InternetNZ

Set 2

Papers for Council Meeting
16 February 2015
Internet NZ
Level 9, 16 Willis Street, Wellington

AGENDA – COUNCIL MEETING

Monday 16 February 2015

Level 9 16 Willis Street Wellington			
8.45 am	Refreshments on arrival		
9:00 am	Meeting start		
10.40 am	Morning tea		
1.00 pm	Lunch		
2.35 pm	Meeting close		
Section 1 - Council Governance			
9:00 am	1.	Welcome	
	2.	**Council Only**	S1-4
9.40am	3.	Apologies & Meeting Attendance Register	S1-5
	4.	Councillor's Declaration of Interest	S1-6-11
	5.	Confirm Minutes – December 2014 Meeting	S1-12-21
	6.	Actions from December 2014 Meeting	S1-22
	7.	Membership update – *to be tabled*	
	8.	Evote ratification	S1-24-26
9.50am	9.	Industry Scan - Issues & Opportunities (round-table Board discussion)	S1-27
Section 2 – Strategic Priorities			
10.20am	10.	INZ Strategic Plan 2015 - 2018	S1-28-43
10.40am		**Morning Tea**	
11.00am	11.	Business Plan 2015/16 *second set of papers*	S2-4-32
Section 3 – Matters for Decision			
	12.	Financial Reporting *second set of papers*	S2-33-40
11.30am	13.	Governance Framework *second set of papers* • Appointments policy • Policy Development policy *to be discussed*	S2-41-56
Section 4 – Matters for Discussion			
	14.	Early release documents	
12.00pm	15.	CEO Report	S1-48-53
12.40pm	16.	Internet Issues and Business Plan report	S1-54-88
12.50pm	17.	International Report	S1-89-91
1pm		**Lunch**	

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		Section 5 - Subsidiaries	
1.40pm	18.	3rd quarterly report *second set of papers*	S2-57-68
	19.	Business Development *(verbal)*	S2-69
	20.	Subsidiaries reports *(verbal)*	S2-70
		Section 6 – Other Matters	
2.20pm	21.	Matters for Communication – key messages	
2.35pm	22.	General Business	

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11 Business Plan 2015/16

2015-2016 Business Plan: Working Draft

Introduction

This paper sets out for Council review the current state of the draft 2015/16 Business Plan.

This draft was generated by the staff team at the retreat we held last week, after earlier discussion and development of activities that will advance the transformations set out in the Strategic Plan.

The next steps for this plan are to:

- Update it taking the Council's feedback into account
- Discuss the updated version with as wide an array of stakeholders as we can
- Use the updated version as the basis for Member Engagement in March
- Work through a prioritisation exercise and define proposed activity in two categories: guaranteed to deliver and planned to deliver (**note** any prioritisations in this version of the plan are nothing more than initial thinking internal to that area of the plan)
- Continue internal staff discussion and refinement, including linking with the 2015/16 draft Budget (**note** any budget figures are initial requests from staff)

At the April meeting of Council, I will present a final Business Plan available and a final Budget, with a manageable programme of work for the Council to adopt.

From the finalised Business Plan we will develop the staff workplan and calendar for the year, and we will select some key initiatives around which to build the "story for 2015" that the public and our stakeholders will hear from us throughout the year.

I look forward to the conversation at our meeting and to the development we will do together to make sure InternetNZ is doing the right things next business year.

Jordan Carter
Chief Executive

9 February 2015

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2015/16 Business Plan Structure

- Key Initiatives
- Introduction
- Internet Issues Programme
    - Law and Rights
    - Connectivity
    - Use
    - Technology
    - Security
- Community Development Programme
    - Funding
    - Development
- Internet Governance
- Operations
    - Core Operations
    - Communications
    - Events
- Governance and Members
    - Members
    - Council
- Staffing profile
- Budget summary

- Are there any other sorts of information you believe the business plan should present?
- Do you think any of the sections above are redundant and should be left out?
- Any other comments?

Substantive Parts of the Business Plan

The following pages set out the key transformations for each area of the Business Plan, the proposed goal to focus our efforts on in the coming year (and measures to test success), and finally the proposed activities for the year.

These are presented in the following order:

- Internet Issues
- Community Development
- Internet Governance
- Operations
- Governance and Members

Not all sections are complete, as the planning has not all yet been done to allow for a complete presentation. As additional areas are ready for review, Council will have the chance to consider them online. Also, the style has been left as prepared by various staff – we will render the whole plan consistent for the next version.

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1. Issues Programme

Responsibility: **Work Programme Director**

This first draft of the Internet Issues programme is designed to be the start of a conversation about priorities in the 2015/16 year. What is presented at this stage is a number of particularly notable proposed activities for discussion. In each portfolio, one particular initiative is highlighted as that which the Work Programme Director believes is the most relevant to InternetNZ in this year.

The intent is to receive feedback about these activities from both Council and the Membership in engagements scheduled to occur in February and March, with the objective of refining these activities down to the top five areas of focus. These five projects would be the core activities of the Issues Programme in 2015/16, and will be confirmed with the Council at the April meeting.

Concurrent with this work, there is a clear need to develop a transparent and participative method for prioritisation of these initiatives. That is underway now. The Internet Issues team will also be utilising our greater staff capacity to re-engage with our membership in a far deeper and more consultative way on this more limited number of issues; and with the wider Internet Community as well.

Programme-wide 2015/16 Transformations

	Current state	→	Desired state
1.1	The Issues Programme is unclear about its method for prioritisation		Issues Programme is able to prioritise consistently, effectively and transparently
1.2	Member role in Internet Issues is unclear		Member role in issue development is clear, understood and members are appropriately engaged
1.3	Stakeholders are engaged on an ad-hoc basis		Stakeholder are engaged and contribute to the Internet

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		Issues Programme	
1.4	The Issues Programme is challenged in capacity, and is reactive and unresponsive	The Issues Programme has sufficient capacity to undertake proactive work and respond to emerging issues in a timely fashion.	

Goal

15/16 Goal	Clarity of roles, clear prioritisation, clear acceptance and understanding of the Issues programme.
Measures	1. Member satisfaction in Issues Programme involvement 2. Stakeholder perception survey results showing engagement and respect for InternetNZ 3. Staff satisfaction in working efficiently on a limited number of deeply engaged issues.

Activities - Programme Wide

	Activity	Transformation/s	Priority	Budget
1.A	Local Government programme – engagement to lift capacity in local government to lead digital strategies and advocacy across New Zealand. *Local Government is an underutilised component of promoting and protecting the Internet in NZ. INZ is also approached reasonably regularly for help and advice on Digital Strategies. This initiative is designed to capacity build, through the development of content and guides to assist Local Government undertake initiatives in their communities.*		B	
1.B	Building the SOTI into being "the source" for data on the Internet in NZ, supported by staff to ensure updated, analysed and discussed. *This is building off the deployment of the InternetNZ SOTI portal in 14/15, with WikiNZ, and continuing to use this to make it "the" source for information on the Internet in NZ.*		A	
1.C	Develop a new model for parliamentary and stakeholder engagement, with Community Programme, centred around a speaker series.		B	

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	This is intended to be in collaboration with the Community Programme, and its speaker series initiative.			

Activities - Internet Law & Rights

	Activity	Transformation/s	Priority	Budget
1.1.A	Internet Law Observatory – delivery of the model identified in Phase one from 14/15 plan *Building off the survey of international examples done in the 14/15 year, the purpose of this line is to follow that work with consultation, and then delivery if relevant, of a specialist Internet Law advisory function for New Zealand.*		B	
1.1.B	Copyright – law reform. *If the TPP negotiation is completed, then this will be a priority to bed in the many years of work already done, into law in New Zealand.*		B	
1.1.C	Privacy Act review – participation to ensure privacy law remains Internet aligned. *The Privacy Act review is scheduled for this year, and if so this will need to be a large focus to ensure that this appropriately contemplates the challenges that the internet raises for privacy.*		A	

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Activities - Internet Connectivity

	Activity	Transformation/s	Priority	Budget
1.2.A	Copper pricing – finish off FPP process. *InternetNZ's involvement in this will be in alliance with other consumer groups and ISPS that share similar objectives, to defray costs and involvement in what is a very time consuming and complicated process – but one that is also very meaningful in determining the cost of access to the Internet in New Zealand.*		B	
1.2.B	MBIE Telecommunications Regulatory review process *MBIE has commenced the very first stages of their telecommunications review process. This process is very significant in terms of how it will seek to define the regulatory and policy perspective post-2020. MBIE has also signalled that this review will consider issues of convergence with Broadcasting, and other related issues across the legislative suite relevant to the internet in New Zealand.*		A	
1.2.C	UFB & RBI part 2 – influence over process to facilitate community involvement. *MBIE and the Minister have both indicated that these extensions intend to have a greater community orientation. InternetNZ will facilitate this involvement, with the objective that these extensions provide maximum value in extended network availability in New Zealand.*		B	

Activities - Internet Use

	Activity	Transformation/s	Priority	Budget
1.3.A	Innovation Partnership – lead this group into an action-oriented realiser of change and opportunity through the Internet. *The Innovation Partnership has become quite effective at highlighting opportunity, particularly in Internet use. InternetNZ is stepping up to a greater role in this body, with the objective of making the IP an agent for realising these opportunities too.*		A	
1.3.B	Classification in the Internet Era – with OFLC *Responding to the challenges of online content distribution in having a classification regime that encourages digital consumption, not blocks.*		B	
1.3.C	South Auckland Digital inclusion project (pilot for provincial intervention model) *Working within a group of community organisations to provide greater coordination, result tracking and discussion on intervention activities that they undertake, to better inform investments made.*		B	

Activities - Internet Technology

	Activity	Transformation/s	Priority	Budget
1.4.A	Craft approach to being consumer "technical" advisor on ISP configuration and performance *Providing consumers with information and analysis that would allow greater ability to make informed choices about ISP services in NZ.*		A	

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	Activity	Transformation/s	Priority	Budget
1.4.B	Internet exchange point analysis, and investigate standing up a "co-op" model of exchange points.		B	
1.4.C	Standing up InternetNZ's own "beginners guide" on net tech.		B	

Activities - Internet Security

	Activity	Transformation/s	Priority	Budget
1.5.A	Work with NetSafe to develop an approach to new advice for consumers on Internet Security issues (via connect smart interaction)		B	
1.5.B	Work toward implementation of an all of economy/society CSIRT function *Building off the CSIRT work in 14/15 to see this implemented.*		A	
1.5.C	Analyse and look to link, or look to develop our own version of, the EFF plan to end mass surveillance on the Internet.		B	

What's missing:

- Broadcasting
- Convergence

- Friendly joe campaign issue

Limit and focus – what is our unique selling point? Because we can translate Internet into NZ terms, make it practical, workable and implementable.

