

## DRAFT MINUTES

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Status: Draft

Present: Jamie Baddeley (President), Joy Liddicoat (Vice President), Neil James, Hamish MacEwan, Dave Moskovitz, Hayden Glass, Sarah Lee, Richard Wood, Amber Craig, Rochelle Furneaux, Lance Wiggs and Brenda Wallace

In Attendance: Jordan Carter (Chief Executive), Marian Donaldson (minute taker), Debbie Monahan (Domain Name Commissioner, *in part*), Richard Currey (NZRS Chair, *in part*), Jay Daley (NZRS CE, *in part*), Andrew Cushen (InternetNZ, *in part*), Ellen Strickland (InternetNZ, *in part*), Mary Tovey (InternetNZ, *in part*).

Meeting Opened: 9.00am

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### 1. Welcome

### 2. Council only

### 3. Council and CE only

### 4. Apologies

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

### 5. Declaration of Interest

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

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

### 6. Approval of minutes

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

(President/Vice President)  
CARRIED U

### 7. Outstanding action points

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

(Cr James/Cr Moskovitz)  
CARRIED U

## 8. New Members List

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

(Cr Wiggs/Cr Lee)  
CARRIED U

## 9. Evote ratification

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

(President/Cr Craig)  
CARRIED U

## 10. Agenda consideration - in committee items

There were no in-committee agenda items noted.

### Industry Scan

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

*Morning Tea break 10-35-1050am*

## 11. Activity Plan and Budget 2015/16

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

Key projects remain the same as the draft plan.

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

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

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

RN18/15: THAT Council **note** and **agree in principle** that should income turn out to be lower than expected, the operational and capital budget limits will be maintained, with funding to come from retained earnings.

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

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

(Cr Moskovitz/Cr Wallace)

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

(Cr Wiggs/Cr Furneaux)

**CARRIED U**

## **12. Financial Reporting**

### **Audit and Risk minutes**

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

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

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

(President/Cr Moskovtiz)

**CARRIED U**

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

## **13. Governance Framework**

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

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

### Policy Development Policy

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

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

(Cr Wiggs/Cr Glass)

**CARRIED U**

## **14. Chief Executive's report**

The Chief Executive's report was taken as read.

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

### Property update (confidential)

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

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

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

## **15. Management reporting**

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

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

### Employment

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

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

### Strategic Partnership reports

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

### International Report

The International Report was taken as read.

R24/15: THAT the management reporting be taken as read.  
(Vice President/Cr Craig)  
**CARRIED U**

## **16. Grants Committee discussion**

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

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

*Lunch break 1.15-1.30pm*

## **17. Subsidiaries reporting**

### **.nz fee recommendation**

DNCL and NZRS jointly recommended to Council:

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

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

(President/Cr MacEwan)  
**CARRIED U**

### **3<sup>rd</sup> quarterly report - NZRS**

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

(President/Vice President)  
**CARRIED U**

### **Constraints on financial return for NZRS**

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

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

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

RN29/15: THAT Council note the financial returns letters between INZ and NZRS.

(Cr Glass/Cr Wood)  
**CARRIED U**

## Statement of Directions and Goals - DNCL and NZRS

### SoD&G - NZRS

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

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

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

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

### SoD&G - DNCL

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

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

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

(Cr Furneaux/Cr Craig)  
**CARRIED U**

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

## **18. Business Development**

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

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

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

(President/Vice President)  
**CARRIED U**

## **19. Any general items**

### **"Who owns .nz?" infographic**

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

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

## **20. Matters for Communication**

There were no matters for communication to the membership.

## **21. General Business**

### Honorarium

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

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

### Subsidiary Boards Appointments Process 2015

After discussion the following recommendation were agreed:

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

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

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

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

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

(President/Vice President)  
**CARRIED U**

#### Membership Committee updated (1/4/2015)

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

#### List of Acronyms

The list of acronyms was noted.

*Crs Lee, Wallace, James left the meeting at 3.55pm*

*Crs Glass and Wiggs left the meeting at 4.05pm*

#### Institute of Directors courses

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

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

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

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

#### Councillor's availability

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

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

**Meeting Closed:** 4.10pm