MINUTES OF COUNCIL MEETING

Status:	FINAL
Present:	Jamie Baddeley (President), Kate Pearce, Don Stokes, Keith Davidson, Richard Hulse, Amber Craig, Kelly Buehler and Richard Wood *(video),* Sarah Lee *(video),* Joy Liddicoat *(video)*
In Attendance:	Jordan Carter (Chief Executive), Catherine Fenwick, Andrew Cushen, David Morrison, Ellen Strickland and Diane Robinson (minute taker)
Apologies:	Dave Moskovitz and Richard Hulse
Meeting Opened:	8:45am

Council received a presentation from DNA on the new branding for the InternetNZ Group.

Council was in committee from 9:10am to 9:40am for the Council only session; and for the Council and CE alone time.

INZ Staff joined the meeting at 9:40am.

2.0 Interests Register

Kate advised that she is now working for TradeMe, no longer employed by Cisco.

Amber is no longer in full-time employment.

AP01/19 Kate and Amber to send an email to Diane for updating the Interests Register as above.

2.1 Environmental Scan

The following items were discussed by Council and staff members in considering the environmental situation

- The NZNOG event was well received by members that attended. At NZNOG there was a discussion about the DNS being the last possibility for trust for the internet with knowledge or registrations. There was also a question "Was InternetNZ doing all that can be done around security for registries, DNS, registrars (the whole chain)?"

It was mentioned that at the time there was a lot of press coverage overseas where Domain Names were being hijacked through the compromise of domain management accounts. Publicity about the DNS Flag Day was also mentioned (with special thanks to Sebastian for leading the work in this area).

There is further work that can be done to understand the broader threat landscape facing the .nz domain name space. Some of this work will be carried out at the .nz Annual Conference being held 2 May 2019.

2.2   2019/2020 Plan: Goals & Measures, Key Projects

Jordan gave a brief overview of the 2019/2020 Plan:

The goals were presented in priority order:

- *Goal 1: To fund, increased public good investment, drive higher sustainable growth in registrations of .nz domain names.*

- *Goal 2: Modernise and improve the policy and security environment for .nz, consistent with our aim of being a global excellent ccTLD.*

- *Goal 3: Internet NZ will have two new non-.nz services, validated through our new business processes, delivering annual recurring revenue and each on a path to profitability.*

- *Goal 4: InternetNZ will collaborate with others to identify, agree and effect significant progress on four intervenes to bridge different digital divides (motivation, access, trust, skills).*

- *Goal 5: To champion the open Internet, Internet NZ shares analysis of the state of Internet openness, designs opportunities to improve it, and we as well as others take action inspired by this work.*

- The main purpose of the paper is to present to Council the Goals and the Measures (timeline – the eighteen months 1 April 2019 to 30 September 2020). For the organisation it's important that the goals provide a challenge to work towards.

- The draft plan has many more projects listed as possibilities than can be undertaken within the timeframe given our resources. The projects will be prioritised and a full plan for the year will include final proposed projects.

- The Lead person on each goal is not the owner. Collectively, the Senior Leadership are responsible for the five Goals.

- Te Ao Māori – was changed from a goal to a capability set of projects this supports embedding capability across staff at the governance level. Amber suggested an amendment to the paper instead of 'developing Internet NZ's relationships with Te Ao Māori to be changed to developing

<u>mutually beneficial relationships</u>.

- Goal 3: The measurement for the goal is two new services - *that each new service has reached net profit within 24 months of first sale is the current target*. Jordan advised what this target represents for the product development accounting side – when a product reaches net profit, what it is doing is it is paying for the depreciation, the capital investment of time and assets that went into it and making a surplus beyond that that can be spent on other things.

    Feedback from the Council members about the Goals:
    o Love it
    o The Māori Capability projects – wonderful to see in the plan.
    o Suggestion to add a new FTE to support Māori engagement strategy and related projects.
    o A different order was suggested for the goals with Openness, Digital Divides to start the order.

- The President thanked Jordan for his commentary for Goal 3 and the important points made.

- Both Andrew and Catherine will lead and support the Māori capability projects, there will be no additional FTE at this time.

RN01/19:   THAT Council adopt the five key goals and their measures as presented in this paper, to drive focus and prioritisation of the organisation's work and resources in the 2019/20 year.

RN02/19:   THAT Council note that the proposed projects under each goal will be further developed and may change by the time the final plan is presented.

