AGENDA – COUNCIL MEETING

Friday 7 August 2015

Level 9 16 Willis Street Wellington			
8.45am	Refreshments on arrival		
9.00am	Meeting start		
11.15am	Morning tea		
1.00 pm	Lunch		
3.30 pm	Meeting close		
Section 1 - Council Governance			
9.00am	1.1	Welcome	
	1.2	**Council Only**	
	1.3	**Council and CE only**	
9.30-10.00am	1.4	Apologies	
	1.5	Councillors' Declarations of Interest	7
	1.6	Confirm Minutes – June 2015 Meeting	13
	1.7	Actions Register review	23
	1.8	Membership update	25
	1.9	Evote ratification	27
	1.10	Industry Scan - Issues & Opportunities	
Section 2 – Orientation Session			
10.00-10.30am	2.1	Briefing for Council on Current Activities	29
Section 3 – Strategic Priorities			
10.30-11.15am	3.1	Business Development Strategy discussion	37
11.15-11.30am	3.2	Strategic Planning 2015 *Morning Tea*	61
Section 4 – Matters for Decision			
11.30-11.55am	4.1 4.2	Councillor Appointments to Subsidiaries Stakeholder Engagement report back	
Section 5 – Matters for Discussion			
11.55-12.15pm	5.1	NetHui Debrief	
12.15-12.30pm	5.2	CEO Report	63
12.30-1.00pm	5.3	Management reporting: • Internet Issues Programme Report • Community Programme Report	67

		• International Programme Report • Operations Report • Finance Report	
1.00-1.30pm		*Lunch*	
	Section 6 - Subsidiaries		

1.30-2.00pm	6.1
	6.2
		Alone time (Chairs, CE and Council - confidential)
		Subsidiaries reports
		    • Joint .nz 1st Quarter 2015/16 report
		    • 1st Quarter 2015/16 report – DNCL
		    • Final Statement of Direction and Goals
		    • Constraints on finance return update
			91
			
			91
			99
			101

	6.3	Business Development Update – NZRS (Confidential Paper – separate)	
	6.4	1st Group Quarterly Financial Consolidated Report	121
	6.5	Any other general items	
	Section 7 – Other Matters		

2.00-2.10pm
2.10-2.20pm
	7.1	Report from Council Committees
		    • Audit and Risk, Minutes Feb 15, Draft Minutes June
		    • Membership
		    • Màori Engagement
		
		Matters for Communication – key messages
			129

2.20-2.30pm	7.2	• Communications in general • Upcoming events	
2.30-2.40pm	7.3	Approach to 20th Anniversary	
2.40-2.50pm	7.4	General Business • List of Acronyms	137
2.50-3.00pm		Meeting Review	

ANNOTATED AGENDA – COUNCIL MEETING

Friday 7 August 2015

Level 9 16 Willis Street Wellington			
8.45am	Refreshments on arrival		
9.00am	Meeting start		
11.15am	Morning tea		
1.00 pm	Lunch		
3.30 pm	Meeting close		
Section 1 - Council Governance			
9.00am	1.1	Welcome	
	1.2	**Council Only**	
	1.3	**Council and CE only**	
9.30-10.00am	1.4	Apologies *THAT the apologies be received.*	
	1.5	Councillors' Declarations of Interest *THAT Council receive the Councillors' Declarations of Interest as at 27 July 2015.*	7
	1.6	Confirm Minutes – June 2015 Meeting *THAT the minutes of the meeting held on 5 June 2015 be received and adopted as a true and correct record.*	13
	1.7	Actions Register review *THAT the action point register as at July 2015 be received.*	23
	1.8	Membership update *THAT the new members be approved.*	25
	1.9	Evote ratification *THAT the evotes noted in the 27 July 2015 update be ratified.*	27
	1.10	Industry Scan - Issues & Opportunities	
Section 2 – Orientation Session			
10.00-10.30am	2.1	Briefing for Council on Current Activities	29

Section 3 – Strategic Priorities			
10.30-11.15am	3.1	Business Development Strategy discussion ***THAT** the Business Development Strategy Background Paper be received.*	37

	3.2	Strategic Planning 2015
		
		***THAT** this paper on Strategic Planning in 2015 be received, and the recommendation to discuss some key strategic issues rather than review the Group or InternetNZ Strategic Plans be agreed.*
		
		***THAT** the following topics, agreed at this meeting, be those for discussion at the session in October:*
		    •
		    •
		    •
			61

11.15-11.30am		*Morning Tea*	
Section 4 – Matters for Decision			
11.30-11.55am	4.1 4.2	Councillor Appointments to Subsidiaries Stakeholder Engagement report back	
Section 5 – Matters for Discussion			
11.55-12.15pm	5.1	NetHui Debrief	
12.15-12.30pm	5.2	CEO Report ***THAT** the Chief Executive's report for the two months to 31 July be received.*	63

12.30-1.00pm	5.3	Management reporting:
		   • Internet Issues Programme Report
		   • Community Programme Report
		   • International Programme Report
		   • Operations Report
		   • Finance Report
		
		***THAT** the management reports (Internet Issues, Community, International, Operations) and the monthly financial report to 30 June 2015 be received.*
			67

1.00-1.30pm		*Lunch*	

		Section 6 - Subsidiaries	
1.30-2.00pm	6.1	Alone time (Chairs, CE and Council - confidential)	
	6.2	Subsidiaries reports • Joint .nz 1st Quarter 2015/16 report • 1st Quarter 2015/16 report – DNCL • Final Statement of Direction and Goals • Constraints on finance return update *THAT the joint .nz quarterly report for the first quarter 2015/16 be received.* *THAT the DNCL report for the first quarter 2015/16 be received.* *THAT the final Statement of Direction and Goals for NZRS for 2015/16 be received and adopted.*	91 *91* *99* *101*
	6.3	Business Development Update – NZRS (Confidential Paper – separate) *THAT the Business Development Update be received.*	
	6.4	1st Group Quarterly Financial Consolidated Report *THAT the first quarter group consolidated financial report be received.*	121
	6.5	Any other general items	
		Section 7 – Other Matters	
2.00-2.10pm 2.10-2.20pm	7.1	Report from Council Committees • Audit and Risk, Minutes Feb 15, Draft Minutes June • Membership • Maori Engagement	129
2.20-2.30pm	7.2	Matters for Communication – key messages • Communications in general • Upcoming events	
2.30-2.40pm	7.3	Approach to 20th Anniversary	
2.40-2.50pm	7.4	General Business • List of Acronyms	137
2.50-3.00pm		Meeting Review	

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InternetNZ

COUNCILLOR REGISTER OF INTERESTS

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

Officers and Councillors receive the following annual honoraria:

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

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

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

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

Interests:
- Holder of .nz domain name registrations
- Holder of .com domain name registrations
- Member of the New Zealand Law Society
- Representative of APC in the Non Commercial Users Constituency of ICANN
- Founding Director and Shareholder of Oceania Women's Satellite Network (OWNSAT) PTE Limited. OWNSAT is a shareholder in Kacific Broadband Satellite.
- Member of Pacific Chapter, Internet Society (PICISOC)
- Officer's honorarium for InternetNZ
- Assistant Commissioner, Policy and Operations) at the Office of the Privacy Commissioner
- Member, Non-Government Advisory Committee to Public Interest Registry .org

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

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

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

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

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

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

Interests:
- Director and shareholder in several NZ companies, generally operating online
- Including: Director and, through Punakaiki Fund, shareholder of ISP Vibe Communications Limited
- Direct and indirect owner of various .nz domain names (<40)
- Director of Lance Wiggs Capital Management
- Director, and, through LWCM, Manager of Punakaiki Fund Limited
- Member of two Return on Science Investment Committees
- Better By Capital provider for NZTE
- Member of the Institute of Directors
- Member of NZCS / Institute of IT Professionals
- Wife (Su Yin Khoo) is Director and Shareholder of Gather Conference Limited and Gather Workshops Limited, and has performed work for Kiwi Foo Camp and InternetNZ
- Councillor's Honorarium for InternetNZ
- Member of the Green Party
- Friday radio: NBR

Name: Dave Moskovitz
Position: Councillor, InternetNZ
Term: AGM 2011 - AGM 2017
Declaration Date: 9 August 2010, updated 20 November 2013, February 2015

Interests:
- Registrant of .nz, .com, .org, .pe domains
- Director, Domain Name Commission Limited
- **Board memberships:**
- Think Tank Consulting Limited
- WebFund Limited
- Hyperstart Limited
- Golden Ticket Limited
- MusicHype Inc.
- Publons Limited
- Expander Limited
- Startup New Zealand Limited
- Open Polytechnic
- **Shareholdings (all of the above except for *SWNZ Limited and Open Polytechnic*, plus):**
- Lightning Lab 2013
- WIP APP Limited
- Learn Coach Limited
- Ponoko Limited
- Celsias Limited
- 8interactive Limited
- Admin Innovations Limited
- DIY Father Limited
- Smaratshow Limited
- Common Ledger Limited
- Cloud Cannon Limited
- Small holdings in numerous publicly listed companies
- **Non-profit Activity:**
- Global Facilitator
- Startup Weekend (Trustee)
- Pacific Internet Partners (Trustee)
- Think Tank Charitable Trust (Co-Chair)
- Wellington Council of Christians and Jews
- **Other memberships:**
- NZ Open Source Society
- NZ Rise
- Royal Society
- Registered marriage celebrant
- Councillor's Honorarium for InternetNZ

Name: Richard Wood
Position: Councillor, InternetNZ
Term: AGM 2013 - AGM 2016
Declaration Date: 15 July 2013, updated 31 January 2014, updated February 2015, updated March 2015

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

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

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

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

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

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

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

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

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

DRAFT MINUTES OF COUNCIL MEETING

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

1. Welcome

2. Council only

3. Council and CE only

4. Apologies

An apology was received from D Moskovitz.

5. Declaration of Interest

RN37/15: THAT Council receive the Councillors' Declarations of Interest as at 26 May 2015.

(President/H MacEwan)
CARRIED U

6. Confirm Minutes – April 2015 Meeting

RN38/15: THAT the minutes of the meeting held 10 April 2015 be received and adopted as a true and correct record.

(Vice President/Cr Craig)
CARRIED U

7. Actions from April 2015 Meeting

RN39/15: THAT the action list as at the 14 April 2015 be received.
Noted actions: 9/15, 11/15, 13/15, 14/15 still requiring attention:

9/15: Check email list for Councillors for distribution of What's Up newsletter.
11/15: Council to send R Currey requests for future investment requirements and returns – held up due to workloads.
13/15: Timing of planning documents – there is a strong need to get timelines in order;
14/15: agreed to do honorarium review next year, noting this should be reviewed trienially in June to align with the AGM in July.

(President/Cr Craig)
CARRIED U

8. Membership update

RN40/15: **THAT** the new Members list be noted and the new members approved.

(President/Vice President)
CARRIED U

9. Evote Ratification

RN41/15: **THAT** the evote ratification update be noted.

(Cr Wallace/Cr Wood)
CARRIED U

10. Industry Scan - Issues & Opportunities

Discussion held on issues and opportunities for InternetNZ. It was agreed that any issues or comments of interest, the Council may have, to be sent to J Carter and A Cushen or shared on the council-plus-staff email list.

11. Business Development Strategy update *verbal*

There were expectations at the last Council meeting that a draft Business Development strategy would be discussed at this meeting. Due to delays on the staff side this is not yet available. There is a need for strong clarity regarding Council's overall expectation to move forward swiftly in this arena. Council reiterated there should be no barriers moving forward and this initiative had their full support; all risk factors must be considered carefully.

Jordan's expectation is that a first draft will be able to be circulated online to Council for review in the next couple of weeks.

12. Objects

A discussion was held on INZ's objects and the alignment to the organisation. While there was general agreement that no changes should be proposed for discussion to the 2015 AGM, it was agreed that Cr Moskovitz should be present for further discussions on this topic. Therefore it will come up on the agenda at the first meeting of Council following the AGM, and for decision as to whether it should be a subject at the strategy day in October.

AP16/15: INZ Objects and whether/what to do next to be an agenda item for the Council meeting in August 2015.

13.   2015/16 Amended Budget and revised 2016-2018 budget

An updated budget was presented incorporating the changes Council made at the April meeting, along with a revised three-year scenario showing how the budget could come back to balance based on dividend figures from the March 2015 NZRS SoD&G.

Council noted that in the latest NZRS SoD&G there are increased dividend figures forecast, but Council agreed that InternetNZ operate at the revised budget as shown without further amendment.

The revised budget includes provision for $80k moving expenses (INZ share), $40k for rent related to new premises, and $90k in community funding and the approved operational expenditure limit of $4.322m for the 2015/16 year.

RN42/15:   That Council approve the revised 2015/16 budget AND THAT Council note the revised three year budget framework.

(Cr Wiggs/Cr Craig)

CARRIED U

14.   Governance Framework

Grants policy framework

Following a Grants Committee meeting on 4 June, revisions to the proposed Draft Grants Policy were tabled. This document now provides a framework for making clear and concise decisions on applications for grants.

Clearer definition requirements on conflicts of interest were noted and will be reported back to Council.

Once final changes have been made to the Grants Policy it will be presented to the Grants Committee for final sign off and then presented to Council for an e-vote (staff to ensure this process is compliant with the Policy Development Process).

AP17/15:   All recommended changes to be incorporated into the Grants Policy for Grants Committee sign off and evote presented to Council.

It was noted that in future SmartyGrants (an online grants management package) will be used as the system for grants applications and processing.

Health and Safety policies verbal update

The Chief Executive gave a verbal update on the development approach to be undertaken on the new Health and Safety requirements/legislation that will impact on all organisations in New Zealand.

A consultant, Andrew Tripe, has been appointed to refresh our framework consistent with the new legislation. Very clear governance will be required in Health and Safety issues in the future. Each Director of an organisation will be held accountable in this area and there is a strong requirement to mitigate all risk moving forward.

There are delays to the legislation as has been on the public record. Jordan will report back on progress at the August meeting.

15.   Appointments Panel – tabled recommendation

The President spoke through the appointments process undertaken in the recent appointment of a new Director for NZRS.

On recommendation from the Appointments Panel, it was agreed to appoint Linda Robertson to this role. Linda brings a wealth of governance and financial expertise to the NZRS Board.

RN43/15:   THAT Council approve the appointment of Linda Robertson to the
             NZRS board for an initial one year term with commencement to
             begin after the Company's 2015 AGM to be held 30 July 2015.

(Vice President/Cr Craig)
CARRIED U

16.   Strategic Partnerships 2015/16
10.50am: Due to conflicts of interest Hayden Glass left the meeting

Two new strategic partnerships – WikiNZ and ICDC AUT were discussed in full.

Great progress and a sound relationship has been made in the initial discussions with WikiNZ and plans are underway to enhance workstreams moving forward.

As part of this partnership a strawman (identification of process) is being developed to show outcome options and where the partnership could progress in future. This will be an initial one year partnership.

The partnership with ICDC AUT - the World Internet Project (WIP), focuses on undertaking research around the use of the Internet. MBIE is now also a funder of the WIP which is strongly welcomed.

These partnerships are proposed additions to the partnership portfolio which for 2015/16 already includes 2020 Communications Trust (2020), NetSafe and Creative Commons Aotearoa New Zealand.

RN44/15: **THAT** this paper be received **AND THAT** the Chief Executive be authorised to execute a strategic partnership agreement with Wiki New Zealand for a period of one year, as outlined.

(Cr Wood/Cr Furneaux)
CARRIED U

RN45/15: **THAT** the Chief Executive be authorised to execute a strategic partnership agreement with the Institute of Culture, Discourse and Communication, Auckland University of Technology, for a period of two years, as outlined.

(Cr Wiggs/Cr MacEwan)
CARRIED U

RN46/15: **THAT** Council approves funding packages as part of the strategic partnerships for the following sums:
ICDC AUT - $40,000 for 2015-16 and $40,000 for 2016-17
WikiNZ- $40,000 for   2015- 2016.

(Cr Lee/Wallace)
CARRIED U

RN47/15: **THAT** Council approves a review of the Strategic Partnership framework with a proposed approach for 2016 onwards to be presented to Council for consideration at the October 2015 council meeting.

(Vice President/Cr Craig)
CARRIED U

11.05 Hayden Glass rejoined the meeting

17.   CEO Report

The Chief Executive's report was taken as read.

The Chief Executive referred Council to his top five priorities to be undertaken over the next few months: staffing and HR, NetHui 2015, Business development, New Council (post AGM), International.

There have been three changes to personnel over recent months plus Council elections pending.

There has been a significant international focus over recent months by the Chief Executive in dealing with the ICANN accountability working group.

A strong focus on communications, in particular membership relationship and future website enhancements is planned. This will be priority for the new Communications Manager, Megan Bartrum, who is commencing with us in July 2015.

International update

Jordan gave Council a brief update on the proposals for the IANA stewardship transition and improvements to ICANN Accountability, There has been public consultation underway in both areas, and InternetNZ has made submissions.

18.   Management reporting

The Management report was taken as read. Areas covered were:

- Internet Issues report
- Community report (including NetHui update)
- Operations report

Among the highlights are the finalisation of the public version of the Net Neutrality discussion document, innovation partnership engagements and trust structuring, hosting ISOC at NetHui this year, NetHui's planning to date which is ontrack (very exciting programme), how to increase and encourage membership renewals 2015, audit clearance approval at Audit and Risk committee, and ICT tender with DNCL.

19.   Alone time (Chairs, CE and Council - confidential)

Alone time with Chairs and the Chief Executive of INZ along with the Council was held.

20.   Subsidiaries reports

4th quarterly report – DNCL 2014/15
The DNCL 4th quarterly report for 2014/15 ending 31 March 2015 was discussed and noted.

4th quarterly report – NZRS 2014/15
Council noted that NZRS exceeded budgeted profit for the 2014/15 year, showing at year end a positive variance of $531k.

Other activities included Summer of Tech: employment of two students through this programme and GirlsInnov8 supporting two 15 year old girls to attend the GirlsInnov8 code camp.

Further development and streamlining of the broadband mapping has progressed well. The community is showing strong support and it is envisaged to take the mapping live at NetHui15.

.nz joint 4th quarterly report 2014/15

The Council noted the .nz joint 4th quarterly report ending 31 March 2015 noting it has been invaluable for NZRS to have a competitor in .kiwi.

Joint .nz strategy

Discussions were held on transformations and how to best measure the wording "world class". There are many different ways to measure – quantitative/qualitative. It was agreed that once the strategy is adopted, further work on measuring and reporting against the new strategy will be undertaken.

AP18/15:   A brief report to be prepared on measuring, transformations and prioritisation of initiatives for the joint .nz strategy.

RN48/15:   **THAT** Council approve the joint .nz strategy which sets out how InternetNZ, through the two subsidiary companies, will operate and develop the .nz top level domain.

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(Cr MacEwan/Cr Furneaux)
CARRIED U
</div>

RN49/15:   **THAT** the InternetNZ Group Strategic Plan be amended to incorporate the updated .nz strategy.

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(President/Vice President)
CARRIED U
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RN50/15:   **THAT** Council note that DNCL and NZRS will reflect this .nz strategy in their 2016-17 strategic and business plans.

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(Cr Wiggs/Cr Lee)
CARRIED U
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Statement of Directions and Goals and Budget 2015/16-NZRS

Council thanked NZRS for the huge effort that has gone into preparing the SoD&G 2015/16. It has been an extremely difficult year to predict the year end result due to the changes to registrations caused by direct registrations at the second level, and this has been managed well.

RN51/15:   **THAT** Council approve the revised Statement of Direction and Goals and Budget for 2015-16

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(President/Cr Wiggs)
CARRIED U
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Business Development update verbal
J Daley gave a verbal update on business development opportunities: RBI, partner preview, cable networks, the need to get the broadband mapping out to rural communities.