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2. Community Programme

Responsibility: Collaboration and Community Lead

<Blurb Goes Here>

Transformations

	Current state	→	Desired state
2.1	Community ownership and involvement are a part of community programme work.		Community programme work supports growing community ownership and self-directed development.
2.2	Community funding supports community initiatives and organisations.		Community funding supports the development of the Internet and the Internet community and the impact of that is understood in a framework.
2.3	Internet community definition is debated and unclear internally		Consistent understanding of the Internet Community is and how we engage with them.

Goal

15/16 Goal	Create a coherent programme to support community development: creating awareness of community and its role in Internet development and supporting the capacity of the community in that role.
Measures	1. Community awareness of the community role as part of decentralised development of the Internet is enhanced. 2. Impact is made in terms of community capacity, connections between and actions able to be taken. 3. Engagement and funding activities are interrelated

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Activities

	Activity	Transformation/s	Priority	Budget
2.1.A	Community Grants: 2 funding rounds coordinated with engagement events	2.2	A	$250k
2.1.B	Community Grants: improve reporting and impact measurements	2.2	B	$20k
2.2.A	Strategic Partnerships: collaboration between partners and with engagement events	2.1, 2.2	A	$250k + $20k
2.3.A	NetHui: national (including International input to community through speakers)	2.1	A	$80k + expenses
2.3.B	NetHui: local/sector initiatives "NetHui in a box model"	2.1	B	$20-40k
2.3.C	Internet Governance Summer/Spring School: community development event	2.1, 2.3 (also Int'l)	B	$20-40k
2.4.A	Speaker Series: using funding relationships to create events and engagement (NetSafe, other partners, with MoU orgs, grants recipients) and collaboration with Issues	2.3 (also Issues)	B	$10k
2.5.A	Sponsorship: reach out to new communities and sponsor strategically to support community development goal.	2.1, 2.3	A	$50k (+attendance)
2.6.A	Community Organisation Support: engage around MoU support for community development goal	2.1, 2.3	A	-

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3. International Programme

Responsibility: Chief Executive

The International Programme is the area of work that seeks to connect local discussion about Internet issues and technology with what is happening globally. It is also how we work to reflect New Zealand interests and views outside New Zealand to shape the Internet's growth and development. In both directions we focus on protecting the open Internet.

The shorthand most often used for the subject matter of this work is "Internet Governance". Internet Governance refers to the matrix of institutions, trends and norms that shape the Internet's evolution. Institutions involved in it:

- encourage **debate** and the sharing of **ideas** (e.g. the Internet Governance Forum),
- encourage the **spread of knowledge** and ideas about Internet technologies (e.g. APRICOT),
- define and **develop technical Internet standards** (e.g. the IETF),
- **allocate scarce technical resources** (e.g. the Regional Internet Registries or the ITU), or
- **set policies** applying to key Internet technologies (e.g. ICANN).

Internet Governance happens in private institutions, public institutions (e.g. the ITU or the United Nations), and at the global, regional and national levels.

As an interconnected "network of networks" the Internet is global, and the forces that shape its evolution at home have their impacts here in New Zealand. That is why InternetNZ works internationally: to bring a New Zealand perspective to these processes and shape both the processes and the subject matter in the interests of an open Internet – that is, in New Zealand's interests.

Besides this global shaping, there is a need to bring New Zealand's Internet community more knowledge about what happens in the Internet Governance environment – both so local processes are informed by what is happening globally, and so that the New Zealand positions we share globally are more fully the product of a broad-based, multistakeholder debate here at home. The principles on which we base our positions are clear, but the local Internet community engagement with this area is still too sporadic.

Our focus in this year's Business Plan is therefore to continue to shape Internet Governance abroad, while being much more

effective at bringing it into the New Zealand context. We will do more to share information and perspectives locally, and to draw local views into the global environment more transparently and reliably than we do today.

Transformations – from the 2015-2018 Strategy (slightly amended)

	Current state	→	Desired state
3.1	InternetNZ participates in Internet Governance, working to preserve the Open Internet		InternetNZ effectively participates in Internet Governance, working to preserve the Open Internet, and effectively shares those debates and lessons at home
3.2	Key issues in international management of the Internet, such as the IANA transition, threaten the openness and uncapturability of the Internet		Key issues in international management of the Internet, such as the IANA transition, are concluded in a manner that supports the open and uncapturable Internet
3.3	Shallow multistakeholderism is evident in the Internet Governance world, and the framing dominated by Governments and the ITU		Multistakeholderism is firmly embedded in the Internet Governance world with all stakeholders participating in a balanced fashion
3.4	Stakeholders do not understand Internet Governance and its relevance		Stakeholders understand and appreciate why we do this international work and they have the tools to engage in a true multistakeholder fashion
3.5	International learnings, opportunities and contacts are utilised in an ad-hoc fashion in the Internet Issues Programme		Learnings, opportunities and contacts from our international activity are appropriately leveraged in all our work in New Zealand
3.6	We seek to exemplify multistakeholderism through informing the New Zealand Internet Community of our international work		We exemplify multistakeholderism in our international work by ensuring that our perspectives on issues are representative of the diversity of views from the New Zealand Internet Community

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Goal

Goal 15/16	InternetNZ members and domestic stakeholders have improved understanding of our international engagement and its value.
Measures	1. Anecdotal & objective feedback and information from members and stakeholders shows increased understanding and support 2. We are providing high quality information about our plans in this area 3. We are providing high quality reporting about our work in this area

Activities

	Activity	Transformation/s	Priority	Budget
3.1.A	International Strategy and Plan complete. *Work to finalise a group-wide International Strategy (draft agreed in October 2013) and Plan is under way and will be complete this year.*	All	B	
3.1.B	Stronger communications & local engagement regarding our International programme are developed. *Compared with the Issues and Communities programmes, our communications plans for the International programme are ad-hoc and lacking coherence. This will change along with new efforts to reach out to those parts of the local Internet community interested in these issues.*	3.1, 3.4, 3.5, 3.6	A	
3.2.A	Contributing to a successful transition in IANA Stewardship to the global multistakeholder community. *Keith Davidson's participation in the IANA Stewardship Transition Coordination Group (ICG) and Jordan Carter's participation in the Cross-Community Working Group in Enhancing ICANN Accountability (CCWG-ACCT), along with group-wide contributions to the debate across a wide range of forums, are the main features of this activity which should complete in the 2015/16 business*	3.2, 3.3	A	

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	Activity	Transformation/s	Priority	Budget
	year (on current information).			
3.3.A	Hosting APRICOT 2016 successfully. *APRICOT 2016 is the major technology conference and training opportunity for Internet network operators. By bringing this to New Zealand we give the local Internet community easy access to high quality training and leading thinking from across the Asia Pacific.*	3.1, 3.4, 3.5	A	
3.3.B	Hosting ISOC's first-ever global "Annual General Meeting" in conjunction with NetHui 2015. *The world-wide Internet Society is a voice for the open Internet at the global level. By bringing their first annual event of this sort to Auckland and hosting it with NetHui, we can increase the profile of our own Internet Governance-related event and build stronger links with ISOC.*	3.3, 3.4, 3.5	B	
3.4.A	Participate in the Internet Governance Forum system as appropriate and support its development in the Pacific and the region. *The value of the IGF format is in bringing experts together to discuss emerging and current Internet policy issues, and to shape the structures and processes of Internet Governance. We aim to participate in the global event in November 2014, the regional event in June 2014, and to support the Pacific community in holding an appropriate event in the region.*	3.1, 3.2, 3.3, 3.5	B	

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4. Operations

Responsibility: Chief Executive

This section of the Business Plan brings together work in three areas:

- **Core Operations:** the work of the team that provides the administrative and operational support that makes the organisation work (finances, administration, HR, policy and more).
- **Communications:** projecting our voice outward into the environment so that our views can be known, through a strategic, professional and consistent approach to communications with the right set of audiences.
- **Events:** a critical support service for the work of the three Programmes set out above, given the importance of events to each of them.

The unifying feature of this area of the plan is that these services, done well, allow the organisation to achieve its purpose. If they are not done well, productivity across all other areas of work is diminished and staff spend time covering gaps.

Our aim across operations is to operate effectively, efficiently and reliably so that those supported by the operations of InternetNZ have confidence in the work we do and can rely on us to get the job done – right first time.

