

Agenda for a meeting of the InternetNZ Council
Friday 8 August 2014
InternetNZ Office, Level 9 - Grand Arcade, 16 Willis St, Wellington

Start	Item	Person		Page number
10.00	Council and Council-CE alone time	President		-
10.40	Apologies	President		-
	Declaration of Councillor interests			5
	Agenda consideration - in committee items			-
10.50	Introduction to the Council's work for 2014-15	Jordan Carter		-
11.10	Approach to strategic planning	Jordan Carter		11
11.30	Chief Executive's Report	Jordan Carter		
	- CE's report and priorities for the quarter			14
	- Business Plan & Internet Issues Programme reports			19, 31
	- Financial Report			45
	- Travel Report			-
12.00	Lunch			-
12.30	Subsidiaries – DNCL and NZRS			
	- Alone time (Chairs, CE and Council - confidential)	Jay Daley, Richard Currey, David Farrsar & Debbie Monahan,		58
	- NZRS 1 st Quarter Report for 2014-15			66
	- .nz Joint 1 st Quarter Report for 2014-15			74
	- DNCL 1 st Quarter Report for 2014-15			
	- Any general items			
12.55	Group Financials	Jordan Carter		77
13.00	International Update	Jordan Carter		85
13.20	Financial Flows	Jordan Carter		90
13.35	Audit & Risk Committee update	Neil James		106
13.50	Committee Terms of Reference	President		109
	- Audit & Risk Committee			
	- CE Review Committee			
	- Grants Committee			
	- Investments Committee			
14.20	Coffee			-
14.35	Community Funding	Ellen Strickland		
	- Partnerships Report			112
	- Community Funding Rounds update			-
14.55	Appointments Panel Update (Council representative for NZRS/DNCL Board)	President		-
15.15	Code of conduct for Councillors	President		-
15.30	Consent agenda items	President		
	a. Ratification of minutes: 6 June 2014			122
	b. Outstanding action points			130
	c. E-votes ratification			132
	d. Membership update			134
15.45	Other business Meeting feedback – first meeting of this Council	President		-
14.00	Meeting ends			-

Annotated Agenda for a meeting of the InternetNZ Council
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Start	Item	Person		Page number
10.00	Council and Council-CE alone time	President		-
10.40	Apologies Declaration of Councillor interests Agenda consideration - in committee items	President		- 5 -
10.50	Introduction to the Council's work for 2014-15	Jordan Carter		-
11.10	Approach to strategic planning <i>THAT Council agree to the plan for the 2014 strategy retreat set out in the paper from the Chief Executive, including the focus of the event and the approach to take {{as amended}}.</i> <i>THAT Council note the preparations the executive is making for the strategy retreat including the deadline for material to be provided of Friday 22 August.</i> <i>THAT Council ask NZRS and DNCL to work with the Chief Executive to prepare inputs for the strategy retreat, with these to be available to the Council by Friday 29 August.</i>	Jordan Carter		11
11.30	Chief Executive's Report <ul style="list-style-type: none"> - CE's report and priorities for the quarter - Business Plan & Internet Issues Programme reports - Financial Report - Travel Report <i>Travel Report THAT Council receives the CE's Report.</i> <i>THAT Council notes the financial report ending 30 June 2014</i>	Jordan Carter		14 19, 31 45 -
12.00	Lunch			-
12.30	Subsidiaries – DNCL and NZRS <ul style="list-style-type: none"> - Alone time (Chairs, CE and Council - confidential) - NZRS 1st Quarter Report for 2014-15 - .nz Joint 1st Quarter Report for 2014-15 - DNCL 1st Quarter Report for 2014-15 - Any general items <i>THAT the NZRS 1st quarter report be received.</i> <i>THAT the .nz Joint 1st quarter report be received.</i> <i>THAT the DNCL 1st quarter report be received.</i>	Jay Daley, Richard Currey, David Farrar & Debbie Monahan,		58 66 74
12.55	Group Financials	Jordan Carter		77
13.00	International Update	Jordan Carter		85
13.20	Financial Flows <i>THAT Council receive this paper updating progress on the Financial Flows review.</i> <i>THAT Council ask subsidiary Boards to indicate via the Chief Executive their impressions of the conclusions reached by Murray Bain in his paper, and whether they would like to see a discussion of the contents at the Strategy Weekend, on or before 22 August 2014.</i>	Jordan Carter		90
13.35	Audit & Risk Committee update	Neil James		106

13.50	Committee Terms of Reference <ul style="list-style-type: none"> - Audit & Risk Committee - CE Review Committee - Grants Committee - Investments Committee 	President		109
14.20	Coffee			-
14.35	Community Funding <ul style="list-style-type: none"> - Partnerships Report - Community Funding Rounds update <i>THAT Council receives the Partnerships Report.</i>	Ellen Strickland		112 -
14.55	Appointments Panel Update (Council representative for NZRS/DNCL Board)	President		-
15.15	Code of conduct for Councillors	President		-
15.30	Consent agenda items <i>THAT the minutes of the meeting held on 6 June 2014 be received and adopted as a true and correct record, and THAT the following reports be received:</i> <ul style="list-style-type: none"> a. Ratification of minutes: 6 June 2014 b. Outstanding action points c. E-votes ratification d. Membership update <i>THAT the new members be approved.</i>	President		122 130 132 134
15.45	Other business Meeting feedback – first meeting of this Council	President		-
14.00	Meeting ends			-

Declaration of Interest

(For Information)

INTERNETNZ COUNCILLOR REGISTER OF INTERESTS

Officers and Councillors are required to register any interests, commercial, political or organisational, which they believe may be relevant to the perception of their conduct as a Councillor or Officer. Officers and Councillors are, however, still required to declare a Conflict of Interest, or an Interest, and have that recorded in the Minutes.

Officers and Councillors receive the following annual honoraria:

Honoraria

President - \$30,000

Vice President - \$18,750

Councillor - \$15,000

Name: ~~Frank March~~

Position: ~~President, InternetNZ~~

Term: ~~AGM 2012 – AGM 2015~~

Declaration Date: ~~21 March 2007, updated 27 January 2014~~

Interests:

- ~~Holds two .nz domain name registrations~~
- ~~Member of NZ Association of Scientists~~
- ~~Employed by the NZ Government (Ministry of Business, Innovation and Employment); consequently:~~
- ~~NZ representative on the Governmental Advisory Committee of ICANN~~
- ~~Technical advisor to the Trans Pacific Partnership negotiators for the Telecommunications and Ecommerce Chapters~~
- ~~Officer's Honorarium for InternetNZ~~

Name: Jamie Baddeley

Position: ~~Vice~~-President, InternetNZ

Term: AGM 2012 - AGM 2015

Declaration Date: 28 August 2007, updated 28 May 2014

Interests:

- Owner and Director of Viewpoint Consulting Ltd
- Viewpoint Consulting Ltd is a shareholder of FX Networks Ltd
- Registrant of vpc.co.nz, is.org.nz, internetstandards.org.nz
- Member of the New Zealand IPv6 Steering Group
- NZNOG Trustee
- Employee of TeamTalk
- Officer's Honorarium for InternetNZ

Name: Donald Clark

Position: Councillor, InternetNZ

Term: AGM 2011 – AGM 2014

Declaration Date: 20 April 2009, updated 20 May 2013

Interests:

- ~~Holds several .nz domain name registrations~~
- ~~Councillor's Honorarium for InternetNZ~~
- Employee of Google

Name: Neil James

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: 28 August 2008, updated 20 November 2013

Interests:

- Fellow of IITP
- Member of the Dunedin Computers in Homes Steering Group
- Councillor's Honorarium for InternetNZ

Name: Hamish MacEwan

Position: Councillor, InternetNZ

Term: AGM 2012 - AGM 2015

Declaration Date: 24 August 2007; updated 31 March 2014

Interests:

- Self-employed Open ICT consultant
- Registrant of sundry .nz domains
- Member of Internet Party
- Councillor's Honorarium for InternetNZ

Name: Brenda Wallace

Position: Councillor, InternetNZ

Term: AGM 2012 - AGM 2015; updated 22 July 2014

Interests:

- ~~Full time contractor at Weta Digital~~
- Employee of Rabid Tech
- Member of Green Party of Aotearoa New Zealand
- A gazillion .nz domain names
- Organiser of Girl Geek Dinners Wellington
- Member and volunteer for Tech Liberty
- Councillor's Honorarium for InternetNZ

Name: Michael Wallmannsberger

Position: Councillor, InternetNZ

Term: AGM 2011 – AGM 2014

Declaration Date: 31 July 2006, updated 24 June 2013

Interests:

- ~~Employee of ASB Bank Limited~~
- ~~Member of the New Zealand Labour Party.~~
- ~~.nz domain name registrant~~
- ~~Member of the Standards Council~~
- ~~Shareholder/Director, Wallmannsberger Ltd~~
- ~~Director of .nz Registry Services~~
- ~~Councillor's Honorarium for InternetNZ~~
- ~~Board Chair at OUTLine New Zealand Incorporated~~
- ~~Member of the Board of the New Zealand Chapter of the Cloud Security Alliance (Cloud Security Alliance New Zealand Chapter Incorporated)~~

Name: Lance Wiggs

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: 9 August 2010, updated [22 June 2014](#)

Interests:

- Director and shareholder in several NZ companies, generally operating online
- Including: Director and, through Punakaiki Fund, shareholder of ISP Vibe Communications Limited
- Direct and indirect owner of various .nz domain names (<40)
- Director of Lance Wiggs Capital Management
- Director, and, through LWCM, Manager of Punakaiki Fund Limited
- Member of two Return on Science Investment Committees
- Better By Capital provider for NZTE
- Member of the Institute of Directors
- Member of NZCS / Institute of IT Professionals
- Wife (Su Yin Khoo) is Director and Shareholder of Gather Conference Limited and Gather Workshops Limited, and has performed work for Kiwi Foo Camp
- Councillor's Honorarium for InternetNZ

Name: Dave Moskovitz

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM [2017](#)

Declaration Date: 9 August 2010, updated 20 November 2013

Interests:

- Registrant of .nz, .com, .org, .pe domains
- Director, Domain Name Commission Limited
- **Board memberships:**
- Think Tank Consulting Limited
- WebFund Limited
- Hyperstart Limited
- Golden Ticket Limited
- MusicHype Inc.
- Publons Limited

- Expander Limited
- SWNZ Limited
- Open Polytechnic
- **Shareholdings (all of the above except for *SWNZ Limited and Open Polytechnic*, plus):**
- Lightning Lab 2013
- WIP APP Limited
- Learn Coach Limited
- Ponoko Limited
- Celsius Limited
- 8interactive Limited
- Admin Innovations Limited
- DIY Father Limited
- Smaratshow Limited
- Small holdings in numerous publicly listed companies
- **Non-profit Activity:**
- Global Facilitator
- Startup Weekend (Trustee)
- Pacific Internet Partners (Trustee)
- Think Tank Charitable Trust (Co-Chair)
- Wellington Council of Christians and Jews
- **Other memberships:**
- NZ Open Source Society
- NZ Rise
- Royal Society
- Registered marriage celebrant
- Councillor's Honorarium for InternetNZ

Name: Richard Wood

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: 15 July 2013, updated 31 January 2014

Interests:

- Holds .nz and .net domain name registrations
- Member of ISOC, PICISOC and Pacific Internet Partnership Inc.
- Advisor to Rabid Technologies
- Employee of Morphoss Ltd
- Councillor's Honorarium for InternetNZ

Name: Amber Craig

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2016

Declaration Date: 18 July 2013, updated [30 July 2014](#)

Interests:

- Organiser of Girl Geek Dinners Wellington
- Consultant and organiser of some corporate unconferences
- Holds .nz domain name registrations
- Employee of ~~Westpac~~ [NZ ANZ](#)

- Creator & Director of Beyond the Achievements
- Councillor's Honorarium for InternetNZ

Name: Rochelle Furneaux

Position: Councillor, InternetNZ

Term: ~~until~~ AGM 2014 – AGM 2017

Declaration Date: 13 February 2014

Interests:

- Shareholder of Enspiral Foundation Ltd
- Director and Shareholder of Enspiral Legal Ltd
- Director of Enspiral Spaces Ltd
- Member of New Zealand Law Society
- Councillor's Honorarium for InternetNZ

Name: Sarah Lee

Position: Councillor, InternetNZ

Term: AGM 2014 – AGM 2017

Declaration Date: TBC

Interests:

- (To be confirmed)

Name: Hayden Glass

Position: Councillor, InternetNZ

Term: AGM 2014 – AGM 2017

Declaration Date: TBC

Interests:

- (To be confirmed)

Strategic Planning

Approach to the 2014 Strategy Retreat

Author: Jordan Carter

Purpose of paper: To suggest for Council consideration the approach to take for the strategy retreat to be held 11-13 September 2014.

Introduction

The annual strategy retreat is being held next month and the planning cycle requires Council to make decisions at the August meeting regarding the focus of that event. This paper sets out what we did last year and my proposal for the focus and approach this year. It also explains for comment and input what the staff are doing to prepare for the event.

The 2013 retreat

Last year the main outputs of the retreat were a comprehensive environment scan, groundwork for a fresh Vision and Mission, and extensive discussion of whether the Objects of the society were fit for purpose. We involved subsidiary Chairs and CEs for a short period, had external facilitation, and no other InternetNZ staff were present.

Since that retreat, we have concretised the new Vision and Mission, updated the brand to reflect these, and put the objects review on hold pending this year's retreat.

In essence the key issues discussed led to important changes. As such, last year's retreat can be counted as one which made a difference.

Focus in 2014

Having settled the very biggest picture of the Vision and Mission of the organisation, it is my view that there are a number of gaps that this year's retreat should be focused on:

- **Group strategy:** there is no "group" strategy in place to drive the work of all three business units. One consequence of this is a less-than-achievable sense (or reality) of common purpose across the group.
- **Key issues:** a conventional outcome of a strategic planning process is to identify the key issues facing an organisation and to start developing approaches to them. We did not do this last year, and we should do it this year.
- **Objects review:** the Objects will need to be revisited as part of both conversations, and with this consideration given to what changes would give rise to.
- **Financial flows:** there is a need to consider and perhaps agree to an approach on changing financial flows within the Group.

Approach to take in 2014

If the areas of focus described above are the logical ones to tackle at this year's retreat, the approach we should take is:

- Clarity up front about the outputs we want, which would be:
 - Key goals and approach for a Group Strategic Plan 2015-2017
 - Key issues for the InternetNZ part of the organisation to focus on 2015-2017
- Careful preparatory work by staff so that the time is spent productively (see next section)
- Greater involvement of subsidiaries, including pre-prepared inputs, as we are talking about Group strategy
- Independent facilitation to allow all to participate fully in the conversation

Preparations by the executive

I am taking Andrew, Ellen and Dean aside for two days the week after this meeting to run through the basics of a strategic analysis process, based on the training I received at the Strategic Leadership Programme in May.