Constraints on finance return update
Further work required by the Chief Executive in conjunction with the Chief Executive of NZRS on the constraints on financial return, with further information to be provided on the mandate InternetNZ has provided to its managed funds providers.

AP19/15: An update will be presented at the August Council meeting.

21. .nz framework policy discussion

Further work required by the Chief Executive in consultation with the Chief Executives of DNCL and NZRS. This policy will be dealt with consistent with the Policy Development Policy.

AP20/15: Draft .nz Framework Policy planned to be be presented at the October Council meeting.

22. Commercial-in-confidence documentation
Council discussed the nature of commercial-in-confidence material, and asked the Chief Executive to report back on some thinking as to whether a default review point at a specified time (e.g. 1 year) would be useful. Material would be automatically public unless there was an ongoing commercial reason to do otherwise.

Jordan pointed out there would be a range of implications of such an approach and agreed to report back to Council at its next meeting. He also stressed the very limited number of such documents – generally business development reports.

Council noted that they would not expect this to act retrospectively on information already marked as confidential. It was further noted that certain information, such as that relating to the employment of individuals, cannot be published.

AP22/15: Chief Executive to consider options for default release after a time horizon of any commercial-in-confidence papers, and report back to Council in August.

23.   Matters for Communication – key messages

It was agreed the key message through June and July 2015 is to encourage as many people as possible to attend NetHui15.

24.   General Business

AGM details

It was noted that AGM will be held on 30 July 2015 at Mac's Function Centre in Wellington, commencing at 6pm.

Letter from Jon Brewer

A letter from Jon Brewer was considered and a reply agreed. The President to sign off the letter to Jon Brewer.

Council self evaluation

Council discussed the results of the council self evaluation, and the review of the performance of the President by Council. It was agreed by Council that the council self evaluation document can be passed to the new Council following the AGM for information.

The self evaluation indicates an improvement at governance leave and Council thanked the Chief Executive and staff for their support and effort in supporting this progress.

Marae setting for Council meeting

Cr Lee made suggestion that an upcoming Council meeting could be held at a marae. There was agreement that doing this in the right way at the right time would be very welcome.

AP22/15:   Cr Lee will report back to the next Council meeting on progress in this area noting potential timing for February 2016.

It was agreed that the Council meeting in October will be held in Dunedin, with a meeting or forum held on Gigatown. There will be a strategy day for Council held the day prior - these dates are 8-9 October 2015.

Training

Cr Craig has been attending training sessions on not-for-profit organisations.

Council elections

It was noted that Cr Wiggs and MacEwan are not standing for re-election; Cr Wallace is standing for re-election; Cr Baddeley is standing for re-election as President; Cr Liddicoat is standing for re-election as Vice President.

The next meeting to be held in Wellington 7 August 2015 and this will hopefully be in the new premises.

Next Meeting: The next scheduled Council meeting is Friday 7 August 2015 at InternetNZ's Wellington office.

Meeting Closed: The meeting closed at 3.15pm

Signed as a true and correct record:

_____

Jamie Baddeley, President

Meeting closed: 3.15pm

2015 Action Point Register

		Action	Who	Status	Due by	Comment
		FEBRUARY				
AP01/15		Jordan Carter and Andrew Cushen to explain how the communications transformations would manifest themselves.	Andrew/Jordan	Complete	Apr-15	
AP02/15		Acronym paper to be included in the Council papers in the future.	Marian	Complete	Feb-15	
AP03/15		President and Vice President to develop content for the Council part of the Business Plan.	Jamie/Joy	Complete	Feb-15	
AP04/15		Chief Executive to draft Policy Development Policy and work with Councilors intersessionally on advancing it.	Jordan	Complete	May-15	
AP05/15		Policy development approach to be tested with members informally at engagement meetings in March.	Jordan	Complete	May-15	
AP06/15		Chief Executive to review the draft of the objects prepared in 2013 and present an updated draft proposal to the April Council meeting for discussion.	Jordan	Complete	Jun-15	
AP07/15		Chief Executive to draft a letter to NZRS to ask if there are constraints in the policy or agreements framework that unnecessarily prevent the realisation of the best possible return on funds held consistent with the company's obligation to be a responsible steward of registrant prepayments.	Jordan	Complete	Feb-15	
		APRIL				
AP08/15		New Health and Safety policies (for Council function and staff function) and a Risk Register to be developed and then added to the Governance Manual.	Jordan	In progress	Oct-15	
AP09/15		Councillors are not receiving What's Up @ InternetNZ. Andrew Cushen to follow this up with David Cormack.	Andrew/David	Complete	Apr-15	
AP10/15		It was agreed that NZRS present an assessment of the potential return available from the medium risk scenario at the June Council meeting.	NZRS	In progress	Oct-15	
AP11/15		Council to send Richard Currey requests re future investment requirements and returns.	Jordan/Mary	Complete	Jun-15	
AP12/15		Council asked that NZRS include in its presentation of its financial information, a breakdown by particular areas of work using the areas set out in the Statement of Expectations as a basis.	NZRS	Complete	Apr-15	
AP13/15		The Chief Executives to revisit the timing of planning documents to best be presented in a timely manner to Council meetings for the future.	Jordan/Jay/ Debbie	In progress	Oct-15	
AP14/15		An honorarium paper to be presented at the June Council meeting outlining current rates & specifying a review date.	Jordan	Complete	Jun-15	Three-year reviews - for Jun-16
AP15/15		It was noted by the President that board evaluations need to be commenced in the near future.	Jamie/Joy	Complete	May-15	
		JUNE				
AP16/15:		INZ Objects and whether/what to do next to be an agenda item for the Council meeting in August 2015	Jordan	On hold	Jun-15	
AP17/15:		All recommended changes to be incorporated into the Grants Policy for Grants Committee sign off and evote presented to Council	Ellen	Complete	Jul-15	
AP18/15:		A brief report to be prepared on measuring, transformations and prioritisation of initiatives for the joint .nz strategy	Jay/Debbie	In progress	Oct-15	
AP19/15:		An update from NZRS re constraints on financial return will be presented at the August Council meeting.	Jay		Aug-15	
AP20/15:		Draft .nz Framework Policy planned to be be presented at the October Council meeting.	Jordan	In progress	Oct-15	
AP21/15:		Chief Executive to consider options for default release after a time horizon of any commercial-in-confidence papers, and report back to Council in August.	Jordan	Delayed	Oct-15	
AP22/15:		Cr Lee will report back to the next Council meeting on progress in this area noting potential timing for February 2016.	Sarah Lee		Aug-15	

INTERNETNZ MEMBERSHIP REPORT

Status: Final
Author: Maria Reyes

2015

	August 2015	June 2015	April 2015	February 2015
Fellows:	23	23	23	23
Individual:	235	289	283	271
Professional Individual:	59	75	74	74
Small Organisation:	20	29	29	29
Large Organisation:	5	8	8	8
Total Membership:	**342**	**424**	**417**	**405**

2014

	August 2014	June 2014	April 2014	February 2014
Fellows:	23	24	24	24
Individual:	256	302	290	281
Professional Individual:	68	81	83	82
Small Organisation:	26	31	30	30
Large Organisation:	7	7	6	5
Total Membership:	**380**	**445**	**433**	**422**

Membership by region

North Islands (Northern):

Joined in	Number
2015	9
2013-2014	29
2010-2012	29
2005-2009	32
Foundation-2004	3
TOTAL	*102*

North Islands (Southern):

Joined in	Number
2015	22
2013-2014	49
2010-2012	52
2005-2009	53
Foundation-2004	7
TOTAL	*183*

South Islands (Northern):

25

Joined in	Number
2015	1
2013-2014	1
2010-2012	6
2005-2009	3
Foundation-2004	1
TOTAL	*12*

South Islands *(Southern):*

Joined in	Number
2015	2
2013-2014	12
2010-2012	17
2005-2009	4
Foundation-2004	1
TOTAL	*36*

* International members – 9

Membership Renewals

Grace members *(i.e. members whose memberships were up for renewal on 31 March 2015)* were given an opportunity to renew their memberships until 30th June. Reminder emails were sent at the beginning of March and a second reminder was sent on 9th May. INZ staff have also phoned members to remind them of their membership renewals.

A final reminder was sent to members on 26 June to notify that if membership has not been renewed on or before 30 June, their details will be removed from the membership database.

Out of the 144 remaining Grace members; 85 of them have had their membership expired and 11 members advised that they were not renewing. The following are some of the reasons/feedback received from members who did not renew:

- Didn't seem to get any benefit from the membership;
- Has not been active on their membership and no longer interested;
- Moving overseas so they prefer not to continue their membership;
- Cost-cutting.

New members

List of new members will be circulated to Council at the Council meeting.

Recommendation:

THAT the new members be approved.

E-votes Ratification

Author: Maria Reyes

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

Evote:	Motion:	For:	Against:	Abstain:
20062015	The Audit & Risk Committee recommends that Council receive and approve the InternetNZ Annual Report for the year ended 31 March 2014.	Neil James Hamish MacEwan Jamie Baddeley Lance Wiggs Amber Craig Joy Liddicoat Richard Wood Brenda Wallace Hayden Glass Sarah Lee		
23062015	THAT Council approve the recommendation of the Fellows of InternetNZ, which is to posthumously appoint Mr Richard Edward Orzecki as a fellow of InternetNZ at the 2015 AGM.	Neil James Dave Moskovitz Amber Craig Hayden Glass Lance Wiggs Richard Wood Brenda Wallace Rochelle Furneaux Hamish MacEwan Sarah Lee Jamie Baddeley Joy Liddicoat		
1072015	THAT Council adopt the Community Grants Policy Framework with immediate effect.	Hamish MacEwan Hayden Glass Richard Wood Sara Lee Neil James Jamie Baddeley Amber Craig Brenda Wallace Joy Liddicoat Dave Moskovitz Lance Wiggs		

Recommendation: THAT the e-votes be ratified.

Briefing on 2015/16 Plans

Author: Jordan Carter

Purpose of paper: To give the incoming Council a briefing on major components of the Activity Plan for the final three quarters of 2015/16.

This paper is designed to give an easy-to-read briefing of planned activity by the InternetNZ team for the last three quarters of the 2015/16 business year – through to April next year.

It isn't a complete list of all the planned work: for that, please see the Activity Plan on the website at:

https://internetnz.nz/sites/default/files/2015-2016-Activity-Plan-Budget-Apr2015.pdf

We welcome questions at any time, either through me or to the relevant lead staff member:

Area	Person
Issues Programme	Andrew Cushen
Community Programme	Ellen Strickland
International Programme	Jordan Carter
Operations	Clare Denny

We look forward to the discussion this spurs, and any questions it gives rise to.

Jordan Carter
Chief Executive

30 July 2015

Issues Programme

Please note, in this section the following abbreviations are used frequently:
- IP: Issues Programme
- ILR: Internet Law and Rights
- IC/A: Internet Connectivity/Access (renamed Portfolio)
- IU: Internet Use
- IT: Internet Connectivity
- IS: Internet Security

External Facing Deliverables

July-September	October – December	January - March
IP: Local Government Engagement	ILR: Internet Law Observatory	ILR: Privacy Act Review
IC/A: UFB & RBI Part 2	ILR: Net Neutrality	IC/A: Copper Pricing
IU: South Auckland Digital Inclusion	ILR: Copyright	IC/A: Telecommunications Act Review
IS: Submission on Intelligence Review	IU: Classification in the Internet Era	IU: Innovation Partnership
IP: State of the Internet	IT: Consumer ISP Advice	IT: Internet Exchange Point Analysis
	IS: EFF Plan for Global Surveillance	IS: Computer Security Incident Response Team
	International: Issues Team representation at IGF	IU: Digital Makeover

Internal Facing Deliverables

July-September	October – December	January - March
New Issues Communications Plan	Government Relations Plan	Activity planning for 2016/17
	Member Engagement in Issues Plan	

People Related Deliverables

July-September	October – December	January - March
Team building in Issues Team event – phase 2		Performance Reviews – full year 2015/16
Performance Review – 1st Half 2015/16		

Community Programme
External Facing Deliverables

Ongoing	July-September	October – December	January - March
Community Sponsorship	NetHui 2015	NZ Internet Research Forum event at AUT	World Internet Project NZ 2015 Survey Launch
On demand Community Grants	Community Grants Round: Projects and Conference Attendance launch and stage 1	Community Grants Rounds: -Projects and Conference Attendance stage 2 - Research and Conference Attendance launch and stage 1	Community Grants Rounds: -Research and Conference Attendance stage 2
Community Grants reporting	Community Organisation MoUs	Strategic Partnerships Framework Review	Strategic Partnerships Framework Review
Strategic partnership engagement on Areas of Focus	International: European Summer School on Internet Governance	Oceania School on Internet Governance 2016 option scoping	Oceania School on Internet Governance 2016 project planning
	Community website content refreshed	APRICOT fellowships process management and community promotion and outreach	APRICOT fellowship management and community outreach
	NetHui local/in-a-box/2016 options scoping	NetHui local/in-a-box/2016 initiatives planning	NetHui local/in-a-box/2016 initiatives work underway
	INZ/TUANZ: WikiNZ speaker series	Strategic Partnerships December governance meeting evening before Council meeting	Community Grants reporting and evaluation framework review
	Speaker series Q4 planning with Issues Team		Speaker Series

Internal Facing Deliverables

July-September	October – December	January - March
Review and update Community Programme related website content	Business Planning for Community Programme 2016/17	Community Activity planning for 2016/17
Community Grants software implemented and handover of grants processes to Community Liaison complete	External Relations/Stakeholder Mapping and Management Plan (with Communications and Management Team)	
Community Grants Operations Manual updated	Update Community Communications Plans	

People Related Deliverables

July-September	October – December	January - March
Community Liaison induction and engagement with wider team	Team building with wider team	Performance Reviews – full year 2015/16
Performance Goals and Development plans agreed	Mid year Performance reviews	

International Programme

External Facing Deliverables

July-September	October – December	January - March
European Internet Governance School		Planning for Oceania Internet Governance School
	ICANN 54 participation (3)	ICANN 55 participation (1)
	Internet Governance Forum participation (2)	
	Australian Internet Governance Forum participation (3)	
WSIS+10 Review coordination & watching brief	WSIS+10 Review coordination & watching brief	
Programme review and easier participation options developed	Improved communications re programme in place	

Internal Facing Deliverables

July-September	October – December	January - March
International Strategy and International Plan finalised		

People Related Deliverables

July-September	October – December	January - March
Making new staff aware of programme		

Operations Team

External Facing Deliverables

July-September	October – December	January - March
Finance		
Financial Management support to DNCL, NZITF, NZNOG and IPv6 Quarterly results to Deloitte for Group Consolidation	Financial Management support to DNCL, NZITF, NZNOG and IPv6 Quarterly results to Deloitte for Group Consolidation Interim Statutory Audit DNCL	Financial Management support to DNCL, NZITF, NZNOG and IPv6 Quarterly results to Deloitte for Group Consolidation End of Year Statutory Audit and Review DNCL and NZITF
Communications		
Website content & function improvements	20th Anniversary	
Events		
ANZIAs Awards – August 2015 APRICOT 2016 Prep	APRICOT 2016 Prep Member meetups 20th Anniversary (TBC)	APRICOT 2016 – Final Stage preparation and Event February 2016 Member meetups
Membership		
mail list / membership system subscribe/unsubscribe		

Internal Facing Deliverables

July-September	October – December	January - March
Finance		
Management Accounting and Financial Management reporting Audit and Risk Committee support to evaluate Risk	Management Accounting and Financial Management reporting Audit and Risk Committee support to mitigate Risk Gain efficiencies through integrating external systems into accounting software First Draft Budget Interim Statutory Audit	Management Accounting and Financial Management reporting for Audit and Risk Committee support Gain efficiencies through integrating external systems into accounting software Second Draft Budget End of Year Statutory Audit
Administration		
Organisational Structure and Task Definition Internal Customer Service - Business Process	Telephone System Upgrade for INZ, DNCL, NZRS Electronic File Management Health & Safety Review	

People Related Deliverables

July-September	October – December	January - March
Performance Review – 1st Half 2015/16 Recruit to Meeting Coordinator Position providing services INZ, DNCL, NZRS Development of Tool to assist Communication, Role clarity, Team alignment	Development of Tool to assist Communication, Role clarity, Team alignment	Performance Reviews – full year 2015/16 Recruit to Permanent Office Manager's role

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A strategy for Business Development

Author: Jordan Carter, Chief Executive

Purpose of paper: To introduce the Business Development Strategy Background Paper and explain what feedback is sought on it at this stage

I have worked with Jay since the June Council meeting to develop a background paper on elements of Business Development strategy that is attached for Council consideration and discussion at this meeting.

The purpose of the paper is to give a thorough background on staff thinking (in InternetNZ and NZRS) on the rationale for business development, and in answering some key questions about it – such as:

- Why would we do business development?
- How does it relate to InternetNZ's purpose?
- Are .nz-related and non-.nz-related business development different?
- How will key risks be managed?
- What forms will new businesses take?
- What markets will they operate in?
- What investment will be made and how will it be deployed?
- What governance will be in place for business development?

The background paper suggests answers to these questions in the form of key strategic decisions.

They are set out in grey boxes. The most significant ones are underlined & highlighted in yellow.

The decisions are posed for your consideration and debate.

At this meeting Council should:

- Discuss the paper and the decisions it suggests, refining, changing and improving as it sees fit
- Agree how to continue the discussion in the next month or two

At the end of the process, we should have a strategy for Business Development that looks and feels similar to the other parts of the Group Strategic Plan.

Jordan Carter
30 July 2015

Business Development Strategy Background Paper

30 July 2015

Introduction

Business Development (BD) is the proactive effort to identify and explore new opportunities and then develop those into new services or products with the aim of bringing in more funds to InternetNZ.

This background paper sets out the strategic decisions in place to answer the following questions:

1. Why is InternetNZ engaging in business development?
2. How does business development relate to the purpose of InternetNZ?
3. What is the difference between .nz related and non-.nz related business development?
4. How will the key risks of business development be managed?
5. What form will the new businesses take?
6. What markets will the new businesses operate in?
7. What investment will be made and how will this be deployed?
8. What governance of business development will be in place?

It should be noted that the option for InternetNZ to invest in existing startup or early stage companies is out of scope for this strategy.

Fundamentals
The case for business development

Why is InternetNZ engaging in business development?

Business Development is undertaken because it strengthens InternetNZ in the following ways:

- Increases InternetNZ's resilience to the negative impact of volatility in the domain name market.

- Embeds a culture of innovation and keeps InternetNZ in touch with the changing needs of Internet users.

- Extends the delivery mechanisms available to InternetNZ to include direct service provision, which may be the best way to deliver a particular object.

- Expands the funds available to InternetNZ to use in pursuit of its objects.

Relationship to the objects

How does business development relate to the purpose of InternetNZ?

The InternetNZ group has three entities joined by common ownership and a common purpose as set out in the objects of the society. A group wide goal already exists for those entities to work together cooperatively and utilising the full spectrum of skills and experience across the group to maximum effect.

The membership of InternetNZ come from all walks of life and have a broad spectrum of professional experience, personal and political views. The one thing that brings them together is the common support of the objects of InternetNZ. However, experience has shown is a fairly narrow path of common ground as demonstrated by the long history of small sections of the membership raising concerns with InternetNZ over perceived deviation from that common ground.

Legal advice on our charitable status is that we may adopt any commercial activities (as agreed by the Charities Commission) that are not contradictory to the objects.

From this comes the following strategic decisions:

1. All business development opportunities pursued by InternetNZ will aim to directly support and deliver the objects, because only by so doing is the common ground of broad membership support possible. It will not be sufficient for a service to not be contradictory to the objects (such as running a dog register).

2. The development and introduction of all new products and services will include a plan for stakeholder and membership engagement.

