 10.15am.

4. International Update

Jordan gave an update on his recent attendance to the ICANN 49 in Singapore which Debbie Monahan, Jay Daley, Ellen Strickland, Keith Davidson and Barry Brailey have also attended. One of the issues that they had to address while in Singapore was around the debate regarding the U.S. government's transition of its role in the global Internet DNS. The U.S. wants to transition this from its own stewardship to stewardship by the "global multistakeholder community", and has asked ICANN to lead a process to develop a transition plan for this.

InternetNZ group staff working in Singapore provided papers and diagrams to help ensure that ICANN didn't close off options for how the transition might occur, and contributed a paper to ICANN around how the transition might best be done.

RN 00/14: That Council thank Jordan Carter, Ellen Strickland, Debbie Monahan, Jay Daley, Keith Davidson, and all those involved in the process and congratulate them for the work done and will look forward to further work on this.

(Cr Wiggs/Cr Moskovitz)
CARRIED U BY ACCLAMATION

Keith Davidson left the meeting at 10.45am

Michael Foley joined the meeting at 10.46am

Council went into committee from 10.45am to 11.00am for the Council, Chairs and Chief Executives alone time.

Dean Pemberton joined the meeting via video at 11.10am

5. Statement of Directions and Goals

Michael Foley gave a summary of the DNCL's Statement of Directions and Goals and asked Council if there were any comments and questions.

Council noted the reference to the releases made by Snowden and would like this matter generally to be referred to the 'NSA information gathering' or similar rather than always reference Snowden. They also noted that though there was reference to taking registrants views into account in policy setting they would also like to see a specific performance indicator linking to this included in future.

DNCL was questioned about recent correspondence by a registrant relating to the implementation of registrations at the second level. This will be covered in general .nz reporting and not through the Statement of Directions and Goals.

RN 00/14: That the DNCL Statement of Directions and Goals be received and that DNCL notes the issues raised by Council.

(Cr Wallace/Cr Wiggs)
CARRIED U

Debbie Monahan, Jay Daley and Michael Foley left the meeting at 11.25am.

Dean Pemberton left the meeting at 11.25am

Council went into committee from 11.25am to 11.45am.

Richard left the meeting at 11.48am.

During the in-committee session, it was agreed that the three Chief Executives draft a paper for the June Council meeting regarding executive remuneration reporting along the lines that were discussed.

AP 00/14: The group CEs to draft a paper regarding the executive remuneration reporting at the June Council meeting.

6. Code of Conduct / Election Declarations for Councillors

Council discussed on what should be included in the election declaration for Council candidates. Frank encouraged Council to forward any comments/suggestion to him, and he can then draft a declaration approach for Council candidates.

A question was raised around the Induction process for Council. It was noted that there should be an ongoing induction and that Councillors who are re-elected need to be re-inducted as well, given the length of the term (generally three years).

7. Guidance on declaration of Interest

Council agreed to forward this agenda item to the June Council meeting for discussion.

8. Declaration on Councillor Interests

Council noted the late updates sent by Hamish MacEwan, Amber Craig and Lance Wiggs via office@internetnz.net.nz regarding changes to their list of interest. These updates have been posted on the 'Council Register of Interest' page on the InternetNZ website.

AP 00/14: InternetNZ Staff to highlight any changes to matters disclosed in the register of interests that are included in the Council papers.

9. 2014/15 Budget, and Business Plan

Jordan gave an overview on the 2014/15 Business Plan and highlighted the five high-level work areas and also went through the main goals, measures and task for each area. Council had a discussion around these five areas and it was noted that further development is required, particularly around the Internet Issues work programme. This is due to the pending arrival of the Work Programme Director and a desire on Jordan's part for Andrew Cushen to have true ownership of the programme. A further, more comprehensive version of the Business Plan will be presented for adoption at the June Council meeting.

Jordan was asked to ensure this version contains more detail regarding the capital budget, which could use some sharpening.

There was also a discussion around the allocation of budgets for the Sponsorship and Community Funding. A point was raised that the two should be completely separate, as Community Funding is for strategic partnerships and grants rounds, while Sponsorship items are more operationally focused as part of the general marketing plan.

Council took a break at 12.23pm and reconvened at 12.45pm.

