2013 Joint .nz Strategy

Overview
This strategy has been developed jointly by DNCL and NZRS at the request of Council. It sets out the strategies identified by DNCL and NZRS as being jointly shared by both organisations to enhance .nz. While this is a joint strategy there are some initiatives where it is only appropriate for DNCL or NZRS to have a view and not the other, given the nature of their respective roles. This is indicated in the text where necessary. The content in this document complements the work being undertaken by each individual organisation and clearly demonstrates that .nz relies on both organisations working together to ensure an effective and efficient .nz domain name space.

International context
As part of ensuring an effective .nz space, both organisations have a role in engaging in the international arena. With .nz being the only TLD based in New Zealand, collaboration with our peers internationally enables us to remain current with industry practices, learn benefits and pitfalls of new technologies and also promote our principles that in turn can help enhance the whole TLD environment. It is acknowledged that appropriate resources, including travel expenses, will be employed to achieve this.

InternetNZ authority
This strategy does not cover the strategic aspects that InternetNZ retains decision-making authority on. Under the Operating Agreement between DNCL and InternetNZ these are:

a) the long term strategy for the .nz domain name space;
b) the monthly registration fee;
c) the policy framework underlying the allocation and use of domain names in the .nz domain name space;
d) changes to the .nz domain name space position on international issues;
e) major transactions;
f) other governance issues; and

g) the key principles that underpin policy regarding the .nz domain name space, namely:
   i. the "first come, first served" principle;
   ii. safeguarding registrant rights; and
   iii. having a competitive, but stable, market for registrars with low entry requirements.

DNCL and NZRS will advise and support InternetNZ in these strategic aspects as requested and will ensure InternetNZ remains aware of appropriate environmental factors through our regular reporting.

Vision
.nz is the TLD of choice for New Zealanders wanting a domain name.

Mission
Provide a quality domain name service that meets the needs of all those involved.
DRAFT .nz Principles

DNCL and NZRS agree with the InternetNZ TLD Principles as detailed at https://internetnz.net.nz/TLDPrinciples:

1. Domain name markets should be competitive
2. Choice for registrants should be maintained and expanded
3. Domain registrations should be first come, first served
4. Parties to domain registrations should be on a level playing field
5. Registrant data should be public
6. Registry / Registrar operations within a TLD should be split
7. TLD policy should be determined by open multi-stakeholder processes.

NZRS and DNCL will work to the following principles in their .nz operations, including marketing activities:

- .nz will protect the rights of registrants
- .nz will be open and transparent and work to meet the needs of the local Internet community with activities being undertaken in a way that improves domain name knowledge and minimises the risk of confusion
- All registrars should be treated fairly and given equal information to enable them the opportunity to contribute to various initiatives
- The registrant relationship with their registrar is respected.
- Barriers to entry will remain low for both registrars and registrants.
- Operate according to pre-defined rules and under the principles of natural justice/procedural fairness.
- Marketing activities are intended to increase the level of .nz registrations and are primarily targeted at potential, rather than existing, .nz domain name registrants
- Marketing is a regulated activity and at all times DNCL is to be seen as a credible independent regulator of this activity.
- Responsibilities for marketing activities, and any interactions arising from those, should mirror operational responsibilities.
- All campaigns should be approved prior to launch, to ensure it is conducted in accordance with the .nz principles
- Marketing may involve showcasing existing registrants and in that situation NZRS may only get directly involved with the knowledge and permission of their registrar
- DNCL may want to distinguish their brand from the NZRS .nz marketing activities and its associated branding

Strategic Positions

There are a number of areas where NZRS and DNCL have an agreed strategic position:

Wholesale fee

- The fee should be fair for the NZ market, predominantly reflecting NZ conditions and with due regard to the fee of other ccTLDs and relevant gTLDs. There is no set floor or ceiling for the fee.
- The fee is made up of two components:
  - A fair cost of operations of DNCL and NZRS; and
  - A contribution to protect and promote the NZ Internet, which is paid to InternetNZ and which InternetNZ determines the level of.
Registrar market
• There should be a high quality registrar market and for those registrars that meet the quality threshold, low barriers to entry and modest ongoing requirements should be retained.
• There are no minimum or maximum expected numbers of registrars so long as the market remains competitive.
• It is expected that registrars evolve and improve their services as the market develops with the quality threshold adjusting accordingly.

.nz Services
• It is expected that the services offered by .nz will evolve and improve as the market develops.