4.A   Core Operations Team

Responsibility: Core Operations Team

The work of this team covers the following areas:

- Financial management
- Human Resources management
- Internal policies and procedures
- Council administration

- Member administration
- Legal and Governance compliance
- Risk management
- Facilities management
- Office ICT management

- File management
- Internal coordination
- Health and Safety management
- Travel management

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The team provides many of these areas for the whole InternetNZ group, which means dealing with around ~35 personnel at the time of writing. Historically this area of work has been neglected in terms of clear thinking regarding structure and organisation of work, resulting in some challenges to efficiency and reliability. Since October 2014 this has begun to change: an analysis of the operational requirements facing the team has been completed, and responsibilities for each area of work clearly allocated with duplication reversed. This is already having a flow-on effect into more reliable service provision and a considerably happier team.

Transformations

	Current state	→	Desired state
4.1.1	Staff unclear who is responsible for which functions		All staff have clarity in their roles, responsibilities and deliverables
4.1.2	Status quo - the way we have always done things		Continually improving efficiency and effectiveness through more defined roles
4.1.3	The risk of skills not aligned		Roles that best utilise skills, experience and interests
4.1.4	InternetNZ risks non-compliance with our legal, statutory or governance commitments		InternetNZ meets or exceeds all requirements

Note: these Transformations are those for 2015/16 as set out in the 2015-2018 Strategic Plan, but in reality the team began to implement them from around November 2014. A set of outyear transformations is also documented in the Strategic Plan and as the above are brought about & as resources allow, focus will move to the longer term transformations.

Goal

Goal 15/16	To be strong in our portfolios.

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Measures	1. Demonstrated delivery & measurement of all activities 2. Staff/service recipient surveys to build a baseline and then monitor performance and gain feedback 3. Demonstrated and active responsiveness to feedback 4. Review the new structure

Note: the portfolios for Core Operations Team members will be set out in the Staffing Profile section of the final Business Plan.

Activities

	Activity	Transformation/Detail	Priority	Budget
4.A.1	Executive Assistant (to CE and WPD)	develop a working plan for CE office refocus for CE and WPD - internal and external AGM 2015 transforming council procedures	A A C B	eboard $20k training $5k
4.A.2	Facilities management	Relocation of three entities - INZ, DNCL, NZRS to one location development of H&S policies and procedures develop working plan for facilities management oversee all facility requirements for both Wgtn and Auck offices	A B C C	Council decision $3k $2k
4.A.3	Financial Management	Maintain and improve the providing of accurate timly information, while always seeking efficiencies	A	training $5k (for risk and

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				HR)
		Support growth e.g. TUANZ	B	
		Develop closer working relationship with financial oversight committee (A&R)	B	
		Provide more financial information to the team, and seek more feed back	A	
4.A.4	Risk Management	Develop risk register, work with Audit and Risk Committee, Council and auditors in developing plan and process for oversight	B	training $5k
4.A.5	Human Resources Management	Create new HR management system e.g. forms, policies, matrix for employment, etc.	B	training and outsourcing $10k
4.A.6	Internal Policies and Procedures	Complete review of Governance, Financial, Internal and HR	B	legal opinions $10k
4.A.7	Reception management	provide advanced services to the group catering for potential growth ie TUANZ	A	
		finance admin support		
		overview of duties given to gain enhancements and develop a		$5k training
		more indepth work plan for services	A	
		back up to facilities, membership, ICT, communities	B	

4.A.8	Travel management	Provide solution based travel management to the group	A	
4.A.9	Community Funding support	Web-based/ Online Grants Management solution in place	A	
		Easy flow of decisions/feedback from internal & external reviewers to gain huge efficiencies, time, information	A	$20-30k
		Staff familiar with the Community Grants Operations Manual	B	
4.A.10	Membership Management	Members can easily subscribe/unsubscribed to members optional mailing list (i.e. PAG, members-discuss) via their members profile (i.e. linking CiviCRM and Mailman)	A	$10k
		Improved membership reporting (i.e. membership easy to sort by location, type of membership, etc)	B	
4.A.11	ICT Management	One-stop shop IT solution provider for both WLG & AKL office	A	
		Up-to-date facilities (e.g. laptop that works, better phone/voicemail system, etc)	B	$10k new laptops
		Working electronic file management	B	
4.A.12	Returning Officer	Improved management of nominations/ elections	B	
4.A.13	Event attendance	All COT members to provide support and attendance at events if and when required	B	
4.A.14	Meetings	All COT members to attend meetings if and when required	B	

| 4.A.15 | COT Team support | All COT members to provide support to each other and adhere to the staff charter and code of conduct in all situations | A | |

4.B   Communications

Responsibility: Communications Lead

Communications represent a sort of shop front window to InternetNZ. It is the way that most stakeholders who are only peripherally aware of InternetNZ see the organisation. This means that in order to create the best impression and bring in those people closer to the fold, InternetNZ needs to conduct itself in a professional, useful and interesting manner.

It is largely an ancillary portfolio, designed to support the Issues Programme and the Community Programme. It also has a strong internal component.

Transformations

	Current state	→	Desired state
4.2.1	InternetNZ does not convey what it stands for in a meaningful way		InternetNZ decides on opinions, and then conveys that position consistently, clearly, and told strongly
4.2.2	Communications are largely as-needed instead of regular and pro-active		Provided there is something to say, InternetNZ communicates often and consistently
4.2.3	Communication support for Issues, Community and International Programmes as ad-hoc and as needed		Communications for these three programmes are consistent, regular, pro-active and help demonstrate the work and value InternetNZ contributes
4.2.4	Internally and externally, people have a vague idea of the work that InternetNZ does but no firm picture		Internal and external stakeholders are familiar, well-versed and able to act as ambassadors for the work that InternetNZ does
4.2.5	Knowledge of stakeholder perceptions is limited and does not provide benchmark		InternetNZ communications improves year-on-year against benchmarked perceptions

Note: these Transformations are one-year operational ones that contribute to delivering those set out in the Strategic Plan.

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Goal

Goal 15/16	Members and stakeholders have a clear perception of our role and work due to high quality, regular communications across the organisation's work.
Measures	1. All fixed timetable events are communicated clearly and well subscribed (e.g. funding rounds) 2. 'No surprises' – PAG and Members are not surprised, nor disappointed by InternetNZ's position on any given issue 3. Qualitative and quantitative research into communications effectiveness & stakeholder perceptions demonstrates improvement

Activities

	Activity	Transformation/s	Priority	Budget
4.B.1	Communication goes out monthly with work updates on Issues, Community and International Programmes	4.2.1, 4.2.2, 4.2.3, 4.2.4	A	
4.B.2	Weekly meetings are held for Communications Lead to identify topics for InternetNZ to communicate on, Communications Lead then produces communications or delegates to staff to get them done	4.2.1, 4.2.2, 4.2.4	A	
4.B.3	Stakeholder perception survey is held annually	4.2.5	B	$25,000-$30,000
4.B.4	A plan is developed to shape perceptions of InternetNZ among key stakeholders to explain our mandate			

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4.C   Events

Responsibility: Events Lead

In the context of this InternetNZ Strategic Plan, Events is also a support function that primarily supports the Internet Issues and Community Development aspects of this plan. It also plays an important role in internal member communications, in keeping the InternetNZ membership base informed about InternetNZ's work.

Transformations

	Current state	Desired state
4.3.1	Events are an underutilised option for Internet Issues engagement, used in an ad-hoc fashion.	Events are an integral part of delivering the Internet Issues Programme, and provides excellent support that programme in engaging with members and external stakeholders
4.3.2	Events support the delivery of the Community Development Programme, through providing internal administrative and logistical support.	Events are a fundamental component of the Community Development Programme, and are delivered in a manner that reflects the community development goals, including community ownership and self-direction.
4.3.3	There is no clear process, ownership or project management methodologies used to support excellence in event delivery.	Events are well planned, well executed, satisfy the purpose of the event and attendees, and staff.

Key Activities (activity codes in relevant parts of business plan)

	Activity	Transformation/s	Priority	Budget
	NetHui 2015 – July 2015			
	Member engagement meetings (October and March)			
	ANZIAs – August or September 2015			
	APRICOT 2016 – February 2016			

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5.   Governance and Members

Responsibility: Chief Executive

As an incorporated society, InternetNZ is made up of members – both individuals and organisations. The members elect the Council: the governing body of the organisation.

Our vision for the membership area is that membership is buoyant and growing, and that the organisation gives members tools to engage effectively in its work, connect with each other, and hold InternetNZ to account. It is some time since the work of members was reviewed. A committee of Council is engaged in a review now, and while we think the likely conclusions will fit within the transformations set out below, new ideas may arise which will be incorporated as required.

Note that the transformations set out below are based on those in the 2015-2018 Strategic Plan and so are on a three-year timeframe.

5.A   Membership

As a membership organisation, InternetNZ has an obligation to be open and accessible to current and new members interested in the organisation's cause and mission. Internet Community members join and participate in the organisation to contribute to the cause and to be part of the Internet community's development.

Operationally, the organisation needs to explain and promote membership and its role properly, and administer membership competently. While it is likely that our membership will only ever comprise a small part of the Internet community, the more broadly based it is the better connection there will be between InternetNZ and the Internet community.

It is a joint responsibility of the operational staff, the elected Council, and the membership more broadly to develop and grow our membership. The transformations set out here cannot be achieved by staff action alone.