Council agreed that the budget for the Community Funding should be increased to \$500,000 and that the \$50,000 allocated for Sponsorships be retained.

RN 00/14: That Council approves the 2014/15 an operational budget limit of \$3.651 million and a capital budget limit of \$120,000.

RN 00/14: That Council note the advice in this paper regarding the downside risks to income in 2014/15, 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.

RN 00/14: That Council approve the recommendation to rollover the balance of \$72,000 from the Christchurch re-build funding (RN81/11); and \$24,000 from the 2013/14 Grants funding to the financial year 2014/15.

Note: this final resolution adds these funds to the operational budget limit of \$3.651m set out above.

(President/Cr Furneaux)

CARRIED U

Di Daniels joined the meeting at 1.18pm.

10. Treaty of Waitangi and InternetNZ

Council welcomed Di Daniels who did a short presentation to the group about the Treaty of Waitangi. The purpose was to start a Council discussion on the relationship InternetNZ does or should have with Treaty issues. Council will discuss how to follow up the initial conversation post this meeting on the email lists.

Di advised that she can provide more information on who would be the best people to contact on specific queries around the Treaty of Waitangi and that Council are welcome to contact her should they need to.

Di Daniels left the meeting at 1.40pm

Council took a 5-minute coffee break at 1.40pm

11. Chief Executive's Report

Jordan presented to Council some of the proposed new logo/brand for InternetNZ. Majority of Council are happy with the current selection, which was simple yet relevant to InternetNZ. But others are keen to see further development on the current concept for the logo/brand.

Jordan also spoke to his report and advised that one of the things he is working on is around the group policies and advised that he will provide a paper on this for the June Council meeting so this can be signed off and be applied in operation.

His other priorities for the next three months, as set out in the written report, include induction for the new Work Programme Director, 2014/15 Work Plan development, staff annual reviews, International Plan under the international strategy, and team resources.

A question was raised on whether the Policy Advisory Group (PAG) needs to be looked at again and if there's a need to appoint a new person to Chair the PAG meetings. Jordan replied that this is one of the things that the Work Programme Director will work on once he is on board.

RN 00/14: That Council receives the Chief Executive's report.

(President/Vice President)
CARRIED U

12. Community Funding

Ellen Strickland gave a summary on the Strategic Partnerships and also gave a brief overview on the proposed strategic partnerships for 2014/15 and 2015/16.

RN 00/14: That the Strategic Partnerships Report be received.

(President/Vice President)
CARRIED U

13. Investment Committee

Lance Wiggs gave a short update on behalf of the Investment Committee around the InternetNZ's investment in managed funds, and discussed the Committee's recommendation to increase the total quantum of funds invested with current fund managers.

A question was raised around consolidated reporting on investments, which was an action point raised at the previous meeting, and Lance replied that this has been put on hold due to the absence of the Accounting Technician. But with the Accounting Technician now back in the office, Lance advised that he will be working with her to draft the consolidated reports.

RN 00/14: That Council approve an increase of the investment in fund managers from \$1m to \$2m, maintaining the same mix between the two managers.

(Cr Wiggs/Cr James)
CARRIED U

14. Consent Agenda

RN 00/14: That the minutes of the meeting held on 12 February 2014 be received and adopted as a true and correct record, and that the following reports be received:

- a. Ratification of minutes: 12 February 2014
- b. Outstanding action points
- c. E-vote ratification
- d. Membership update

(President/Vice President)
CARRIED U

RN 00/14: That the new members be approved.

(President/Cr MacEwan)

CARRIED U

15. Feedback on meeting

Overall Council thought the meeting went well and that there was a good discussion at this meeting. Other feedbacks received are as follows:

- Good presentation from Di Daniels on the Treaty of Waitangi and the discussion around this topic was a good start and at a good level.
- There should be a more realistic approach on the timing of the agenda items.
- For any issues/topics that Council agreed to discuss at a later time, this should be written on a whiteboard so it's easier for the group to go back and refer to this.
- If there are any events that Council are expected to attend, it would be good if a calendar invite (with details included) is sent to the Council list so people can take note of it.
- It was great to have the meeting in Auckland and a suggestion was raised whether if it can be held elsewhere too (other than in Auckland and Wellington).
- Good to have the pre-Council dinner as this allows the group to discuss some of the topics/issues prior to the meeting.
- A suggestion was raised to have read-only papers (e.g. update reports such as the Partnership report) be done on a quarterly basis so it does not get added to the agenda for discussion.