Strategic Goals
Our joint .nz strategic goals over the medium period are to:

1. Identify and implement options for continual improvement
2. Promote the reputation and value proposition of .nz
3. Maintain and enhance the security of .nz
4. Advocate the adoption of INZ principles in an enhanced global TLD market
5. Share data and experience relating to .nz operations to provide benefit to the Internet
MINUTES OF AUDIT AND RISK COMMITTEE MEETING

Status: Draft

Present: Neil James (Chair, via video conference), Michael Foley (via video conference), Donald Clark (via video conference)

In Attendance: Jordan Carter, Mary Tovey, Maria Reyes (minute taker), Paul Pettit (Curtis McLean), Myken Diggins (Curtis McLean)

The Chair opened the meeting at 3.12pm

1. Minutes of previous meeting (05 June 2012)
The minutes from 5 June 2012 have been confirmed.

2. Review and recommend approval of INZ Annual Report
There was a brief discussion around the large software investments under Note 4 of the Annual Report. The committee proposed to add the following statement under Note 4 (Intangible Assets) in the report and check with NZRS if they agree with this amendment:

“The bulk of software purchased in 2013 relates to New Zealand Domain Name Registry Limited’s continued updating and reinvestment in its core registry systems in line with its expected investment plan.

A question was also raised around the Hector’s World Limited (HWL) Loan and Mary advised that there was no record from Council as to when we can write off this loan. She proposed that the Audit and Risk Committee raise a recommendation to Council to write off the loan after the contract’s expiry date of 31 July. The Committee agreed and are happy with this approach.

AP 01: The Chair of Audit and Risk to approach Council with the recommendation of writing off the HWL Loan after the contract has expired on 31 July.

There was also a brief discussion around the Cash Assets and an issue was raised that there should be an explanation for the prepayments (re holding it for investment purposes) for it to be clear as this might raise some questions with those reading the Annual Report. The Committee then agreed to add a statement under Note 1 and 1a (Cash and Cash Equivalents; and Other Financial Assets) that says:

“Total funds of $13,878,212 held by the group at 31 March 2013 comprised: New Zealand Domain Name Registry Limited Deferred Income $6,010,017; New Zealand Domain Name Registry Limited Retained Income $1,413,849; Domain Name Commission Limited Retained Income $920,418; and Internet New Zealand Incorporated Retained Income $5,533,928.”

“The total retained income $7,868,195 represents funds held but not yet spent.”
3. **Other Business**
The committee asked for feedbacks regarding the recent audit and Mary advised that all went well this year and that there were no issues raised from the auditors. In addition, Paul also mentioned that across the group, Curtis McLean were delighted with its audit.

**RN:** That the Audit & Risk Committee recommends that Council receive and approve the InternetNZ Annual Report for the year ended 31 March 2013 noting the amendments raised at this meeting.

(Cr James/Cr Clark)

**CARRIED U**

*The Chair closed the meeting at 3.37pm*

**Date of next meeting:** TBC

**Signed as a true and correct record:**

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*Neil James, Chair*
1. Apologies
Apologies received from Michael Foley.

2. Minutes of previous meeting (11 June 2013)
The minutes from 11 June 2013 were confirmed.

3. Review of the Audit Management Report
Henry McClintock, Auditor from BDO, noted that this has been the 2nd year of audit for InternetNZ and there’s nothing significant to report and no new issues came up this year.

Mary gave a brief update on the issues that were raised from last year’s report. She noted that for the issue around the manual journals, all journals are now being approved.

With regards to the issue around the bank reconciliations, Mary advised that the bank reconciliations for the period April-2012 to Jun-2012, whilst not physically signed, were audited by Curtis McLean, and advised that reconciliations from Jul-2012 to Mar-2013 had been signed.

The incoming CE (Jordan Carter) was asked if he would take over the task, of reviewing and signing off the monthly bank reconciliations from Curtis McLean and he accepted. This will take effect from April 2013, and Curtis McLean will return to the position of doing quarterly bank reconciliation audits.

Mary advised she emailed two documents – re internal control, and email response from Curtis McLean regarding the alignment of the financial reporting (Section 2, part 3). Donald commented that it might be best to wait for the strategic plan to be finalised before the alignment.

4. Update of financial controls adopted, to overcome the “small organisation” challenge
Mary advised that that internal control document relates to this point. There are now things put in place for the financial control such as the separation of duties between Mary and Maria Reyes with regards to processing the payments – Maria processes the approval and data-entry of invoices and Mary checks the batches for payments. There will also be a statement that will
be included when sending out the authorisation for the batches which says that “the
documentations relating to the payments/batches are available upon request”.

5. Other Business
There was no other business raised.

The Chair closed the meeting at 1.27pm

Date of next meeting: TBC

Signed as a true and correct record:

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Neil James, Chair