RN03/19:   THAT Council note that the proposed capability projects and people information in this paper will flow through to the 2019/20 Plan and Budget.

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(Block - Cr Buehler/Cr Davidson)
CARRIED U

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AP02/19   Staff to develop a one-page summarisation for Council to review at each meeting that reports on:

   a) Goal
   b) Measures
   c) Timeframe
   d) Reporting against progress (Milestones)

2.3   2019/2020 Plan: Key financial trends

Catherine provided a brief overview of the current status of the high- level Budget for 2019/2020 and the two following years – the plan being based on the goals.

On behalf of staff Catherine apologised to Council for additional papers being disseminated late and with some presentational problems; this was due to the initial plan being extremely high level. The additional papers provided the following detail:

- A breakdown of the baseline costs; and
- Phasing over a 5-year period for the product development area.

The key points are:

- The financial papers represent a strong focus on the goals and the new capacity.
- Strong element of revenue growth, 4% growth on .nz registration income (currently approx. 2%). This is a significant increase to the revenue.   Other areas for growth are to diversify in the non .nz products.
- Building up capacity to support the goals.
- Current plan provides a surplus of approx. $700k, as new capacity is built in, then it breaks even.

The Council provided feedback to the [supplementary information](#) paper.

Council commented:

- DNCL - "the projections do not have the DNCL fee costs going up over 5 years, which seems remarkably stable?"

- Jordan provide comment that the DNCL costs have gone down from a high of around $2m a few years ago. This peak was due to the costs of opening direct registrations at the second level. The management fee required in 2019/20 will likely be $1.3m (or just under). The model for DNCL is that that DNCL sets their budget and INZ pays for it. Jordan is the Chair of the DNCL Board to provide a contact point between the budget process for the two organisations. The caveat for the budget is that there is a litigation cost, and this will not be made part of the management fee. The Board will seek Council agreement to make a transfer to replenish the litigation contingency fund.

- Council provided feedback to staff that they were not happy with the reworked supplementary papers received which were not in order. A finalised supplementary paper will need to be put up on the website for transparency. Staff to provide correct papers next time.

- Council noted that this is not a decision on the financial high-level budget and the figures proposed. The resolution is an indication of

direction. Council will review an updated detailed financial plan for a final decision at the next meeting in March 2019.

RN04/19: THAT Council receive the high-level financial plan for 2019-2022.

RN05/19: THAT Council approve staff preparing the 2019/20 Plan and Budget consistent with the following targets and limits:

Domain name income (target)	*$11,150,000*
Other Product income (target)	*$325,000*
Other Income	*$320,000*
Baseline expenditure (limit)	*$10,800,000*
New capacity expenditure (limit)	*$1,125,000*
New Product Direct Costs	*$350,000*
One-offs expenditure (limit)	*$450,000*

(Block - Cr Davidson/Cr Craig)
CARRIED U

AP03/19 Staff to draft a supplementary paper for transparency on what Council reviewed and upload to INZ website. Action completed.

2.4   .nz Policy – update on Comprehensive Policy Review

Ellen provided a brief information update on the work that has been carried out and the two key points are:

- There will be a longer period for the recruitment of the panel. This is to ensure that the panel has the right mix of people.

- There may be a recommendation from staff for a Chair prior to the appointment of the panel. Having a strong Chair appointed can assist with recruiting.

As a consequence, the whole review will start and finish later than originally planned, with the slower pace added to by the fact the new timetable covers the end of 2019 and the holiday period.

Council commented:

- If there was a separate job description developed for the Chair and if there will be references to Te Ao Māori? Staff advised that there is not a specific job description for the Chair, there is a competency framework incorporated in the panel terms of reference.

- What did it mean about the membership of the panel being voluntary? Staff advised it meant that the panel member would not have an

employment relationship with InternetNZ. The Chair and panel would receive a meeting fee.

RN06/19: THAT Council receive the paper .nz Policy Review Update.

(Cr Pearce/Cr Craig)
CARRIED U

Council took a short break at 10:32am and reconvened at 10:52am.

2.5 Commercial Matters

2.5.1 Commercial Strategy Briefing

David outlined the Commercial Strategy Briefing the two core focus areas are:

- To develop new product and services that become profitable in the medium term; and

- To develop the .nz offering to increase registrations and income derived from them.

The approach in both cases is to be rigorous in assessing ideas and testing them. This will this need to be built into everything in terms of innovating and creating new ideas.

