

Statement of Expectations: DNCL

2017-2018

1. Introduction

This Statement of Expectations sets out InternetNZ's expectations for the 2017-18 year for Domain Name Commission Ltd (DNCL).

It provides clarity for the company regarding its core role and the functions the shareholder expects the company to deliver. As well as a formal communication of shareholder expectations, to which the company will be held to account, it is also therefore an input to the company's strategic and business planning.

As sole shareholder InternetNZ's interest is in DNCL operating effectively and efficiently to achieve its core role and required functions. The detail of how that role and those functions are to be provided and the cost of doing so is determined by the company, and is to be set out in the company's Statement of Direction and Goals as detailed in section 8.

This document was approved by Council on 25 November 2016.

2. Strategic Framework

For 2015-2020 InternetNZ has created a Group Strategic Plan. It sets out the overall role of the InternetNZ group and assigns lead responsibility for areas of work to different units. The plan is available in the register of governance documents at www.internetnz.nz.

Of particular relevance to DNCL is strategic **Area 1: .nz as a world-class ccTLD that meets the needs of the local Internet community.**

The shareholder expects the company to give effect to this area as its core strategic imperative. It should however consider the whole strategy as an input to its own planning process.

The more detailed joint strategy guiding the development of .nz is a shared responsibility for DNCL and for NZRS. The strategy was jointly developed by both companies, and was approved by the Council in June 2015.

3. Core Role

The core role for DNCL is:

- To operate, maintain, develop and enforce the policy framework for the .nz ccTLD, and to monitor & hold accountable NZRS's performance against SLA standards of operation for .nz.

This description is a brief summary of the role set out for the company in the **.nz Framework Policy** and in the **DNCL Operating Agreement**. These documents are available in the register of governance documents at www.internetnz.nz.

4. Core functions

In advancing the company's core role, the shareholder expects the functions set out below to be provided.

Function	Explanation
<i>DNCL</i>	
.nz policy framework	Maintain and develop the policy framework that sets out how .nz operates, and enforce its requirements on relevant parties.
.nz dispute resolution	Provide a service for resolving disputes between registrants consistent with the .nz policy framework.
.nz Service Level Agreement	Monitor and develop as required the SLA that specifies the service levels required for the operation of the SRS and the DNS.
.nz oversight and assistance	Oversee the .nz market and provide support and advice for members of the public.
<i>ALONG WITH NZRS</i>	
.nz international representation	Consistent with the group international strategy and plan, represent .nz at relevant international events and cooperate with international partners.
.nz product development	Continue to develop the .nz product offering consistent with the group strategy goal regarding .nz being a world-class ccTLD.

Functions additional to these, or the commencement of new functions, or significant changes to the resources applied to the functions set out in this SoE, all require explicit prior shareholder agreement.

Such approval could occur through approval of the annual Statement of Direction and Goals (SoDaG) where such changes are set out, or on a case by case basis through an exchange of letters.

Consistent with the no-surprises approach outlined below, where changes of this sort are contemplated they should be raised early with shareholder.

5. Specific projects in 2017-18

The shareholder expects the following group projects to be addressed by the company in the 2017-18 year, and welcomes advice from the company as part of the Statement of Directions and Goals as to how these will be progressed in the coming year.

- Develop the benchmarks approach set out in the Joint .nz Strategy.
- Implement any changes in reporting (activity and financial) as agreed among the three business units.
- Work collaboratively with InternetNZ and NZRS to develop and implement a Māori engagement strategy.

InternetNZ also notes that DNCL should prepare for a review of the Joint .nz Strategy in 2018-19.

6. Financial Requirements

The shareholder expects efficiency to be a key goal for the company. The most efficient and effective use of resources is important. By minimising costs consistent with delivering required functions, the company will assist the shareholder with maximising its ability to pursue its objectives, and will help give the public confidence that the group is a responsible steward for .nz.

The shareholder notes the following factors in respect of financial goals, practice and information for and from the company:

- Manage expenditure so as to maintain or reduce nominal expenditure from 2014-15 levels in 2017-18 and beyond once registrations direct at the second level project work is complete.
- Return any cash in excess of reserves to the shareholder following the conclusion of each financial year.

Council generally expects subsidiaries to:

- A. adopt sound organisational and financial management practices so as to safeguard and enhance InternetNZ's investment in the company;
- B. operate within the financial and operational scope of the Statement of Direction and Goals as agreed with InternetNZ while meeting the requirements of specific company policies and relevant provisions of Operating Agreements; and

- C. provide meaningful output and financial information reporting against the Statement of Direction and Goals (including changes to plans and priorities) to facilitate the monitoring of the organisation's performance.

7. General Expectations

The shareholder's vision for the group is that it is highly collaborative, committed to working together and to building a vibrant, collegial and inclusive culture to maximise the group's success. Council, subsidiary Boards and all Chief Executives have an obligation to work together in leading the ongoing realisation of this vision.

Consistent with this vision, the shareholder expects subsidiaries to:

- A. maximise the contribution they can make to the group's overall objectives;
- B. continue to maintain a high standard of corporate governance;
- C. maintain an open and transparent approach to their activity, and operate a no-surprises policy across the group;
- D. operate consistent with established group strategy and policies, including by bringing group policies into effect in their own policy frameworks where required and practical, as well as collaborating with other units across the group to develop and implement group strategy and policies;
- E. adopt a sound risk management strategy for all areas of their activities, including the timely reporting of critical operating and financial risks to InternetNZ, and contribution to the maintenance of the Group Risk Register;
- F. ensure that there are effective and productive day-to-day working relationships between all units and actively explore and implement ways to achieve greater co-operation and collaboration between units to the benefit of the wider Internet community; and
- G. operate in accordance with InternetNZ's core values – openness and transparency, leadership, ethical behaviour & stewardship and a can-do attitude.

8. Statement of Direction and Goals

The shareholder requires the company to prepare and present a Statement of Direction and Goals (SoDaG) for the 2017-18 year. The purpose of the SoDaG is to set out how the company intends to meet the expectations set out in this document.

The core components of the SoDaG are as follows:

- A. an outline of the company's long term strategy;
- B. an outline of the environmental factors that feed into the company's strategic planning;
- C. an outline of the key priorities and projects that the company has identified for 2017-18, including those set out in this Statement;
- D. an outline of proposed measures by which the shareholder can judge the company's performance against the requirements set out in this Statement; and
- E. a proposed budget for the 2017-18 financial year, as well as draft budgets for 2018-19 and 2019-20 (subject to adjustments for 2016-17 year end results).

The SoDaG must be presented to the Council as soon as convenient, and no later than its **February 2017** meeting.

The shareholder requires the company's SoDaG to be agreed with the Council.

This is the key mechanism by which Council ensures that the scope of activity and the resources deployed by the company are in keeping with its expectations. Early discussions with the shareholder about core priorities and scope of financial requirements are encouraged.