What we expect to get from this is a full environmental assessment and appraisal of what we think the strategic goals are facing the Group. We will write up the conclusions of this, and have it available for Council and subsidiaries around two weeks before the retreat (i.e. by Monday 25 August).

If the Council agrees with the approach proposed in this paper, then it should ask both subsidiaries to prepare inputs for the Retreat, with these to be available perhaps by Friday 29 August.

Some questions to think about

It would be worth considering the following:

- Are the areas of focus right?
- Are there too many or too few areas of focus for a two-day retreat to deal with?
- Is the approach one you think will work?
- Do you have a facilitator in mind?

Recommendations

THAT Council agree to the plan for the 2014 strategy retreat set out in the paper from the Chief Executive, including the focus of the event and the approach to take {{as amended}}.

THAT Council note the preparations the executive is making for the strategy retreat including the deadline for material to be provided of Friday 22 August.

THAT Council ask NZRS and DNCL to work with the Chief Executive to prepare inputs for the strategy retreat, with these to be available to the Council by Friday 29 August.

Jordan Carter
Chief Executive

31 July 2014

Chief Executive's Report

Chief Executive's Report

Author: Jordan Carter, Chief Executive

Purpose of paper: Report for the two months to 31 July 2014

Introduction

This report sets out critical risks or other risks Council should be aware of, my priorities in the period since the June Council meeting, planned priorities for the three months from now until the end of October 2014, longer range priorities, and a brief update on staffing and contractor issues.

Papers that form part of this report have been restructured since the last meeting. These are integral to this report but are separate for the purposes of clarity and brevity. They are as follows:

- Business Plan Report to 31 July 2014
- Internet Issues Programme Report to 31 July 2014
- Financial Report to 30 June 2014

As always, feedback from Councillors, members or anyone else on the content of this report is very welcome.

1: Critical / Other / Potential Risks

There are no critical risks to advise the Council of at the reporting date. The Group Risk Register is being discussed among group Chairs and CEs on 31 July and any salient matters will be reported back to the Council.

2: Recent Priorities

Chief Executive

Since the June meeting of the Council, and aside from general involvement with a range of work plan projects, I have been focused on the following issues, generally in descending priority order:

- Execution of NetHui in Auckland in July.
- Completion of Business planning and associated work planning and staff goal setting.
- Assisting Andrew with completion of the election paper we have prepared, and discussing this with MPs from across Parliament.
- Staff annual reviews.
- Attendance and participation at ICANN London and at the preceding OECD meetings in Paris.
- Work on the .nz framework and completing drafts of the Financial Flows review.

Planned priorities identified by me for focus in the previous report that have not progressed as expected are as follows:

Area not progressed	Explanation
Governance and internal policies	While the internal policies are largely complete, governance policies were not advanced in the reporting period.

Operating team

The new Business Plan Report and Internet Issues Report set out the progress the team has been making on progressing the Business Plan. I welcome feedback from Council members as to what is incorporated there.

I draw Council's attention in particular to the following:

- Successful execution of NetHui 2014, with around 500 people registered across the three days.
- Planning and execution of the 2014 AGM and Council elections.
- A helpful round table organised during NetHui to advance discussions about the regulatory framework for telecommunications post-2020.
- Ongoing work regarding the Commerce Commission's final pricing of copper broadband services.
- Work to establish the criteria and process for this year's Community Funding rounds.

Other details are in the reports, which I encourage those interested to read.

3: Priorities for the next three months

Chief Executive

The following are my planned broad areas of focus in the August-October period, in priority order.

1. **A new President:** the Chair-CE relationship is critical to any organisation. This report falls due the same day as the AGM. I will be focused on this relationship in the coming three months.
2. **Strategy:** the Strategic Retreat in September deserves thorough and considered staff support. A subset of the staff and contractor team will be generating inputs for that during August, in preparation for the meeting in September.
3. **Team culture and resources:** welding the InternetNZ staff into a highly functioning team will be a focus. We have a range of team training activities planned in August and September which will progress this.
4. **A new Government:** following the General Election on 20 September, there may be some changes to the composition of the Government. As a key stakeholder for InternetNZ this may lead to some new relationship building, depending on the result.
5. **.nz Framework:** the process of discussion and debate among the working group has taken longer than anticipated. By the time of the October Council meeting, I anticipate we will have conclusions from this.
6. **New team members:** Andrew and I are continuing to develop our relationship as CE and 2IC, and we are about to hire an Executive Assistant to increase the support we have available in our roles. This remains a clear focus for me.

7. **Governance policy:** with internal policy frameworks largely in place, my focus is on reviewing and completing the Governance Policies framework, working with Council. This will be a substantive meeting item in October.
8. **International:** I will attend the global Internet Governance Forum in the first week of September. Aside from this, the Australian IGF and ANZIAS combined activity will see me speaking on a panel in Melbourne in late August.

I particularly welcome Council feedback on my priorities, and on any other matters that need to be picked up and advanced.

Operating Team

- Finalising work programme planning and incorporation into staff work plans.
- NetHui 2014 debrief completed and lessons incorporated into planning for 2015.
- New website completed and launched.
- Election year work completed and briefing to incoming Government complete.
- Internet Projects grants round complete and travel rounds launched.
- Financial flows review further developed.

A greater sense of what is coming up can be discerned in the 2014/15 Business Plan.

4: Longer Range Priorities

The big picture issues on my mind, in no particular priority order at this stage, are fairly similar to those set out in my previous report at the end of May, and are:

- **Team and Group culture and dynamics:** getting the best bang-for-buck across the group is important, and there are some self-imposed limitations we should sort out.
- **Identity:** living up to the new brand identity so that our public profile is clear.
- **Financial flows:** implementing any changes arising from the review.
- **My performance:** taking on board the lessons from my recent performance review and incorporating lessons learned into my practice in this role.
- **Role of and relationship with Members:** there is a good deal to do to better understand of our members and a stronger culture of respect and inclusion among them.
- **.nz delegation:** clarifying the expectations of the group and the Government in respect of our .nz delegation is a longer run issue.

5: Staffing and Contractor matters

Andrew Cushen continues to develop well in his role, and my work with him continues to develop the best ways for us to work together.

Ellen Strickland has handed in her PhD Thesis, which is major milestone for her and will see her able to devote more time to her work activities with InternetNZ.

We are on the verge of hiring an Executive Assistant to join the InternetNZ team, primarily focused on supporting Andrew and I in our roles, and in taking over the role of Council

Secretary from **Maria**, allowing her to focus more clearly on community funding processes and membership matters.

6: Other matters

- I have not provided a separate travel report regarding my attendance at ICANN and OECD meetings. The ICANN material is covered in the joint report on that meeting, and there are no salient matters to report regarding the OECD. It is not my intention to attend any further meetings there.
- I intend to be away on leave for around ten days after the 10 October Council meeting.
- We are starting to give some initial thinking to the project to move all three business units back into single premises by November 2015, when the lease at Grand Arcade Tower comes to an end.

I welcome questions, comments and feedback on the content of this report or on any other matter.

Jordan Carter
Chief Executive

31 July 2014

Business Plan Report

Two months to 31 July 2014

Commentary

This new report provides information for Councillors on progress against agreed Business Plan requirements. The companion Internet Issues Programme Report deals with that part of the business plan separately, as it is likely to be of most interest to members and the public.

The focus in this period has been getting the plan off to a good start, and doing the work planning for individual team members to get all this work done during the year. Delegations will be put in place to drive individual accountability for work areas in the next couple of weeks.

Highlights:

- NetHui 2014 – a full house and very positive feedback in the attendee survey (with, of course, plenty to do better next time).

Lowlights:

- Delays on the website project, which we hoped to launch at the same time as the new brand.

Next Priorities:

- Community Funding rounds – getting the first two out in August.
- Planning for NetHui South so this can fly.
- Website – to release before the next Council meeting.

Reporting Key

DONE = Item Completed

IP = In Progress in accordance with the Business Plan

DLY = Delayed and out of alignment with Business Plan

NS = Not started in accordance with the Business Plan

2: Community Engagement

Lead Staff: Ellen Strickland

Transformations

	Current state	→	Desired state
2.1	The NZ Internet Community is poorly defined	→	An understanding of the NZ Internet community, encompassing all user categories in New Zealand, is developed by InternetNZ, with the community.
2.2	The role of NZ Internet Community in the development of the Internet is seen as important but not core to its development.	→	The role of the NZ Internet Community, and its importance, in the decisions and activities related to the development of the Internet is understood widely.
2.3	The NZ Internet Community through NetHui is made aware of and engaged in some of decisions and activities related to the future of the Internet in NZ.	→	The NZ Internet Community is supported by InternetNZ with processes and platforms, including NetHui, to engage in a broad range of decisions and activities related to the future of the Internet in NZ.

2014/15 Goal

In this area, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>Develop and share understanding of, and support, the New Zealand Internet Community.</i>
Measures	<ol style="list-style-type: none"> 1. New Zealand Internet Community “map” (i.e. directory and understanding of interrelationships) developed and published. 2. All InternetNZ work includes a ‘community’ check, with a focus on supporting and ensuring community engagement, as appropriate. 3. InternetNZ engages with and supports a range of community existing processes and platforms.

	Activity	Priority	Status	Comment
2.A	NetHui14	A	DONE	
2.B	NetHui South	A	IP	Planning under way.
2.C	Community platform development: Internet Research focus (with Strategic Partner AUT ICDC)	C	IP	Event due 1 Dec.
2.D	Sponsorship Process for Community events (also related to Work Area 5 Identity)	B	DONE	On website.
2.E	Develop and host public events (ie speaker series) for the NZ Internet Community	C	NS	
2.F	Relationship and Engagement Management System Implemented (with CRM)	B	IP	Tool under investigation.
2.G	Development of NZ Internet Community Map	B	NS	
2.H	Baseline research of community engagement in existing processes, esp NetHui	B	IP	
2.I	Support for other community organisations (NZNOG, NZITF etc) clarified and framework created	B	NS	
2.J	NZNOG Conference support	B	IP	Ongoing project, well under way.

3: Community Funding

Lead Staff: Ellen Strickland

Transformations

	Current state	→	Desired state
3.1	Community Funding has a low profile.	→	The broader community views Community Funding as a beneficial and integral part of InternetNZ's activities.
3.2	How community funding works is not widely known about or understood by potential funding recipients and partners.	→	Potential partners and recipients know about InternetNZ Community Funding and understand how it works.
3.3	Community Funding has an unclear impact.	→	InternetNZ understands and communicates the impact of Community Funding.
3.4	Community Funding supports work of people and organisations with areas of work related to InternetNZ's objects.	→	Community Funding supports work of others through Community Grants and both supports and works directly with Strategic Partnership organisations.

2014/15 Goal

In this area, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>Maximise the impact in New Zealand of the community funding programme, including telling the story better so more people are aware of this work.</i>
Measures	<ol style="list-style-type: none"> 1. Create and implement a process to measure the Community Funding: understand baseline and changes of who, what and how is funded. 2. Process to understand impact of funding, including benefits and results, developed and implemented to demonstrate the public benefit of InternetNZ funding. 3. Perceptions of stakeholders, internal and external, on components of community funding understood. 4. A plan implemented to communicate the beneficial and important role of Community Funding with the wider community and that Community Funding applicants and recipient have a clear understanding of process as.

	Activity	Priority	Status	Comment
3.A	Baseline research on stakeholder perceptions and awareness of Community Funding (note – linkage to 4.G)	B	NS	
3.B	Finalisation implementation of Community Funding review processes	B	IP	
3.C	Communications plans developed and implemented for Community Funding, including for each Partnership and Community Grants.	A	NS	
3.D	Implement funding rounds: - June/July: Community Projects and Conference Attendance - Nov/Dec: Special Canterbury Funding Round - Dec/Jan: Internet Research and Conference Attendance	A	DLY	Projects and Conf Attendance out in August.
3.E	New Partnerships for 2015 onwards identified, negotiated and agreed with Council and in accordance with InternetNZ's charitable obligations to benefit the public.	A	NS	Started by October Council.
3.F	Develop framework for measuring for impact of Community Funding	B	NS	
3.G	Community Funding Reports and Information related to impact are available	B	NS	
3H	Management and review of Ad Hoc Community Grant Requests under \$5k	B	IP	
3.I-P	Area of Focus Activities with Strategic Partners (related to Engagement & Issues areas)	B	IP	See Strategic Partnerships Council paper.

4: Our New Identity

Lead Staff: David Cormack

Transformations

	Current state	→	Desired state
4.1	Current brand is not immediately recognisable or connected to who we are and what we do as an organisation	→	New brand connected to charitable objects, issues and interests, brand is recognisable and respected
4.2	Stakeholder perceptions not objectively analysed and collected	→	Stakeholder perceptions evaluated and benchmarked, and an appropriate management plan linked to new identity developed and implemented
4.3	Ambitions and purpose not widely understood or defined both internally and externally	→	Clear articulation of our vision, mission and objects and alignment across the Group about our various roles in supporting and delivering to them
4.4	We are sometimes seen variously as overly technical, reactionary and anti-government, anti-industry, theoretical & unrealistic	→	We are viewed as a trusted authority by all stakeholders, recognised for the range of work we do, and the range of work we do our vision, mission and objects, are understood

2014/15 Goal

In this area, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>To develop and live up to our new identity in all that we do.</i>
Measures	<ol style="list-style-type: none"> 1. Brand refresh adopted and implemented 2. New website rolled out successfully, and other online presences updated accordingly 3. Increased identity recognition measured among stakeholders and the public. 4. Develop and articulate a core story, encompassing our vision, mission and objects that will provide a clear understanding of who we are, and what we do across the InternetNZ Group, with all constituent parts of the organisation understanding how they contribute to this vision.