Reducing InternetNZ's dependence on .nz

What is the difference between .nz related and non-.nz related business development?

The InternetNZ Group Strategic Plan 2015-2020 sets an overall transformation we pursue in relation to business development as follows:

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

The logic behind this transformation goes back to 2008, when .nz experienced its first monthly fall in registration figures since the introduction of the SRS. This led to the recognition that InternetNZ is solely dependent on a single income stream from an increasingly volatile market. Since 2008 that volatility has increased and with the introduction of new gTLDs it also looks as if the growth has permanently reduced to low levels.

As such, the primary focus of business development across the group is on opportunities that do not rely on InternetNZ's continued role as the designated manager for .nz.

From this comes the following strategic decisions:

1. Products or services meet the "do not rely" criterion when their ongoing operation or development would face no impact whether or not InternetNZ was the designated .nz manager (except insofar as losing that role might cause reduced availability of staff with the skills and knowledge to execute business development efforts).

2. DNCL has no role in assessing or permitting such business development efforts, though it is welcome to comment on them in a manner similar to any other member of the public.

Business development that relies on InternetNZ's role as the designated manager for .nz does not deliver the primary transformation sought but it does benefit the local Internet community in the following ways:

- It allows the provision of new/innovative services that are not currently available and that could not be provided by any other party;

- It can generate new income for the group to use in advancing InternetNZ's objects;

Such business development opportunities see DNCL playing an important role in assuring that they are consistent with the .nz policy framework (where there are any interactions with the same).

The following strategic decisions come from the above:

1. InternetNZ's objects are broader than its role as steward of the .nz TLD, and it is appropriate to invest (transparently) a limited proportion of the current income from .nz to develop new sources of income that are not dependent on this role.

2. The primary focus of business development is on opportunities that are ==not dependent== on InternetNZ being the designated manager for .nz.

3. Business development that does rely on that role is permissable because of the benefits that it offers to the local Internet community and to InternetNZ.

4. For such business development, NZRS may be the preferred vehicle. This decision will be made by the InternetNZ Council, regardless of which entity across the Group identifies and develops the opportunity.

5. There is and will be no target in place in dollar terms for business development that does rely on InternetNZ being the .nz designated manager, but the general EBIT targets set out in the Statement of Expectations for the subsidiary/ies involved do apply to such development.

Reputation and integrity of InternetNZ

How will the key risks of business development be managed?

InternetNZ is an organisation that is built on its reputation and damage to its reputation is the first key risk. Without that its policy submissions would not be listened to, its competence to run .nz would be questioned and stakeholders would not engage. It is vital therefore that all business development activity maintains and contributes to this reputation.

Expanded commercial activity and direct service provision introduce a number of new risks to InternetNZ's reputation. These risks are as follows:

- An actual or perceived conflict of interest between public interest and commercial goals (the possible perception is that the latter is influencing our work in the former area, for our own gain).

  At the same time it should be recognise that commercial activities can actually support the public good, in two ways:

  1. Commercial activity may be the only way to fund a particular way of delivering public good.
  2. The commercial activity itself may be delivering public good. .nz.

  The InternetNZ group is a good example of these two. The way we run .nz is to maximise the public good and that is only possible

because it makes money to fund that approach. That same money funds InternetNZ to a level of delivery of public good that it would not be possible to reach otherwise.

- Conflict with stakeholders over whether it is ever appropriate to use funds obtained from .nz for other business development (either .nz related, or non-.nz related)

- Conflict generated through entering new markets other than .nz, which could see InternetNZ competing with existing businesses.

    This risk could be seen more narrowly in terms of competition with stakeholders but if we prioritise the avoidance of competition with stakeholders then that has all the appearances of a cartel. It also forces businesses to become stakeholders to reduce our chances of competing with them.

    Furthermore it should be recognised the competition per se is generally a good thing as it can drive service improvements and/or prevent price-gouging and customer lock-in.

- Perception that any other commercial activity is an inappropriate role for the steward of the .nz TLD

- Perceived risk of loss of focus on .nz through diversification of activity

These risks can be mitigated in a variety of ways, as set out (at a high level) in the table:

Risk	Mitigation
Perceived self-dealing / conflict of interest (commercial versus public good imperatives)	Commercial activity is done by/in limited liability companies with governing bodies differently composed than InternetNZ Council. Transparency and community involvement in establishing policy principles and detailed stances on issues. Clear internal understanding of and external transparency around the relationship between commercial activity and public good for any specific product or service. Staff that pursue commercial and public good activities have clear policy frameworks regarding appropriate boundaries and relationship between the two.

Risk	Mitigation
Conflict over use of .nz funds for new activities	Clear establishment of mandate to take this approach. Clear and consistent communication across the group as to the limited scope of such resource use.
Conflict through entering new markets that sees InternetNZ competing with existing businesses.	Competitor conflict assessed in making business development decisions with regard to potential for public good, delivery of objects and competitor responses. Preference for novel or innovative business development that means that the competition introduced by us is good for the consumer .
Perceived incompatibility between .nz steward role and any new commercial activity	Principled case made consistently across the group for the desirability of securing InternetNZ's objects independent of its role as the .nz steward. Regular testing of this question with the local Internet community. Clear information regarding actions of other ccTLD stewards in this arena.
Perceived risk of loss of focus on .nz caused by diversification	Conduct new business development in commercial entities that are not already commercial entities (i.e. so only in NZRS or a new subsidiary). Staff that pursue commercial and .nz activities have clear policy frameworks regarding appropriate boundaries.

From this comes the following strategic decisions:

1. All business development activity will be ring-fenced to NZRS as an existing commercial entity or a new subsidiary created with a commercial remit, or a joint venture company[1].

2. The terms and conditions under which InternetNZ offers a product or service need to be consistent with the ethos that InternetNZ has applied in its objects, its policy submissions and its management of .nz. The details are left for the policy but here are some examples:

- All services will be offered on non-discriminatory terms.

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[1] This is not intended to shut the door for staff of InternetNZ and DNCL to be involved in, say, providing consultancy services through a new subsidiary if it was felt that could be done in a way that minimises perceptions of conflict of interest.

- All pricing for paid services will be openly published.
- We will not enter into exclusive deals.

3. Any product or service that InternetNZ or a subsidiary puts its name to will have a high quality design and user experience

4. The service that customers receive will be of a high standard and this will be independently measured.

5. <mark>InternetNZ will discuss its approach to business development as a part of its overall strategy, including the specifics of business development strategy, with the Internet community on a regular basis and in an open and transparent manner</mark>.

Another key risk is the loss of capital, which is addressed in the section on Investment below.

Business models

What form will the new businesses take?

Characteristics of existing products and services

The business model around .nz has some characteristics that by association are seen as the way InternetNZ does business.

- .nz is a **high volume, low price business**. The pricing is in fact so low that there is practically no price based discrimination that prevents any sizeable section of NZ society from access. The volumes are high enough that the customer base represents a significant proportion of NZ businesses.

- .nz utilises a **wholesale channel**. This allow for tight control over the customers that it sells directly to, which in turn ensures the quality of the channel. This wholesale model means that the group has little experience of the expense and complexities of dealing directly with consumers.

In addition to .nz, InternetNZ (through NZRS) operates a number of free services, which provide basic functionality in their respective areas.

Implicit in this is the potential for another business model with different characteristics:

- **Free-turning-freemium**. This is where a service is initially free to gauge demand and refine the product and then paid for service are added later.

The most recent service from InternetNZ (through NZRS), the National Broadband Map, is a a different business model again, with two new characteristics that are being introduced.

- The broadband map is a **two-sided market**. Both users and providers pay to play, in both cases using data as the currency.

- The broadband map is a step towards a **freemium model** as consumer access is free and bulk access is chargeable.

Finally there are some characteristics common to all of these services.

- These are all online, technological services where customers access the service on NZRS infrastructure.

- These all use home-grown technology to deliver the service and when first launched, no off-the-shelf packages were available that could have been used instead.

The following strategic decisions flow from this analysis:

1. All of the above "service characteristics" are available for use in future business development opportunities.

Analysis of potential business models

A number of simplified business models have been analysed and for each of these the most important success factors are documented and a short assessment of whether we can address that factor sufficiently. Given the simplified nature of these business models a number of them overlap and a more detailed model would need to combine elements from more than one.

Appendix 1 is the current criteria matrix used by NZRS to assess specific business development opportunities, which contains a number of similarities to the analysis presented below.

Apps

'Apps' refers to a range of software products/applications including cloud services, packaged software and mobile apps. The success factors for apps and how the group matches up to them are as follows:

Success Factor	Match
Staff with experience in designing and building apps.	Core business.

Success Factor	Match
Experience and capacity for software development.	Core business.
Experience and capacity for hosting apps.	Core business.
Sales channel for apps.	Core business.

From this comes the following strategic decision:

- The development of Apps (in the broad sense) is currently the easiest path to follow for business development, and is therefore **the preferred path**.

Consultancy

The success factors for consultancy and how the group matches up to them are as follows:

Success Factor	Match
Staff (or potential staff) with in-depth experience of a business that others would be willing to pay for.	The group certainly has people with sufficient experience and the establishment of successful consultancy businesses within the domain name industry show that people would be willing to pay for that expertise.
Said staff with sufficient spare capacity not on BAU to utilise as consultants.	No staff with the required expertise also have the spare capacity. However plenty of potential staff in the wider community with this that we could harness.
Sales opportunities and consultancy sales experience.	None in-house.
Generic processes, resources and methodologies, well documented and packaged that can be applied to consultancy assignments.	There are certainly resources like this but everything has been developed for internal use only and would need to be reworked for external use.

From this comes the following strategic decision:

- We will only enter the consultancy business with commitment to the high level of investment needed to do it properly.

Retail sales to consumers

Retail sales is defined here as any direct sales to a consumer and covered by the Consumer Guarantee Act. The success factors for retails sales and how the group matches up to them are as follows:

Success Factor	Match
Staff experience of retail sales.	None in-house.
Awareness of the legal requirements around consumers	None in-house.
Capacity/capability to handle support and billing requests from consumers.	None in-house. The NZRS application support team, while superficially similar, operates at a very different level.
Contacts with retail sales channels that can enable us to get a product onto shelves.	None in-house

From this comes the following strategic decision:

> - We will only enter retail sales with a partner that has extensive experience of retail sales.

Package and sell existing technology

This is taking the work that we already do (e.g. running a TLD registry) and packaging it up and selling it to other registries and/or companies with similar requirements. The success factors here and how the group matches up to them are as follows:

Success Factor	Match
Potential products that are both a) sufficiently special that others would want to use them; b) sufficiently generic and/or standards based that others would be able to use them.	NZRS and DNCL certainly have some desirable work, as evidenced by feedback from industry peers. However these products might not overlap with those that others can use – more work is needed.
A market of customers willing to pay for these things.	The domain name industry is only starting down this route. Some will pay, but not the majority.
Sales opportunities and sales experience.	Some limited experience and ICANN/regional events provide opportunity.

Fits with our current open source approach.	This can be made to work. Some potential customers would use the open source without paying but other would prefer the product.
Work in this area can be ring-fenced from production .nz.	This is problematic as the same packages will now be used for both production .nz and a product.

From this comes the following strategic decision:

> - We will only consider packaging and selling existing technology where we can guarantee that the ongoing support of these packages are ring-fenced from .nz work.

Freemium

This is offering a free product and also a paid product (which could be introduced later) with the intention that there is widespread takeup of the free product that then sells the value of the paid product. The success factors here and how the group matches up to them are as follows:

Success Factor	Match
Acceptance of InternetNZ charging for a product.	This is still an issue, but one that can be greatly mitigated by also offering a free product with basic functionality.
Sufficient demand for a new product.	The freemium model is a good way to establish that demand.
Low cost of delivery for the free product.	Low cost of delivery is a feature of NZRS.

The strategic decision the follows from this is:

> - The freemium business model is a valid way of introducing new products and services and may be a good way to manage issues of acceptance.

Markets

What markets will the new businesses operate in?

Existing markets

The group operates in the following markets:

Organisation	Markets
NZRS	Specific • Domain name registry • Internet access data • Internet time • Key management General • Critical Internet infrastructure • Authoritative Internet data • Time services • Secure identity
DNCL	Specific • Domain name dispute resolution • Domain name policy development General • Dispute resolution • Policy development
InternetNZ	Specific • Internet policy development • Internet events • Internet grants General • Policy development • Events • Grants

Extending geographically

These existing markets can be built upon by extend geographically either to a targeted country, a region or globally. Doing so introduces a number of risks:

- Potential language issues.
- Currency issues.
- Different legal systems.
- Stakeholder concerns over scope creep.
- Cost of sales.

From this comes the following strategic decision:

- <mark>Business development will initially concentrate on NZ market and only expand internationally where a successful product has been identified and there is international demand for it</mark>.

Entering new markets

The range of markets the group currently operates in is quite broad and there are many opportunities within those. Entering new markets could require new people with new skills and experience.

From this comes the following strategic decision:

- Business development will explore existing markets, both specific and general, and existing skills and experience before branching out into entirely new markets.

Investment

What investment will be made and how will this be deployed?

Target

The target for return on investment is for $1m of net profit to come from new business.

Assuming a pre-tax profit margin of 25% (an average for the software business) then this would require new business with a turnover of $4m per year. With a pre-tax profit margin of 10% (an average for business consultancy) then this would require a new business with a turnover of $10m per year, equivalent to .nz.

Seed capital

An initial Business Development Fund of $400k was created during the 2011-12 financial year and is currently held by NZRS.

The following strategic decisions apply to this fund:

- The purpose of the Business Development Fund is to finance the initial establishment of new products/services, it does not cover the cost of identifying opportunities.

- <mark>There will be transparent accounting for the Business Development Fund, and for the costs accrued in identifying opportunities for business development</mark>.

- To reach the profit target it is likely that significant additional investment will be required.

Deployment

There are two elements to how the investment is deployed. The first is the number of concurrent business development projects and the resource impact. This resource impact is wider than the seed capital given the costs of identifying opportunities. The following strategic decisions apply:

- We will aim to have between 1 - 3 new businesses under initial development (i.e. not yet launch) at a time.

- We will aim to have between 3 - 7 new businesses in operation (i.e. launched) at a time.

The other element is the size of the new businesses and the step change between them. This is particularly important given the nature of the target above, which is unlikely to be achieved from small (estimated profit in the tens of thousands) projects. From this the following strategic decisions apply:

- Of the 1 – 3 new business under development, at least one must be large (estimated profit in the hundreds of thousands).

- Of the 3 – 7 new businesses in operation, at least two must be large (estimated profit in the hundreds of thousands).

Third party resources

It is clear that there are some business models that cannot be established without third party involvement to supply the missing skills. It is also likely that approaches will be made to partner on specific opportunities. The following strategic decisions apply:

- Appropriate third parties will be considered for partnering where there is a gap in our capability that is best provided by a third party.

- Approaches from third parties for business partnerships will be considered.

- The tax implications of any joint venture will be properly considered.

Staff investment

Given the nature of InternetNZ as an organisation, the following strategic decisions apply:

> - There will be no profit sharing with staff, other than through salary and performance bonuses.
>
> - Staff time spent on defined business development activity, will be transparently accounted for at a high level.

Governance

What governance of business development will be in place?

Partitioning of risk

As noted above, a key risk is the loss of capital though individual losses should be expected and planned for. In order to partition risk the following strategic decisions apply:

> - All business development will take place in a subsidiary of InternetNZ, whose board has the commercial skills necessary to manage this work.
>
> - Any new business that has a level of risk such that its failure could cause material harm if housed within an existing subsidiary should be housed within a new subsidiary created for that purpose. This could be a subsidiary of a subsidiary.

Partitioning of interest

Two of the risks identified above involve a perception that business development could introduce competing interests with the existing activities of .nz and public policy work and therefore undermine those activities. The ways in which this conflict could be perceived are between commercial activity and the following, both at a staff level and a governance level:

- Public policy work
- .nz operations
- .nz regulation
- Technical research

It may be that these perceptions require a further strategic decision, which is to create a new subsidiary solely for non-.nz business development.

Governance roles

The governance of business development needs to be at a number of levels with responsibility given to an appropriate governing body and role. From this the following strategic decisions apply:

- InternetNZ Council will be responsible for delivery of this strategy and major decisions.

- In particular, InternetNZ Council is responsible for validating whether business development opportunities are consistent with the objects, and for assuring itself that this Strategy and the associated policy are complied with by the relevant subsidiary/ies.

- The board of the relevant subsidiary will be responsible for the development of individual businesses.

- If partnership with a third party is agreed then a new subsidiary will be created with a joint board which will be responsible for the development of that business.

Appendix 1 – NZRS Business opportunity assessment matrix

Area	Individual criterion	
Product strategy		*We don't have a formal product strategy but one is emerging from the various opportunities that gain intuitive approval from internal stakeholders. This section attempts to unpick these to allow individual assessments.*
	An Internet registry product (authoritative)	.nz is a registry and there are specialist skills needed to run a registry, including meeting a very specific set of external requirements. We have a long history of looking for new registries to operates.
	A critical Internet infrastructure product	.nz is critical Internet infrastructure, which again is a unique line of business and one that we are both good and and have a good reputation for.
	An Internet data product	This is still quite new but it's an area that we were already touching on in a number of places and one that we have much of the internal framework in place to support.
	Can be packaged and sold to other TLDs	The question of whether or not this is possible is often raised and so needs to be borne in mind. However we don't have any of the processes or systems in place to deliver this.
	Speed of potential product iteration	Rapid product iteration is going to be needed, no matter how good our research is.

Channel/Sales		*We are currently a wholesaler and have none of the skills or operational capacity to sell direct. Therefore who our customers are and what channel we reach them by is critical for all new opportunities*
	Uses our current channel	We already have a good channel that we have good relationships with. We need to be cautious though that our channel is only really business units within companies and there may be parts to those companies that we want to use where we don't have much of a relationship.

	Sells to our existing customers	This specifically means registrants of .nz domain names as registrants. We have so many that almost any business we sell to will be one, but we might not be selling to them in the right role.
	Add-on to existing product	For now this means an add-on to the .nz registration.
	Similar price point to existing products	We are currently perceived by our existing customers as the supplier of a low price, high volume, automated service. If we shift the price point notably higher then their expectations of what they get from us will change and that may not match their current perception of us.

Closeness to our skills		*This provides for a realistic assessment of the skills needed to deliver the opportunity and how they match our existing skills. The higher the figure then the higher the match with our existing skils.*
	Core technical skills (e.g. DNS, data analysis)	This is a reasonably narrow set of technical skills that we are experts on and do all the time.
	Core infrastructure management skills	This is more than just technical skills, including processes and the like necessary to manage critical infrastructure.
	Outsourced skills (e.g. Development)	While these skills are outsourced, they are skills that we rely on and have extensive experience in managing and can to a sensible degree rely on them as internal skills.
	Business/marketing skills	Refers to our skills in marketing in this particular line of business as represented by this product
	Directors' skills	Often forgotten about in the wider group discussions, but not where the skills of directors in opportunities of this nature must be assessed.

Deliver the objects	*Not all of the InternetNZ objects apply strongly to NZRS. This picks out those few that appear to have the greatest traction, while avoiding*

		including those that overlap with the product strategy (around running critical infrastructure).

	Open	How strongly does this support or contribute to an open Internet. The following helps apply this to our narrower mission:
		• Open access
		   o <u>Visibility into your own access</u>. See the data relating your own access
		   o <u>Adds value to your access</u>. Provides enhanced functionality that you can choose to use
		   o <u>Liberate/free your access</u>. Helps circumvent restrictions on your access that are counter to an open Internet.
		• Open data
		   o <u>Visibility into your own data</u>. The ability to see data that you would not normally be able to see or if you could then only with considerable effort.
		   o <u>Adds value to your data</u>. Through augmentation (annotating with your own data points), linking or analysis.
		   o <u>Liberate/free your data</u>. Let's you take your data away and/or control how it is used

	Increase competition	How much does this increase competition for Internet products and services. The object relates strictly to Internet access but the definition appears to be broadening among internal stakeholders.
	Promote Internet standards	How much does this support/promote the use/introduction of relevant Internet standards.