InternetNZ

Transformations

		Current state	→	Desired state
5.1.1		Membership proposition is unclear – why should people join InternetNZ and what is their role once they do?		The membership proposition is well understood by members, and they know both what their role is in the organisation and how to exercise it
5.1.2		Membership of approximately 300-400		Membership has increased to >1,000, though effective targeting of stakeholders that share InternetNZ's vision, mission and values
5.1.3		Member satisfaction is high, but variable and shows room for improvement		90% of the membership base is happy with InternetNZ and its direction, and the role that they play in delivering to our goals

Goal

Goal 15/16	The role of members is clearly understood and agreed both inside and outside the organisation.
Measures	1. Membership Committee of Council has led engagement with members to re-develop the membership offer, and the refreshed offer is agreed with wide buy-in. 2. The refreshed membership offer is executed successfully and reflected in all relevant communications and activities. 3. InternetNZ membership passes 500 by 30 March 2016.

InternetNZ

Activities

	Activity	Transformation/s	Priority	Budget
5.A.1	Membership Campaign: once the new offer is developed, materials to allow for a range of small scale membership campaigns are developed and the organisation experiments to discern effective approaches.	5.1.2, 5.1.3		
5.A.2	Contacting Previous Members: once the new offer is developed and in place, the organisation will reach out to past members who have not renewed, and see if the new approach attracts them back.	5.1.2		
5.A.3	Membership Survey: done biennially rather than annually, in June and December, and questions revised to be more useful (without losing continuity with previous surveys).	5.1.3		
5.A.4	Exiting Member Procedures revised: we should understand better why people choose not to rejoin and apply the lessons to our broader activity.	5.1.2, 5.1.3		

5.B   Governance

InternetNZ is a membership-based organisation which is governed by a Council of twelve members, elected by and from the Membership and comprising a President, Vice President and ten Councillors. This section sets out the transformations and activities that relate to the governance role including our role as the designated manager for the .nz country code top level domain.

Transformations

	Current state	→	Desired state
5.2.1	Council elections attract high quality candidates, but Council does not fully reflect the diversity of the New Zealand Internet Community		Council elections attract high quality candidates, and Council reflects the diversity of the New Zealand Internet Community

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5.2.2	Practices in Governance and Management division of responsibility is not always well understood		Practices in Governance and Management division of responsibility are well understood and entrenched
5.2.3	Council does not have the structures and processes to govern InternetNZ and its subsidiaries in a manner that is most productive		Council has the inputs necessary to fulfil its role as the strategic Governor of InternetNZ and its subsidiaries

Goal

Goal 15/16	What goal do Councillors wish to focus on in the Governance area?
Measures	1. To be developed 2. To be developed 3. To be developed

Activities

	Activity	Transformation/s	Priority	Budget
5.B.1	Commence planned reviews of the Governance Policy framework. *While the Governance Policy framework has been reviewed and made more coherent leading up to this business year, it is time to commence the regular planned reviews of the policies it contains. This will be ongoing work through the year with various policies reviewed at each Council meeting.*			
5.B.2	A new .nz Framework policy and updated Operating Agreements and Statements of Expectations for subsidiaries in place. *Following the work of the .nz Framework review, there is a need to consolidate the new settlement in a single overarching Governance Policy that sets out the roles and relationships for the three parts of the group in the management of .nz. Subsequent to this the Operating Agreements for each subsidiary need updating, and then the 2016/17 Statements of Expectations will be updated as*			

InternetNZ

	well.			
5.B.3	What other activities would Council like to do in this area?			

By way of reminder, In 2014/15, governance activities noted in the Business Plan included the following:

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

InternetNZ

12 Financial Reporting

Deloitte Report

Internet New Zealand Consolidated
Financial Statements
For the Quarter Ended 31 December 2014

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Internet New Zealand
Table of Contents
For the Quarter Ended 31 December 2014

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Internet New Zealand
Compilation Report
For the Quarter Ended 31 December 2014

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
5-Feb-15

Deloitte.

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Internet New Zealand
Consolidated Income Statement
For the Quarter Ended 31 December 2014

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	2,254,713	6,478,100	71,407	219,471	2,250,857	6,454,283	470,460	1,418,380
Other Income	0	0	0	0	0	0	0	0
Dividends Received	0	0	700,000	2,055,776	0	0	0	0
Interest Received	123,665	311,673	39,782	63,586	80,120	234,312	3,763	13,775
Managed Funds Income	86,734	199,088	86,734	199,088	0	0	0	0
Total Income	2,465,112	6,988,861	897,923	2,537,921	2,330,977	6,688,595	474,223	1,432,155
Less Expenses								
Direct Expenses	161,751	493,807	0	0	629,211	1,896,187	0	0
Other Expenses	2,360,837	6,714,376	935,740	2,708,914	963,687	2,774,608	531,961	1,442,508
Total Expenses	2,522,588	7,208,183	935,740	2,708,914	1,592,898	4,670,795	531,961	1,442,508
Net Profit (Loss) Before Tax	(57,476)	(219,322)	(37,817)	(170,993)	738,079	2,017,800	(57,738)	(10,353)
Less Provision for Tax	0	0	0	0	0	0	0	0
Net Profit (Loss) After Tax	(57,476)	(219,322)	(37,817)	(170,993)	738,079	2,017,800	(57,738)	(10,353)

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

The Group year to date net profit is $2,055,776 (quarter $700,000) less than the sum of the individual entities due to the
dividend received by INZ from NZRS being removed from income while the payment by NZRS shows under their
statement of movements in equity on page 3.

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Internet New Zealand
Statement of Movements in Equity
For the Quarter Ended 31 December 2014

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	9,250,254	9,412,100	5,442,251	5,575,427	3,420,274	3,496,329	387,729	340,344
Plus: Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	(57,476)	(219,322)	(37,817)	(170,993)	738,079	2,017,800	(57,738)	(10,353)
Less: Dividend Paid	0	0	0	0	700,000	2,055,776	0	0
Closing Equity	9,192,778	9,192,778	5,404,434	5,404,434	3,488,353	3,488,353	909,991	909,991

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Internet New Zealand
Balance Sheet
As at 31 December 2014

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	12,344,802	2,168,010	9,187,556	989,236
Managed Funds	2,265,619	2,265,619	0	0
Other Current Assets	840,620	28,778	780,479	31,363
Total Current Assets	15,451,041	4,462,407	9,968,035	1,020,599
Property, Equipment & Software	1,534,713	394,593	1,089,219	50,901
Intangible Assets	0	0	0	0
Investments				
Shares and Loans	0	610,000	0	0
Total Assets	16,985,754	5,467,000	11,057,254	1,071,500
Less Liabilities:				
Deferred Income	7,199,048	0	7,199,048	0
Trade and Other Payables	593,928	62,566	369,853	161,509
Total Liabilities	7,792,976	62,566	7,568,901	161,509
Net Book Value of Assets	9,192,778	5,404,434	3,488,353	909,991
Represented By:				
Total Equity	9,192,778	5,404,434	3,488,353	909,991

Internet New Zealand
Statement of Cashflows
For the Quarter Ended 31 December 2014

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,485,819	7,319,586
Interest Received	123,665	311,673
Managed Funds Income	86,734	199,088
Total Received	2,696,218	7,830,347
Cash was distributed to:		
Payments to Suppliers and Employees	2,070,745	6,542,181
Total Payments	2,070,745	6,542,181
Net Flows From Operating Activities	625,473	1,288,166
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	153,569	763,327
Net Cash Flows From Investing & Financing Activities	(153,569)	(763,327)
Net Increase Decrease in Cash & Cash Equivalents	471,904	524,839
Plus Opening Cash	14,138,517	14,085,582
Closing Cash Carried Forward	14,610,421	14,610,421
Closing Cash Comprises		
Cash & Cash Equivalents	12,344,802	12,344,802
Managed Funds	2,265,619	2,265,619
	14,610,421	14,610,421
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	(57,476)	(219,322)
Plus (Less) non cash items		
Depreciation	226,631	698,243
Subtotal	169,155	478,921
Movement in Working Capital		
(increase) decrease in receivables	475,983	494,991
increase (decrease) in payables	(250,771)	(527,232)
increase (decrease) in deferred income	231,106	841,486
Net Cash Flows From operations	625,473	1,288,166

InternetNZ

13 Governance Framework

InternetNZ

Board Appointments and Roles

Policy	SUB-APT: Board Appointments and Roles
Version	Version 1.1
Date in force	December 2007 February 2015
Planned review	February 2015 February 2017

NOTE: The proposed amendments to this policy set out here are for Council's consideration and debate at the February 2015 meeting. If adopted they will be brought into force for appointments from now on as other policies become consistent with them (e.g. Operating Agreement updates).

Key principles

- all appointments to the boards of subsidiaries are made by the Council of InternetNZ

- all nominations for appointment must come through the Nominiations Committee Appointments Panel of the InternetNZ Council

the process for nominations and appointments to the boards of subsidiaries Comment: This language had already been changed in the version in the InternetNZ governance policy published, so we don't need to change it (RC had suggested it be changed from business units). Comment: RC notes constitutions allow 4-6 – yes, I think this can stay the same.

- must be consistent across all boards

- each board of a subsidiary should consist of five directors Comment: RC notes constitutions allow 4-6 – yes, I think this can stay the same.. An additional director should be considered only where unforeseen circumstances result in a need for additional skills and experience on a board.

- each board of a subsidiary will have one Council member appointed as one of the directors

- the Council member appointee to each board will go through the same process as the independent directors (i.e. they will be assessed and interviewed by the Appointments Panel) by the Nominations Committee.