	Activity	Priority	Status	Comment
4.A	New brand identity developed, signed off and implemented across InternetNZ activities and presences	A	IP	Implementation near complete.
4.B	New website developed, signed off and implemented	A	DLY	Website delivery behind. Build under way, should be published Sept.
4.C	New “core story” for InternetNZ developed, signed off and used whenever appropriate to explain who we are, what we do and why we do it and representing our mission and objects.	A	DONE	Included in external docs.
4.E	Public Relations and Communications strategies refreshed in light of the new brand framework, and continually revised on a quarterly basis.	B	NS	
4.F	Relationship between the InternetNZ brand and those of DNCL, NZRS and .NZ reviewed and a brands framework developed for use across the group.	B	NS	
4.G	Comprehensive stakeholder review completed and baseline established for further engagement and development (note – linkage to 3.A)	B	NS	

5: Improved Organisational Performance

Lead Staff: Jordan Carter

Transformations

	Current state	→	Desired state
5.1	Performance management, goal setting and expectation management done in an ad-hoc fashion	→	Performance, goals and expectations clearly discussed, set and managed in accordance with best practice
5.2	Accountabilities and priorities are not always clear across the organisation	→	Staff, contractors, and Council are all clear about their accountability for achieving our goals and performance
5.3	No established methodology or baseline for discussing improvements in performance and measuring success	→	Baseline set and performance and successes understood and measured.
5.4	Tools, processes and structures are not necessarily available	→	Tools, processes and structures enable continual improved performance
5.5	Our internal team culture does not encourage cooperation, collaboration, performance or enjoyment to the degree it could	→	Our internal team culture facilitates a stronger, more collaborative working environment for greater performance and enjoyment

2014/15 Goal

In this area/portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>Our members, the Council and the public at large can clearly see what we do as an organisation so they can hold us to account for measurable performance in all our work;</i>
Measures	<ol style="list-style-type: none"> 1. New processes introduced that allow for clear management of staff and contractor priorities, goals and objective 2. New quarterly activity reporting to members and the community introduced 3. Planning and accountability documents clear about the outcomes sought and the measures of success of these

	Activity	Priority	Status	Comment
5.A	Develop and implement good performance management, measurement and analysis frameworks that over time provide the information to continuously improve performance (both objective and subjective)	A	IP	Staff perf mgmt done.
5.B	Identify barriers/incentives to working efficiently and effectively across the InternetNZ group and within the internal InternetNZ operating team and develop strategies to address those barriers/incentives.	A	IP	
5.C	The right tools are available to support efficient working, reduce duplication and encourage collaboration.	B	NS	
5.D	Internal communications, meetings and collaboration methods refined to make these as efficient as possible.	B	NS	
5.E	Develop and implement new external engagement and relationship management systems and processes.	B	NS	
5.F	Develop and implement new reporting framework on progress made on the business plan, with this reporting done on a quarterly basis.	A	IP	Concept in place, implementation due.
5.G	Develop and implement an appropriate recognition structure that supports highlighting excellent performance and provides incentives for the same (note, not necessarily financial).	B	NS	

6: Core Operations

Note:

The plan in this area has yet to be developed, but will be done for the October Council meeting to consider and hopefully adopt.

Work done in the period to 31 July – lead staffer Mary Tovey:

- Finalise budget and populate 2014/15 Budget into accounting system
- Develop new Chart of Accounts and report set-up for in the Accounting system
- Arrange for audited accounts for INZ and DNCL to be signed off from BDO Wellington
- Arrange Audit and Risk Committee review, meeting and recommendation to Council on Annual Accounts
- Arrange for Annual Accounts to be signed off by Council
- Fortnightly Payroll for INZ and DNCL
- IRD Returns for DNCL & INZ
- Review and Prepare NZITF Financial Report 2014 for their AGM
- Prepare and produce DNCL accounts and financial reports for April, May and QE June
- Monthly/Weekly Creditors payments for DNCL and INZ
- Prepare and produce INZ's accounts and financial reports for April, May and QE June
- Contact all outstanding Grace Members personally before expiry date 30 June
- Attend as support person to our NetHui event in Auckland
- Amend wage AP's as per performance reviews
- Work with Team on the New Team Charter
- Prepare and provide QE June financials and paperwork to Deloitte for the Group Consolidated Report
- Attend a training course on Forecast 5 Cash flow reporting

7: Governance and Members

Note:

The plan in this area has yet to be developed, but will be done for the October Council meeting to consider and hopefully adopt.

Work done in the period to 31 July – lead staffer Maria Reyes

- Preparations for Annual General Meeting 2014
- Preparations for and administration of the 2014 Council elections
- Membership survey completed, with report to AGM on 31 July

Jordan Carter, Chief Executive

30 July 2014

Internet Issues Programme Report

Two months to 31 July 2014

Commentary

The Internet Issues Programme has got off to an excellent start for this financial year. Most of the high priority items are underway, and the intended scheduling of these issues is being maintained – i.e. none are delayed.

The programme remains challenging to complete in this year, but I remain confident that with clear prioritisation and planning that we will deliver to our goals.

Highlights:

- Delivery of another successful InTAC alongside NetHui
- Coordination of MBIE facing “ICT in New Zealand 2020+ Workshop”, which was very well received by both participants and the Ministry.
- Excellent submission on Chorus’ Boost products.
- Delivery of the “Election 2014 and the Internet” paper.

Lowlights:

- Resource restraints during NetHui preparation.

Next Priorities:

- 1D: Briefing to the incoming Government
- AD: Net Neutrality process
- BA: Commissioning of Internet Research
- CA: Ongoing participation in the FPP process with the Commission.
- EA: RealMe project.

Reporting Key

DONE = Item Completed

IP = In Progress in accordance with the Business Plan

DLY = Delayed and out of alignment with Business Plan

NS = Not started in accordance with the Business Plan

1: Internet Issues Programme

Lead Staff: Andrew Cushen

Transformations

	Current state	→	Desired state
1.1	InternetNZ is one of a number of groups active in Internet Issues.	→	InternetNZ is a leading provider of information, discussion, debate on, and solutions to, Internet Issues in New Zealand.
1.2	InternetNZ's approach to issues is largely reactive	→	InternetNZ is a proactive leader of its objectives, while also responding in a timely and considered manner to reactive issues.
1.3	InternetNZ's approach to issue and policy development is unclear, and New Zealand's Internet community wishes to have clearer grounds for involvement in discussion, priorities, objectives and desired outcomes.	→	InternetNZ has a clearly defined issue and policy development process, and utilises the skills, experience and perspective of its members effectively to deliver against InternetNZ's policy principles.
1.4	Link to community and collaboration programme is ad-hoc	→	Explicit link between the Internet Use portfolio and Community and collaboration programme

2014/15 Goal

Goal	<i>InternetNZ is the known by its actions and deliverables, and is looked to as a leader of both considered thought and careful action in furthering a better world through a better Internet.</i>
Measures	<ol style="list-style-type: none"> 1. InternetNZ is called upon by the media as a trusted authority on Internet Issues 2. Success in advancing positions taken on various issues, to the benefit of the open Internet 3. Delivery of each of the Issues Portfolios below

	Activity	Priority	Status	Comment
1.A	Develop a statement of important issues for release during the 2014 General Election campaign to provide InternetNZ's perspective on Internet Policy issues.	A	DONE	Engagement with parties now
1.B	Inform New Zealand voters interested in Internet Issues about our perspective on these, so they have the opportunity to make informed choices in Election 2014	A	IP	In collaboration with Netsafe. Filmed content
1.C	Development of a New Zealand "State of the Internet" report to highlight key trends and perspectives on the Internet in NZ	B	NS	Initial scoping
1.D	Provide a briefing to the Incoming Government, particularly the incoming Minister of ICT, on Internet related issues as a method of advising the Government on key Internet Issues	B	IP	Based off election document.
1.E	Clarify the role of and staff relationship with the Policy Advisory Group, providing it with an appropriate role in the policy development process, a forum through which members can be heard, and in which robust debate on Internet Issues and our perspectives may be had.	C	NS	Initial scoping.
1.F	Methodology and practice established between the Issues Programme and the Community Engagement and Community Funding work areas to determine the appropriate method for advancing particular opportunities	C	IP	To be furthered at strategy retreat.

1A: Internet Law & Rights Portfolio

Lead Staff: Andrew Cushen with Susan Chalmers

Transformations

	Current state	→	Desired state
A.1	New legislation does not take the Internet into account at a principled, fundamental level	→	New legislation understands and takes into account the Internet at a principled, fundamental level.
A.2	Legislation currently progressing through the House, or already implemented but subject to review, is harmful to the open Internet	→	We engage in the legislative process to advise upon Internet-friendly approaches to current legislative challenges.
A.3	Legislators and public agencies do not always have sufficient knowledge of the Internet and the online economy to effectively legislate	→	Legislators and public agencies are informed and adopt a multistakeholder approach in legislating for matters related to the Internet.
A.4	Confusion about how law and policy recognises Human Rights in the online environment.	→	Human rights are appropriately recognised, respected, and extended in their application to the online environment

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>New Zealand's legal system is tangibly improved in respect of how it promotes and protects people's rights in the online environment.</i>
Measures	<ol style="list-style-type: none"> 1. Current proposed legislation and debates on "Internet Rights" reflect these as "Human Rights on the Internet", rather than as a separate construct. 2. Submission process concluded on Harmful Digital Communications and community of interest on this matter

	<p>fostered</p> <p>3. InternetNZ takes a leading position on the Net Neutrality debate in New Zealand in accordance with the NZ market structure and legislative landscape</p> <p>4. InternetNZ takes a leading position on State Surveillance on the Internet, advocating for the right for New Zealanders to be able to use the Internet without having their privacy violated.</p>
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	Activity	Priority	Status	Comment
A.A	Internet Law Observatory – work on the establishment of this as a new body with its phase one objective to report on new legislation with an Internet centric lens.	B	NS	Initial scoping
A.B	Copyright review – establish a position on what Internet friendly copyright law would look like and promulgate it.	B	IP	Phase One/Two underway
A.C	Harmful digital communications – continue to advise Parliament on this legislation, recognising that there is indeed harm being done and develop our position with regard to approved agency	B	IP	Letter to Collins. Parked til after election.
A.D	Net neutrality – clarify the NZ-centric viewpoint on net neutrality, and seek to establish a leadership position on how the appropriate protections need to be built into NZ law and regulation and commercial operations	A	IP	Initial PAG discussion done, further development of paper next
A.E	State surveillance – articulate, develop and deliver a programme of work that preserves New Zealander’s right to privacy over the internet.	A	IP	Initial PAG discussion, further development further development of paper next
A.F	Internet rights – understanding which Human Rights are being recognised and respected in the online environment through current legislation, and which are not, and then fostering discussion on which legislation need be updated, left alone, or created in order to bring the current regulatory regime up to date.	B	NS	
A.G	Parliamentary Internet Forum – review the construct of this community with the objective of fostering and develop it further.	C	NS	

1B: Internet Use Portfolio

Lead Staff: Andrew Cushen

Transformations

	Current state	→	Desired state
B.1	Drivers and benefits of Internet uptake and use in NZ not clearly understood	→	Drivers of Internet uptake and use in NZ known, and the benefits of usage and uptake clearly appreciated.
B.2	Collaboration with the Internet Community on delivering initiatives to improve uptake and use ad-hoc	→	Deliberate targeting of Collaboration and Community Funding to deliver to uptake and usage goals.
B.3	Methods for reviewing and communicating lessons and successes in driving greater uptake and use of the Internet not developed	→	Clear methodology for reviewing success against targets and for communicating outcomes to all interested stakeholders.

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>For InternetNZ to be acknowledged as an authority in understanding how and why New Zealanders use the Internet, and effectively argue for and implements programmes that encourage uptake and usage of the Internet in New Zealand</i>
Measures	<ol style="list-style-type: none"> 1. New Internet Research commissioned, publicised and recognised as high quality 2. Mechanism for delivery of insights in collaboration with the Internet Community developed and deployed 3. Developing measures for better and more use happening as a result of 1 & 2

	Activity	Priority	Status	Comment
B.A	Commission new research into uptake and use in New Zealand, preferably in a manner that allows for comparison internationally – likely to be in partnership with the Web Index	A	NS	Next priority

B.B	Whangarei transformation study – kick off a process to look at what being the first fully fibre-deployed city in NZ does on key economic and social indicators (look to a partnership with Northpower, CFH and/or MBIE)	B	IP	Discussions via Innovation Partnership in collaboration with CFH
B.C	Assess the progress of the Government on Better Public Services goals 9 & 10 and make proactive suggestions for further enhancement in these areas	D	NS	
B.D	REANNZ collaboration to highlight the benefits of connectivity with their network, and their ability to transform the higher education experience	B	NS	
B.E	Work with NZRS on understanding and driving SME uptake, enhancing the current Digital Journey tool, and look to coordinate this with initiatives by relevant government agencies	C	IP	Being pursued via Innovation Partnership
B.F	Process and methodology developed with Community Funding and Engagement Programmes to best target those to common Internet Use goals.	A	IP	To be furthered at Strategy Retreat
B.G	Reporting methodology developed and deployed to robustly track and quantify improvements made	B	NS	
B.H	Contract with NetSafe to undertake work around understanding ‘Digital Challenges’, including cybercrime and safety issues and the role of law enforcement.	B	NS	

1C: Internet Connectivity Portfolio

Lead Staff: Reg Hammond

Transformations

	Current state	→	Desired state
C.1	Regulatory and policy setting debates led by telecommunications and narrow commercial interests	→	Regulatory and policy setting debates reflect Multistakeholderism
C.2	Future regulatory models unclear	→	Regulatory standards developed and articulated through to 2020
C.3	High speed connectivity to some	→	High speed connectivity to all
C.4	Internet as a value added service	→	Internet as a utility

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>A process for the development of a 2020 policy and regulatory landscape is set at both a central and local government level, while the short term interests of consumers in viable copper services are protected to ensure widespread, competitive and affordable Internet access in New Zealand</i>
Measures	<ol style="list-style-type: none"> 1. Copper FPP process resolves with the consumer interest protected 2. Clarity on the process to be used to develop a 2020 policy and regulatory landscape

	Activity	Priority	Status	Comment
C.A	Participate in the Commerce Commission-led copper pricing processes for UCLL and UBA, representing the consumer interest in these matters.	B	IP	Numerous submissions.
C.B	Lead a process of discussion and development within the industry to assist MBIE in developing a coherent and Internet and consumer-friendly regulatory model for New Zealand.	A	IP	MBIE workshop 2020+ went excellently. Rest will be after election.
C.C	Encourage local government to understand their role in encouraging deployment and connectivity and to assist infrastructure deployments through an appropriately targeted relationship with Local Government New Zealand	D	IP	Attendance at LGNZ conference.
C.D	Lead discussions on what a “next generation” approach is to Universal Service Obligations	B	NS	Will not happen til after election.

1D: Internet Governance Portfolio

Lead Staff: Jordan Carter

Transformations

	Current state	→	Desired state
D.1	Debate on Internet Governance is largely framed by governments and the ITU	→	Debate on Internet Governance is largely framed by Internet Stakeholders.
D.2	NZ Government is an ally of the open Internet	→	NZ Government is a principled advocate of the open Internet
D.3	Shallow multistakeholderism is evident in the Internet Governance world	→	Multistakeholderism is firmly embedded in the Internet Governance world
D.4	Stakeholders do not understand Internet Governance and its relevance	→	Stakeholders understand and appreciate why we do this and they may appropriately engage in a true multistakeholder fashion

2014/15 Goal

In this portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>We effectively contributes to Internet Governance processes regionally and globally.</i>
Measures	<ol style="list-style-type: none"> 1. Local multistakeholder model developed by furthering collaboration with the five “key constituencies” and effectively discussing and collaborating with them 2. Reflect New Zealand Internet governance debates in wider forums and reflect those wider debates in New Zealand forums 3. Group International Strategy and Plan are fully developed and signed off by Council in October 2014

	Activity	Priority	Status	Comment
D.A	Support ICANN's evolution in the post-NTIA era, including through a workable structural separation of the IANA functions	A	IP	Progress made at ICANN London.
D.B	Develop International Strategy and Plan to guide participation in international activities across the different parts of the InternetNZ Group	B	NS	August start planned.
D.C	Implement process changes and relevant tools for better collaboration and information sharing regarding Internet Governance work across the group.	A	NS	Scoping under way.
D.D	Develop and use an assessment framework for the difference InternetNZ makes in Internet Governance	B	NS	
D.E	Consider the overall level of resource devoted to Internet Governance participation	C	IP	Ongoing review, part of D.A. above.
D.F	Participate in a range of Internet Governance fora: <ul style="list-style-type: none"> • ICANN • ITU • United Nations (IGF, WSIS) • Other (NetMundial, Pacific, contingency) Note: these costs relate to all travel and accommodation costs for attendances at the specified forums. ICANN attendance is high in 2014/15 as continued handover of relationships and responsibilities from the outgoing International Director to permanent staff continues, and will reduce in 2015/16 and beyond.	B	IP	JC, ES and KD participated in ICANN London for InternetNZ. Frank March was present as a Council rep.