For the development of new products, the key approach is to create an innovation pipeline that effectively captures all ideas from all sources e.g. membership, internally, other compatriots. The underlying philosophy will be about moving fast, experimenting, validation and learning from failure.

Kelly advised that she had expertise in writing business cases and offered to meet with David to discuss.

Council discussed:

- For the commercial team to think about the visibility/openness of highlighting some of the business ideas and processes that were considered but were not validated. David advised that that he had completed a planning session with the communications team, and they will be providing regular public communication on the innovation process.
- That there is a direct linkage with the SMART Goals.
- If there are failures then that is fine, it shows that there is effort. If there are no failures, then there is not enough work being done. There is no return without some risk.

- That the major costs in the process arise during the build and launch stage, albeit staff should consider there might be more costs incurred earlier on in market research as part of exploration and validation. If there are further costs in the earlier stages, staff should be clear and explicit about these to Council.
- The best kind of validation is when you have a buyer.
- Staff to be more explicit when undertaking the pricing and testing.
- There might be some intellectual property costs.
- Providing feedback to members post meeting is important.
- Restating in members communications the reshaped organisation and the accountabilities of the Chief Executive.

Council noted the feedback from the membership base on the commercial paper and the views shared have been recognised.

It was discussed that a draft communication to the membership about the new commercial structure and decision-making processes should be clearly explained and Council involvement should be included in the communication.

Strengthening .nz
Marketing .nz domain names

Data from the .nz registrations and the latest 2018 Colmar Brunton research has shown declining growth and gradual decline in preference. To meet the Goal of 4% increase in revenue, it needs immediate growth, the two key marketing approaches to support this are:

- To spend money with the registrar channel – to influence and guide the registrars to sell .nz on INZ's behalf.
- Going direct to the Public – by running a campaign that takes the public through a channelled process. For example, where they hit a .nz page where they find their name the aim is that we send qualified leads to the registrars.

By experimenting with different approaches to the two activities above, INZ will be able to determine whether they can influence over the market to buy .nz domains and the ability to influence registrars to support.

Jordan highlighted some work that he felt is more important than traditionally thought, which is to make .nz domain names easier to use e.g. the ease of connecting a domain to an email or web service. Further work needs to be done with the channel to enhance the user experience. David mentioned that https://www.domainconnect.org/ can provide some support on seamless configuration of domain names and this will be promoted to the channel in communications soon.

RN07/19: THAT Council note this briefing on commercial strategy, covering the essence of the strategy, our innovation pipeline approach, the current status of the pipeline, and approach to strengthening .nz.

(President /Cr Stokes)
CARRIED U

AP04/19: The President and staff will draft and disseminate communication re the new commercial structure and decision-making process to the members list.

AP05/19: A future paper from staff on the measuring the marketing of the .nz domain names.

2.5.2 Decision Process for Investment in New Products

The paper looks at clarity around decision-making authority for new product investments. Council approves a Plan and Budget each year which will include a financial envelope for commercial development. The Chief Executive's delegations seem very clear that the authority and responsibility for approving business cases sits with them, as it does for all other operational decisions.

Given significant interest and the track record of product development, the executive and Council need to be clear on the basis for decision-making. The paper proposed to confirm the above approach and proposed two other options for discussion.

Council discussed a number of aspects and possible approaches:

- At business case stage a separate paper could come to Council for agreement.
- When significant investment is required Council needs to be aware and could be required to approve.
- For business cases less than a $50k threshold it could be noted at Council for awareness.
- Develop a guideline or framework for when Council needs to approve or note business cases.
- A veto process could be built in to the policy of product development.

In discussion, Council members agreed to assign the authority to the Chief Executive, alongside clear documentation of how this delegation will operate and how a 'no surprises' approach will be maintained.

RN08/19: THAT Council agree and confirm that decision-making for product development, including business case approvals for new products or services, rests with the Group Chief Executive.

(Cr Stokes / Cr Buehler)
CARRIED U

RN09/19:   THAT the Chief Executive produce a paper which outlines the delegations, constraints and communication of the product development processes to council.

(Cr Stokes / Cr Buehler)
CARRIED U

AP06/19:   Develop a paper on product development approach to provide appropriate review time for Council.

AP07/19   Provide a one-page monthly report to Council for awareness.

3.1   Grants Evolution

Andrew provided a summary of the Grant Making Recommendations paper and the accompany Grant Making Appendix was taken as read.