- a non-Council board member may be appointed to the boards of more than one of the subsidiaries, where there are sound reasons to do so, and it does not create any conflict of interest (e.g. it would not be acceptable to have a member of the NZ Domain Name Registry NZRS board appointed concurrently to the board of Domain Name Commission Ltd DNCL)

- Council must not use the appointments process to increase the number of directors of a subsidiary (i.e. appoint two new directors because there are two good nominees when there is only one vacancy)

- where Council decides not to make an appointment, it instructs the Nominations Committee to conduct the process again. It does not short-cut the process by making its own selection

- all vacancies for directors must be advertised to Society members of InternetNZ as well as more generally, to help create the widest possible pool of potential applicants

- all appointees to boards of subsidiaries must become members of InternetNZ and must maintain that membership throughout their appointment term

- subsidiary boards will be maintained at full strength. Comment: Richard notes above comment re 4-6. I think it's OK for the policy to say what it says, as the intention is to maintain them at full strength. Given the small size of the boards of subsidiaries and the need to maintain sufficient numbers for a quorum, appointments to pending vacancies should be made prior to the term of the incumbent retiring director expiring.

Specific principles applying to Council members

- a member of Council may serve on only one subsidiary board at any one time

- a Council member may not be the Chair of a subsidiary board

- the President and Vice-President are not eligible for appointment to any subsidiary board

- a member of Council who is a director of a subsidiary board may stand for the position of President or Vice-President, but must resign from the subsidiary board immediately on appointment to one of these roles

- Council members serving on a subsidiary board are not representatives of the Council: they are fully participating ordinary members of the board. They are expected to provide a connection with and convey the views and position of the Council but are required generally to act in the best interest of the subsidiary itself

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

InternetNZ

Terms of Appointment

directors of subsidiary boards are generally Comment: Added "generally" in response to RC's comment that "this is too restrictive, it's my intention to appoint directors for 1 year to assess them." This led to a conversation about the desirability of directors being able to get up to speed. Debbie noted that Council can always remove a poorly performing director. Jordan notes that we have appointment directors for a range of terms anyway, notwithstanding the policy.

- to be appointed for three year terms

- the maximum consecutive term for appointment to an individual subsidiary board is three three-year terms. In the case of a director appointed as chair during their second three-year term, an extension may be available in order not to prevent that person serving in the chair role for two three-year terms

- where a Council member appointed to a subsidiary board finishes his/her term on Council, the Council may agree to that person completing their current three year term as a director

Appointments Panel

- a standing committee of the Council

- four members

- standing members will be the President and one other member of the Council

- additional members will be:

    o the Chair of the relevant subsidiary board (except when the Chair him/herself is the subject of the process, when the Chair of one of the other subsidiary boards would be co-opted),

    o an independent, experienced governance practitioner (e.g. recommended by the Institute of Directors) who is remunerated on a consultancy basis

- where the Chair of a board is the subject of the process, additional information will be sought from the board to ensure that any contextual issues are taken into account in the nominations process

will be supported by the Shared Services Unit of InternetNZ staff Comment: No such thing as the SSU.

InternetNZ

Appointments Process Comment: This was absent from the Governance Policy as published by InternetNZ but had been in the Percival Paper.

A 5 stage process

I.   The relevant board, in conjunction with the **Appointments Panel**, recommends to Council the skills, experience and other attributes it believes are desirable in the appointee, as well as succession planning requirements. If a current director is being considered for reappointment, the Chair of the relevant board should also provide confidential advice to the Council about the performance of the director.

II.   The Council agrees/decides the skills, experience and other attributes it is seeking for the position taking into account the input from the relevant board.

III.   The **Appointments Panel** conducts a search, shortlisting, interview and due diligence process and provides substantive documentation on the candidates to enable an informed decision to be made by Council.

IV.   The Council accepts or rejects the nomination(s). In the event that it rejects a nomination, the Council will instruct the **Appointments Panel** to conduct the process again – the Council does not short-cut the process by making its own selection.

V.   Notification to the successful appointee, notification to unsuccessful candidates and public announcement of the appointment.

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

Stage I

Stage I should commence at least six four Comment: RC suggests four months preferable to old policy's six months. This makes sense to me.
months prior to the expiry of the current term.

Stage III

The Search Process

- The critical issue is the widest possible canvassing for high quality candidates.

- Potential appointees to boards can be identified in various ways including:

    o   advertising the vacancy to members on the InternetNZ website
    o   advertising the vacancy publicly in other relevant publications/websites
    o   advertising the vacancy with the Institute of Directors
    o   seeking suggestions from current chairs and directors
    o   seeking suggestions from the Institute of Directors
    o   seeking names from professional networks or personal contacts

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

Information from Candidates

- It should be clear to all candidates the information that is sought from them so that there can be a consistent review of the qualities and skills of all candidates.

- Candidates should be asked to identify whether they (or a partner, child or other close family member or friend) have or are likely to have any financial, personal or professional interests that might create a conflict if they were to be appointed.

Shortlisting CommentCR8: Do we need to say who shortlists? Comment: JTC9 I don't think so, as it would be obvious it was the Panel? If it isn't the Panel, then it should be stated?

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

Interviews

- Interviews should be handled in a consistent way and against clear criteria, so that fair comparisons can be made of all short-listed candidates.

- The membership of the panel for an appointment should remain the same, unless exceptional circumstances arise.

- An objective record should be kept of all interviews.

Recommendations to Council

- The **Appointments Panel** will provide substantive documentation to the InternetNZ Council to enable the Council to make a choice between the appointable candidates.

- The **Appointments Panel** may choose to rank appointable candidates and make recommendations on its preferred candidate(s) for appointment.

Stage V

Letter of appointment

- A letter of appointment should be sent from the President of InternetNZ to the new director setting out as a minimum:

  o the position being appointed to and a role description
  o the proper name of the business unit
  o the term of appointment
  o the fees relating to the appointment
  o a clear indication that there is no guarantee of appointment for a further term
  o termination reasons and procedures.

InternetNZ

- Existing directors being re-appointed should be sent a similar letter though the level of detail required would be less.

- Letters sent on the appointment of a new chair should contain additional detail and information about that particular role.

Unsuccessful candidates

- Advising unsuccessful candidates should be left until after Council has made the appointment decision in respect of the vacancy. The notification should then be done promptly and sensitively.

- Where a person has been interviewed for a board vacancy, the Chair or another nominated member of the **Appointments Panel** should speak to the unsuccessful nominee. In all cases, a letter should be sent notifying the unsuccessful candidates of the decision of non-appointment.

- The notification of unsuccessful candidates must occur prior to any public announcement of an appointment being made.

Re-appointment of Directors

- Directors should not be given any expectation that they will be offered a subsequent term of appointment.

- There is a balance between the benefits derived from continuity of service on a board, the value of the board gaining new ideas and perspectives, and the need to avoid the board losing a number of experienced directors over a short space of time. The board's goals, its overall skills needs, and/or a director's performance may have changed since their term began.

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

Induction

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

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

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Board Functions Comment: JTC10 All the following material *was* in the existing Governance Policy for this area, but was NOT in the Percival Paper. It can be left here for now, noting that things are being reordered and separated into more logical units across the governance policy suite.

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

Specific tasks for the board include –

- Employing, mentoring and coaching the Domain Name Commission chief executive;

- Setting the vision, mission and values for the company;

- Agreeing strategy, business plans and budgets;

- Ensuring adequate resources and management delegations to enable achievement of the company's objectives.

Ensuring effective issues management and communication.

Specific tasks for the board include –

- Regularly communicating strategy and performance with the shareholder and key stakeholders;

- Identifying and managing risks in order to prevent business and system failures.

Compliance and risk management.

Specific tasks for the board include –

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

- Ensuring adequate processes for identifying, assessing and mitigating risks to the company, its systems and processes, and company personnel;

- Ensuring adequate internal controls and processes are in place to protect the company's assets (physical, financial, human and intellectual capital).

Monitoring company performance.

Specific tasks for the board include –

- Ensuring accurate, timely and relevant management reporting, to enable effective monitoring of KPI's and financial aspects of company activities;

- Monitoring management's progress towards meeting agreed business plan and budget objectives;

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- Monitoring and evaluating the Domain Name commissioner chief executive's performance.

Ensuring effective Board performance.

Specific tasks for the board include –

- Annually reviewing the functions and performance of the Board and its directors, and any Board Committees;

- Ensuring (in consultation with the shareholder) appropriate Board composition, experience and skills.

Linkage to Owner

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

- acting in accordance with the delegations from InternetNZ and the provisions of the Operating Agreement

- ensuring that the company's strategy reflects the expectations of the shareholder as set out in the annual Statement of Expectations received from InternetNZ

- reporting appropriately to InternetNZ

- gathering information from the InternetNZ about their concerns and wishes

- remaining up-to-date in matters concerning InternetNZ's interests.

Approach and Process

The Board will govern with an emphasis on:

- outward vision rather than inward focus

- leadership rather than administrative detail

- collective rather than individual decisions

- future focus

- a clear distinction between the roles of the Board and the Domain Name Commissioner chief executive reporting to it

- a formally adopted set of Governance Principles.

InternetNZ

The Board will govern through:

- cultivating a sense of group responsibility based on achieving a high level of governance excellence

- committing to excellence in all matters coming before it including the adoption of a code of ethics and proper practice (see below)

- formally inducting and training new directors on their role

- carrying out regular self-reviews of its performance against these policies.

Code of Ethics and Proper Practice

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

This means that directors as individuals will:

1. act honestly and in good faith at all times in the best interests of the company and its shareholder (InternetNZ)

2. carry out their duties and responsibilities in a lawful and business-like manner, and ensure that the company carries out is business likewise

3. avoid conflicts of interest in as far as this is possible, and where such conflicts arise, will act within the Board's Conflicts of Interest policy set out below

4. attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making

5. observe the confidentiality of non-public information acquired by them in their role as directors, and not disclose information that might undermine the role of the company

6. interact with the Board and staff in a positive and constructive manner

7. be loyal to the collective nature of the Board, abiding by Board decisions once reached

8. not do anything that in any way denigrates the company or harms its image.