1E: Internet Technology Portfolio

Lead Staff: Dean Pemberton

Transformations

	Current state	→	Desired state
E.1	Communications on the Internet not authorised and identified by reliable systems	→	Reliable systems in place to identify and authorise online communications
E.2	Network design does not anticipate likely future demands, features, resilience and stability	→	Best practice in future proofing networks for demand, features, resilience and stability are developed and shared
E.3	Many online activities, products and services are insecure	→	All Internet products and services have positive security models
E.4	InternetNZ engagement with the development of Open Protocol Standards lacks strategy and focus	→	InternetNZ's strategy and engagement with the development of Open Protocol Standards bodies well documented and focused
E.5	The technical components within the New Zealand Internet community are not well mapped	→	The technical components within the New Zealand Internet community are well mapped.

2014/15 Goal

In this area/portfolio, the key outcome we are seeking to bring about this year is as follows:

Goal	<i>To ensure that we are a leading supporter of the technical development of the Internet in New Zealand by developing and sharing robust analysis of key technical challenges.</i>
Measures	<ol style="list-style-type: none"> 1. Successful InTAC conference held as judged by participant feedback 2. Publication of technical analysis on issues related to transformations in the business year 3. Feedback from the New Zealand technical community is largely supportive of InternetNZ's stances and activities 4. We are represented and engaged at IETF and RIR policy and protocol standards development fora

	Activity	Priority	Status	Comment
E.A	Undertake an evaluation of the RealMe system, including a review of alternatives, and determine whether and how this could be more widely implemented, in collaboration with DIA if appropriate and available.	A	IP	Initial scoping. Public and Private participation.
E.B	Research and advise upon systems that allow users to remain anonymous on the Internet while still complying with local laws and regulations	B	NS	
E.C	Advocate for the widespread adoption of DNSSEC to ensure that the domain name resolution system is protected from interception and redirection	B	NS	
E.D	Undertake or commission research into possible CSIRT models for NZ. This should include collaboration with PacCERT where possible.	A	IP	Report to start work in August
E.E	Advocating for the deployment of RPKI to ensure that the Internet routing system is free of interference and can be trusted, in collaboration with NZRS.	B	NS	
E.F	Ensure that Internet exchanges within NZ are operating at an appropriate level to attract large global participants (e.g. CDN providers) to best provide content and services to NZers.	D	NS	
E.G	Publish and promote material educating the NZ Technical community regarding new technologies such as Software Defined Networking (SDN)	C	NS	
E.H	Active participation with the APNIC, RIPE NCC and IETF communities to ensure that both New Zealand views are represented in policies and that emerging technologies are communicated to the NZ Internet community.	B	IP	APNIC conference prep; Policy SIG mailing list monitoring
E.I	Organise and hold InTAC conference	B	DONE	Successful & positive feedback. Survey to follow.

Andrew Cushen, Work Programme Director

31 July 2014

Financial Report: to 30 June 2014

Author: Jordan Carter, Chief Executive

Purpose of Paper: To provide an update on the financial performance of InternetNZ.

Commentary to the Accounts

As at June 2014, InternetNZ had a loss of \$637,658 against a budgeted loss of \$655,375 reflecting a variance of \$17,717. Detailed commentary on the variances follows.

There follow a number of attachments with further information for Council:

- A - The profit and loss statement
- B - A chart showing net income, actual against budget
- C - The balance sheet
- D - Information about the spread of assets across institutions
- E – Managed Invested Funds, balance per month and chart
- F - A chart showing cash in bank, actual against forecast
- G - The cash flow forecast to March 2015.

Expenditure variances

Major areas of difference are:

- Remuneration is under budget by \$12k, as salary reviews are being done in July.
- The Internet Issues Programme is under budget by \$8k, it is expected that this will change now the areas of work have been identified.
- Community Funding is under budget by \$6k while waiting on the finalisation of the funding process.
- Community Engagement costs are \$3k over budget, of which \$9k is associated with NetHui, and the sponsorship invoicing timing.

Other Expected Major Budget Variances

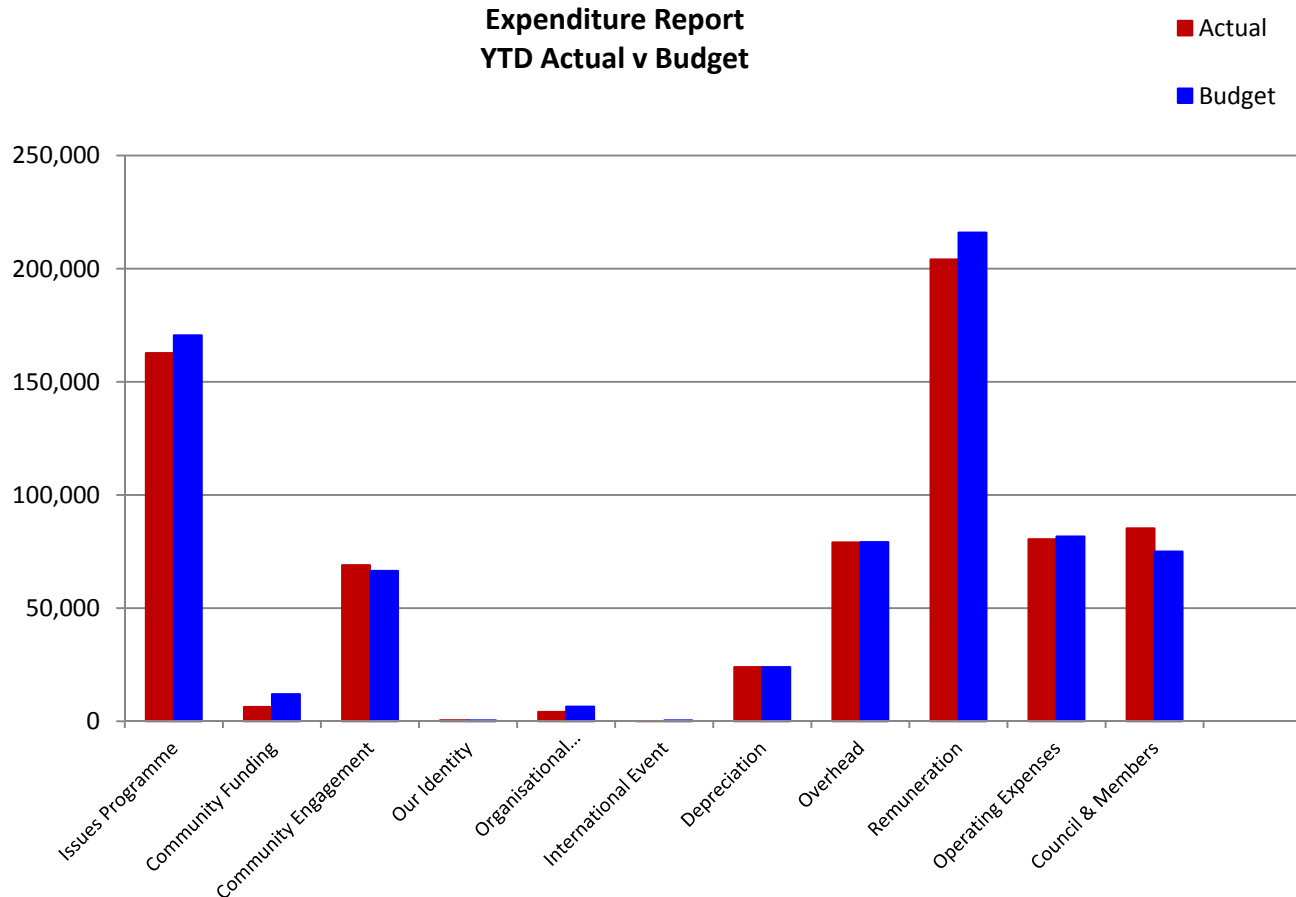
NetHui is running over budget for a range of reasons – we will report fully on this at the conclusion of the project. There are no other expected major budget variances to report.

Condensed Income and Expenditure Report

Actual v Budget As at 30 June 2014

	YTD Actual \$	YTD Budget \$	Variance \$
Income – total	78,229	77,128	1,101
Expenditure			
Issues Programme	162,754	170,601	-7,847
Community Funding	6,358	12,000	-5,642
Community Engagement	69,013	66,500	2,513
Our Identity	483	450	33
Organisational Improvement	4,156	6,501	-2,345
International Event	161	450	-289
Depreciation	24,000	24,000	0
Overhead	79,064	79,186	-122
Remuneration	204,124	216,027	-11,903
Operating Expenses	80,496	81,716	-1,220
Council & Members	85,278	75,072	10,206
Expenditure – total	715,887	732,503	-16,616
Net Income	-637,658	-655,375	17,717

Expenditure Report YTD Actual v Budget



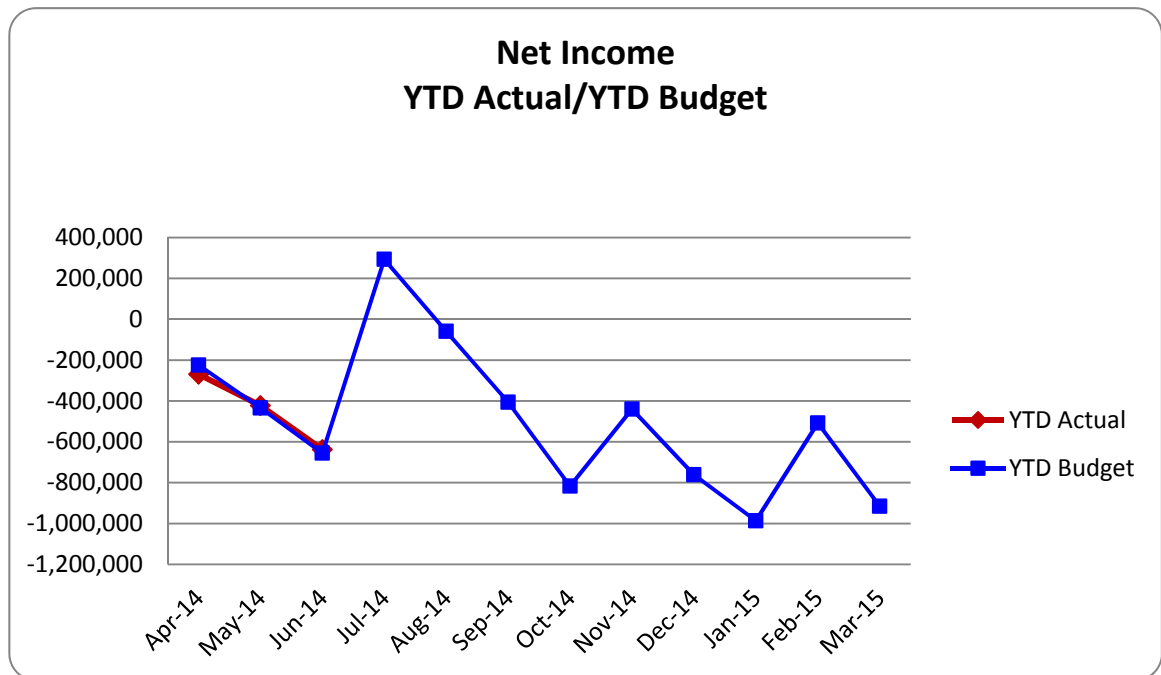
Attachment A

InternetNZ
Profit and Loss Statement
As at 30 June 2014

InternetNZ YTD	Apr - Jun 14	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
500 · Operating Income			
530 · Shared Group Services	70,551.48	70,552.00	-0.52
542 · Membership - Corporate	2,700.00	2,213.00	487.00
546 · Membership - Individual	3,355.54	2,863.00	492.54
Total 500 · Operating Income	76,607.02	75,628.00	979.02
580 · Investment Income			
586 · Interest	1,621.70	1,500.00	121.70
Total 580 · Investment Income	1,621.70	1,500.00	121.70
Total Income	78,228.72	77,128.00	1,100.72
Expense			
600 · Remuneration			
625 · Miscellaneous Staff Costs	0.00	1,081.00	-1,081.00
630 · Recruitment	14,871.05	16,000.00	-1,128.95
635 · Staff Training	3,256.00	1,832.00	1,424.00
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Contribution	6,018.40	7,436.00	-1,417.60
651 · Wages & Salaries - Other	156,519.21	165,000.00	-8,480.79
Total 651 · Wages & Salaries	162,537.61	172,436.00	-9,898.39
653 · Wages - Casual & Temporary	1,346.89	4,056.00	-2,709.11
654 · Wages - Contractors	12,766.40	9,909.00	2,857.40
655 · Contracted Technical Services	9,345.80	10,713.00	-1,367.20
Total 600 · Remuneration	204,123.75	216,027.00	-11,903.25
800 · Operating Expenses			
801 · Accountancy Fees	1,477.25	3,900.00	-2,422.75
805 · Advertising & Marketing	446.65	3,515.00	-3,068.35
808 · Audit Fees	-126.00	0.00	-126.00
809 · Bank Charges	620.82	405.00	215.82
811 · Conferences	1,993.48	2,765.00	-771.52
813 · Consultants	10,945.39	8,376.00	2,569.39
816 · Depreciation	24,000.00	24,000.00	0.00
817 · Domain Names	286.00	400.00	-114.00
820 · General Office Expenses	7,371.90	7,500.00	-128.10
822 · Governance Training	2,280.87	3,243.00	-962.13
824 · Honoraria	16,687.50	16,687.00	0.50
826 · Legal Fees	10,612.50	5,856.00	4,756.50
829 · Meeting Costs	23,169.14	22,713.00	456.14
835 · Postages & Couriers	720.63	1,082.00	-361.37
851 · Repairs and Maintenance	943.77	2,163.00	-1,219.23
853 · R & M - Software	1,371.71	1,471.00	-99.29
855 · Printing & Stationery	4,574.41	5,175.00	-600.59
860 · Subscriptions	8,316.00	6,437.00	1,879.00
870 · Telecommunications	23,495.73	18,037.00	5,458.73

