

Dear Jamie,

This is my submission to the 2017 Organisational review consultation.

This is made as both an employee of DNCL and as a member of InternetNZ. I am happy for this submission to be made public.

As mentioned in other submissions my role was one of the those that was eliminated during a recent restructure. As I decided not to apply for the new role (COPO) I have been made redundant and my last day with DNCL is July 11<sup>th</sup>.

The reason I raise this is the current structure does allow for change and for each of the three entities to adapt and change. I fully agree with the restructure that was implemented in DNCL.

I have been involved with InternetNZ since 1999, I was a member of the SRS working group 'Hine report', have served on council and have been on many working groups and was a member of the SRS implementation oversight committee.

Since 1999 InternetNZ has undergone significant change, of which the events around 2000 and 2001 were the most significant. The changes implemented then were very carefully considered and had significant outreach, both during the drafting of the Hine report and during the implementation of the new structure. The key thing then and I think is still valid is it was clear on the roles of each of the three parties. One of the ways this was done was avoiding the use of 'Chief Executive'. The key roles were:

InternetNZ:	Executive Director
DNC:	Commissioner
NZRS:	Registry Manager

Just based on the titles you could generally work out the responsibilities of the 'head' of each entity as this was the intent. However, for some reason it was decided in the last few years that the NZRS and INZ roles would be called CEO. I think that was the start of the confusion from both within the group and stakeholders of the structure.

As mentioned in the consultation document and the FAQs the last review was in 2008. The document states that the only major change was the creation of DNCL instead of it being an office of INZ. I was surprised to see that comment as the major change from that 2008 review was the creation of the INZ 'Executive Board' of which the announcement of its membership can be seen at <http://2014.internetnz.net.nz/media-releases-2008/internetnz-appoints-executive-board-members>

This change was similar to the current consultation in that a solution was presented in which the problem was not explained. In this case the decision was to create *more* governance, not less.

I think it can be agreed by those that were involved in this change that calling it a debacle could well be an understatement.

With regard to the comment that the group has too many governors. Twelve of those roles are on the INZ council of which the council decided to make a range of changes to address this aspect yet left the largest group of untouched with a vague promise to 'look at it later'. As a former councillor and someone that has been working for DNCL for the last 3 ½ years I think that addressing the size,

membership and duties of council would yield the biggest benefit for the least effort. But then as the saying goes 'turkeys do not vote for an early Christmas'.

With regard to the comment of number of governors the documents provided to staff repeatedly stated that the group had 18 governors (as some overlap occurs between the council and the subsidiary boards). It provides little faith to those impacted by this consultation that the number cannot even be accurately presented and a basic fact is wrong. If those on the working group and those presenting these findings cannot even state the correct number of governors then what other aspects have been glossed over or not given due care and consideration.

The proposed structure of the group post consultation I think does not demonstrate any understanding of what the group does and has just taken labels and 'plonked' them on an org chart. The charts seem to be more a 'we need something to show we have thought about next steps so let's create an org chart merging all the existing ones together'.

Other submissions have touched on what impact the merging of NZRS and DNCL into INZ would have on contracts etc. While these are all possible to do it would take consideration effort to do and in some aspects (the registrar authorisation agreement and connection agreement) it would have little point to have two separate agreements. To provide some detail a recent moderation agreement between DNCL and a 2LD moderator took over a year to get agreed by the moderator. To provide perspective the moderation agreement is one of the simplest agreements DNCL has.

A number of points have been raised about cost saving and sharing resources more. I agree that more can be done on this but DNCL already uses all the corporate services offered by INZ such as payroll, accounts/finance, and IT functions. A group wide function could be made to as NZRS also does these roles which could lead to savings and efficiencies as payroll and accounts payable should not vary among the entities.

If costs are a concern then items like attending ICANN and other international events could be reviewed. Not long ago .nz sent 9 attendees to a ICANN meeting which I would estimate for a cost of over \$90,000 (business class flights, hotels etc). I think that each entity in the group can reduce expenditure and I would not be surprised if that could be at least 10% of existing costs with no material impact to the current services being provided.

The consultation touches on wanting to be an agile organisation etc. I cannot think of a single instance where you have merged different entities together and the outcome being a *more* nimble/agile organisation.

No concrete examples have been provided on how the new approach will be more agile and where the issues are in the current structure. To give some examples of the current 'agility' I will use NZRS and INZ.

It was pointed out to senior INZ staff over a year ago that the bylaws of INZ are woefully outdated and are still based on having positions that have not existed for years. The bylaws can be seen at <https://internetnz.nz/about/laws>. Bylaws are fundamental to an incorporated society but seems that they are not interesting enough for council to worry about.

NZRS has been stating for years that the business development has been held up due to DNCL. The fact is the .nz policies did not allow for many of the ideas that NZRS wanted to do. The .nz policies were changed on the direction of INZ to allow for wider use of .nz data. This change was made more than 18 months ago yet the product that could not be implemented due to the previous policy still has not, as far as I am aware, been released to the public. If you cannot deploy a new product in 18

months when the claimed 'road block' to deployment was .nz policy then I am unsure how a new structure will address the issue.

My final point is the comparison of the .nz structure to other ccTLDs. Many different approaches apply partly based on the role of government in the TLD. It is agreed that a number of other ccTLDs have 'one entity' to manage all aspects of the ccTLD. However, in those entities it is very common that the 'public good aspect' such as the INZ grants is via an arm's length charity/foundation. This is to ensure the day to day operations of running a TLD are not impacting the foundation and vs versa. I am not aware of any ccTLD that has any significant grants/foundation aspect that operates this in house. The other aspect is those ccTLD's that are 'one entity' do not run the gamut of advocacy that INZ does and typically only in the areas that related to domain names.

It seems in comparing the current structure to other ccTLD's the working group has cherry picked parts they like, or support the model they want, and not looked at the parts that do not fit the proposed model.

In conclusion, I am unsure what the problem being addressed is and that a solution has been presented that does not have any robust or detailed planning behind it. I agree that the group is not perfect and there is always room for improvement. At this stage I do not see how this proposal will address the design principles and could make the executive board changes look well thought out and implemented.

Steven Heath

Manger, Legal Policy

DNCL