Entering market		*This measures the barriers to entering the market. The higher the figure assessed, then the lower this particular barrier is.*
	Established	If there are **established** competitors then they

	competitors	are automatically a barrier to entry.
	Entrance fee	This can come in a variety of forms. A high figure indicate no entrance fee.
	Competitive tender/process	Is there a tender to be won in order to pursue this opportunity
	Regulatory hurdles	Is there an active regulator that has imposed or is likely to impose hurdles that need to be cleared if this opportunity is to proceed.

Evidence of demand		*One of the early stages in assessing any opportunity is collecting evidence about the demand for the product and the problem it is intended to solve.*
	Research quality	The quality of the research that we can use to assess the viability of the opportunity, which covers: - How much research exists - How recent is the research - How applicable is the research to this specific opportunity - How well conducted/analysed was the research
	Support of research	How well does the research support the viability of the product
	Pre-sales/Letters of intent	Do we have any firm, up-front commitments
	Someone else already selling this	If someone else is already selling this profitably then to a degree that validates the market.

Partnership		*Some opportunities may involve a partner. There can be both good sides and bad sides to a partnership though it should generally be seen as positive. This section measures the positives and the negatives, if any, are noted in the specific criteria they affect.*
	Risk shared with partner	This implicitly defines a partner as someone who shares the risk, otherwise they remain a supplier.

	Partner with specialist expertise	Important to note if the partner is covering a key gap in our skills. (?)

Financials	

	Cost of implementation	Includes: • Product development • Infrastructure • Product research and marketing
	Cost of operations	Anticipated annual cost in directly attributable costs but not marginal overheads
	Number of customers needed	This is a crude measure of the number of end-customers (who buy through the channel) that need to purchase the product for it to be viable, which means a reasonable profit and covering any expected expenditure. The numbers are particularly important in the small NZ market.
	Size of potential profit per year	A measure of the potential scale of profitability to allow relative comparisons.

Strategic Planning in 2015

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To suggest and approach and some subject area options for Council to consider in deciding what Strategic Planning to do in 2015.

InternetNZ's annual planning cycle schedules any Strategic Planning to be done in September or October.

As part of calendar planning for the year, and given that the Group and InternetNZ Strategic Plans were only signed off late 2014/early 2015, Council agreed that it would confine any agreed planning activities to one day in conjunction with the October 2015 meeting.

There is no need to do a review of the Group Strategy or of the InternetNZ Strategy given how recently they have been signed off. For this year, a day long session digging into a few key strategic issues or debates seems most appropriate.

The following issues may need further strategic discussion either between Council and senior staff, or including subsidiaries as well.

To make for a constructive discussion with plenty of time to consider all perspectives only two or three topics should be chosen for consideration in a day-long meeting:

- **Membership issues** – improving the experience members have and attracting new and past members to the organisation.

- **Business development strategy** – finalising or further developing our approach to this work.

- **International strategy** – making sure the resources the group spends in international work are targeted at the right areas and well connected to our overall Strategy.

- **Group identity and culture** – with the group back on one floor, it would be useful to tease out common expectations for all business units and subsidiary Boards in working together effectively.

- **2016/17 Statement of Expectations** – more in-depth discussion than usual about subsidiary expectations could help with simpler and quicker development of SoEs for 2016/17.

Council members may have other areas of suggested focus.

At the end of the discussion sparked by this paper, I seek clarity in the topics we will discuss at the strategy-focused day in October.

I will then work with Council (and subsidiaries as appropriate) to develop more detail regarding the inputs required for a good conversation, and logistical details, over the next few weeks.

Recommendations

THAT this paper on Strategic Planning in 2015 be received, and the recommendation to discuss some key strategic issues rather than review the Group or InternetNZ Strategic Plans be agreed.

THAT the following topics, agreed at this meeting, be those for discussion at the session in October:
-
-
-

Jordan Carter
30 July 2015

Chief Executive's Report

Author:	Jordan Carter, Chief Executive
Purpose of paper:	To update Council on progress in the two months to 31 July 2015, and to set out goals and priorities for the coming quarter.

Introduction

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

It should be read in conjunction with the management reports.

1: Critical / Other / Potential Risks

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

2: Recent Priorities

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

- Induction of new staff – Comms and Temporary Office Manager
- Participating in NetHui 2015
- Development of business development strategy
- Preparing for the 2015 AGM
- Participating in ICANN accountability matters
- Common premises project
- Some communications issues including website issues
- Various stakeholder outreach efforts
- APRICOT 2016 project

As such, all of the priorities identified in my June 2015 report have been advanced in the past two months.

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

I will note here that it has been a very busy two months across all areas.

NetHui 2015 was, as it is each year, a huge commitment across the team – I pay special tribute to Ellen and Yvonne in leading the work for a very successful event – including bringing the event in under budget.

Other highlights include the grants rounds launched at NetHui, Internet issues (copper pricing, network neutrality, and more recently the TPPA), and Operations team issues (development of the Quality Plan setting out the plan for improvements in operations and administration).

A more measured pace to our work is now more apparent across the team. I noted the need for this in my last report – it flows from the more manageable scope of work set out in the 2015/16 Activity Plan.

3:   Priorities for the next three months

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

1. **Team Building:** Half the staff team have worked for InternetNZ for less than a year. Building a high performing team is critical work in the next few months: it is the precondition for the "delivery" focus I committed to at the AGM.
2. **Stakeholder & Member Engagement:** we are building a clearer plan for what to do in this area and will be implementing improvements as we go.
3. **Business development strategy:** working to complete development of the Strategic Plan's requirement for a distinct strategy in this area.
4. **Communications:** working with our new Comms Lead to update our communications strategy and plan, and to make sure that we constantly keep a focus on "what are we getting across to members, stakeholders & the public about our work?"
5. **New premises:** making the most of the opportunity our move to new premises in August creates for stronger group-wide relationships.
6. **International:** ICANN accountability remains on the agenda, with finalisation of the Accountability group's work happening by October at the next ICANN meeting.

I particularly welcome Council feedback on this set of priorities.

Other matters that will be progressed include:
*   **Subsidiary and .nz stewardship:** two areas of focus here: completing development of the ".nz Framework policy" arising from the .nz Framework review; hopefully finalisation for debate and approval of an MOU between MBIE and InternetNZ regarding .nz.
*   "Deep dives" into our core administrative processes working with our Temporary Office Manager.

Operating Team

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

- **Team wide:** team building to incorporate arriving members, making sure we build a solid and successful team culture.
- **Community**: Dealing with the Grants Rounds that close in August and progressing stakeholder engagement planning are two priorities.
- **Internet Issues**: continuing progress in delivery of 2015/16 Activity Plan. Net Neutrality, TPPA/Copyright, and in this period likely Telco regulation (copper broadband pricing and post-2020 regulatory review) are all in the mix.
- **Operations**: the premises move, and implementing the improvements that arise from the work that Clare is doing with Maria and the wider team.
- **Events**: The ANZIAs are being hosted by InternetNZ in Auckland at the end of August, and APRICOT 2016 is steadily approaching.

4:   Longer Range Priorities

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

- **Team and Group culture and dynamics:** getting the best bang-for-buck across the group is important, and restoring common premises will help with this. Now we face extensive changes in our own team which needs to be acknowledged and planned for in addition to the move.

- **Identity:** living up to the new brand identity and "spreading the word" on this, so that our public profile becomes clearer.

- **Role of and relationship with Members:** there is a good deal to do to better understand our members and develop a stronger culture of respect and inclusion among them.

Across all of these, "delivery" is a key theme – being crisper, sometimes faster, to get our view out.

5:   Staffing and Contractor matters

I do thank all our staff, current and past, for the huge amount of work done since the last meeting. It has been a busy time.

Since the last meeting, two new permanent staff have joined the team. Nicole Skews-Poole is our new Community Programme Liaison, and Megan Bartrum is our new Communications Lead, both based in the Wellington office.

Clare Denny joined the team in early June as Temporary Office Manager – a fixed term contract for seven months following Marian's departure to help us review and improve our administrative and operations work.

Recruitment is nearly complete for a replacement on the front desk for Aimee Watson. The new position is Meetings Coordinator, as that has been in our experience the majority of what the receptionist does. An appointment is expected in the next few weeks.

Aimee Whitcroft provided invaluable assistance to the NetHui project and in some limited communications support in between David's departure and Megan's arrival.

The short term engagement of Johnny Tito to manage the premises move project has been completed, with his last day having been yesterday. Clare is managing the remaining aspects of the premises move project.

6:   Other matters

- None to report.

I close by congratulating Jamie, Joy and Brenda on their re-election, and welcoming Richard and Kelly to the Council. Along with the whole staff team, I am looking forward to working with you over the coming year.

Jordan Carter
Chief Executive

31 July 2015

InternetNZ

Issues Programme Management Report to the August 2015 Council Meeting

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

Commentary

Our team is entering a different phase – establishing our norms of operation. I am delighted by the progress that we have made in establishing practices that allow for positive, constructive collaboration and delivery. James and Ben continue to integrate well with the InternetNZ team and support the delivery of our plans.

Since the last meeting, our focus has been on three things at a high level – delivering a meaningful start on this year's projects; establishing our methods of working together positively, and embracing a culture of productive experimentation. I am happy with how that is going.

We have also refreshed our own planning for the year which we have shared with you separately. We are confident that this year's plan remains meaningful and deliverable, whilst still having room for emerging issues.

Highlights:

- Productive vibe and work practices within the Issues team.
- Positive feedback received on our Network Neutrality work.
- Successful team engagement on Issues at NetHui.
- Wins in the Commerce Commission's latest FPP draft – backdating.
- Good progress made on CSIRT.
- Completion of our work on Harmful Digital Communications.
- Alignment and positive engagement with MBIE on Copyright and Digital Distribution.
- State of the Internet Charts now live on WikiNZ – supporting commentary being finalised.
- Rebuild of all the content on the Issues part of www.internetnz.net.nz completed.
- Renaming our Internet Connectivity Portfolio as Internet Access, to better reflect the work we do and the challenges we face.
- Positive feedback and interaction with both Councils and MBIE on our submissions made on the UFB and RBI extensions.

Lowlights:

- Delay to MBIE Telco Review – now likely to be released in August.
- Reconstitution in the Innovation Partnership – resourcing challenges. Vehicle remains worthy of investment and likely to be stronger following these unanticipated changes.

Next Priorities:

- Delivery of the NZITF-led plan for a CSIRT
- Delivery of new Digital Distribution animated content, timed with the shutdown of Global Mode, and seeking to engage more of our community in Copyright issues.
- Scoping the alignment of our Copyright work with the TPP process and an appropriate response to the TPPA process.
- Scoping of the Telco Act review, and working collaboratively with MBIE on this.
- Delivery of a submission and cross submission on the Draft Determination for UCLL and UBA – copper pricing grinds on.
- Delivery of our parliamentary stakeholder engagement mapping
- Scoping of an ISP configuration "scorecard" and consumer information.
- Scoping of a Consumer information "portal" with MBIE, collaborating with NZRS.

InternetNZ

Community Programme Management Report to the August Council Meeting

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

Commentary

The highlight of this period was a successful and energising NetHui 2015. The collaboration with the Internet Society (ISOC) to host the global online InterCommunity event strengthened relationships between the organisations and contributed an international aspect to this year's NetHui. Feedback from NetHui attendees has been extremely positive and a full report on NetHui 2015 is in draft and will be discussed with the Council at this meeting, with the report to be published publicly as soon as possible.

NetHui 2015 was also a focus for Strategic Partnerships who contributed to the programme in a variety of valuable ways. In other Strategic Partnership highlights: new Strategic Partner WikiNZ has rebranded to become Figure.NZ and we are planning a speaker series with them in September in collaboration with TUANZ.

In Community grants work, the Grants Policy Framework was adopted by Council and information has been updated online to reflect this policy, the new Smarty Grants grants processing software has begun being used, and most importantly the Community Grants Round for Projects and Conference Attendance opened for applications at NetHui.

Highlights:

- NetHui 2015
- Community Grant round opened for Projects and Conference Attendance applications
- Nicole Skews-Poole joined as Community Programme Liaison

Lowlights:

- Staff across team put under pressure with NetHui workload
- Theft of staff equipment and property at NetHui

Next Priorities:

- Community Programme Liaison induction and team building with wider team
- Projects Community Grants Round Process Management
- Community Grants Software (Smarty Grants) training and Operations Manual updating
- Update of Community Programme areas of website
- NetHui 2016/ local initatives scoping
- Community organisation MoU discussions with TUANZ, NZNOG, NZITF

Issues on the Radar:

- Māori community engagement work following on from NetHui is ongoing, which relates to the Māori Engagement work of the Council
- The Ministry of Education contracted Martin Jenkins "value for money" review of 2020's Computers in Homes programme is now with the Minister
- The Harmful Digital Communications Bill was passed and parts of it came into effect on 2 July 2015 and the RFI has been issued. The RFI response is due in on August 7. The content in, and number of, the RFI responses will define the contracting process. The likely question is whether there are a number of agencies who might do it and whether an RFP is required or not

International Update

Author:	Jordan Carter, Chief Executive
Purpose of paper:	Report for the two months to 31 July 2015

ICANN

The 53rd ICANN meeting was held in Buenos Aires, Argentina in the late June. A separate report is attached from group attendees. The main focus was the community's ongoing work on the IANA Stewardship transition, with consensus reached on the Names community's proposal for the transition after more than a year of work. The parallel debate on ICANN accountability also proceeded during the meeting.

Jordan and Keith continue their work in the respective working groups they are part of (Jordan on accountability; Keith on the stewardship transition's Coordination Group). Both groups will be seeking public comments on reports in August.

Other events June-July

- ISOC's InterCommunity event, co-hosted with NetHui in July, has been seen as a success by the ISOC community and by ISOC itself.
- Ellen has been attending an Internet Governance summer school this week, and will report on this to the next meeting.
- Planning continues for the hosting of APRICOT 2016 in Auckland in February. A full report on progress at the October Council meeting.
- Other international participation by subsidiaries is as reported by them.

There are no planned international commitments for InternetNZ staff in the period between now and the next Council meeting in October aside from attendance and participation at the Australian Internet Governance Forum (AUIGF), being held early October in Melbourne.

Other matters

I will be doing some work on presenting the International Programme more clearly and in ways similar to the Issues and Communities programmes over the next few months. This should be visible in the October Council papers.

Jordan Carter
30 July 2015

ICANN 53 Joint Report

The 53rd ICANN meeting was held in Buenos Aires from 22 to 25 June 2015. Attendance across the group was as follows:

- Jordan Carter and Keith Davidson from InternetNZ
- Jay Daley and David Morrison from NZRS
- Debbie Monahan from DNCL

This meeting was intensely busy and so we have added a very brief High-level Summary below. The synthesis report follows. This is a public report. Information on the sessions, including transcripts and presentations, can be accessed through http://buenosaires53.icann.org.

High-level Summary

- The heavy focus that dominated ICANN52 in Singapore in February, on the IANA stewardship transition, continued through to this Buenos Aires meeting. Meetings of the IANA Transition Group (ICG) and the Cross Community Working Groups on the IANA transition were held immediately prior to ICANN53.

- The "Names" proposal from the TLD community was finalised during the BA meeting and submitted to the ICG as the third of the three proposals requested, thus enabling the ICG to now commence its work in building a single proposal for submission through the ICANN board to the US Government.

- Nearly all ICANN's other work continues struggling to compete for airtime. This will continue in the Dublin meeting coming up in October, when besides the expected ratification of the stewardship transition proposal, approval for controversial changes to ICANN's accountability will be up for approval.

- Most new gTLDs are experiencing registration volumes far below forecast and this does not seem likely to change – with unknown impacts still to flow from this, including to ICANN's revenue modelling.

- The InternetNZ team is having an ongoing and substantial impact in the ICANN community, as set out in the detailed content below.

- A one-page "101" summary report on the IANA Transition players and processes is appended.

Synthesis Report

IANA Stewardship Transition / ICANN Accountability

- The focus of this meeting continued on the IANA stewardship transition and the interlinked ICANN accountability work, with the expectation of finalising the "Names" proposal at this meeting. External legal advice on the

options for IANA helped clarify some of the unresolved issues. A message from Assistant Secretary of Commerce Larry Strickling 16 June, available at http://www.ntia.doc.gov/blog/2015/stakeholder-proposals-come-together-icann-meeting-argentina highlighted some aspects of the NTIA's requirements that perhaps were not receiving the attention required to fulfill NTIA's proposal requirements.

- The above factors saw considerable last minute manoeuvring and many compromises made for the Names proposal. This resulted in a watered down version of the model of separation for IANA that InternetNZ had sought.

- With Keith Davidson a member of the ICG and CWG-IANA and Jordan Carter on the CCWG-Accountability, InternetNZ is well represented. Keith and Jordan were well supported by Jay Daley and Debbie Monahan to present the .nz view.

- The Names proposal was broadly discussed in the various ICANN communities and received an apparent consensus support from each of the chartered supporting communities, including unanimous support within the ccNSO.

- In our judgement, the Names Proposal contains the following issues which may require further work to finally see through the stewardship transition with the broadest possible consensus:

  o The accountability issues still being considered by the CCWG-Accountability, which will need to be built into the final Names proposal.
  o The Service Level Expectations for IANA, which will need to be incorporated into the Names Proposal. The CWG-IANA group is still working on the detail (Jay is a key member of the sub-group) and the Names proposal contained a robust set of guiding principles for these SLEs.
  o The future of the Root Zone Management process, which is currently managed by Verisign but not addressed in the Names Proposal.
  o The Names Proposal's incorrect assertion that ICANN will have exclusive use of the intellectual property rights for "IANA" and use of the domain name iana.org. The IETF currently holds the IP rights for IANA, and has legitimate uses alongside of ICANN and other stakeholders.

- The ICG will be seeking public comment on its integrated transition proposal from 31 July to 8 September 2015.

- The CCWG-Accountability made major strides towards consensus on a workable set of powers, backed up by an enforceable model, during the Buenos Aires meeting and after. It will be consulting on its second draft public comment report during a similar period – currently planned to be 31 July to 9 September.

- Staff will be working to make submissions on both documents.

ccTLD matters

- On 25 June the ICANN Board adopted the ccNSO's Framework of Interpretation for ccTLD Delegations and Redelegations and instructed staff to commence implementation. https://www.icann.org/resources/board-material/resolutions-2015-06-25-en#1.d. The working group chair Keith Davidson and Vice Chair Becky Burr were appointed by the ccNSO Council to be the "Advisory Team" sought by the ICANN board to assist ICANN staff with implementation.
- The majority of the ccNSO meeting agenda was devoted to exploring and gauging the consensus among ccTLDs on the Names Proposal (IANA Stewardship transition).

ICANN: the corporation & the community

- Just prior to the ICANN53 meeting, CEO Fadi Chehadé announced that he has resigned as CEO effective 31 March 2016. https://www.icann.org/news/announcement-2015-05-21-en

- ICANN has established a CEO search committee which is already seeking applicants for the CEO role. InternetNZ has submitted feedback to the board committee on their requirements for the new CEO.

Other matters

- Most of the new gTLDs continue to struggle to gain expected levels of registrations.

APPENDIX A - IANA Transition 101

NTIA
On 14 March 2014 the US Governments National Telecommunications & Information Administration (NTIA) announced its intention to transition its management of the Internet's unique identifiers (IANA functions) from the US Government to the global Internet community. This continued with the original intent of the US Government when it established ICANN in 1998. The announcement called on ICANN to convene global stakeholders to develop a proposal to transition the current role played by the NTIA.