872 · Travel & Accommodation - International	13,984.00	14,000.00	-16.00
873 · Travel & Accommodation - National	36,155.36	30,900.00	5,255.36
875 · Web Site Updates & Hosting	447.00	2,163.00	-1,716.00
876 · Issues Programme Header			
876-10 · Internet Issues Programme			
876-1A · General Election 2014	7.74	0.00	7.74
876-1B · Inform NZ Voters Internet Issue	984.00	1,000.00	-16.00
896-1E · Policy Advisory Group (PAG)	3,117.58	3,000.00	117.58
Total 876-10 · Internet Issues Programme	4,109.32	4,000.00	109.32
876-20 · Internet Law & Rights Portfolio			
876-AB · Copyright review	4,950.78	5,258.50	-307.72
876-AC · Harmful Digital Communications	4,220.00	4,275.50	-55.50
876-AD · Net Neutrality - NZ	10,800.00	10,717.00	83.00
876-AE · State Surveillance	0.00	5,000.00	-5,000.00
876-AF · Internet Rights	1,360.00	2,000.00	-640.00
Total 876-20 · Internet Law & Rights Portfolio	21,330.78	27,251.00	-5,920.22
876-30 · Internet Use Portfolio			
876-BB · Whangarei Study	901.79	1,000.00	-98.21
876-BD · REANNZ collaboration	240.00	500.00	-260.00
Total 876-30 · Internet Use Portfolio	1,141.79	1,500.00	-358.21
876-40 · Internet Connectivity Portfolio			
876-CA · Participate Comm Comm UCLL/UBA	14,257.22	5,000.00	9,257.22
876-CB · Consumer-friendly regulatory	16,564.00	17,749.00	-1,185.00
876-CD · Next Generation Uni Service Obl	1,558.00	0.00	1,558.00
Total 876-40 · Internet Connectivity Portfolio	32,379.22	22,749.00	9,630.22
876-50 · Internet Technology Portfolio			
876-EA · Evaluate the RealMe system	720.00	500.00	220.00
876-EB · Systems to allow anonymity	6,540.00	6,000.00	540.00
876-EE · Advocate for deployment of RPKI	240.00	300.00	-60.00
876-EF · Internet Exchange Operations	490.17	500.00	-9.83
876-EG · Publish & Promote Emerging Tech	240.00	200.00	40.00
876-EH · Participation APNIC,RIPE NCC-IE	480.00	500.00	-20.00
876-EI · InTAC Internet Technical Architecture	7,066.08	7,680.00	-613.92
876-50 · Internet Technology Portfolio - Other	9,120.00	7,821.00	1,299.00
Total 876-50 · Internet Technology Portfolio	24,896.25	23,501.00	1,395.25
876-60 · Internet Governance Portfolio			
876-DE · Resource to Internet Governance	33,600.00	33,600.00	0.00
876-DF · Internet Governance fora			
876-DF1 · ICANN	35,516.22	48,000.00	-12,483.78
876-DF4 · Other (NetMundial, Pacific)	9,780.68	10,000.00	-219.32
Total 876-DF · Internet Governance fora	45,296.90	58,000.00	-12,703.10
Total 876-60 · Internet Governance Portfolio	78,896.90	91,600.00	-12,703.10
Total 876 · Issues Programme	162,754.26	170,601.00	-7,846.74
878 · Community Funding			
878-32 · On Demand Grants	0.00	4,500.00	-4,500.00
878-3B · Community Funding Review process	6,357.61	7,500.00	-1,142.39
Total 878 · Community Funding	6,357.61	12,000.00	-5,642.39
880 · Community Engagement			
880-2A · NetHui	58,773.93	50,000.00	8,773.93

880-2D · Sponsorship	10,239.13	15,000.00	-4,760.87
880-2F · Relationship Management System	0.00	1,500.00	-1,500.00
Total 880 · Community Engagement	69,013.06	66,500.00	2,513.06
882 · Our Identity			
882-4B · Website Development	483.08	450.00	33.08
Total 882 · Our Identity	483.08	450.00	33.08
885 · Organisational Improvement			
885-5A · Performance Management	4,156.25	5,001.00	-844.75
885-5C · Tools to support Efficiency	0.00	1,500.00	-1,500.00
Total 885 · Organisational Improvement	4,156.25	6,501.00	-2,344.75
887 · International Event			
887-01 · APRICOT 2016	160.63	450.00	-289.37
Total 887 · International Event	160.63	450.00	-289.37
Total 800 · Operating Expenses	432,699.00	437,290.00	-4,591.00
900 · Overheads			
915 · Cleaning Costs	7,955.22	6,909.00	1,046.22
933 · Electricity	5,168.48	6,215.00	-1,046.52
950 · Insurance	2,625.51	2,619.00	6.51
975 · Rent Paid	62,602.38	62,611.90	-9.52
980 · Security	712.53	831.00	-118.47
Total 900 · Overheads	79,064.12	79,185.90	-121.78
Total Expense	715,886.87	732,502.90	-16,616.03
Net Ordinary Income	-637,658.15	-655,374.90	17,716.75
Other Income/Expense			
Other Income			
1000 · Special Dividends			
1010 · Special Dividends - Interest	1.19	3,000.00	-2,998.81
1030 · Investment Income	23,058.55	12,900.00	10,158.55
Total 1000 · Special Dividends	23,059.74	15,900.00	7,159.74
Total Other Income	23,059.74	15,900.00	7,159.74
Other Expense			
1900 · Special Dividend Exp-Overhead			
1950 · Investment Funds Management Fee	1,064.92	900.00	164.92
Total 1900 · Special Dividend Exp-Overhead	1,064.92	900.00	164.92
Total Other Expense	1,064.92	900.00	164.92
Net Other Income	21,994.82	15,000.00	6,994.82
Net Income	-615,663.33	-640,374.90	24,711.57



**InternetNZ
Balance Sheet
As at 30 June 2014**

	<u>June 30, 14</u>
ASSETS	
Current Assets	
Cheque/Savings/Op Term Deposits	
Total Cheque/Savings/	910,035.04
Term Deposits	
Total - Term Deposits	2,144,049.53
Petty Cash	400.00
Total Cash	3,054,484.57
Investment Funds	
GMI Investment	535,233.86
Milford Asset	558,461.65
Total Investment	1,093,695.51
Other Current Assets	140,849.03
Total Other Current Assets	140,849.03
Total Current Assets	4,289,029.11
Fixed Assets	
Total Fixed Assets	370,382.87
Other Assets	
Ordinary Share Capital	30,000.00
Shares in DNCL	580,000.00
Total Other Assets	610,000.00
TOTAL ASSETS	<u><u>5,269,411.98</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Total Accounts Payable	223,861.26
Other Current Liabilities	
Accruals	42,601.00
Lease Incentives	22,611.34
Payroll Liabilities	20,574.71
Total Other Current Liabilities	85,787.05
Total Current Liabilities	309,648.31
Total Liabilities	309,648.31
Equity	
Retained Earnings	5,575,427.00
Net Income	-615,663.33
Total Equity	4,959,763.67
TOTAL LIABILITIES & EQUITY	<u><u>5,269,411.98</u></u>

Attachment D: Spread of assets across institutions

Special Dividend Investment Information

Date	Bank	Term	Amount
15/07/2013	ANZ	12 months	164,251
27/07/2013	ANZ	12 months	104,200
11/11/2013	ASB	12 months	427,358
02/12/2013	Kiwibank	12 months	273,934
12/12/2013	Kiwibank	12 months	681,449
30/01/2014	ASB	6 months	407,662
28/02/2014	BNZ	12 months	85,194
Total \$			2,144,048

Investment information is recorded separately from the InternetNZ operating reserves as a distinct balance sheet line item, as per the InternetNZ Funds Investment Management Policy Principle 1.

InternetNZ Operating Reserves Investment Information

Date	Bank	Term	Amount
07/02/2014	ANZ	12 months	197,253
07/09/2013	BNZ	189 Days	576,326
Total \$			773,579

Managed Investment Funds Information

Date	Managers	Amount
20/06/2013	GMI	535,234
20/06/2013	Milford	558,462
Total \$		1,093,696

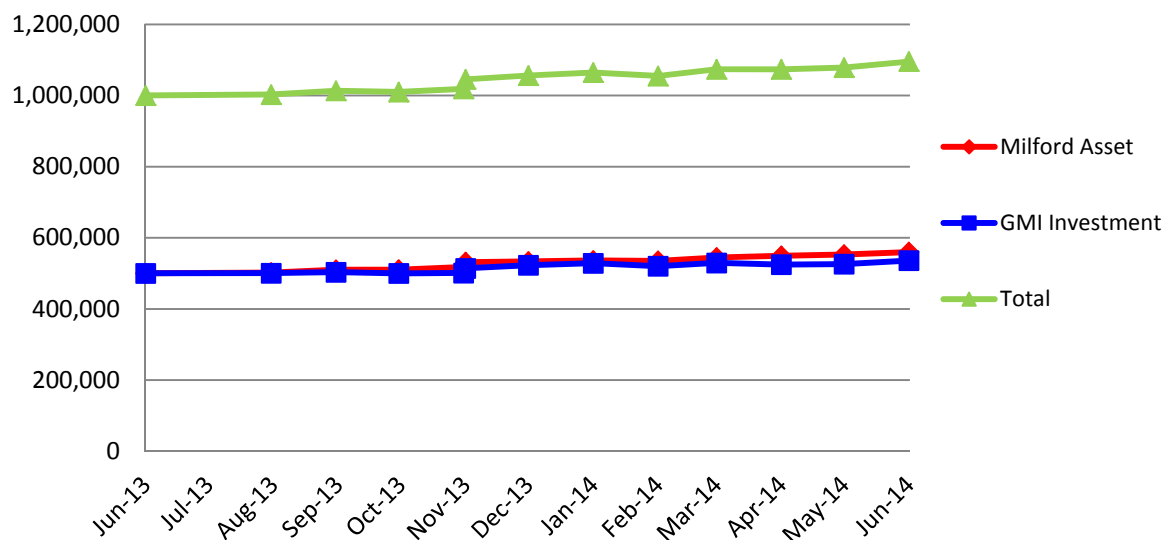
Managed Investment funds recorded at market value on 31 May 2014.

Attachment E: Managed Invested Funds

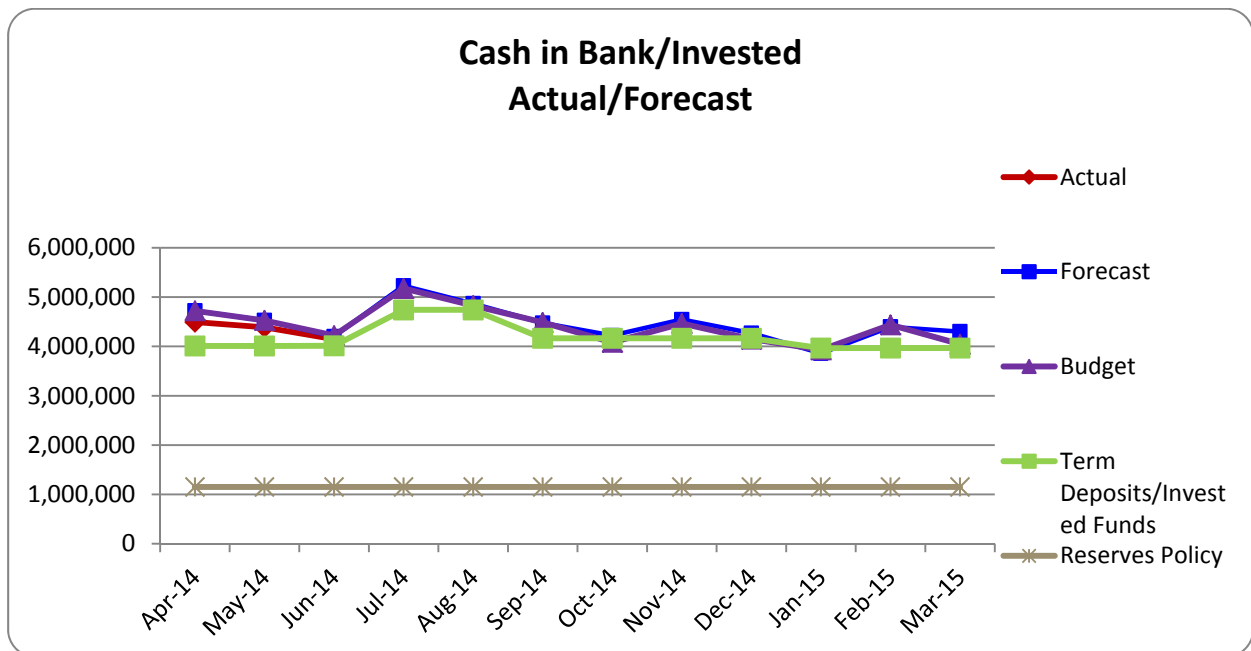
Investment Funds Monitoring report

	Milford Asset	GMI Investment	Total
Opening	500,000	500,000	1,000,000
Jun-13	502,114	500,515	1,002,629
Jul-13	509,888	503,345	1,013,233
Aug-13	510,190	499,815	1,010,005
Sep-13	517,776	500,933	1,018,709
Oct-13	531,439	513,978	1,045,417
Nov-13	533,477	522,776	1,056,253
Dec-13	536,156	528,378	1,064,534
Jan-14	534,949	520,011	1,054,960
Feb-14	544,611	529,257	1,073,868
Mar-14	549,064	524,573	1,073,637
Apr-14	552,649	525,942	1,078,591
May-14	559,707	535,855	1,095,562
Jun-14	558,462	535,234	1,093,696

Investment Funds Monthly Closing Balances



Attachment F – Cash in Bank/Invested actual compared with forecast



Attachment G

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Total
RECEIPTS	Actual	Actual	Actual	Project	Project	Project	Project	Project	Project	Project	Project	Project	Act/Proj.
Invoiced Sales	90,037	25,331	24,759	47,710	27,990	27,988	27,990	27,989	27,989	27,990	27,989	29,731	413,493
Special Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Income	5,999	19,524	0	0	0	0	0	0	0	0	0	0	25,523
Special Dividends Interest	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	8,000
Dividends	0	0	0	1,355,776	0	0	0	700,000	0	0	700,000	0	2,755,776
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Received	398	788	435	2,896	3,025	2,251	2,117	2,598	2,409	2,134	2,230	34,000	55,281
Special Dividend Term Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Receivable	180	0	2,273	31,026	0	2,121	0	39,666	15,847	0	1,128	0	92,241
RWT Received	0	0	0	0	0	0	0	0	0	0	0	0	0
GST	3,058	64,795	0	0	109,296	0	67,378	0	71,483	0	48,411	0	364,421
	99,672	110,438	27,467	1,437,408	141,311	33,360	98,485	771,253	118,728	31,124	780,758	64,731	3,714,735
PAYMENTS													
Invoiced Costs	512,368	154,397	205,326	223,861	449,683	335,503	325,509	413,027	307,630	304,317	192,905	204,197	3,628,723
ACC Levies	0	0	0	0	0	0	4,580	0	0	0	0	0	4,580
Salary & Wages	27,561	38,654	38,654	78,232	47,195	47,195	47,195	47,195	47,195	47,195	47,195	47,195	560,661
Investment Funds	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
RWT	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYE	7,762	25,435	13,535	39,841	30,888	23,246	23,244	23,246	23,244	23,246	23,244	23,246	280,177
GST	0	0	8,268	0	0	0	0	0	0	0	0	0	8,268
	547,691	218,486	265,783	341,934	527,766	405,944	400,528	483,468	378,069	374,758	263,344	274,638	4,482,409
NET CASH FLOW	-448,019	-108,048	-238,316	1,095,474	-386,455	-372,584	-302,043	287,785	-259,341	-343,634	517,414	-209,907	-767,674
OPENING BANK	4,942,563	4,494,544	4,386,496	4,148,180	5,243,654	4,857,199	4,484,615	4,182,572	4,470,357	4,211,016	3,867,382	4,384,796	4,942,563
CLOSING BANK	4,494,544	4,386,496	4,148,180	5,243,654	4,857,199	4,484,615	4,182,572	4,470,357	4,211,016	3,867,382	4,384,796	4,174,889	4,174,889

Bank Account Balances as per BS	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
ANZ Savings	413,445	264,226	64,661									
ANZ Current	88,297	112,496	71,522									
ANZ Term Deposit	465,704	465,704	465,704									
ASB Term Deposit	831,055	831,055	835,144									
BNZ Term Deposit	661,660	661,660	661,661									
Kiwibank Term Deposit	955,393	955,393	955,393									
Petty Cash	400	400	400									
Investment Funds	1,078,591	1,095,562	1,093,696									
	4,494,544	4,386,496	4,148,180	0	0	0	0	0	0	0	0	0

NZRS 1st Quarter Report

30 July 2014

Frank March
President
InternetNZ
PO Box 11 881
Wellington

Dear Frank

Re: 1st Quarter 2014 - 2015 Report

We enclose our first quarterly report of the 2014 - 2015 year; the quarter ended 30th June 2014. The report, which I submit on behalf of the Board, consists of the summarised management accounts and a commentary on financial, operational, and strategic issues in relation to the company's performance. There is nothing in the report that we regard as confidential.