Next Meeting: The next scheduled Council meeting is 6 June 2014 at InternetNZ Wellington office.

Meeting Closed: The meeting closed at 3.22pm

Signed as a true and correct record:

Frank March, CHAIR

Action Point Register

	Action	Who	Status	Due by	Comment
December 2011					
AP 67/11	InternetNZ to consider becoming a member of the Maori Internet Society and encourage the Maori Internet Society to become a member of InternetNZ.	InternetNZ	In progress	May 2014 Council meeting	The Action Point is to be marked as 'for review in one year (May 2013)' - August Council Meeting: Deferred to May 2014
February 2013					
AP 08/13	Jordan to develop a policy regarding the use of the major events budget line, have it checked by the Investment Committee, and submitted to Council for discussion at the March Council meeting.	CE	In progress	April 2014 Council meeting	
May 2013					
AP 12/13	Subsidiaries and CE to prepare a paper, in the interest of transparency, outlining future strategy in respect to reporting of executive salaries and other relevant issues that meet InternetNZ's legal requirements under the Companies Act, and responsibilities as a good employer – for discussion at the Council meeting.	INZ NZRS DNCL	Complete	June 2014 Council meeting	
AP 13/13	The President to circulate the self-evaluation form to Council for completion.	President	In progress	June 2014 Council meeting	
AP 16/13	InternetNZ Staff to find other alternative software for video conferencing.	InternetNZ Staff	In progress	June 2014 Council meeting	InternetNZ staff is still looking into other options for the remote participation.
August 2013					
AP 17/13	Jordan to draft basic guidance on what Councillors needs to declare as part of their register of interest.	CE	In progress	August 2014 Council meeting	Draft has been circulated to Council for discussion
AP 22/13	Jordan to draft a code of conduct for the Community Funding/Strategic Partnership agreement and send it to Council for review.	CE	In progress	June 2014 Council meeting	Covered in the Community Funding Review Implementation Plan
AP 24/13	Grants Committee to provide a short description as to why an application is being declined, for any future applications.	Grants Committee	Ongoing	June 2014 Council meeting	
October 2013					
AP 28/13	InternetNZ staff to provide a proposal at the December Council meeting re plan for the funding rounds, including whether these will be done on a quarterly cycle or twice a year.	InternetNZ Staff	Complete	June 2014 Council meeting	Included in the 2014/15 Budget and Business Plan - paper for June Council meeting
February 2014					
AP 05/14	Ellen and Jordan to have discussion with Dave Moskovitz re CCANZ partnership report.	Jordan Ellen	Complete	June 2014 Council meeting	
AP 06/14	InternetNZ staff to do a follow-up on why members have not renewed their membership especially the organisational memberships.	InternetNZ Staff	On-going	June 2014 Council meeting	
April 2014					
AP 07/14	Jordan to circulate the draft of the Business Development policy to Council for adoption.	Jordan	In progress	June 2014 Council meeting	Included in the Business Development - paper for June Council meeting
AP 08/14	Chief Executive to provide an initial report on InternetNZ Group financial flows at the June Council meeting.	Jordan	In progress	June 2014 Council meeting	
AP 09/14	The group CEs to draft a paper regarding the executive remuneration reporting at the June Council meeting.	INZ & Subsidiaries CEs	Complete	June 2014 Council meeting	

Action Point Register

	Action	Who	Status	Due by	Comment
AP 10/14	InternetNZ Staff to highlight any changes to matters disclosed in the register of interests that are included in the Council papers.	INZ staff (Maria)	On-going	June 2014 Council meeting	