Directors as a whole will:

1. monitor the performance of management and the company, ensuring that appropriate monitoring and reporting systems are in place and utilised to provide accurate and timely information to the Board

2. ensure there is an appropriate separation of duties and responsibilities between itself and the chief executive, and that no-one has unfettered powers of decision making

3. ensure that the independent views of directors are given due consideration and weight in arriving at decisions

4. ensure that the shareholder (InternetNZ) is provided with an accurate and balanced view of the Domain Name Commission Limited's company's performance including of its agreed role/s and of its financial performance

5. regularly review its own performance as the basis for its own development and quality assurance

6. carry outs its meetings in such a manner as to ensure fair and full participation of all directors

7. ensure that the Domain Name Commission Limited's company's assets are protected through a suitable risk management strategy

8. adherence to any Governance Principles adopted by the Board.

The Constitution of the company requires the directors of DNC Ltd all subsidiary companies to put the interest of the shareholder (i.e. the Society InternetNZ) above the interest of the company, should there be a conflict as it does for NZDNR Ltd.

Conflict of Interest

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

Accordingly,

1. Any business or personal matter which is, or could be, a conflict of interest involving the individual and his/role and relationship with the Domain Name Commission Limited's company, must be declared and registered in the Conflicts of Interest Register

2. The Register will be presented to the Board and formally received at each meeting

3. Where a conflict of interest is identified and/or registered, the director concerned shall not vote on that issue and may only with unanimous agreement participate in any Board discussion on that topic

4. The Chair must take whatever steps are necessary to ensure that any conflict is managed in an appropriate manner according to this policy

5. Individual directors, aware of a real or potential conflict of interest of another director, have a responsibility to bring this to the notice of the Board.

6. Examples of such conflicts of interest are:

    o   When a director, or his/her immediate family or business interests, stands to gain financially from any business dealings, programmes or services of the company Domain Name Commission Limited's

    o   When a director him or herself offers a professional service to Domain Name Commission Limited's the company

    o   When a director stands to gain personally or professionally from any insider knowledge if that knowledge is used to his or her personal or professional advantage

    o   Where a director is on another body that may have competing or conflicting interests or where knowledge of Domain Name Commission Limited's company views or information might unduly favour the director's other appointment/organisation.

Chair Role Description

InternetNZ

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

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

Specifically, the Chair is responsible for:

1. the efficient functioning of the board and setting the agenda for board meetings

2. ensuring that all directors are enabled and encouraged to play their full part in the activities of the board and have adequate opportunities to express their views

3. ensuring that all directors receive sufficient and timely information to enable them to be effective board members

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

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

1. use any reasonable interpretation of the provisions in these policies

2. chair Board meetings, with all the commonly accepted power of that position

3. work closely with the Domain Name Commissioner chief executive without cutting across the chief executive's prerogatives and responsibilities as set out in the chief executive's Role Description and Delegations Statement

4. call on individual directors to address and take responsibility for specific issues or serve on sub-committees

5. co-ordinate the annual self-review by the Board of its performance against the governance policy

6. represent the Board to outside parties and the shareholder

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

InternetNZ

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

18 3rd Quarterly Report

InternetNZ

February 2015

Jamie Baddeley
President, InternetNZ

Dear Jamie,

Third Quarter 2014/15 report

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

Profit and Loss Statement
For Quarter ending 31 December 2014

	Oct - Dec 2014			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
INCOME						
Management Fees	467,460	467,460	0	1,402,380	1,402,380	0
Authorisation Fees	3,000	0	3,000	6,000	6,000	0
DRS Complaint Fees	0	9,000	(9,000)	10,000	27,000	(17,000)
Other Income	0	0	0	0	0	0
Interest Income	3,763	1,635	2,128	13,776	4,905	8,871
Total Income	474,223	478,095	(3,872)	1,432,156	1,440,285	(8,129)
EXPENSES						
Staff and Office Costs	303,123	274,923	(28,200)	868,618	825,949	(42,669)
Professional Services and Communications Dispute Resolution Services	55,427	76,095	20,668	182,955	231,986	49,031
DNCL and DNC activities	17,841	34,523	16,682	36,560	69,569	33,009
International	96,682	77,682	(19,000)	179,749	226,047	46,298
Total Expenditure	56,017	79,619	23,602	154,536	208,384	53,848
	529,090	542,842	13,752	1,422,417	1,561,935	139,518
Depreciation	2,871	23,835	20,964	20,092	71,505	51,413
Net Profit/Loss						
	(57,738)	(88,582)	30,844	(10,353)	(193,155)	182,802

Variances against budget for this quarter reflect both the budget being evenly distributed across the year whereas the activities undertaken are not so linear. The total spends for Staff and Office Costs for the year is higher than budget reflecting the restructure of the DNCL office.

DNCL Security and Training

This quarter, DNCL ran a 'DNS and Internet Coordination' workshop for Ministry of Business, Innovation and Employment policy staff and a DNS overview presentation for Department of Internal Affairs policy staff, both were very well attended with a good question and answer session. In November, DNCL also spoke on the Security and Privacy panel and co-facilitated the Domain Name session at Nethui South. There was also a contribution to the Cybercrime and Trustworthy Computing Conference at Massey University, covering subjects including, DNCL & .nz Security, InternetNZ security initiatives and NZITF.

The Manager, Security Policy, Barry Brailey was invited by National Cyber Policy Office to attend a further two (classified) workshops as they progress their strategy development work. NZRS and InternetNZ are also contributing to the Group's comments on this work.

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

InternetNZ

.nz Quarterly Report
Third Quarter ended 31 December 2014

Introduction

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

1.   Environment

a)   New gTLDs

There were altogether 435 new gTLDs as at the end of the quarter with a total of 3.7m registrations. The 5 most popular new gTLDs are .xyz (762k), .club (160k),
.berlin (160k), .网址(xn--ses554g) (108k) and .wang (98k).

The figures for .xyz should be treated with caution as they are being registered and given to customers for no charge by one large registrar. .berlin was also providing low or no cost registrations for a period of time.

.kiwi names have continued their slow growth. At the end of the quarter, there were 8,708 names registered in .kiwi with an increase of 423 names since the previous quarter.

A total of 14,991 names had been registered from New Zealand with new gTLDS as at the end of the quarter. .kiwi accounted for approximately 38% of these names with remainder scattered through 257 different new gTLDs.

2.   Activities

a)   .nz Promotion and Marketing

A focus for both NZRS and DNCL over the quarter for second level registrations was on registrar engagement as well as sustaining awareness and interest in the change among registrants and the wider public. This was principally achieved through follow ups with the registrar community (ensuring they had appropriately communicated with their customers), and widespread advertising activity.

The quarter saw NZRS provide registrars with lists of their affected PRR and Conflicted registrants. DNCL followed up to make sure all had been advised of the status of their name direct at the second level and options. Approximately 14,000 registrants were directly communicated with on behalf of five registrars and one large reseller.

Registrars were also reminded of their obligation to communicate with their affected registrants at November's Registrar Conference and Registrar Advisory Group meeting.

The Registrar Communications Pack containing templated registrant communiqués and other collateral was updated and distributed twice during the quarter through NZRS and DNCL's communications channels. A reseller version of the Pack was also produced and distributed.

Advertising was another key focus for both NZRS and DNCL during the quarter, with advertisements featuring online, in print and on radio. NZRS ads targeted prospective registrants and pointed people to getyourselfonline.nz; DNCL ads targeted existing registrants and pointed people to anyname.nz.

Through the quarter, relevant web content was kept regularly updated. Anyname.nz was changed to include amendments to the Reservation and Conflict Guides; extra information concerning 'resolved' names added, and the important role of UDAIs more prominently highlighted. Fuller descriptions of possible UDAI login issues on the Manage your Options error page were also added to anyname.nz.

Leading up to Christmas, Registrar messaging about the second level changes dropped away in favour of other non-.nz promotions. It is expected (and will be encouraged) that Registrars will start to create further interest in the second level change from mid February 2015.

b)   Registrar Conference

A Registrar Conference and Registrar Advisory Group (RAG) meeting were held in November, in Auckland, with 46 people from 21 organisations attending plus a peak of over 50 people via a live stream that ran throughout the day. The conference and meeting were useful, as they afforded staff from both NZRS and DNCL the opportunity to connect face to face with registrars. The format continues to evolve with Business and Technical streams being introduced.

Content was wide ranging covering recent research, market analysis, the second level change, presentations by registrars and a guest speaker from Optimal Experience

A demonstration of the upcoming Registrar Portal was also delivered (live as at Jan 2015) which showcased how NZRS plan to improve the delivery of useful Business Intelligence, downloadable resources and technical information.

c)   Registrations at the Second Level

Second Level Registration Software bug

Whilst reviewing the second level registrations in October, NZRS discovered a serious software bug that allowed 41 domain names to be inserted into the SRS database that should not have been. Throughout the time of this bug the WHOIS continued to show the correct status of the 41 domains (ie. it did not show at any time that that they were registered).

The error itself was triggered when the following conditions were met:

- a second level registration was received via the DomainCreate transaction
- the second level domain had PRE status
- the second level string was in upper case

Because these 41 domains were registered via the wrong code path, additional processing that removed the PRP status was not performed. The WHOIS continued to show the correct PRP status for the 41 domains even though the domains existed in the database.

All other transactions have been checked and no other instance of this bug was found in the code.

This bug would have had no impact on any of the existing second level domains due to monitoring checks that existed prior to the second level registration changes.

NZRS have implemented a script to run each day and check that no domains have been registered that should not have been registered. NZRS have added the missing test cases to their regression and unit testing systems. NZRS are planning to update the Availability API to return a list of prohibited names and this will be used by their monitoring systems. Discussion on further mitigations are continuing.