This report meets the requirement of the Reporting Policy incorporated in the July 2008 INZ - NZRS Operating Agreement.

All reporting on .nz is found in our joint report with DNCL.

1. Financial

Enclosed are Statements of:

- Financial performance; and
- Financial position

These statements are based on our management accounts for the quarter.

The net profit before tax of \$601,043 for the quarter was 33.0% above the budgeted \$450,299.

Domain name growth has slowed significantly and was below budget for the quarter (actual 2,283 versus budgeted 3,000). April's net growth was at 2,045, May's net growth at -1,223 and June's net growth at 1,461. Actual domain name fee income for the quarter was above budget by \$16,626 (actual \$2,093,974 versus budgeted \$2,077,348).

Expenses for the quarter were \$133,066 below budget (actual \$1,578,794 versus budgeted \$1,711,860) due to timing around recruitment and business development expenditure, cost control and the strong NZ dollar.

The company's liquidity ratio was met.

There were no dividends paid during this quarter.

2. Other Key Strategic and Operational Activities

a) Insourcing

In this quarter we completed the insourcing of system administration and software development functions from our outsourcing partner, taking full operational control of all systems. This was a smooth transition and has been followed up with a review of all insourced systems leading to the modernising and updating of the tools used to manage our infrastructure.

b) Recruitment

With the insourcing complete, Sebastian Castro was able to divest his responsibilities as the DNS Specialist and begin work in his new role as our Technical Research Manager. In addition we have taken on Jamie Horrell, previously a contractor, in a permanent role as our Data Specialist within the Technical Research team.

We have a web developer role that remains to be filled.

c) Property

The outstanding fit-out work was completed this quarter and the last remaining items of furniture delivered and installed. The company now has a working environment well suited to a technology centric organisation.

3. Business/service development

Early stage business development work around the identification of opportunities continued over this quarter.

Substantive work on the main opportunity presented to Council was on hold pending a response from InternetNZ on queries around the principles to be followed in implementing new opportunities. This was received near the end of the quarter and we initiated the DNCL assessment of the fit to .nz policy and principles for this opportunity.

Progress was made on a number of other initiatives in the Internet measurement and Internet research space. In particular we began work on the redevelopment of the National Broadband Map with a joint letter going out from NZRS and MBIE to ISPs seeking updated data.

Please do not hesitate to contact me if you have any queries.

Yours sincerely



Richard Currey
Chair

NZ Domain Name Registry Ltd

Financial Statements

For the Quarter Ended 30 June 2014

New Zealand Domain Name Registry Limited
Financial Statements
For the Quarter Ended 30 June 2014

Statement of Financial Performance

Balance Sheet

Statement of Cash Flows

Profit & Loss

NZ Domain Name Registry Ltd For the 3 months ended 30 June 2014

	Actual	Budget	Var NZD	Var %	YTD Actual	YTD Budget	Var NZD	Var %
Income								
Registry Fees	2,093,974	2,077,348	16,626▲	0.8%▲	2,093,974	2,077,348	16,626▲	0.8%▲
Total Income	2,093,974	2,077,348	16,626	0.8%	2,093,974	2,077,348	16,626	0.8%
Less Cost of Sales								
DNC Fee (348)	467,460	467,460	-	0.0%	467,460	467,460	-	0.0%
DNS Expenses	104,304	118,616	(14,312)▼	-12.1%▼	104,304	118,616	(14,312)▼	-12.1%▼
Other IT	16,014	41,242	(25,228)▼	-61.2%▼	16,014	41,242	(25,228)▼	-61.2%▼
SRS Expenses	70,101	89,933	(19,832)▼	-22.1%▼	70,101	89,933	(19,832)▼	-22.1%▼
Total Cost of Sales	657,879	717,251	(59,372)	-8.3%	657,879	717,251	(59,372)	-8.3%
Gross Profit	1,436,095	1,360,097	75,998	6.0%	1,436,095	1,360,097	75,998	6.0%
Less Operating Expenses								
Depreciation & Amortisation	201,223	195,703	5,520▲	2.8%▲	201,223	195,703	5,520▲	2.8%▲
Overhead Expenses	719,692	798,906	(79,214)▼	-9.9%▼	719,692	798,906	(79,214)▼	-9.9%▼
Total Operating Expenses	920,915	994,609	(73,694)	-7.4%	920,915	994,609	(73,694)	-7.4%
Operating Profit	515,180	365,488	149,692	41.0%	515,180	365,488	149,692	41.0%
Non-operating Income								
Interest Received (203)	85,863	84,811	1,052▲	1.2%▲	85,863	84,811	1,052▲	1.2%▲
Total Non-operating Income	85,863	84,811	1,052	1.2%	85,863	84,811	1,052	1.2%
Net Profit	601,043	450,299	150,744	33.0%	601,043	450,299	150,744	33.0%

Balance Sheet

NZ Domain Name Registry Ltd As at 30 June 2014

30 Jun 2014

31 Mar 2014

Assets

Bank		
Cash and Cash Equivalents	8,689,180	8,099,572
Total Bank	8,689,180	8,099,572
Current Assets		
Accounts Receivable	828,337	949,271
Interest Receivable (688)	143,453	88,224
Prepayments/Credits (687)	72,061	67,647
Total Current Assets	1,043,851	1,105,143
Fixed Assets		
Fixed Assets	1,185,731	1,089,390
Total Fixed Assets	1,185,731	1,089,390
Total Assets	10,918,763	10,294,105

Liabilities

Current Liabilities		
Accounts Payable	230,995	394,869
Credit Cards	13,702	29,289
Deferred Income - Registry Fees	6,175,414	6,014,320
GST	28,039	(13,943)
Rounding (860)	-	-
Total Current Liabilities	6,448,149	6,424,534
Non-Current Liabilities		
Deferred Income - Adjustment (81700)	343,242	343,242
Total Non-Current Liabilities	343,242	343,242
Total Liabilities	6,791,391	6,767,776
Net Assets	4,127,372	3,526,329

Equity

30,000 Ordinary Shares (60100)	30,000	30,000
Current Year Earnings	601,043	3,101,480
Retained Earnings (638)	3,496,329	394,848
Total Equity	4,127,372	3,526,329

New Zealand Domain Name Registry Limited
Statement of Cash Flows
For the Quarter Ended 30 June 2014



	This Quarter			Year to Date				Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Last Year (YTD)	Budget	LY Actual
Cash Flows From Operating Activities									
Cash Was Provided From:									
Registry Fees Received	2,608,472	2,676,542	(68,070)	2,608,472	2,676,542	(68,070)	2,457,401	10,813,528	9,299,977
Other Receipts	30,634	84,811	(54,177)	30,634	84,811	(54,177)	50,163	329,626	294,663
	2,639,106	2,761,353	(122,247)	2,639,106	2,761,353	(122,247)	2,507,564	11,143,154	9,594,640
Cash Was Distributed To:									
Payments to Suppliers and Employees	1,652,996	1,805,693	(152,697)	1,652,996	1,805,693	(152,697)	1,173,669	6,622,085	5,094,056
Net Taxation Paid	0	0	0	0	0	0	0	0	-
Net Dividend Paid	0	0	0	0	0	0	0	2,755,776	2,559,637
Net GST Paid	21,910	87,121	(65,211)	21,910	87,121	(65,211)	119,928	555,057	339,143
	1,674,906	1,892,814	(217,908)	1,674,906	1,892,814	(217,908)	1,293,597	9,932,918	7,992,836
Net Cashflows from Operating	964,199	868,539	95,660	964,199	868,539	95,660	1,213,967	1,210,236	1,601,803
Cash Flows from Financing Activities									
Cash was Provided From:									
Share Capital	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0		0	0
Cash was Distributed To:									
Repayment of Redeemable Preference Shares	0	0	0	0	0	0	0	0	0
Inland Revenue Use of Money Interest	0	0	0	0	0	0	0	0	0
Net Cash flows from Financing	0	0	0	0	0	0	0	0	0
Cash Flows from Investing Activities									
Cash was Provided From:									
Fitout Contribution	0	0	0	0	0	0	0	0	0
Cash was Distributed To:									
Purchase of Fixed Assets & Formation Expenses	388,294	157,166	231,128	388,294	157,166	231,128	218,488	864,416	955,386
Net Cash flows from Investing Activities	(388,294)	(157,166)	(231,128)	(388,294)	(157,166)	(231,128)	(218,488)	(864,416)	(955,386)
Net Increase (Decrease) in Cash Held	575,905	711,373	(135,467)	575,905	711,373	(135,467)	995,479	345,820	646,417
Plus Opening Cash Balance	8,099,572	8,099,572	0	8,099,572	8,099,572	0	7,423,866	8,099,572	7,423,866
Closing Cash Carried Forward	<u>8,675,478</u>	<u>8,810,945</u>	<u>(135,467)</u>	<u>8,675,478</u>	<u>8,810,945</u>	<u>(135,467)</u>	<u>8,419,344</u>	<u>8,445,392</u>	<u>8,070,283</u>
Closing Cash Comprises									
ASB Bank Cheque Account	1,177,340	-	-	1,177,340	-	-	809,948	8,445,392	618,366
ASB Bank Call Account	252,956	-	-	252,956	-	-	1,121,930	-	252,326
Term Deposits	7,258,884	-	-	7,258,884	-	-	6,487,465	-	7,228,880
ASB Credit Cards	(13,702)	-	-	(13,702)	-	-	0	-	(29,289)
Total Cash Held	<u>8,675,478</u>	<u>8,810,945</u>	<u>(135,467)</u>	<u>8,675,478</u>	<u>8,810,945</u>	<u>(135,467)</u>	<u>8,419,344</u>	<u>8,445,392</u>	<u>8,070,283</u>

.nz Joint 1st Quarter Report

.nz Quarterly Report

First Quarter ended 30 June 2014

Introduction

1. Environment

a) ICANN

This is now covered in the new format joint report.

b) New gTLDs

The most popular new gTLD over this quarter has been .xyz. Names within .xyz were offered for free on an opt-out basis to registrants using a particular registrar for their .com registrations. This has led to an apparently high takeup of the names, which is likely to fall when renewals become due a year after launch. At the end of the quarter, there were 236,577 .xyz domain names registered.

Other than .xyz the other largest new TLDs are .berlin (130k), .club (90k) and .guru (66k).

Although .kiwi was launched on 1 May 2014, (prior to that there was a pre-registration period limited to trademark holders only and then a 'premium names' launch), .kiwi names have continued their slow growth. At the end of the quarter, there were 6090 names registered in .kiwi.

Overall the uptake of new TLDs has been far lower than the expectations of many of the new TLD operators had expected and there are signs that a number are now questioning their current business plans as their long term financial viability comes under threat. This has also led to global registrars showing renewed interest in existing TLDs with established markets, such as .nz.

c) Security

Planning has been finalised to offer DNS training to investigators in conjunction with the NetHui planned for Auckland in July. Places in the course have been over subscribed with representatives from various government departments being joined by private investigators from a range of industries.

ccTLD registries that have been at the forefront of using DNS data to detect malware, in particular ransomware, have recently begun to share their expertise and the results of the police investigations that they have supported. This has demonstrated that there is considerable potential for the detection of malware within DNS traffic that is yet to be explored and understood.

2. Activities

a) .nz Promotion and Marketing

On the www.getyourselfonline.co.nz a new Guide to Marketing was released. It can be found here:

<http://www.getyourselfonline.co.nz/articles/business-guide-marketing-online>

This guide builds on the range of tips and guides available on the site. We have plans later in the year to convert PDF based documents to be HTML in order improve accessibility and make it easier for people to search and find this content.

During the second quarter we developed a new .nz video to build the brand and continue to position .nz as important to both consumers and businesses. These are now complete and will be promoted on the www.getyourselfonline.co.nz site and [Youtube.com/getyourselfonline](https://www.youtube.com/getyourselfonline) channel. There latest video is:

http://www.youtube.com/watch?v=q_wdxnIrZSs

In April we ran an extension of the 'Go Local' and 'Reach Out' messages primarily to drive brand awareness. We achieved 9,817,563 ad impressions primarily across the Google display network, all targeted within New Zealand. The promotion of the John the Plumber video also came to a close during June with 129,090 views achieved over April and June. Total views currently are just under 240,000. These views were as a result of running the video as a Pre-roll on Youtube. One third of all views watched 75% or more. The John the Plumber video can be seen here <https://www.youtube.com/watch?v=mKti8WxADqs>

Every two months we have started to independently measure the awareness of the .nz brand and what it stands for. This is done via a Colmar Brunton Omnijet survey in which we have added a couple of survey questions. Brand recognition has grown from 10% in April to 15% in June. Values placed in the brand also strengthened during this time with .nz being viewed as local, familiar, available, secure, credible and trusted.

b) Registrations at the Second Level project

Work on the second level registrations project by both DNCL and NZRS advanced significantly this quarter. The development of code was ahead of schedule and the projected timeframe of announcing an implementation date in July was on target [announced on 21 July that the implementation date was 30 September 2014 at 1pm].

c) DNSSEC

Meetings were held with different sector groups around the benefits of implementing DNSSEC. There are also ongoing dialogues with various entities including one bank. Work on developing guides and promotional material continues.

d) SRS Architectural review

At the end of this quarter the architectural review was completed with the implementation of a new internal language for the processing of SRS and EPP messages. After nearly three years of work the SRS is now a very different system, suitable for several more years service. This was all achieved while the SRS was in use 24x7 with almost no disruption to registrars.

e) Infrastructure

In this quarter the main focus of infrastructure work was the insourcing of the operational control of the SRS infrastructure by NZRS. This was a smooth transition.

f) International Engagement

- DNCL and NZRS staff attended the ICANN meeting in June in London, England in June
- DNCL staff attended the Multi-lateral Network Security Information Exchange (MNSIE) meeting and AusCert conferences on the Gold Coast
- NZRS staff attended the the DNS Operations, Analysis, and Research Center (OARC) meeting as chair of the programme committee and then the RIPE (European IP Address Registry) immediately after.