ICANN
ICANN agreed to this request from the NTIA and in line with that agreement recognised the limitations on its own role. While ICANN is the party required to submit the plan to NTIA, the ICANN board has agreed that the committee it appoints will compile the final report, and the ICANN board and staff will not alter that document, and will either reject the report or accept it and submit it to NTIA unchanged. The ICANN board agreed that it will participate in the process through the various working groups.

ICG
ICANN established the IANA Stewardship Transition Coordination Group (ICG) to coordinate development of the IANA transition proposal. This group comprises 30 individuals representing 13 separate communities. The ICG made a Request for Proposals (RFP) on 8 September 2014, asking for proposals from the operational communities. Specifically it seeks a proposal from "Names", "Numbers" and "Protocol Parameters".

The Internet Engineering Task Force (IETF) acting on behalf of the broader technical community was the agreed lead in developing the "Protocol Parameters" proposal which was submitted to the ICG on 6 January 2015. ICANN's Address Supporting Organisation (ASO) through the NRO requested the five Regional Internet Registries to develop the plan, which they did by establishing a group called "Consolidated RIR IANA Stewardship Proposal Team" (CRISP) The CRISP team submitted the "Numbers" proposal to the ICG on 15 January 2015.

CWG-IANA
The "Names" community had the right to develop one or two proposals, for the separate TLD communities but chose to develop a single proposal.

The gTLD community was represented through the gNSO in ICANN, and the ccTLD community being responsible through the ccNSO in ICANN, while recognising that many ccTLDs have no formal relationship within the ccNSO or in ICANN, but that their interests also be represented. The TLD community supported the concept of a single proposal from the Names community if possible, and established a cross community working group for the IANA transition (CWG-IANA). The CWG-IANA submitted their proposal to the ICG on 25 June 2015.

CCWG-ACCOUNTABILITY
Many within the broader ICANN community recognised the need for greater accountability for ICANN, partly related to the IANA Transition, and partly for the broader requirements desired by the community. A further cross community working group was established to develop plans to enhance ICANN accountability, and is known as the CCWG on Enhancing ICANN Accountability (CCWG-Accountability). It has broken its work into an urgent stream to deal with IANA Transition issues, and less urgent broader ICANN accountability issues to be addressed after the developed IANA transition proposal. The overarching principles of accountability have been incorporated into the "Names Proposal, but the CCWG-Accountability is yet to deliver its final document for the IANA transition, expected by 9 October 2015.

The NTIA have acknowledged the need for accountability to be developed alongside the transition proposal and expect the final proposal to include the key changes to accountability required for the proposal to have consensus within the global stakeholder community.

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Operations Team Management Report to the August 2015 Council Meeting

Author:	Clare Denny
Purpose of paper:	To summarise the activity undertaken in this reporting period

Commentary

Since the June Council meeting the Operations team have been working on the funding rounds, membership renewals, the property move, the Quarterly Financial Reports, the Quarterly Supplementary Audit, Council Elections, finalisation of the ICT tender, The Administrative Review, The Quality Plan and provided NetHui and NetHui Fellowship administrative support.

Highlights:

- Smartygrants - Funding Management System – implementation
- ICT Support Partner has been decided
- AGM and Council Election 2015
- Moving date for new premises set for the 28th August 2015
- Council induction process
- Appointment and Induction of new staff members
- Quality Plan created
- Smartgroups for members via CiviCRM by regions and Nth & Sth Island
- Commencement of the quarterly review with Crowe Horwath

Lowlights:

- Complexity of internal communications systems

Next Priorities:

- Bank Mandate (signatory) updates
- Health and Safety Co-ordination
- Administrative Review ongoing
- Quality Plan implementation
- Communication Review
- Supporting the Audit and Risk Committee recommendations,
- Health and safety review
- Internal Communications Review

- Recruitment for Meetings Co-ordinator position
- Policy and Procedure Review
- Audit of membership database, as part of ongoing database maintenance

InternetNZ

Financial Report: to 30 June 2015

Author: Jordan Carter, Chief Executive

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

Commentary to the Accounts

For the period ending June 2015, the accounts report a loss of $892,133, against a budgeted loss of $953,116 reflecting a variance of $60,983. Detailed commentary on the variances follows.

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

- A - The profit and loss statement
- B - A chart showing net income, actual against budget
- C - The balance sheet
- D - Information about the spread of assets across institutions
- E – Managed Invested Funds, balance per month and chart
- F - A chart showing cash in bank, actual against forecast
- G - The cash flow forecast to March 2016.

Expenditure variances

Areas of difference are:

- **Remuneration** is under budget by $28k, with recruitment, staff training, wages & salaries, casual and temp costs all lower than budgeted due to the phasing.

- **Operational costs** are under budget by $12k. Within that:

  o the following areas are over budget: bank charges, conferences, consultants, domain names, printing and stationery, subscriptions, web site updates, and electricity, due to an even budget split.

  o all other areas are under budget also due to the even budget split.

- **Internet Issues Programme** is under budget by $2k, due to the budget split

- **Community Funding** is under budget by $11k, due to the even budget split.

- **Community Engagement** is under by $5k, again due to the budget split.

- **International Events** are under by $3k, due to the budget split

Other Expected Major Budget Variances

There are no other major variances to report.

Condensed Income and Expenditure Report

Actual v Budget by Nature
As at 30 June 2015

	YTD Actual $	YTD Budget $	Variance $
Income – total	**80,682**	**80,396**	286
Expenditure			
Issues Programme	169,176	171,197	-2,021
Community Funding	200,670	211,341	-10,671
Community Engagement	106,339	111,727	-5,388
International Engagement	56,381	56,857	-476
International Event	46,373	49,314	-2,940
Depreciation	15,000	15,000	0
Overhead	89,912	96,861	-6,948
Remuneration	167,808	183,478	-15,671
Operating Expenses	84,575	91,809	-7,234
Council & Members	36,581	45,928	-9,347
Expenditure – total	**972,816**	**1,033,512**	**-60,697**
Net Income	**-892,134**	**-953,116**	**60,983**

**Expenditure Report by Nature
YTD Actual v Budget**
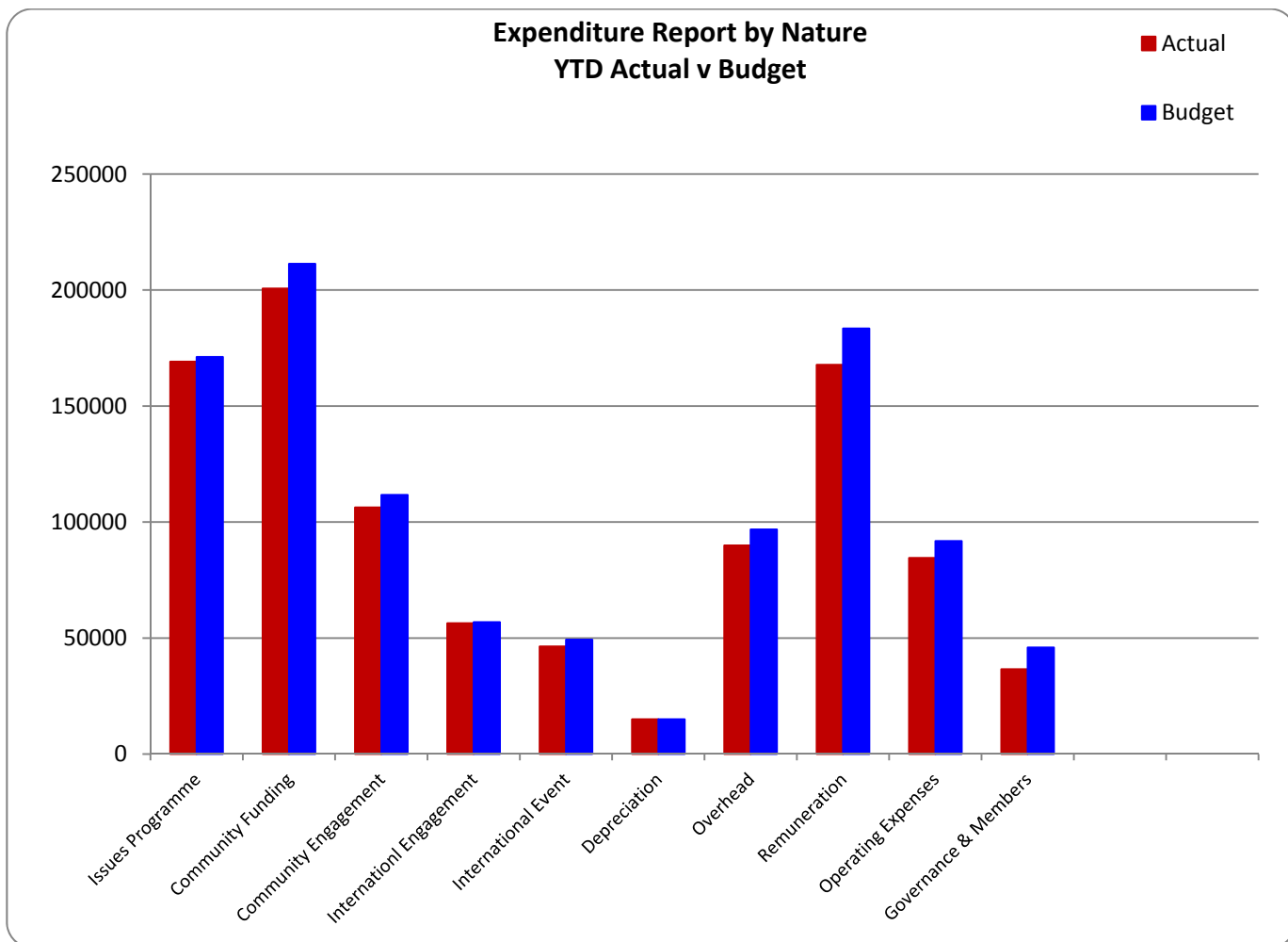
As always, I welcome any questions or comments in response to this report.

Jordan Carter
Chief Executive

29 July 2015

Attachment A: Profit and Loss Statement

InternetNZ
Profit and Loss Statement
As at 30 June 2015

| InternetNZ YTD	Apr - Jun 15	Budget	$ Over Budget
Ordinary Income/Expense			
Income			
500 · Operating Income			
530 · Shared Group Services	71,883.72	71,883.00	0.72
542 · Membership - Corporate	1,800.00	3,413.00	-1,613.00
546 · Membership - Individual	3,287.33	4,100.00	-812.67
Total 500 · Operating Income	76,971.05	79,396.00	-2,424.95
580 · Investment Income			
586 · Interest	3,711.17	1,000.00	2,711.17
Total 580 · Investment Income	3,711.17	1,000.00	2,711.17
Total Income	80,682.22	80,396.00	286.22
Expense			
600 · Remuneration			
625 · Miscellaneous Staff Costs	1,753.69	2,004.18	-250.49
630 · Recruitment	89,366.79	91,345.00	-1,978.21
635 · Staff Training	3,848.48	10,218.69	-6,370.21
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Cont	9,556.56	10,035.79	-479.23
651 · Wages & Salaries - Other	258,590.12	277,813.13	-19,223.01
Total 651 · Wages & Salaries	268,146.68	287,848.92	-19,702.24
653 · Wages - Casual & Temporary	2,261.63	1,980.00	281.63
655 · Contracted Technical Services	1,363.48	1,560.00	-196.52
Total 600 · Remuneration	366,740.75	394,956.79	-28,216.04
800 · Operating Expenses			
801 · Accountancy Fees	2,886.00	3,000.00	-114.00
805 · Advertising & Marketing	446.65	1,686.90	-1,240.25
809 · Bank Charges	895.16	546.52	348.64
811 · Conferences	2,538.26	2,500.08	38.18
813 · Consultants	17,410.17	15,499.97	1,910.20
816 · Depreciation	15,000.00	15,000.00	0.00
817 · Domain Names	331.95	298.00	33.95
820 · General Office Expenses	6,106.18	9,001.81	-2,895.63
822 · Governance Training	1,347.62	8,000.00	-6,652.38
824 · Honoraria	16,702.50	16,702.54	-0.04
826 · Legal Fees	2,768.64	7,600.00	-4,831.36
829 · Meeting Costs	13,186.54	16,867.65	-3,681.11
835 · Postages & Couriers	785.92	1,052.43	-266.51
851 · Repairs and Maintenance	681.00	724.41	-43.41
853 · R & M - Software	717.83	2,098.22	-1,380.39
855 · Printing & Stationery	6,084.38	6,221.52	-137.14
860 · Subscriptions	7,718.00	7,317.05	400.95
870 · Telecommunications	15,034.90	16,533.00	-1,498.10

873 · Travel & Accommodation - National	12,530.01	17,517.52	-4,987.51
875 · Web Site Updates & Hosting	1,988.00	1,140.00	848.00
Total 876 · Issues Programme	108,351.76	100,635.00	7,716.76
Total 878 · Community Funding	170,381.89	172,251.00	-1,869.11
Total 880 · Community Engagement	71,475.74	75,501.00	-4,025.26
Total 887 · International Event	40,793.35	44,000.00	-3,206.65
Total 800 · Operating Expenses	516,162.45	541,694.62	-25,532.17
900 · Overheads			
915 · Cleaning Costs	7,555.66	9,948.00	-2,392.34
933 · Electricity	5,057.00	4,755.00	302.00
950 · Insurance	2,355.51	2,625.51	-270.00
972 · Moving expenses	12,091.00	16,000.00	-3,909.00
975 · Rent Paid	62,602.38	62,602.38	0.00
980 · Security	250.93	930.00	-679.07
Total 900 · Overheads	89,912.48	96,860.89	-6,948.41
Total Expense	972,815.68	1,033,512.30	-60,696.62
Net Ordinary Income	-892,133.46	-953,116.30	60,982.84
Other Income/Expense			
Other Income			
1000 · Special Dividends			
1010 · Special Dividends - Interest	2,174.62	0.00	2,174.62
1030 · Investment Income	54,729.90	0.00	54,729.90
Total 1000 · Special Dividends	56,904.52	0.00	56,904.52
Total Other Income	56,904.52	0.00	56,904.52
Other Expense			
1900 · Special Dividend Exp-Overhead			
1950 · Investment Funds Management Fee	1,483.96	0.00	1,483.96
Total 1900 · Special Dividend Exp-Overhead	1,483.96	0.00	1,483.96
Total Other Expense	1,483.96	0.00	1,483.96
Net Other Income	55,420.56	0.00	55,420.56
Net Income	-836,712.90	-953,116.30	116,403.40

Attachment B: Net Income actual against budget

Net Income
YTD Actual/YTD Budget
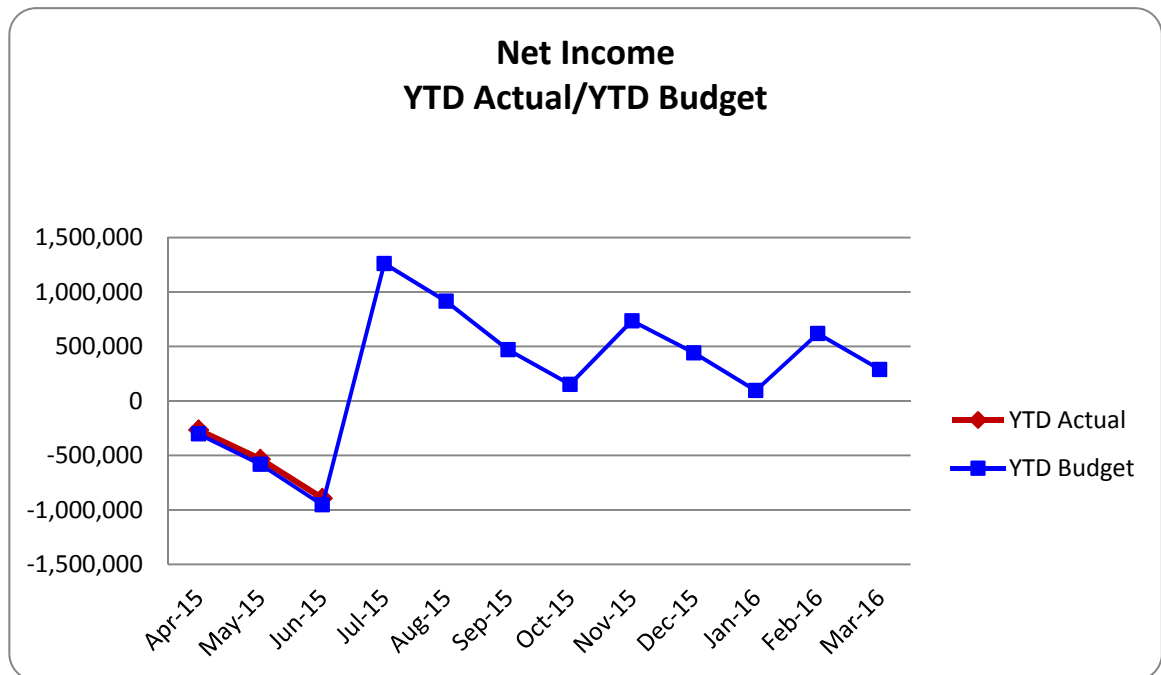
Attachment C: Balance Sheet

InternetNZ
Balance Sheet
As at 30 June 2015

	June 30, 15
ASSETS	
Current Assets	
Cheque/Savings/Op Term Deposits	
Total Cheque/Savings/	40,277.95
Term Deposits	
Total · Term Deposits	1,219,845.12
Petty Cash	400.00
Total Cash	1,260,523.07
Investment Funds	
GMI Investment	1,224,387.20
Milford Asset	1,209,781.93
Total Investment	2,434,169.13
Other Current Assets	100,799.38
Total Other Current Assets	100,799.38
Total Current Assets	3,795,491.58
Fixed Assets	
Total Fixed Assets	387,308.15
Other Assets	
Ordinary Share Capital	30,000.00
Shares in DNCL	580,000.00
Total Other Assets	610,000.00
TOTAL ASSETS	**4,792,799.73**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Total Accounts Payable	257,100.43
Other Current Liabilities	
Accruals	159,277.12
Lease Incentives	8,330.14
Payroll Liabilities	42,874.19
Total Other Current Liabilities	210,481.45
Total Current Liabilities	467,581.88
Total Liabilities	467,581.88
Equity	
Retained Earnings	5,161,930.75
Net Income	-836,712.90
Total Equity	4,325,217.85
TOTAL LIABILITIES & EQUITY	**4,792,799.73**

Attachment D: Spread of assets across institutions

Special Dividend Investment Information

Date	Bank	Term	Amount
02/12/2014	Kiwibank	12 months	285,439
11/11/2014	ASB	12 months	445,803
11/02/2015	BNZ	5 months	200,000
11/02/2015	BNZ	5 months	200,000
28/02/2015	BNZ	12 months	88,602
Total $			**1,219,844**

Update the start dates

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

Managed Investment Funds Information

Date	Managers	Amount
20/06/2013	GMI	1,224,387
20/06/2013	Milford	1,209,782
Total $		**2,434,169**

Managed Investment funds recorded at market value on 30 June 2015.