InternetNZ

Reservation and Resolved Statistics

	Oct 14	Nov 14	Dec 14	Total*
Reserved	4,424	2,124	520	7,804
Resolved	1,010	501	333	844

* This total includes September results

The number of actions being performed on the website is reducing over time. It is expected that activity will increase again once the DNCL and NZRS advertising campaign restarts in February and the registrars increase promotion before the end of the Preferential Registration Eligibility period in March.

Conflicted Names Process

As at the end of December, there were 20,959 conflicted sets of domain names, down from 21,319 as at the end of November. During December, a total of 333 conflicts were resolved. Resolution resulted from agreement between the parties in 115 cases during the month, and from a "last name standing" situation (where names in the conflict set were cancelled and released, and only one name remained registered) in 218 cases.

d)   DNSSEC

Department of Internal Affairs (DIA) and Modica ran a DNSSEC presentation which was included in NZITF conference this quarter. It was well received and further discussion was held with one bank regarding DNSSEC. The DIA and Modica conference was also at the NZRS's Registrars Conference.

e)   International Engagement
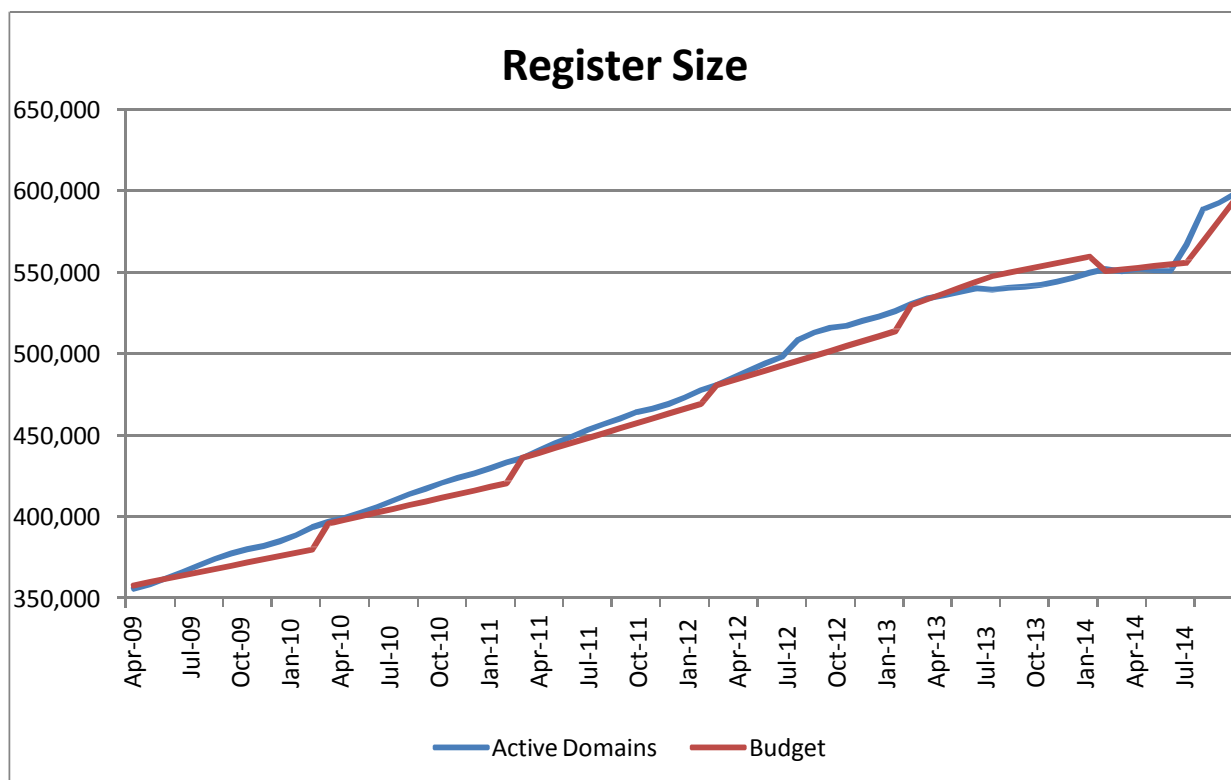
Staff attended ICANN 51 in Los Angeles in October.

f)   Other matters

* Meetings of the DNCL Board were held in December with minutes available at http://dnc.org.nz/story/minutes-dncl-board-meeting-4-december-2014.

* On 9 December DNCL began consultation on proposed amendments to the Roles and Responsibilities Policy covering the activities of Resellers. As of 23 December, one submission had been received with a suggested wording change to improve clarity. This submission, together with any others received, can be seen at http://dnc.org.nz/story/proposed-amendment-roles-and- responsibilities-policy-re-resellers . Submissions close on 27 January 2015.
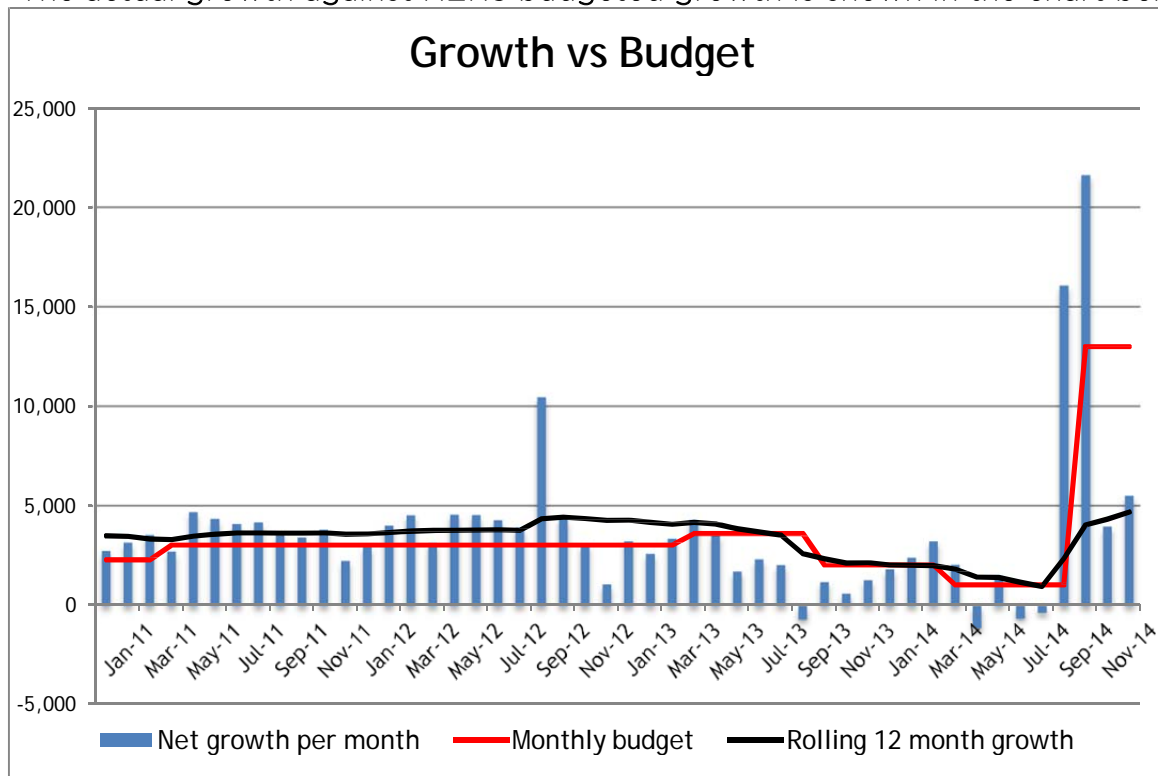
3.   Statistics

a) Domain Names

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

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

Growth vs Budget

Legend: Net growth per month | Monthly budget | Rolling 12 month growth

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

Average Domain Name Term (month)

Legend: Average months per create | Average months per renewal
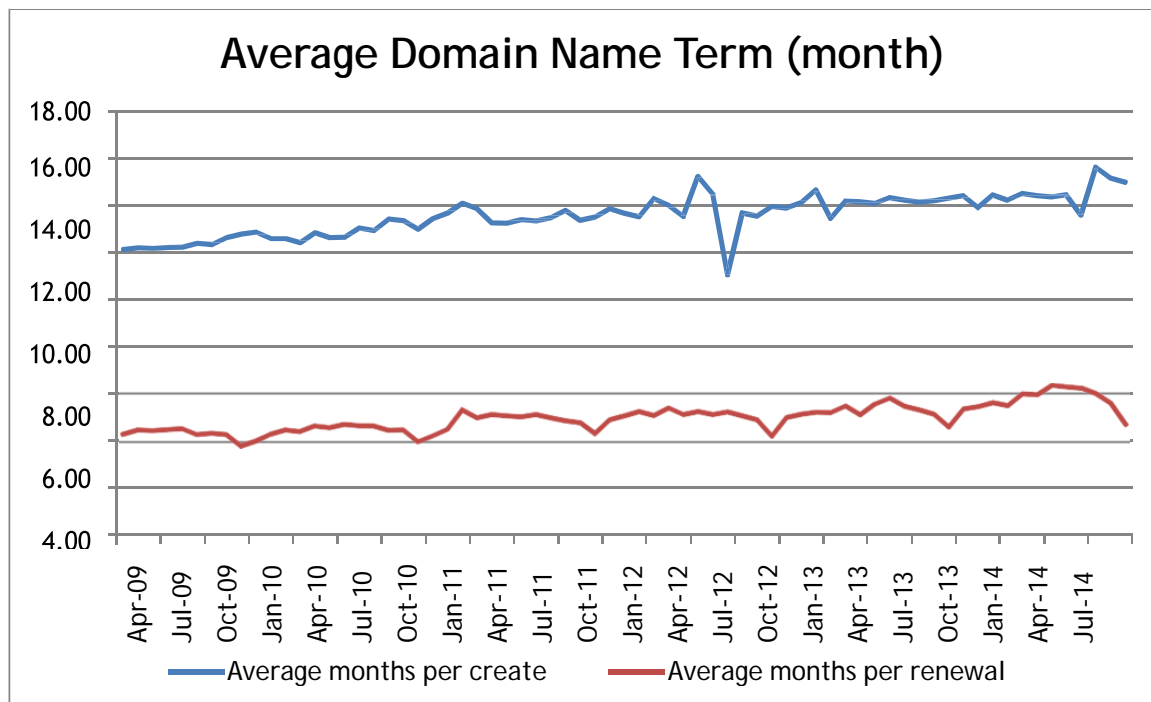
The breakdown of domain name growth by second level domain is noted in the table below:

	30 Oct 14	31 Nov 14	30 Dec 14
.nz	34,395	39,718	42,839
.ac.nz	2,163	2,166	2,165
.co.nz	478,871	478,000	480,374
.cri.nz	12	12	12
.geek.nz	1,194	1,187	1,181
.gen.nz	1,307	1,297	1,293
.govt.nz	1,035	1,035	1,033
.health.nz	195	195	196
.iwi.nz	86	84	84
.kiwi.nz.nz	7,294	7,166	7,040
.maori.nz	1,064	1,059	1,061
.mil.nz	33	33	33
.net.nz	28,964	28,700	28,807
.org.nz	28,617	28,541	28,588
.parliament.nz	10	10	10
.school.nz	3,480	3,479	3,484
Total	588,720	592,682	598,200
Growth over previous month	21,623	3,962	5,518
Variance against NZRS budget	66.3%	-69.5%	-57.6%

Over the quarter, .nz domain names have increased from 567,097 to 598,200, a net increase of 31,103 or 5.48%. This compares with a growth of 3,019 or 0.57% in the same quarter last year.
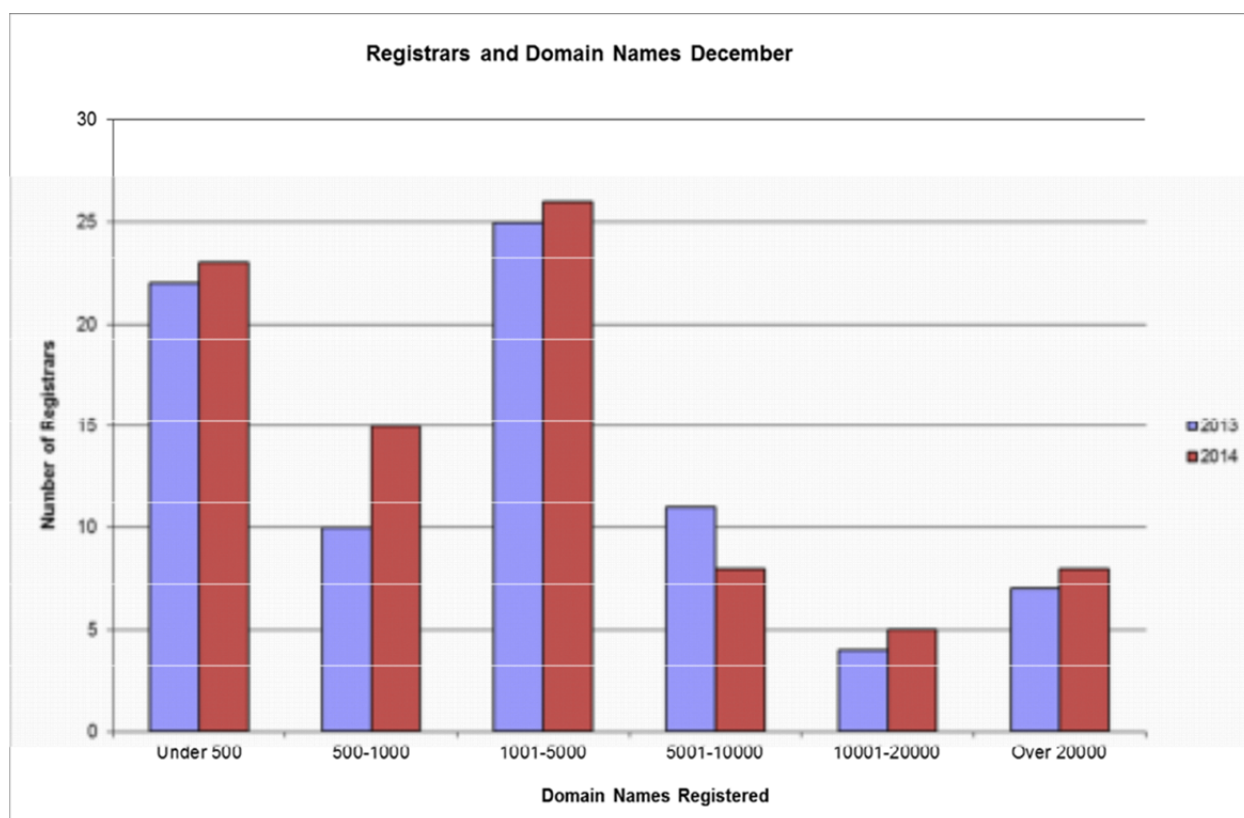
b) Registrars

| Registrars authorised	89
Registrars connected	85

Number connected during the quarter: 3 (Mailclub SAS, Crazy Domains FZ-LLC, CSC Corporate Domains, Inc)
Number authorised during the quarter: 1 (Crazy Domains FZ-LLC) 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 authorised registrars connected to the SRS:
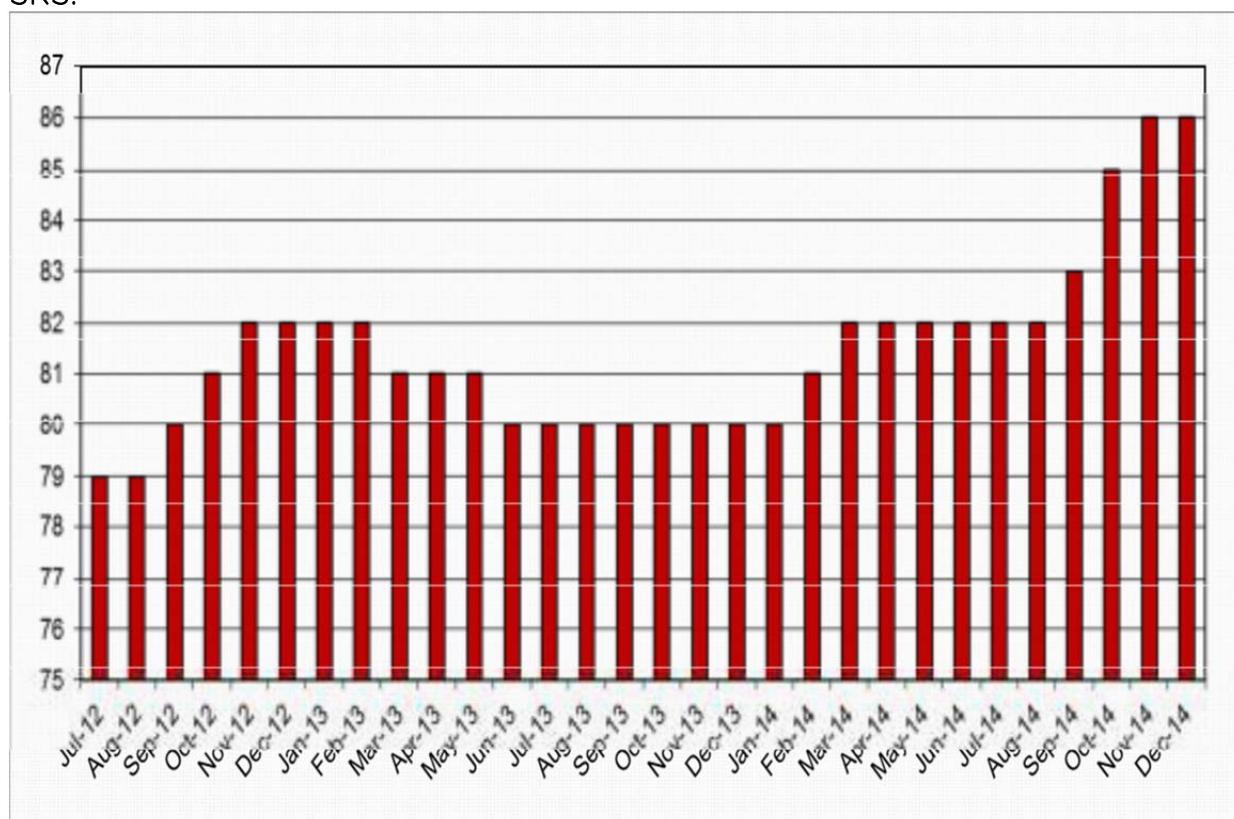
c) Registry Performance

SLA targets achieved for October, November and

December 2014. SRS, DNS and Whois availability is noted

in the table below:

System	SLA %	Oct-14	Nov-14	Dec-14
SRS	99.90%	100.00	100.00	100.00
DNS	100%	100.00	100.00	100.00
Whois	99.90%	100.00	100.00	100.00

David Farrar
Chair, DNCL

Richard Currey
Chair, NZRS

InternetNZ

19 Business Development

verbal

20 Subsidiaries Report

verbal