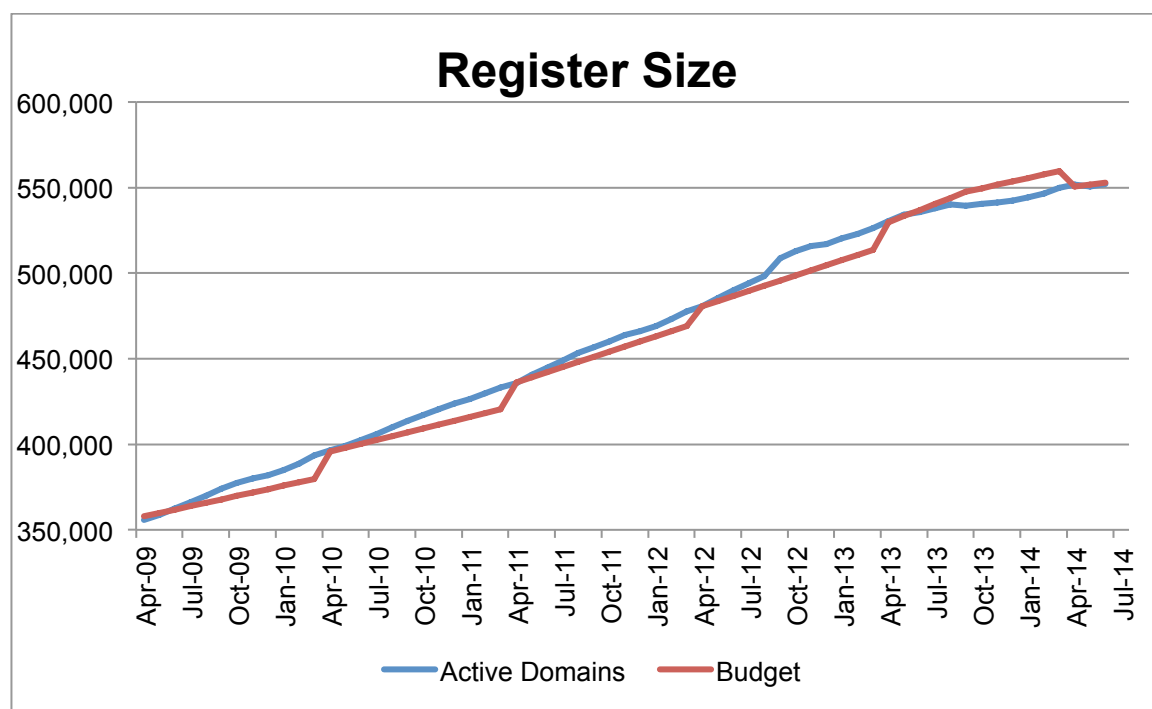
g) Other matters

- Meetings of the DNCL Board were held in May. Minutes of this meeting is online at http://dnc.org.nz/content/Minutes_23_May_2014.html.
- DNCL issued a public warning to registrants about the activities of a reseller - 24/7 Hosting Ltd. The office has been working with the registrar on resolving a range of matters for affected customers. It is likely that these events will result in some proposed policy changes being consulted on.

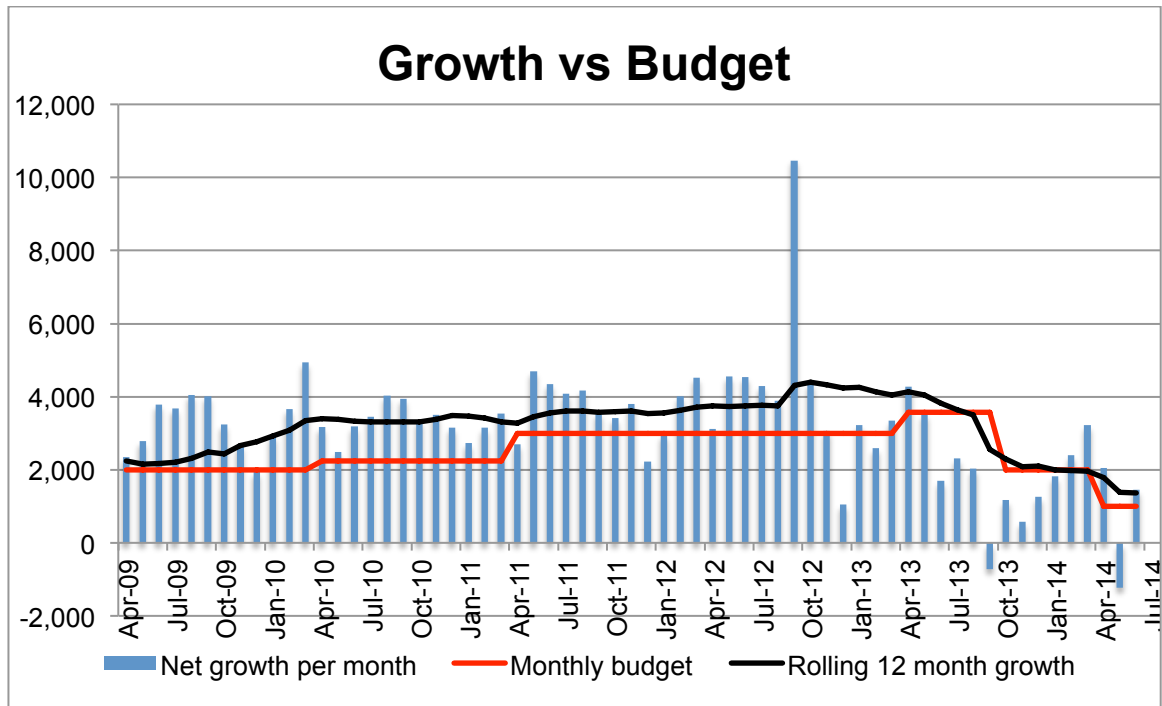
3. Statistics

a) Domain Names

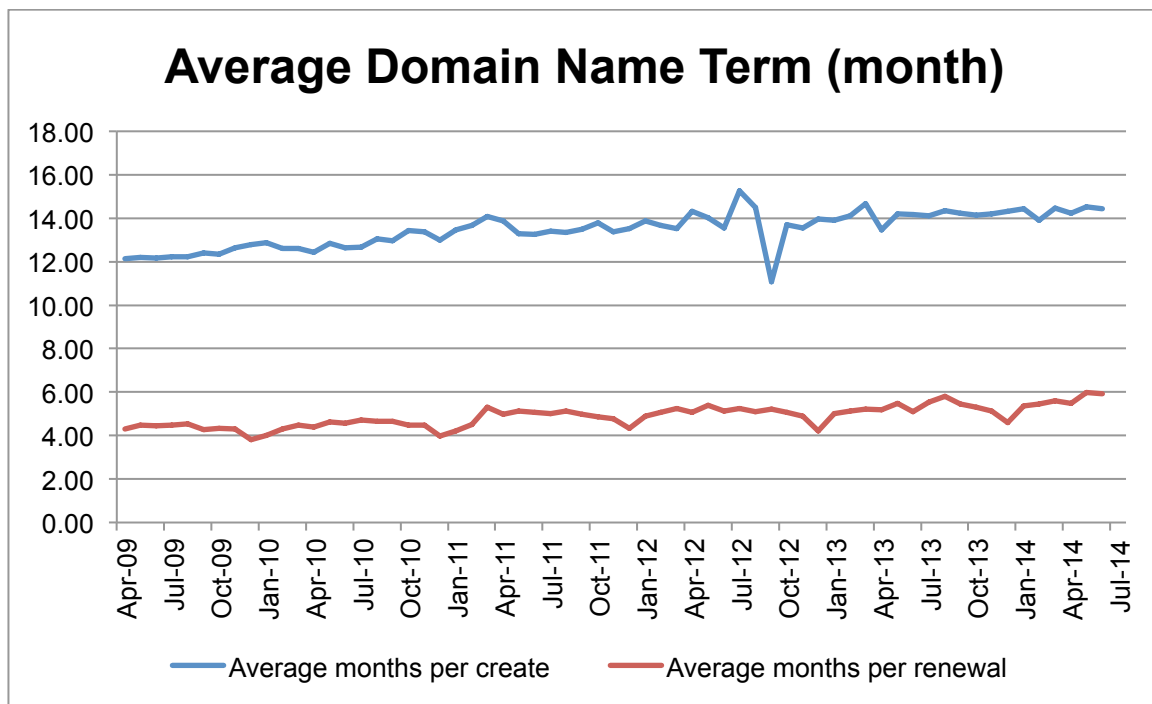
The size of the register against NZRS budgeted growth is shown in the chart below:



The actual growth against NZRS budgeted growth is shown in the chart below:



The average term (average number of months a domain is registered/renewed for) is shown in the chart below:



The breakdown of domain name growth by second level domain is noted in the table below:

	30 April 14	31 May 14	30 June 14
.ac	2,081	2,080	2,098
.co	475,736	474,446	475,702
.cri	12	12	12
.geek	1,200	1,197	1,192
.gen	1,324	1,324	1,324
.govt	1,040	1,040	1,043
.health	191	193	193
.iwi	86	86	83
.kiwi.nz	7,577	7,925	8,010
.maori	1,144	1,102	1,072
.mil	37	37	37
.net	29,608	29,351	29,421
.org	28,351	28,351	28,407
.parliament	10	10	10
.school	3,429	3,449	3,460
Total	551,826	550,603	552,064
Growth over previous month	2,045	-1,223	1,461
Variance against NZRS budget	1,045	-2,223	461

Over the quarter, .nz domain names have increased from 549,781 to 552,064, a net increase of 2,283 or 0.4%. This compares with a growth of a net increase of 3,630 or 0.7% in the same quarter last year.

b) Registrars

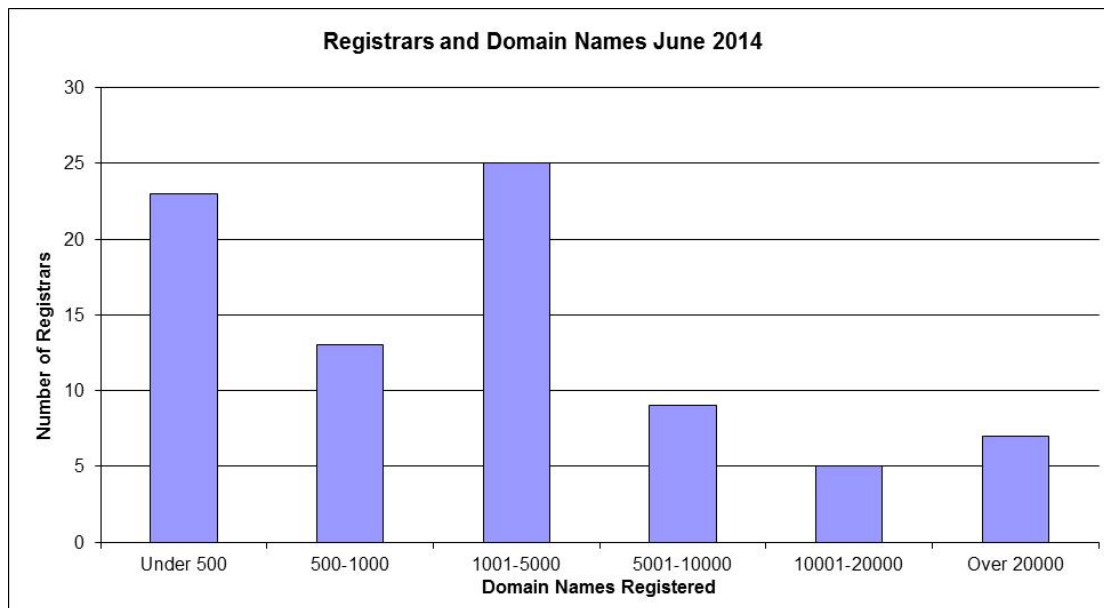
Registrars authorised	86
Registrars connected	82

Number connected during the quarter: Nil

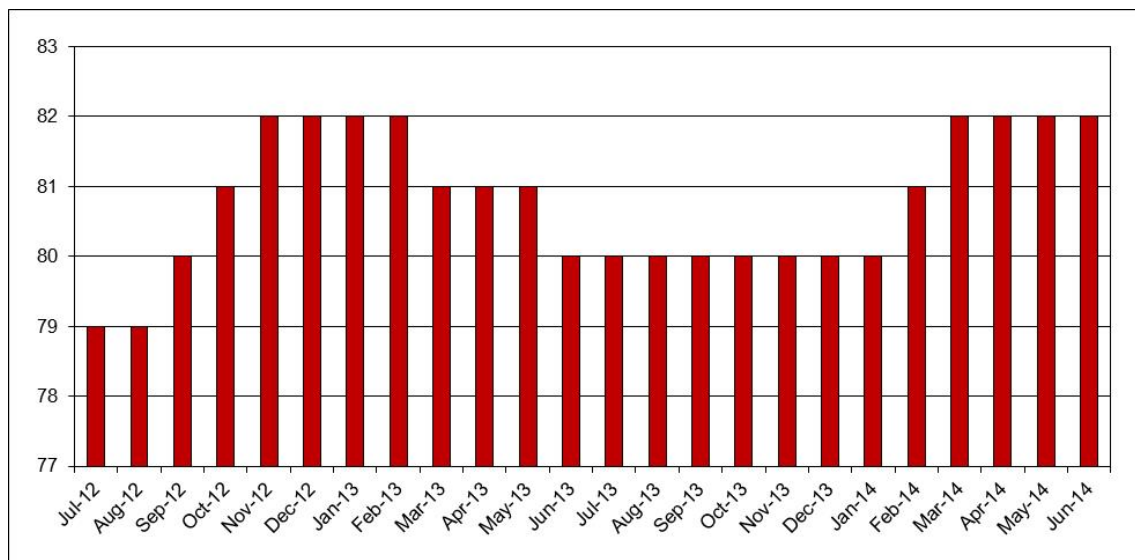
Number authorised during the quarter: Two, Mailclub SAS and Domain Shield Pty Limited.