Attachment E: Managed Invested Funds

Investment Funds Monitoring report			
	Milford Asset	GMI Investment	Total
Opening	500,000	500,000	1,000,000
Jul-14	566,199	539,295	1,105,494
Aug-14	1,090,428	1,063,641	2,154,069
Sep-14	1,102,186	1,078,958	2,181,144
Oct-14	1,120,427	1,097,774	2,218,201
Nov-14	1,131,757	1,118,854	2,250,611
Dec-14	1,141,590	1,124,028	2,265,619
Jan-15	1,163,252	1,146,806	2,310,058
Feb-15	1,196,742	1,170,894	2,367,636
Mar-15	1,201,944	1,178,979	2,380,923
Apr-15	1,205,222	1,174,443	2,379,665
May-15	1,212,508	1,235,719	2,448,227
Jun-15	1,209,782	1,224,387	2,434,169

Investment Funds Monthly Closing Balances
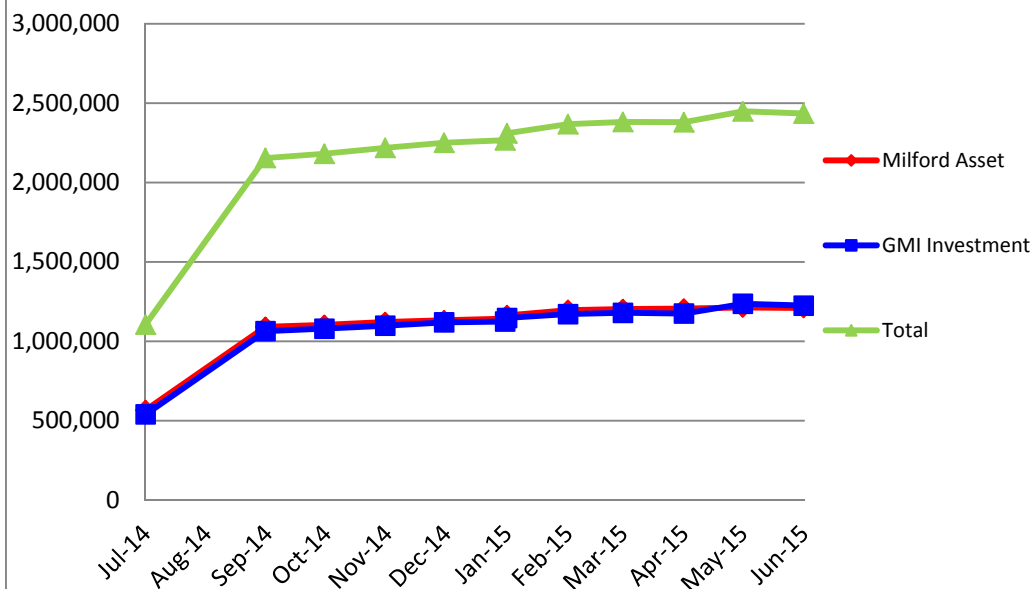
Attachment F – Cash in Bank/Invested actual compared with forecast

Cash in Bank/Invested
Actual/Forecast
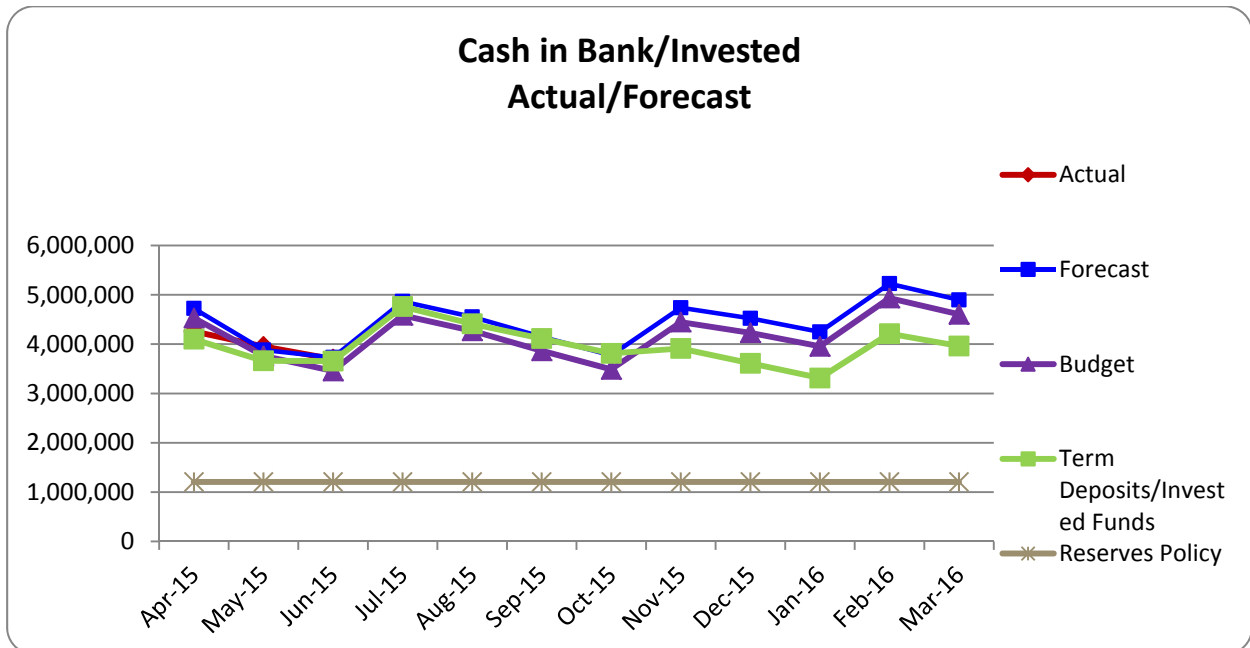
Attachment G: Cash flow forecast to June 2015

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
RECEIPTS	Actual	Actual	Actual	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Invoiced Sales	234,513	55,501	13,930	43,639	27,988	27,987	36,836	36,836	36,835	36,836	36,836	36,835	624,572
Special Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Income	232	77,155	0	0	0	0	0	0	0	0	0	0	77,387
Special Dividends Interest	0	0	2,174	0	0	0	0	0	0	0	0	0	2,174
Dividends	0	0	0	1,570,058	0	0	0	1,300,000	0	0	1,300,000	0	4,170,058
Interest	0	30	0		0	0	0	0	0	0	0	0	30
Interest Received	990	2,443	248	1,723	2,532	1,369	1,140	2,710	3,193	2,082	3,405	4,925	26,760
Special Dividend Term Deposits	0	0	0		0	0	0	0	0	0	0	0	0
Sundry Receivables	0	0	0		0	0	0	0	0	0	0	0	0
Prepayments	0	0	0		0	0	0	0	0	0	0	0	0
Interest Receivable	139	1,673	2,664	10,111	0	1,144	3,751	4,050	4,796	0	1,131	0	29,459
RWT Received	0	0	0	0	0	0	0	0	0	0	0	0	0
GST	0	56,616	55,932	0	67,830	0	76,834	0	45,289	0	52,769	0	355,270
	235,874	193,418	74,948	1,625,531	98,350	30,500	118,561	1,343,596	90,113	38,918	1,394,141	41,760	5,285,710
PAYMENTS													
Invoiced Costs	508,731	422,121	208,465	257,100	349,779	371,808	390,878	309,930	182,768	223,127	330,883	243,459	3,799,049
ACC Levies	0	0	0	0	0	0	6,114	0	0	0	0	0	6,114
Salary & Wages	33,571	47,041	92,643	61,049	56,843	85,478	56,841	56,841	85,478	56,837	56,841	85,908	775,371
Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
RWT	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYE	9,562	29,459	30,958	47,196	29,032	35,050	35,048	27,997	35,048	35,050	27,996	35,156	377,552
GST	4,992	0	0	0	0	0	0	0	0	0	0	0	4,992
	556,856	498,621	332,066	365,345	435,654	492,336	488,881	394,768	303,294	315,014	415,720	364,523	4,963,078
NET CASH FLOW	-320,982	-305,203	-257,118	1,260,186	-337,304	-461,836	-370,320	948,828	-213,181	-276,096	978,421	-322,763	322,632
OPENING BANK	4,577,995	4,257,013	3,951,810	3,694,692	4,954,878	4,617,574	4,155,738	3,785,418	4,734,246	4,521,065	4,244,969	5,223,390	4,577,995
CLOSING BANK	4,257,013	3,951,810	3,694,692	4,954,878	4,617,574	4,155,738	3,785,418	4,734,246	4,521,065	4,244,969	5,223,390	4,900,627	4,900,627

Bank Account Balances as per BS	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
ANZ Savings	92,911	173,259	502									
ANZ Current	63,211	114,917	39,776									
ANZ Term Deposit	505,088	0	0									
ASB Term Deposit	440,965	440,965	445,803									
BNZ Term Deposit	488,602	488,602	488,602									
Kiwibank Term Deposit	285,439	285,439	285,439									
Petty Cash	400	400	400									
Investment Funds	2,380,397	2,448,227	2,434,169									
	4,257,013	**3,951,810**	**3,694,692**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

.nz Quarterly Report
First Quarter ended 30 June 2015

Introduction

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

1.   Environment

a)   New gTLDs

There were 682 new active gTLDs at the end of the quarter with a total of 6.29m registrations. This is up from 587 gTLDs and 4.9m registrations in the previous quarter. The five most popular new gTLDs are .xyz (998k), . (xn--ses554g) (387k), .science (313k), .club (277k) and .party (197k). The top five accounted for 34.53% of total new gTLD registrations. The table below is the change to the top five for the last three quarters.

Q3 2014		Q4 2014		Q1 2015	
.xyz	762k	.xyz	861k	.xyz	998k
.club	160k	.	352k	.	387k
.berlin	160k	.club	202k	.science	313k
.	108k	.berlin	157k	.club	277k
.wang	98k	.wang	137k	.party	197k

.kiwi grew to 11,857 names, a small increase from the previous quarter. During the quarter .kiwi had its 1st anniversary which resulted in some registrations not being renewed. Of the 11,857 names, 2,021 (17%) of them have been cancelled and are awaiting deletion. It is expected that the majority of these names will not be renewed.

Registrations of new gTLDs registered from New Zealand numbered 27,159 as at the end of June 2015 of which .kiwi registrations accounted for 33.63%. Registrations from those with a New Zealand address are among 310 different new gTLDs and by 68 different registrars.

2. Activities

a) .nz Promotion and Marketing

During the quarter, work continued on two infographics relating to .nz – 'where the money goes' and ' who owns .nz and other hard questions'. It is expected that these will be ready for public release in July/August 2015. The goal of these infographics is to increase awareness of how .nz is managed and how the funds from .nz revenue are used.

Printed copies of the .nz version of 'Domain Names for Dummies' arrived, with NZRS undertaking significant activity to distribute copies via registrars and http://www.getyourselfonline.nz/domains4dummies. Copies are also being distributed to interested organisations, for example Citizens Advice Bureau.

With registrations direct at the Second Level, work continues on managing the conflicted names process. The quarter saw DNCL finalise and distribute a 23-page Guide to Conflicted Names for Registrars, for example. Featuring (among other resources) an options diagram that registrars can share with their affected customers, the Guide to Conflicted Names can be accessed by registrars from NZRS' Registrar Portal.

Things were relatively quiet from a media perspective during the quarter. Three enquires were received and responded to by DNCL – from the National Business Review, New Zealand Herald and a freelance journalist. Additionally, an NZRS piece on the 'mobile friendliness' of the .nz space was picked up by Computerworld.

NZRS completed planning for upcoming .nz Colmar Brunton consumer and business surveys. An integrated NZRS advertising campaign is also in the planning stages and is due to start late July.

b) Registrations at the Second Level

A total of 613 conflicts were resolved between 1 April and the end of June.

Total Resolved Statistics

	Jan	Feb	March	Total for Q4	April	May	June	Total for Q1
Conflicts Resolved	255	383	735	1,373	219	185	209	613

Conflicted Names Process

As at the end of June, there were 18,770 conflicted sets of domain names, down from 19,579 as at the end of March. During the quarter, a total of 613 conflicts were resolved. In an additional 79 instances, all the names in the conflict set were released, meaning that the conflict no longer exists.

Reserved

At the end of this quarter 18,515 domain names remained in a reserved state. At the end of last quarter there were 19,051 reserved names.

c) Registrar Portal

During the quarter there were three releases of the Registrar Portal. In addition to improvements to existing funtionality the releases contained the following new functionality:
- A resolved domain list for registrars to view and download.
- A graphical view of registrar errors over the previous month.

d) DNSSEC

DNCL are intending to develop a communications plan in the second quarter in an effort to more widely evangelise DNSSEC and its benefits.

e) International Engagement

- DNCL and NZRS staff attended the ICANN meeting in Buenos Aires in June. A presentation to the ccNSO about the process and outcomes from opening registrations at the second level was delivered.

- DNCL and NZRS staff attended the CENTR Workshop Jamboree hosted by .se and held in Stockholm in June. A presentation to the CENTR Marketing working group about the process and outcomes from opening registrations at the second level was delivered.

f) Other matters

- A meeting of the DNCL Board was held in June with minutes available at http://dnc.org.nz/story/minutes-dncl-board-meeting-18-june-2015

- A public consultation began on the .nz Policy Framework Review on 25 June. The consultation closes 11am, Monday 3 August 2015. No submissions were received during this quarter and any future submissions can be seen at http://dnc.org.nz/nz-policy-framework-review-consultation

3.   Charts

a) Domain Names

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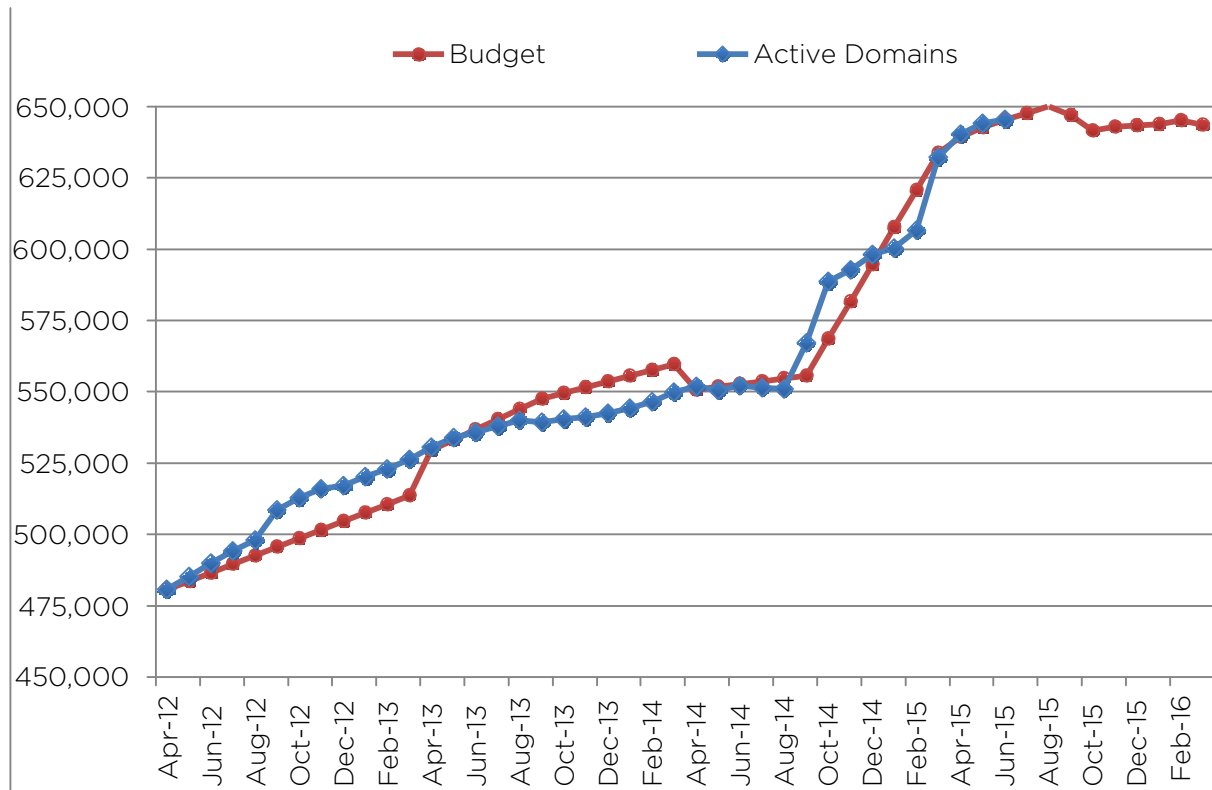
The actual growth against NZRS budgeted growth is shown in the chart below:

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

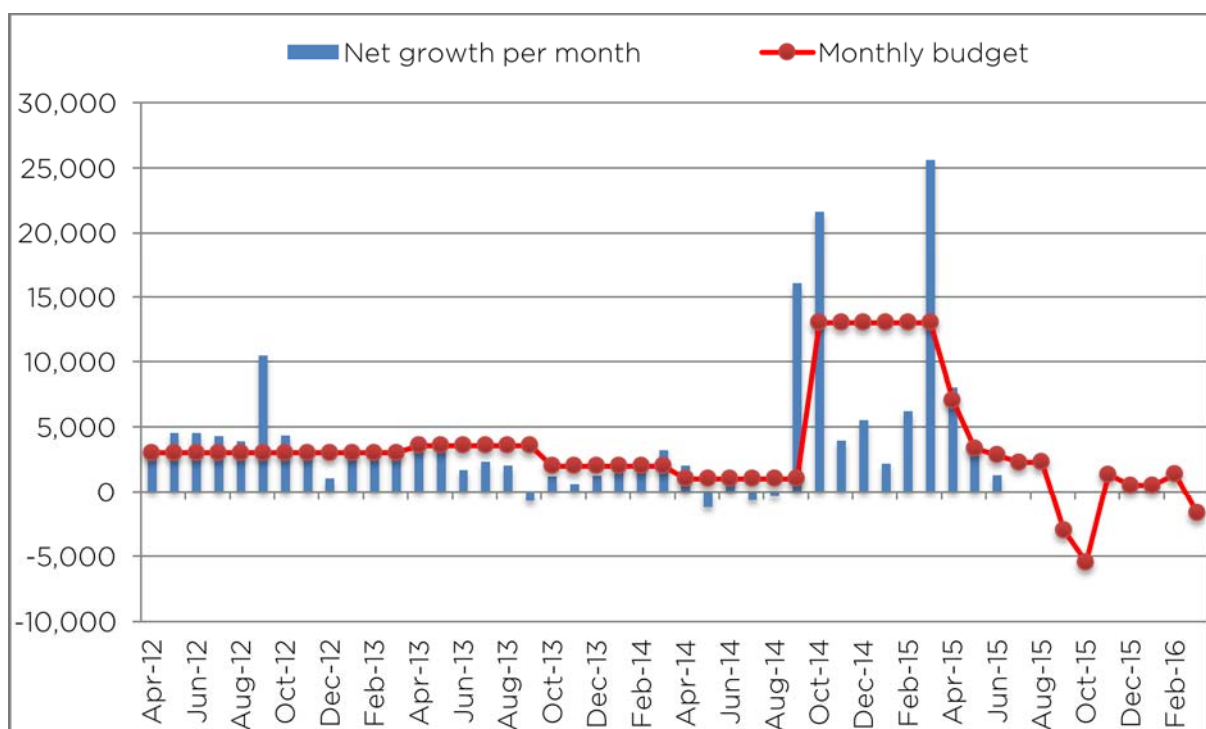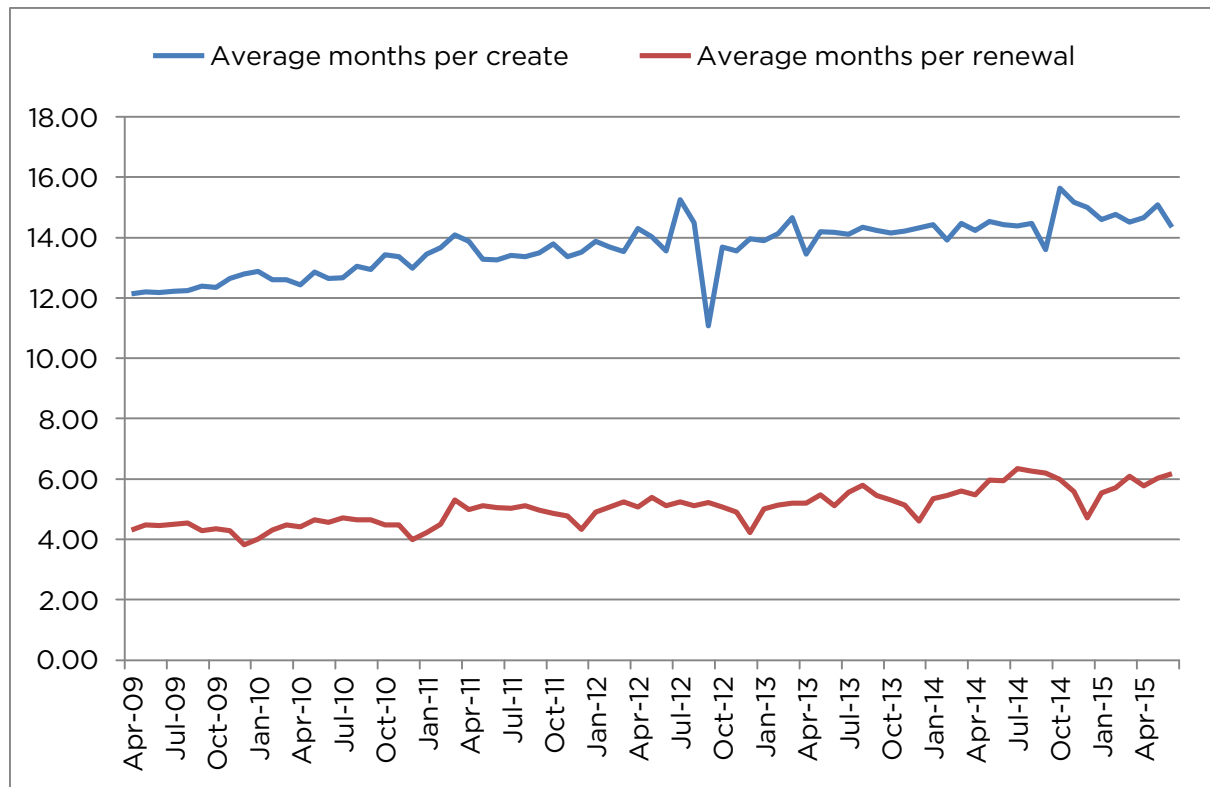|	30 April 2015	31 May 2015	30 June 2015
.nz	87,657	92,013	94,823
.ac.nz	2,205	2,206	2,213
.co.nz	479,265	479,215	478,313
.cri.nz	7	7	7
.geek.nz	1,160	1,155	1,130
.gen.nz	1,282	1,271	1,267
.govt.nz	1,034	1,030	1,027
.health.nz	211	212	214
.iwi.nz	87	88	88
.kiwi.nz	6,589	6,473	6,337
.maori.nz	1,043	1,007	998
.mil.nz	33	33	33
.net.nz	27,761	27,459	27,118
.org.nz	28,486	28,405	28,276
.parliament.nz	10	10	10
.school.nz	3,512	3,518	3,525
Total	640,342	644,102	645,379
Growth over previous month	8,074	3,760	1,277