Three key decisions to be agreed by Council:
- Replacing the Grants Committee with a more independent Funding Panel.
- Aligning the goals of funding with the broader Strategic Framework.
- Decision-making on the recommendations of the Funding Panel.

Council commented:
- Preference for noting the results of the Funding Panel Grants Making.
- The Chair of the current Grant Committee, Richard Wood agreed with Option 2: The Chief Executive has the delegation to approve.
- The funding panel members to be appointed for only two years with no extension. The rationale is that there is a wider network of people that needs to be reached and the panel needs to be refreshed to allow for this. A staggered renewal of panel would be the best way to refresh the panel.

RN10/19:   THAT Council receive this paper and the appendix.

RN11/19:   THAT a Funding Panel be established to replace the current Grants Committee as the assessor of the Grants Applications.

RN12/19:   THAT the goals and objectives of Grant Making to be determined through the InternetNZ planning process, consistent with the Strategic Framework.

RN13/19:   THAT final approval of grant allocations is made by the Chief Executive following recommendations from the Funding Panel.

(Block - Cr Davidson, Cr Craig)
CARRIED U

4.1 President's Report

- No major items to report. Noted that The President and the Chief Executive are holding regular catch up meetings.

4.2 Management Items for Discussion

The DNS Flag day went well.

DNCL Board Renewals – once the skills matrix is completed a new appointment process will need to be initiated at the Council meeting in August 2019. Lucy Elwood and Adam Hunt will remain as Directors for DNCL in the meantime. There will need to be a rotational appointment process.

The President thanked staff and made a special mention about the work undertaken by Chief Scientist, Sebastian Castro, in relation to DNS Flag Day.

RN14/19: THAT the Management Items for Discussion be received.

(President / Cr Craig)
CARRIED U

4.3 .nz Quarterly Report – Q3 2018/19

Report was taken as read.

RN15/19: THAT the .nz Quarterly Report for Q2 2018/19 be received.

(President /Cr Stokes)
CARRIED U

4.4 DNCL Quarterly Report – Q3 2018/19

Report was taken as read.

The Chair of DNCL gave a brief update on the status of the litigation.

RN16/19: THAT the DNCL Quarterly Report for Q3 2018/19 be received.

(Cr Craig / Cr Davidson)
CARRIED U

5.1 Health & Safety Update

Report was taken as read.

Catherine provided a brief update on the Grand Arcade Lift #3 issues. The property manager has responded back to INZ about the lifts and they have

received a maintenance check. INZ are awaiting the results of the survey that was carried out.

RN17/19: THAT the Health and Safety update be received.

(Cr Craig /Cr Buehler)
CARRIED U

5.2   Consent Agenda Items

RN18/19:   THAT Council approved the Grants Committee recommendations for the Internet Research Funding Round as detailed in the paper.

RN19/19:   THAT the minutes of the meetings held on 24 November 2018 be received and adopted as a true and correct record;

Noted that Keith requested for clarification under the section President's Report 3.1 ICT for indigenous peoples through UN. It was noted the action was completed and led to action AP08/19 below.

AP08/19:   Further investigation into Indigenous forums at international events. Ellen Strickland to follow up by end March.

AP09/19:   Councillor Photos to be organised by Andrew Cushen

RN20/19:   THAT the new members be noted.

RN21/19:   THAT the Evotes be ratified.

RN22/19:   THAT the Operation Reports be received.

RN23/19:   THAT the Committees Report be received.

Consent agenda block (Cr President/Cr Craig)
CARRIED U

AP10/19   Evote Council Attendance - ICANN to be implemented and timetable to be sent to Council.

5.3   Final Strategic Framework

Council discussed the Framework in great detail in November. The final draft includes language updates arising from the Brand work.

RN24/19: THAT the Council approve the Final Strategic Framework.

(Cr Stokes / Cr Davidson)
CARRIED U

6.1 Matters for Communication – Key Messages

The President to report to members about the outcomes of the meeting:

- Focus on issues raised about product development.
- Highlight decisions made as a result of the new organisational structure.
- Greater accountability clearly outlined for the Chief Executive and measurements for performance.
- The new strategy goals.

With no other business raised the President declared the meeting closed at 12:40pm

Signed as a true and correct record:

……………………………………………………….
Jamie Baddeley, President

Next meeting: Friday 29 March 2019, in Wellington