Evotes ratification

EVOTE RATIFICATION

Author: Maria Reyes

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

Evote:		For:	Against:	Abstain:
2042014	<p>1. THAT the attached paper be received.</p> <p>2. THAT the recommendations for governance and operations of Strategic Partnerships be agreed.</p> <p>3. THAT the Chief Executive be authorised to execute strategic partnership agreements with NetSafe, the 2020 Communications Trusts, Creative Commons Aotearoa NZ, and the Institute of Culture, Discourse and Communication, Auckland University of Technology.</p> <p>4. THAT Council approves funding packages as part of the strategic partnerships for the following sums:</p> <ul style="list-style-type: none"> • 2020 - \$100,000 for 2014-15 and \$75,000 for 2015-16 • NetSafe - \$100,000 for 2014-15 and \$75,000 for 2015-16 • CCANZ - \$33,000 per annum, 2014-15 and 2015-16 • ICDC AUT - \$40,000 for 2014-15 	<p>Neil James Richard Wood Jamie Baddeley Frank March Dave Moskovitz Lance Wiggs Hamish MacEwan Brenda Wallace Rochelle Furneaux Amber Craig Michael Wallmannsberger</p>		
9052014	<p>THAT Joy Liddicoat be re-appointed as a Director of the Domain Name Commission Limited for a two year term from the 2014 AGM to the 2016 AGM.</p>	<p>Frank March Hamish MacEwan Richard Wood Neil James Jamie Baddeley Michael Wallmannsberger</p>		Dave Moskovitz

		Donald Clark Amber Craig Brenda Wallace Lance Wiggs Rochelle Furneaux		
160520141	THAT Council require a single consolidated report of remuneration to be included in the group financial statements, with remuneration of senior staff reported in \$100k bands beginning at \$101,000.	Rochelle Furneaux Dave Moskovitz Neil James Frank March Richard Wood Donald Clark Hamish MacEwan Michael Wallmannsberger Jamie Baddeley Amber Craig Lance Wiggs		
160520142	<p>THAT Council, as shareholder of Domain Name Commission Ltd, resolve as follows:</p> <p>SHAREHOLDERS RESOLUTIONS IN LIEU OF MEETING MADE PURSUANT TO SECTION 122 COMPANIES ACT 1993 ('the Act') IT IS HEREBY RESOLVED in terms of the Act that:</p> <p>1. In accordance with section 211(3) of the Act the annual report of the Company need not comply with paragraph (g) of section 211(1) of the Act namely that the annual report state the number of employees or former employees of the Company, not being directors of the Company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum, and must state the number of such employees or former employees in brackets of \$10,000; and</p> <p>2. In replacement of the standard reporting requirement, the annual report of the Company is required to state the total number of employees or former employees of the Company, not being directors of</p>	Rochelle Furneaux Dave Moskovitz Neil James Frank March Richard Wood Donald Clark Hamish MacEwan Michael Wallmannsberger Jamie Baddeley Amber Craig Lance Wiggs		

	<p>the Company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum.</p> <p>3. This resolution shall apply to all future annual reports of the Company unless the shareholder passes a contrary resolution.</p>			
160520143	<p>THAT Council, as shareholder of New Zealand Domain Name Registry Services Ltd, resolve as follows:</p> <p>SHAREHOLDERS RESOLUTIONS IN LIEU OF MEETING MADE PURSUANT TO SECTION 122 COMPANIES ACT 1993 ('the Act') IT IS HEREBY RESOLVED in terms of the Act that:</p> <p>1. In accordance with section 211(3) of the Act the annual report of the Company need not comply with paragraph (g) of section 211(1) of the Act namely that the annual report state the number of employees or former employees of the Company, not being directors of the Company, who, during the accounting period, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum, and must state the number of such employees or former employees in brackets of \$10,000; and</p> <p>2. In replacement of the standard reporting requirement, the annual report of the Company is required to state the total number of employees or former employees of the Company, not being directors of the Company, who, during the accounting period, received remuneration and any other benefits in their capacity as</p>	<p>Rochelle Furneaux Dave Moskovitz Neil James Frank March Richard Wood Donald Clark Hamish MacEwan Michael Wallmannsberger Jamie Baddeley Amber Craig Lance Wiggs</p>		

	<p>employees, the value of which was or exceeded \$100,000 per annum.</p> <p>3. This resolution shall apply to all future annual reports of the Company unless the shareholder passes a contrary resolution.</p>			
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Recommendation: THAT the e-votes be ratified.