Over the quarter, .nz domain names have increased from 632,268 to 645,379, a net increase of 13,111 or 2.0%. This compares with a growth of 3,630 or 0.7% in the same quarter last year.

b) Registrars

Registrars authorised	89
Registrars connected	86

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

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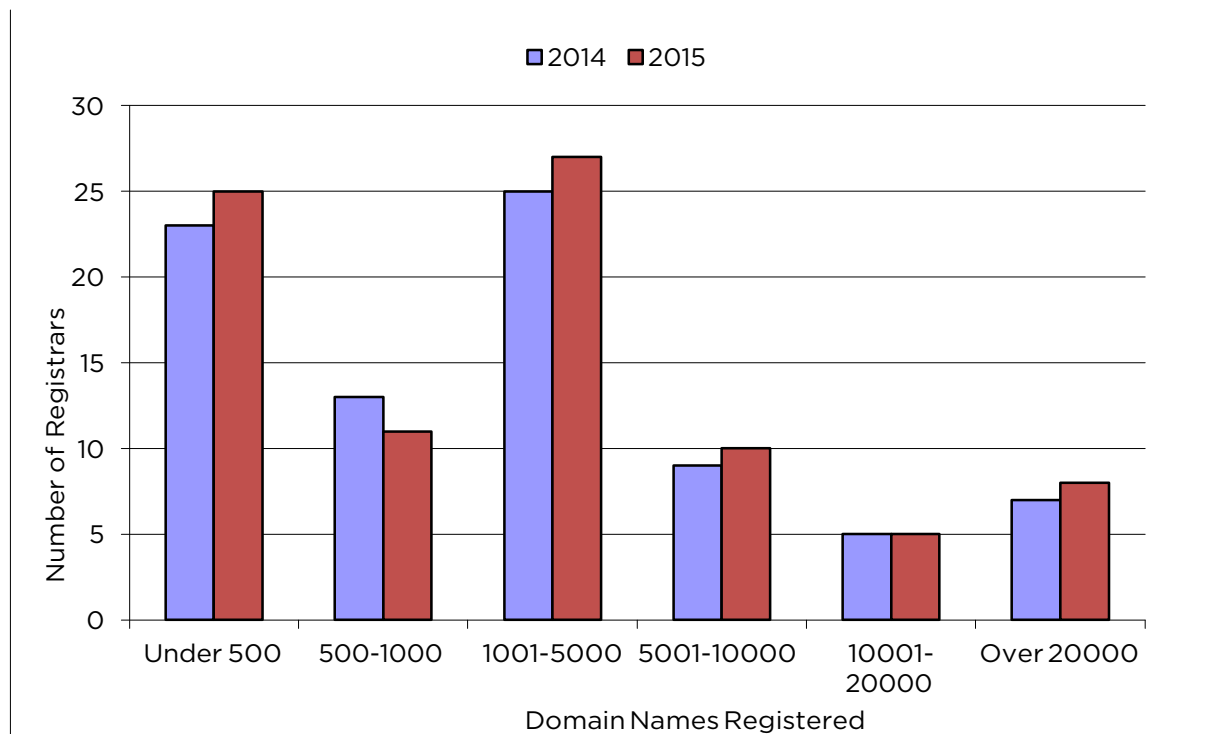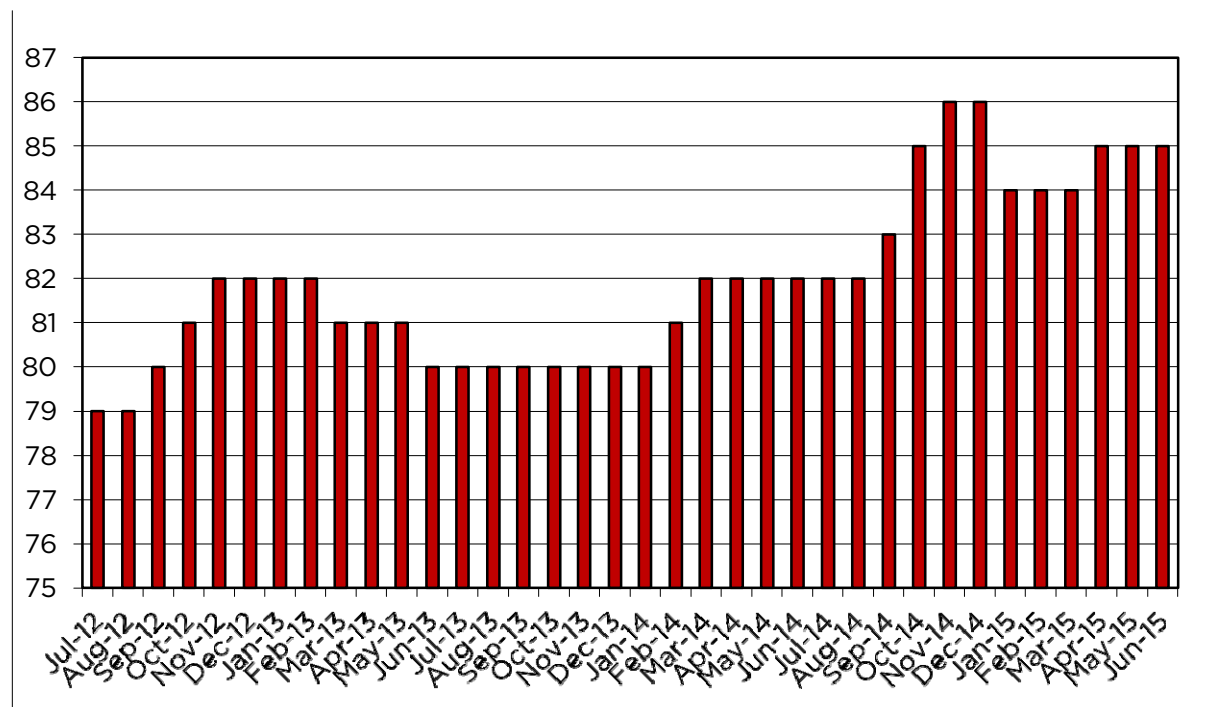

The following chart shows the number of registrars (excluding the DNC) connected to the SRS:

4.   Registry Performance

SLA targets were achieved for April and May but were missed in June due to one unscheduled outage to the SRS and WHOIS on Monday 1st of June at 09:22. The outage time was 58 minutes and it was the result of a power failure at our Albany (Primary) site.

During the outage NZRS staff began preparing for an emergency site fail-over to the Avalon (secondary) site in Wellington, however following the restoration of power at 10:12 AM, the decision was made to remain on the Albany (primary) site to avoid additional downtime.

We have received a full report from the Vodafone datacentre on the power failure. A brief summary is that there were two external mains supply events within minutes of each other at the Albany datacentre and this caused an overload breaker to trip. The site generator was still sensing power so it did not start which ment the site was running on the backup UPS. Electrical on-call staff arrived on-site and manually started the generator. The two UPS that powered the NZRS rack had already run down because their batteries had exhausted. These UPS units were restarted and staged back into service over the next 60 mins. Note: this is the first total loss of power in the entire existence of Albany's 15 year operation.

The Vodafone datacentre have made the following changes to prevent a reoccurrence:

- The on-site 24/7 security guards have now been trained to manually start the generator, if there is another mains event and the generator fails to start.
- The overload circuit breaker has been replaced with a higher spec unit and a complete service of the breakers has been undertaken.

As an additional precaution an extra supply cable will be run into the building from the mains transformer, increasing capacity by 33%.

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

System	SLA %	Apr%15	May%15	Jun-15
SRS	99.90%	100%	100%	99.87%
DNS	100%	100%	100%	100%
Whois	99.90%	100%	100%	99.87%

David Farrar
Chair, DNCL

Richard Currey
Chair, NZRS

August 2015

Jamie Baddeley
President, InternetNZ

Dear Jamie,

First Quarter 2015/16 report

You'll be aware that DNCL reports .nz activities in joint quarterly reports with NZRS. This means that, generally, financial reporting is all that remains to be reported to Council.

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

	April - June 2015			Year-to-Date		
	Actual	**Budget**	**Variance**	**Actual**	**Budget**	**Variance**
INCOME						
Management Fees	467,460	467,460	0	467,460	467,460	0
Authorisation Fees	3,000	3,000	0	3,000	3,000	0
DRS Complaint Fees	6,000	8,000	(2,000)	6,000	8,000	(2,000)
Other Income	0	0	0	0	0	0
Interest Income	1,335	1,900	(565)	1,335	1,900	(565)
Total Income	477,795	480,360	(2,565)	477,795	480,360	(2,565)
EXPENSES						
Staff and Office Costs	314,719	309,733	(4,986)	314,719	309,733	(4,986)
Professional Services and Communications	41,564	68,246	26,682	41,564	68,246	26,682
Dispute Resolution Services	4,675	17,687	13,012	4,675	17,687	13,012
DNCL and DNC activities	37,381	50,309	12,928	37,381	50,309	12,928
International	11,360	63,000	51,640	11,360	63,000	51,640
Total Expenditure	409,700	508,975	99,275	409,700	508,975	99,275
Depreciation	9,282	13,375	4,093	9,282	13,375	4,093
Net Profit/Loss	58,813	(41,990)	100,803	58,813	(41,990)	100,803

Expenditure in most areas is under budget, due to phasing. The complaints through the DRS for the first quarter are below the figures budgeted, both in respect of complaints going to informal mediation and those for which a fee is paid. We expect this to be more in line with budget in the next quarter.

DNCL Security and Training

DNCL has developed and presented a new three hour training and practical session on Domain Names and Internet investigations for the Department of Internal Affairs. This was well received and will contribute greatly to 'train the trainer' workshops currently being discussed with New Zealand Police.

In June, DNCL attended the AusCert conference. This event focuses on security-related content and has now also sought to cover topics that are not covered in Government or other industry events. One takeaway from AusCERT was that a number of overseas people seem to have heard that New Zealand is getting a National CERT – presumably this is international messaging promulgated by the National Cyber Policy Office (NCPO) in advance of any decisions.

DNCL participated in a number of round table discussions on Cyber Security, mostly organised by NCPO. These included meetings with staff from CERT UK, CERT Australia, NCSC NL and an event at the US Ambassadors residence. These sessions were extremely interesting and very informative. They illustrate how differently cyber security has evolved in New Zealand over the last 10 to 20 years. In addition, DNCL has also entered into a MoU with the Information Security Awards New Zealand (iSANZ) to provide communications related advice and assistance to this group in preparation for a planned awards event in December.

The Board of DNCL recommends that the Council of InternetNZ receives this report.

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

Yours sincerely

David Farrar
Chair, DNCL

Jamie Baddeley, President
InternetNZ
PO Box 11881
Wellington

23 July 2015

Re: Final NZRS Statement of Direction and Goals

Dear Jamie

Please find attached the final NZRS Statement of Direction and Goals. This is unchanged from the final draft presented in May 2015. If you recall, the reason that version was final draft and not final was because of the timings of the NZRS board meeting and InternetNZ Council meeting meant that the NZRS board had not had a chance to meet to formally scrutinise and approve it.

The NZRS Board has not included any savings that may come from a change of class of travel, as referenced in my previous letter. If any are possible then they will be incorporated into a mid-year budget review after the group discussion on this change.

Yours sincerely

Richard Currey, Chair
NZRS Ltd

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NZRS

an **InternetNZ** company

Statement of
Direction and Goals

FINAL

Incorporating strategy, key performance indicators
and 3-year budgets

For the 3 Years
2015 - 2016 to 2017 - 2018

July 2015

NZRS Statement of Direction and Goals

Contents

Introduction

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

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

This Statement of Direction and Goals is final. It is unchanged from the final draft presented in May 2015. It includes:

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

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

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

Role of NZRS

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

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

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

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

- Marketing of .nz

- Technical research

- Business development

The Changed NZRS Operating Environment

Impact of new gTLDs

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

1. Undermining of speculative behaviour.

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

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

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

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

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

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

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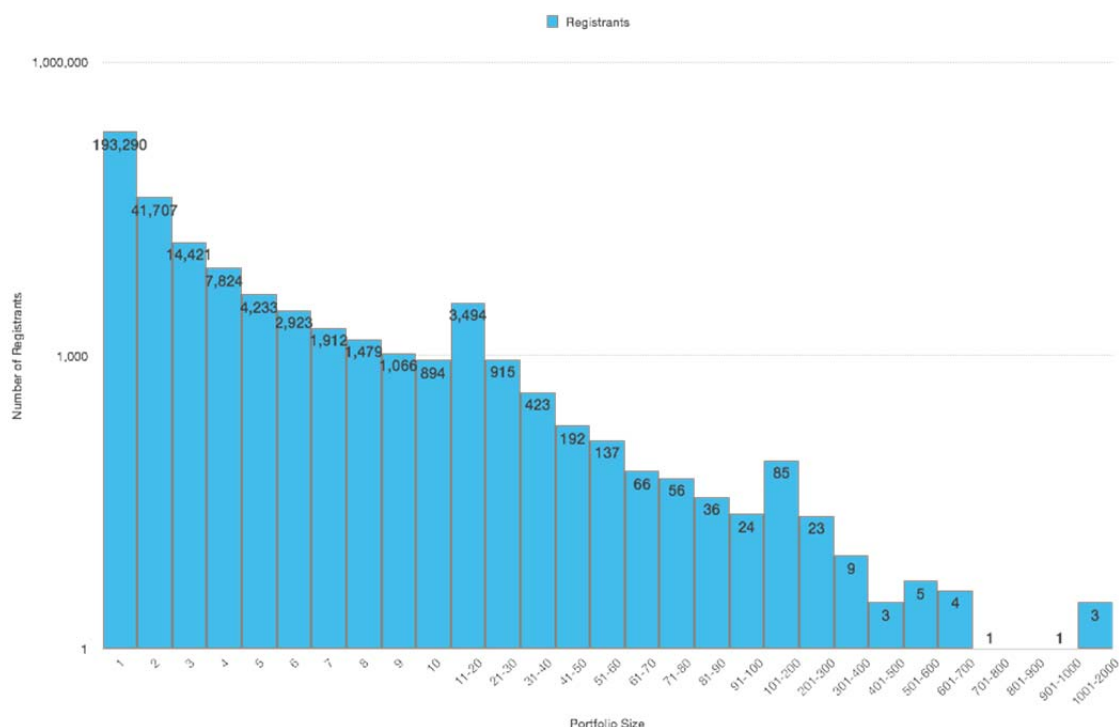
The impact of new gTLDs has been to solve the 'meaningfulness problem' by the creation of hundreds of new gTLDs and this in turn directly affects the perception of scarcity. This reduction in scarcity is in turn reducing the incentive to speculate.

It is our assertion that this speculative behaviour has been a significant factor in our historical growth and so our growth prospects are partly dependent on what happens to that behaviour. At the macro level, global speculative behaviour in domain names will reduce and the money will switch to a different scarce asset, permanently leaving our industry.

2. Branding

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

3. Choice

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

Registrars and their resellers

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

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

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

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

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

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

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

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

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

Global developments in domain name registries

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

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

NZRS Vision, Mission and Values

Vision:

A world class Internet in NZ.

Mission:

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

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

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

These values shape the culture of the company.

Strategic Goals

Our five strategic goals are to:

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

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

Business as Usual

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

- Providing value for customers through a fast, robust, reliable, value for money service

- Respecting and protecting the rights and interests of the registrants

- Utilising technology innovatively to provide a more cost effective, superior service

- Building partnerships with key stakeholders

- Keeping abreast of the market and industry developments in the technology sector to identify trends and growth opportunities

- Maintaining professional service-focused relationships.

- A thorough approach to board governance and external audit and review.

Audit and Review

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

- Commission a wide-ranging sophisticated and independent security review and implement the recommendations. This includes the commissioning of real-world penetration tests across our production systems.

- Review all our internal policies and procedures, including the normal twice-yearly financial audits, against a wide range of sources of best practice.

- Conduct thorough risk reviews that feed directly into company strategy and budget planning cycle.

- Maintain a comprehensive disaster recovery plan that is both externally reviewed and tested in an annual exercise involving multiple suppliers and personnel.

Strategic Plan - .nz

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

Primary Transformation

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

Underlying transformations

Transformation/s		
	From	To
1.1	Global benchmarks or best practice regarding what a world-class ccTLD is are varied and partly documented	There are agreed global benchmarks and best practice for what a world-class ccTLD is, and .nz does well in assessments against these standards
1.2	.nz is the preferred choice for New Zealanders	.nz remains the preferred choice for New Zealanders
1.3	The market for .nz registration services (among registrars and resellers) is competitive	The market for .nz registration services (among registrars and resellers) is sophisticated and competitive
1.4	Roles and responsibilities in managing .nz are being clarified	Roles and responsibilities in managing .nz are clear, well documented and transparent
1.5	The .nz policy framework has evolved from its origins in 2002	The .nz policy framework has been reviewed and updated for current needs, and is validated as meeting the needs of the New Zealand Internet community
1.6	Inconsistency in the articulation of the role, purpose and mandate for the operation of .nz across the Group – resulting in a lack of clarity among stakeholders	The whole Group is confident in consistently articulating our role and purpose, and the mandate for our operation of .nz – resulting in the wider Internet community being clear about and supportive of our role

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

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

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

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

Strategic Plan – Business Development

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

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

Primary Transformation

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

Underlying transformations

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

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

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

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

Strategic Plan – Technical Research

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

The NZRS Technical Research Team has four areas of work:

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

The transformations for the Technical Research function are:

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

Strategic Plan – Supporting InternetNZ

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

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

Business Plan

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

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

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

- o Scheduled hardware replacement of all DNS servers.

2. Deliver world-class registry services that continually improve

- o SRS systems review. With the architectural review complete the focus is now on system performance, security, reliability and management.

- o Registrar portal. We expect regular releases of the registrar portal during 2015-16 as new features are introduced.

- o ANZSIC coding of the register. This is a project that delivers a new understanding of our register that can then be used in multiple places, including:

    i. The registrar portal

    ii. Supporting InternetNZ

    iii. .nz Marketing

    iv. Technical research

- o Churn analysis. Research project to understand churn within our register.

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

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

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

- o National Broadband Map.

- o Full web scan of .nz.

- o NZ Internet topology mapping.

- o Open data portal. To discharge our duty to share the data that we collect, suitably anonymised and aggregated to prevent misuse.

- o Continue the expansion of our NTP network.

- o ISP Switching (TelMe). Work with Consumer and InternetNZ to develop a new ISP switching site.

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

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

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

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

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

Marketing

Marketing has now moved into BAU with the following goals:

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

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

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

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

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

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

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

Budget - Assumptions

Domain name growth

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

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

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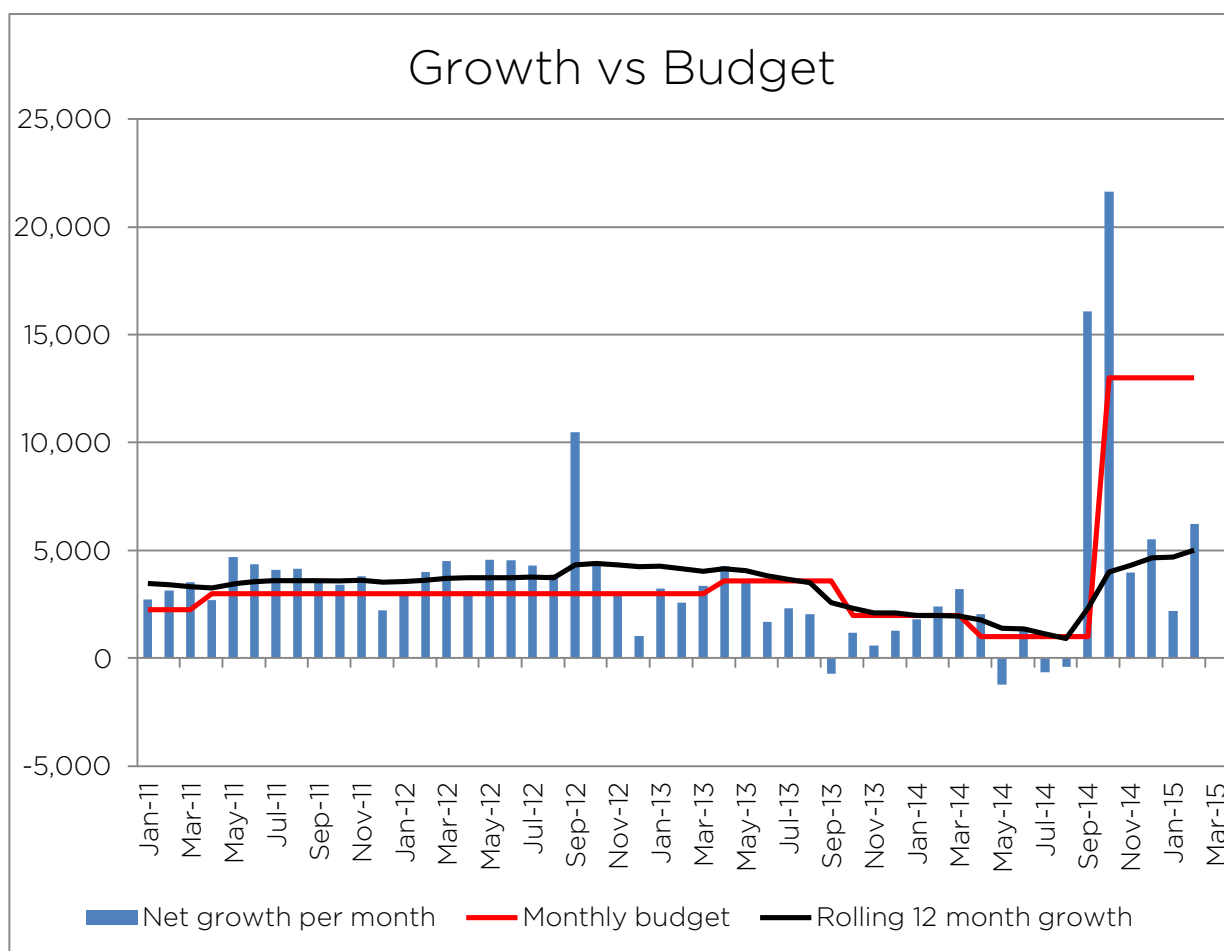
From analysis of current and past growth and the environmental factors detailed above, we forecast growth three years ahead, which is then incorporated into our budget. This process is much more complex now as a result of the decision to open the second level, which will lead to a combination of people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

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

System availability

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

- DNS availability: 100%

- SRS availability: 99.9%

- WHOIS availability: 99.9%

General assumptions

The following general assumptions are made for budgeting purposes:

- All financial amounts noted in budget exclude GST.

- The current dividend policy remains in place.

- NZRS pays no income tax as a consequence of our charitable status, which in turn is dependent on the charitable status of InternetNZ.

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

Budget - Significant Changes

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

- There is a notable increase relating to the cost of moving premises, primarily increased rent, which affects NZRS disproportionately to the rest of the group.

- The direct costs budget (primarily paid to ISPs for service hosting) has been completely restructured to reflect the changes in the way we are billed by ISPs. As part of this a significant structural underspend has been eliminated.

- Marketing costs have reduced significantly as they were temporarily elevated last year to incorporate campaigns around opening of the second level.

- The one-off budgets for Catalyst transition costs are no longer required.

- The capital budget has dropped considerably as internal developers now meet all of our software development requirements.

- While the purpose of the insourcing was not cost saving it produced an annual saving of almost $300k, which was incorporated into last year's budget. Since then we have identified one area that was not resourced correctly and have

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

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

Budget - Key Performance Indicators

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

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

The key points to note are:

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

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

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

NZRS – Statement of Direction and Goals – July 2015

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

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

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

BUDGETED   CASHFLOW

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

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

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

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Internet New Zealand
Compilation Report
For the Quarter Ended 30 June 2015

1. Scope

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

2. Responsibilities:

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

3. No Audit or Review Engagement Undertaken:

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

4. Disclaimer of Liability:

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

Deloitte
Wellington NZ
29-Jul-15

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Internet New Zealand
Consolidated Income Statement
For the Quarter Ended 30 June 2015

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income Other	2,442,866	2,442,866	76,971	76,971	2,428,779	2,428,779	476,460	476,460
Income	0	0	0	0	0	0	0	0
Dividends Received	0	0	0	0	0	0	0	0
Interest Received	98,396	98,396	5,886	5,886	91,175	91,175	1,335	1,335
Managed Funds Income	54,729	54,729	54,729	54,729	0	0	0	0
Total Income	2,595,991	2,595,991	137,586	137,586	2,519,954	2,519,954	477,795	477,795
Less Expenses								
Direct Expenses	188,306	188,306	0	0	655,766	655,766	0	0
Other Expenses	2,279,467	2,279,467	974,299	974,299	958,070	958,070	418,982	418,982
Total Expenses	2,467,773	2,467,773	974,299	974,299	1,613,836	1,613,836	418,982	418,982
Net Profit (Loss) Before Tax	128,218	128,218	(836,713)	(836,713)	906,118	906,118	58,813	58,813
Less Provision for Tax	0	0	0	0	0	0	0	0
Net Profit (Loss) After Tax	128,218	128,218	(836,713)	(836,713)	906,118	906,118	58,813	58,813

Notes:

The income and expenditure lines for the individual entities do not add to the Group totals due to the following
intra-group entries being eliminated:
1. GSE paid by NZRS and DNCL to INZ
2. The DNCL fee paid by NZRS to DNCL
3. The dividend paid by NZRS to INZ

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

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	8,892,187	8,892,187	5,161,931	5,161,931	3,464,681	3,464,681	265,575	265,575
Plus:								
Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	128,218	128,218	(836,713)	(836,713)	906,118	906,118	58,813	58,813
Less:								
Dividend Paid	0	0	0	0	0	0	0	0
Closing Equity	9,020,405	9,020,405	4,325,218	4,325,218	4,400,799	4,400,799	904,388	904,388

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Internet New Zealand
Balance Sheet
As at 30 June 2015

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	12,741,879	1,260,523	10,517,317	964,039
Managed Funds	2,434,169	2,434,169	0	0
Other Current Assets	1,212,350	68,001	1,100,376	43,973
Total Current Assets	16,388,398	3,762,693	11,617,693	1,008,012
Property, Equipment & Software	1,372,848	387,308	944,406	41,134
Intangible Assets	0	0	0	0
Investments				
Shares and Loans	0	610,000	0	0
Total Assets	17,761,246	4,760,001	12,562,099	1,049,146
Less Liabilities:				
Deferred Income	7,833,754	0	7,833,754	0
Trade and Other Payables	907,087	434,783	327,546	144,758
Total Liabilities	8,740,841	434,783	8,161,300	144,758
Net Book Value of Assets	9,020,405	4,325,218	4,400,799	904,388
Represented By:				
Total Equity	9,020,405	4,325,218	4,400,799	904,388

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

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,529,545	2,529,545
Interest Received	98,396	98,396
Managed Funds Income	54,729	54,729
Total Received	2,682,670	2,682,670
Cash was distributed to:		
Payments to Suppliers and Employees	2,007,850	2,007,850
Total Payments	2,007,850	2,007,850
Net Flows From Operating Activities	674,820	674,820
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	55,523	55,523
Net Cash Flows From Investing & Financing Activities	(55,523)	(55,523)
Net Increase Decrease in Cash & Cash Equivalents	619,297	619,297
Plus Opening Cash	14,556,751	14,556,751
Closing Cash Carried Forward	15,176,048	15,176,048
Closing Cash Comprises		
Cash & Cash Equivalents	12,741,879	12,741,879
Managed Funds	2,434,169	2,434,169
	15,176,048	15,176,048
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	128,218	128,218
Plus (Less) non cash items		
Depreciation	211,375	211,375
Subtotal	339,593	339,593
Movement in Working Capital		
(increase) decrease in receivables	600,696	600,696
increase (decrease) in payables	(352,148)	(352,148)
increase (decrease) in deferred income	86,679	86,679
Net Cash Flows From operations	674,820	674,820

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DRAFT MINUTES OF AUDIT AND RISK COMMITTEE MEETING

Status: Final

Present: Neil James (Chair, *via video conference*), Lance Wiggs *(via video conference)*, Amber Craig, Joy Liddicoat

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

The Chair opened the meeting at 11.08am

1. Minutes from previous meeting held 11 June 2014

The minutes of the previous meeting held on 11 June 2014 were approved with no comments or questions raised from the Committee.

2. Review of Interim Management Report for YE 31 March 2014

Discussion was held on the Interim Management Report and Audit Arrangements report provided by BDO noting the requirement for all credit card purchases to be supported with receipts.

It was AGREED that INZ must at all times exceed the standard required and make mandatory receipts with all purchase.

It was noted that Lance did not agree to this statement at the meeting.

3. Audit appointment process

The Audit Tender Plan, to appoint auditors for the financial years 2016-2019, was considered and the Audit and Risk committee timing to interview potential auditors noted as being either 14 or 21 March 2015. It was agreed that a date be determined by Doodle poll, after consideration to members meeting was made.

4. Counter Fraud Gap Analysis and Fraud Risk Assessment report

Gap analysis for high risk was discussed. It was recommended that INZ not proceed with decoding and will look at other checking mechanisms, due to the discovery of a fundamental flaw with the d-code service offered e.g. direct debits – automatic payments were not captured.

Risk register – have identified four high risks and 13 moderate areas as priority.

It was noted that INZ have addressed all 34 risks noted on the risk register.

5. Internal Financial Policies and Procedures

It was noted that the final document will be finalised within the next two weeks and distributed to the Audit and Risk Committee for comment.

6. Audit timetable

Safety audit, layer audits and spot auditors were discussed.

Mary Tovey advised that auditors, in future, will be undertaking these audits. Lance Wiggs questioned this practice and advised thatrandom audits should be undertaken by Councillors from time to time as well.

7. Induction to Audit and Risk committee

Neil James advised that the committee has a comprehensive Terms of Reference but the committee hasn't been pro-active in the past at inducting new members.

The question arose as to how involved the committee should be in governance vs execution. The committee must be aware of the risk environment that we are working in. The reputation of INZ is in the hands of the Audit and Risk and Council members and the main focus is to stop a catastrophic risk of the whole group.

Investment arm was discussed and this again was pointed out that we must invest wisely to avoid a catastrophic loss.

The question arose as to how would an Independent Director to the Audit and Risk committee help with governance issues.

It was agreed that the role of the Audit and Risk committee has grown in responsibility and does need further skills.

The question was raised at to the Audit and Risk committee having access to INZ accounting system.

It was agreed that there will need to be a further discussion on this subject at management level.

Further work on an induction process is required and to include a list of annual meetings, topics that will and need to be covered at certain times of the year. It was also pointed out to management that there is big changes coming through this year in the Health and Safety arena; another area of risk.

8. Risk management

Jordan Carter advised that a separate risk register is required for INZ.

9. Other business

Amber Craig advised of the upcoming courses she is attending at IoD.

It was AGREED that the Chair and management will set a schedule of meetings for the remainder of the year for the Audit and Risk committee.

The Chair closed the meeting at 11.50am.

Date of next meeting: TBC

Signed as a true and correct record:

\-
Neil James, Chair

DRAFT MINUTES OF AUDIT AND RISK COMMITTEE MEETING

Status: Draft

Present: Neil James (Chair, *via video conference*), Lance Wiggs *(via video conference)*, Joy Liddicoat *(via video conference)*, Amber Craig

In Attendance: Jordan Carter, Mary Tovey, Maria Reyes (minute taker)
                     Deloitte NZ (Paul Pettit), and BDO Wellington (Henry McClintock)

The Chair opened the meeting at 12.10 PM.

1. **Minutes from previous meeting held**

The minutes of the previous meeting held on 2 February 2015 were approved with the following amendments added:

Item 2 – It was noted that Lance did not agree to this statement at the meeting.

Item 6 – change the 3rd sentence to "Lance Wiggs questioned this practice and *advise*...."

Action Point:
Amend the minutes as per above discussion.

Matters arising from the minutes:

There was a brief discussion around the requirement for credit card receipts for purchases below NZ$50.

It was AGREED that a proof of purchase (an email or a receipt) for any credit card expense under $50 should be enough if a GST invoice is not available.

In further discussion two action points were highlighted:

Item 7 – Committee to work on an induction process parallel with the development of a work schedule for the Committee.

Item 9 – Committee, with the assistance of staff, to work on the Risk Register for InternetNZ.

2. **INZ Annual Report for YE 31 March 2015**

Neil James raised a question regarding the significant increase in the remuneration

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and in response Paul Pettit advised that most of this was due to the in-sourcing of staff and instead of contractors there are now more employed staff.

Committee discussed the "software purchases" statement. Paul advised that the term "purchased" may not be the right term as NZRS have capitalised on this. He advised that they will amend this section as discussed.

It was noted that an amendment to Neil James' statement under the Other Related Parties subheading (Item 8 Related Party Disclosure) and should be changed to "Neil James is a member of a regional Steering Committee of Computers and Homes, a subsidiary of the 2020 Trust".

Lance Wiggs raised a comment that the Other Related Parties didn't seem to capture the whole list and that it's probably best to approach and ask Council if they can check the list and advise if there's anything that's been missed.

Action Point:
Jordan to send an email to Council regarding the related parties. (Done at the meeting)

There was a brief discussion on how the related parties can be documented and monitored better and Joy Liddicoat suggested creating a register which includes details on what the interests were/what the conflict was and name of person with conflict.

Paul clarified that the notes/statement in this report is for related parties. It is just a sub-set to the conflict of interest but not the same framework.

A comment was raised that the there's no evidence on how funds are invested under 1a Other Financial Assets.   It was recommended to have a breakdown for the financial assets and include how we make investments from these assets.

Henry McClintock advised that they can come up with a revised draft for the set of accounts for next year to make it more user-friendly (ie. easier for members to understand). It will be a good opportunity as there will be a new Public Benefit Entity (PBE) reporting standard by then.

Jordan Carter raised that an amendment needs to be made on page 1 of the report (under Remuneration of Council) as Jamie Baddeley and Joy Liddicoat were elected and not appointed. This has been noted by Paul Pettit and Henry McClintock for correction.

Paul and Henry advised that they're happy to make the necessary changes/amendments as per discussion and will send the final version by Tuesday 16th June.

3. Audit Management Report for the YE 31 March 2015

Paul Pettit recommended to change from the comparison of year on year for Parent, to year on year for the Group. It was noted for discussion for next year.

Other than the comment above from Paul, there were no further comments from the Committee.

4. Review of the Financial Management Policies

Neil noted that these policies were operational policies, not governance policies, and as such were the CE's responsibility. The A&R Committee's role was to make suggestions, particularly in relation to risk management.

Committee discussed the suggested changes and agreed to have the following amendments:
- expand the acronyms (such as FPT) for clarity
- payment on 20th of the month should be "INZ require payment *by* 20th of the month"
- under the subheading 'Cash Receipts', change statement to 'within 24 *business* hours'
- under the subheading 'Procurement', change the term 'possible' to 'feasible'

It was noted that there are no contracts issued to Council members and therefore the statement should be rephrased to reflect that Council members are 'entitled' to an honorarium.

It was discussed that the section regarding Managed Funds needs to be modified to reflect that it's the CE's responsibility but decisions are subject to overview by the A&R Committee and Council. Jordan advised that it might be best to have a Treasury Policy that covers this which links to the Financial Management Policies.

Amber Craig raised a question regarding gifts and koha, and in response Mary advised that it's better to have a policy on this. Jordan agreed and suggested to possibly have a group policy around koha/gifts so it's consistent across the three groups.

Paul Pettit advise that he will arrange a time with Mary to provide their comments on the Financial Management Policies.

> *Action Point:*
> 1.) Raise the issue of having a group policy on koha/gifts at the next Chairs & CEs meeting.
>
> 2.) Jordan to draft a Treasury Policy which includes policy around managed funds

Neil raised a concern about the section on disposal of assets. He suggested the sale to staff needed to be reconsidered, possibly by adding-in a requirement to get an independent valuation before proceeding with a sale to staff.

5. Other Business

The Audit & Risk Committee thanked Deloitte and BDO Wellington for the work they've done and for preparing the annual reports and Deloitte have also thanked InternetNZ for continued business with Deloitte NZ. BDO Wellington also thanked InternetNZ for the opportunity to work with them in the past 4 years.

A question was raised on how the OSH reporting and Risk Management reporting are mitigated (relating to an email that Amber sent to the Committee). Jordan advised that INZ staff will go through the list, and will be prioritising and

establishing what can be done.

The Chair closed the meeting at 1:07 PM.

Date of next meeting: TBC

Signed as a true and correct record:

Neil James, Chair

Glossary of Terminology

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

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