Membership Report

INTERNETNZ MEMBERSHIP REPORT

Status: Final

Author: Maria Reyes

2013-14

	June 2014	April 2014	February 2014	October 2013
Fellows:	24	24	24	24
Individual:	302	290	281	252
Professional Individual:	81	83	82	76
Small Organisation:	31	30	30	23
Large Organisation:	7	6	5	5
Total Membership:	445	433	422	380

2012-13

	June 2013	May 2013	February 2013	October 2012
Fellows:	N/A	23	23	23
Individual:	N/A	257	242	218
Professional Individual:	N/A	80	71	68
Small Organisation:	N/A	25	27	26
Large Organisation:	N/A	8	7	7
Total Membership:	N/A	393	370	342

Membership renewals are currently in progress. Members whose membership is expiring on 31 March 2014 have until 1 July 2014 to renew their membership so they can maintain a continuous membership. If the subscription remains unpaid after 1 July 2013, 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.

COUNCIL MINUTE TERMINOLOGY

Agree	“That Council agree...” this is usually followed with a specific decision, policy position or course of action.
Adopt	“That the report be adopted.” When Council adopts a report or paper, it is accepting that the contents of the document, including any recommendations, are agreed with and become the InternetNZ position and action plan.
Amend	“That Council amend” This term is for a resolution that seeks to amend a proposed resolution, and should set out clearly what is to be deleted and what is to be added.
Receive	“That Council receive...” This is a neutral term which captures for the record that a report, document, proposal etc has been noted by the Council. It does not imply that any recommendations in the proposal are to be acted on: that would require “adoption” as well.

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 (<i>RIR for the Asia Pacific region</i>)
APRICOT	Asia Pacific Regional Internet Conference on Operational Technologies
APTLD	Asia Pacific Top Level Domains Associations (<i>organisation for ccTLD registries in Asia Pacific region</i>)
auDA	.au Domain Administration Ltd (<i>Australian equivalent of DNCL</i>)
BCOP	Best Current Operational Practices
BIM	Brief to Incoming Minister
ccTLD	Country Code Top Level Domain (<i>such as .nz for New Zealand, .uk for United Kingdom</i>)
CDMA	Code Division Multiple Access (<i>server</i>) (<i>a means to transmit bits of information</i>)
CFH	Crown Fibre Holdings
CIRA	Canadian Internet Registry Authority (<i>operators of the .ca ccTLD</i>)
DHB	District Health Boards
DIDO	Distributed-Input Distributed-Output (<i>wireless protocol system</i>)
DNCL	Domain Name Commission Limited
DNS	Domain Name System
DNSSEC	DNS Security (<i>adds security to the Domain Name System</i>)
DSLAM	Digital Subscriber Line Access Multiplier
DRS	Dispute Resolution Service
FTTH	Fibre To The Home
GAC	Government Advisory Committee
GCSN	Greater Christchurch Schools Network Trust
GNSO	Generic Name Supporting Organisation (<i>makes recommendations re gTLD to ICANN</i>)
gTLD	Generic Top Level Domain (<i>such as .com / .edu</i>)
HDC	Harmful Digital Communications
IANA	Internet Assigned Numbers Authority

Glossary of Terminology

ICANN	Internet Corporation for Assigned Names and Numbers
ICT	Information and Communications Technologies
IGF	Internet Governance Forum
ISOC	Internet Society
ISPANZ	Internet Service Provider Association of New Zealand
ITAC	Internet Technical Advisory Committee
ITU	International Telecommunications Union
ITR	International Telecommunications Regulations
LFC	Local Fibre Company
MAG	Multistakeholder Advisory Group
MBIE	Ministry of Business, Innovation and Employment
MTR	Mobile Termination Rates
NCSG	Non-Commercial Stakeholders Group (<i>committee under ICANN's GNSO</i>)
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 (<i>group revived by Keith to help IGF</i>)
RBI	Rural Broadband Initiative
RIR	Regional Internet Registry
STD	Standard Terms Determination
TCF	Telecommunications Carriers' Forum
TLD	Top Level Domain
TPP	Trans-Pacific Partnership
TPPA	Trans-Pacific Partnership Agreement
TSO	Telecommunications Services Obligation
UBA	Unbundled Bitstream Access
UCLL	Unbundled Copper Local Loop
UFB	Ultra Fast Broadband
WSA	Wholesale Services Agreement
W3C	World Wide Web Consortium