Number de-authorised during the quarter: Nil

The following chart shows the spread of registrars across the level of domain name registrations:



The following chart shows the number of authorised registrars connected to the SRS:



c) Registry Performance

SLA targets achieved for April and May 2014. In June 2014 the SLA was not met due to an SRS outage, as outlined below:

On the 20th from 7:00 am to 8:14:45 am there was an unscheduled outage to the SRS. The reason for the outage was human error in putting in the wrong date for the planned 2 hour scheduled maintenance window for the 22nd and therefore this maintenance window started on the 20th at 7:00 am. NZRS' checking of the schedule failed to notice the wrong date as well.

As all the servers were operating normally, and a maintenance window is an expected state, the NZRS support team was not paged at the start of the outage window. However after approximately 30 minutes the monitoring checks for various parts of the systems were triggered due to a number of internal processes being stopped by the maintenance window. Several system pages were received by the NZRS on-call support person and after determining what the problem was the system was returned to writable mode.

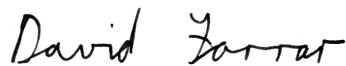
There was no downtime for the Public Whois during this period and no registrars contacted NZRS about the outage.

NZRS have reviewed their processes for scheduling a release and found that they are correct and the instructions are clearly defined. NZRS are looking at changing the display format of the date of the maintenance window from a numeric format to a more human readable format i.e from 2014-06-22 07:00 to 07:00 am, Sunday 22nd July 2014. This change should help in the checking of the scheduling and the spotting of an incorrectly entered date.

NZRS have also introduced a new alert to page first level support if the system is not writable including when the system goes into maintenance mode.

SRS, DNS and Whois availability is noted in the table below:

System	SLA %	Apr-14	May-14	Jun-14
SRS	99.90%	100.00	100.00	99.82
DNS	100%	100.00	100.00	100.00
Whois	99.90%	100.00	100.00	100.00



David Farrar
Chair, DNCL



Richard Currey
Chair, NZRS

DNCL 1st Quarter Report

July 2014

President
InternetNZ

First Quarter 2014/15 report

As for the 2013/14 reporting to Council, DNCL are reporting .nz activities in a joint Quarterly report with NZRS. This means that generally the financial reporting is all that remains to be reported to Council. As you are aware, the DNCL financials are not complicated and so I have included the Profit and Loss Statement in this letter. If Council requires any further information please let me know so I can include it in future reports.

Profit and Loss Statement For Quarter Ending 30 June 2014

	Apr - June 2014			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
INCOME						
Management Fees	467,460	467,460	0	467,460	467,460	0
Authorisation Fees	0	3,000	(3,000)	0	3,000	(3,000)
DRS Complaint Fees	4,000	9,000	(5,000)	4,000	9,000	(5,000)
Interest Income	3,834	1,635	2,199	3,834	1,635	2,199
Total Income	475,294	481,095	(5,801)	475,294	481,095	(5,801)
EXPENSES						
Staff and Office Costs	243,439	264,908	21,470	243,439	264,908	21,470
Professional Services and Communications	16,163	75,495	59,332	16,163	75,495	59,332
Dispute Resolution Services	8,068	17,523	9,455	8,068	17,523	9,455
DNCL and DNC activities	37,626	74,183	36,557	37,626	74,183	36,557
International	45,700	54,146	8,446	45,700	54,146	8,446
Total Expenditure	350,996	486,255	135,259	350,996	486,255	135,259
Depreciation	5,840	23,835	17,995	5,840	23,835	17,995
Net Profit/Loss	118,458	(28,995)	147,453	118,458	(28,995)	147,453

Expenditure in Professional Services and Communications is expected to increase as the awareness campaign around .nz registrations at the second level commences. Complaints made to the Dispute Resolution Service continue to be below those budgeted, both in respect of complaints going to informal mediation and those for which a fee is paid to refer for Expert determination.

The Board of DNCL recommends that the Council of InternetNZ receives this report. Please do not hesitate to contact me if you have any questions.

Yours sincerely

A handwritten signature in black ink that reads "David Farrar". The script is cursive and fluid, with the first name and last name clearly distinguishable.

David Farrar
Director (Chair), DNCL Board

Group Financials

Internet New Zealand
Consolidated Financial Statements
For the Quarter Ended 30 June 2014

Internet New Zealand
Table of Contents
For the Quarter Ended 30 June 2014

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**Internet New Zealand
Exclusion of Liability Statement
For the Quarter Ended 30 June 2014**

We have compiled the Financial Statements comprising Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cash Flows of Internet New Zealand.

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information.

We have not carried out an audit or review engagement of the Financial Statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the material from which the Financial Statements have been prepared. Further, the Financial Statements have been prepared at the request of and for the purpose of the client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

Deloitte
Wellington
30-Jul-14

Internet New Zealand
Consolidated Income Statement
For the Quarter Ended 30 June 2014

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	2,304,030	2,304,030	76,607	76,607	2,093,974	2,093,974	471,460	471,460
Other Income	0	0	0	0	0	0	0	0
Dividends Received	0	0	0	0	0	0	0	0
Interest Received	114,379	114,379	24,682	24,682	85,863	85,863	3,834	3,834
Total Income	2,418,409	2,418,409	101,289	101,289	2,179,837	2,179,837	475,294	475,294
Less Expenses								
Direct Expenses	390,419	390,419	0	0	657,879	657,879	0	0
Other Expenses	1,924,152	1,924,152	716,952	716,952	920,915	920,915	356,836	356,836
Total Expenses	2,314,571	2,314,571	716,952	716,952	1,578,794	1,578,794	356,836	356,836
Net Profit (Loss) Before Tax	103,838	103,838	(615,663)	(615,663)	601,043	601,043	118,458	118,458
Less Provision for Tax	0	0	0	0	0	0	0	0
Net Profit (Loss) After Tax	103,838	103,838	(615,663)	(615,663)	601,043	601,043	118,458	118,458

Notes:

The income and expenditure lines for the individual entities do not add to the Group totals due to the following intra-group entries being eliminated:

1. GSE paid by NZRS and DNCL to INZ
2. The DNCL fee paid by NZRS to DNCL

Internet New Zealand
Statement of Movements in Equity
For the Quarter Ended 30 June 2014

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	9,412,100	9,412,100	5,575,427	5,575,427	3,496,329	3,496,329	340,344	340,344
Plus:								
Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	103,838	103,838	(615,663)	(615,663)	601,043	601,043	118,458	118,458
Less:								
Dividend Paid	0	0	0	0	0	0	0	0
Closing Equity	9,515,938	9,515,938	4,959,764	4,959,764	4,127,372	4,127,372	1,038,802	1,038,802

**Internet New Zealand
Balance Sheet
As at 30 June 2014**

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	13,907,750	4,148,180	8,689,180	1,070,390
Other Current Assets	1,165,054	77,991	1,043,851	43,212
Total Current Assets	15,072,804	4,226,171	9,733,031	1,113,602
Property, Equipment & Software	1,612,532	370,383	1,185,731	56,418
Intangible Assets	0	0	0	0
Investments				
Shares and Loans	0	610,000	0	0
Total Assets	16,685,336	5,206,554	10,918,762	1,170,020
Less Liabilities:				
Deferred Income	6,518,656	0	6,518,656	0
Trade and Other Payables	650,742	246,790	272,734	131,218
Total Liabilities	7,169,398	246,790	6,791,390	131,218
Net Book Value of Assets	9,515,938	4,959,764	4,127,372	1,038,802
Represented By:				
Total Equity	9,515,938	4,959,764	4,127,372	1,038,802

**Internet New Zealand
Statement of Cashflows
For the Quarter Ended 30 June 2014**

	Group Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,465,124	2,465,124
Interest Received	114,379	114,379
Total Received	2,579,503	2,579,503
Cash was distributed to:		
Payments to Suppliers and Employees	2,383,369	2,383,369
Total Payments	2,383,369	2,383,369
Net Flows From Operating Activities	196,134	196,134
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	373,966	373,966
Managed Funds	0	0
Net Cash Flows From Investing & Financing Activities	(373,966)	(373,966)
Net Increase Decrease in Cash & Cash Equivalents	(177,832)	(177,832)
Plus Opening Cash	14,085,582	14,085,582
Closing Cash Carried Forward	13,907,750	13,907,750
Closing Cash Comprises		
Cash & Cash Equivalents	13,907,750	13,907,750

Cash Flow Reconciliation

Net Profit (Loss) After Tax	103,838	103,838
Plus (Less) non cash items		
Depreciation	231,063	231,063
Subtotal	334,901	334,901
Movement in Working Capital		
(increase) decrease in receivables	170,557	170,557
increase (decrease) in payables	(470,418)	(470,418)
increase (decrease) in deferred income	161,094	161,094
Net Cash Flows From operations	196,134	196,134

International Update

Joint report – ICANN 50 London

The 50th ICANN meeting was held in London from 22-26 June 2014. Several InternetNZ group staff and governors attended the meeting:

Jordan Carter, Keith Davidson, Ellen Strickland, Frank March from INZ

Jay Daley, David Morrison, Richard Currey from NZRS

Debbie Monahan, David Farrar from DNCL

This report, the first of its kind, is a brief report to InternetNZ Council and subsidiary Board from each of the individuals who attended the ICANN meeting. It aims to provide a brief summary of the issues while demonstrating the breadth of coverage and depth of engagement that group attendees achieve at ICANN. This report will also be produced soon after an ICANN meeting to keep Council and Boards more contemporaneously informed.

Key themes

1. The transition out of the stewardship of the IANA function by the NTIA, with the focus now on the process that will recommend the structure to replace the NTIA.
2. The increasing concerns about the way that ICANN is going about community engagement, often too quickly, with seemingly pre-determined outcomes and with poor attention to detail.
3. The strong divisions within the Government Advisory Committee (GAC) about those new TLDs that some governments wish to exercise significant control over or block from being delegated. In particular the French concerns over .vin and .wine.
4. The underwhelming initial growth of many new TLDs and the long-term impact this has on their business plans and the overall market for domain names.

Jordan Carter

My main reason for attending the ICANN meeting was to pursue the ongoing debate regarding Internet Governance matters, and particularly the evolving discussion regarding the IANA transition and ICANN accountability requirements in the post-NTIA world. In aid of these, I focused on attending relevant sessions in the ccNSO, of the ccWG-IG, of the ccNSO's IG coordination group, and on-topic ICANN plenary sessions.

I was able to attend a number of ccTLD and gTLD related functions organised by Verisign, SIDN (the .NL registry) and organised an array of catch up with other Internet Governance people there. We also had a meeting with ISOC's staff leadership team to discuss a range of Internet Governance matters.

Keith Davidson

Keith Davidson attended ICANN London, the Commonwealth DNS Forum in the lead-up days, and the ISOC Board meeting immediately following ICANN. Keith is the vice-chair of the ccNSO Council in ICANN,

and also chair of the Framework of Interpretation Working Group (FOIWG). The FOIWG completed its final report drafting in London, and the Framework of Interpretation is now ready to proceed through GAC and ccNSO approval processes, with the hope it will be accepted by the ICANN board during the October Los Angeles meeting. This is bringing a conclusion to a number of policy issues arising relating to the delegations and redelegations of ccTLDs, and should provide colour and depth to existing policies, making ICANN board decisions more predictable and transparent in the future.

Keith was also involved in a number of discussions relating to the "transition of IANA function", and is a nomination to one of the four ccNSO positions on the "IANA Stewardship Transition Process Coordination Committee". The ccNSO has 4 of the 27 seats on this committee.

Ellen Strickland

I attended ICANN 50 with a primary focus of attending the Second ICANN At-Large Summit (ATLASII), which brought together all the member organisations of the At-Large constituency, which represents Internet end users in the ICANN system, for a week long meeting concurrent with and including ICANN 50. Much of the focus of discussion in and around the ATLASII related to the ongoing debates regarding Internet Governance matters, particularly the evolving discussion regarding the IANA transition and ICANN accountability requirements in the post-NTIA world. In aid of these discussions, I took part in the ATLASII working group on multistakeholderism as well as met with the Asia-Pacific At Large representatives regarding the other working groups, particularly ICANN accountability. The ATLASII issued a declaration as the outcome of its working groups, found at <https://community.icann.org/display/als2/ATLAS+II+Declaration>

I also attended sessions related to ICANN's Oceania outreach efforts, which focus on the Pacific Islands, as well as meeting with Pacific Island attendees as much as possible. I worked to engage broadly with other Civil Society representatives attending ICANN as well, including by attending an ICANN and civil society meeting and function on the Friday prior to ATLASII and by attending the GNSO Non-commercial Users constituency (NCUC) meeting, which I am a member of as an academic. I attended ICANN plenary sessions of particular interest to civil society, as well as the ISOC at ICANN meeting during the week and an ISOC function to meet the new ISOC board. I also attended the Commonwealth DNS Forum and spoke on a panel on national and regional Internet governance initiatives, discussing InternetNZ's experiences with NetHui.

Frank March

The GAC continued its preoccupation of previous meetings dealing with the seemingly trivial TLD strings .wine and .vin. Although these are relatively minor in themselves they illustrate fundamental problems some governments continue to have reconciling themselves with the multistakeholder model of Internet governance. After several meetings, starting in Beijing, where the EU lead a block of its members in refusing to accept that there is no GAC consensus advice, the London GAC meeting saw a split in the facade. The trigger was the French IT Minister threatening to withdraw France from the GAC and involvement with ICANN because in her view the ICANN model was deemed inappropriate for dealing with (French) government concerns. This was in direct opposition to the often stated EU position of support for multistakeholderism.

The London meeting also saw some retreat from another EU member position on voting in the GAC to resolve issues where consensus proved elusive.

Jay Daley

The technical stream at ICANN is growing strongly and this was a well attended meeting with high quality presentations. The first session in that stream is the Monday TechDay, for which I am on the organising committee, where registries shared in depth technical experience gained over the last year. This session now has an ICANN budget and senior manager overseeing with the goal of making it a 'whole of ICANN' event. The other technical sessions focused on DNSSEC and the big strategic technical issues for the ICANN community.

The WHOIS Expert Working Group announced their final proposal, which is very controversial as it centralises all WHOIS globally. So controversial in fact that not only is the recommendation under fire but so is the whole concept of an ICANN appointed Expert Working Group to recommend solutions to long standing problems.

Outside of these technical and registry sessions I spent most of my time liaising with peer CEs in other registries, generally European and US, discussion the TLD market, business development, the problems with ICANN community engagement and principles to guide the IANA transition.

David Morrison

ICANN50 in London was an extremely successful event from a registrar and registry engagement perspective. As well as meeting existing registrars and a couple of registries there was also interest from non .nz registrars in the launch of the second level. The opening of the second level is of significant interest to our registrars and the general view is that it presents a greater business opportunity than the launch of many new gTLDs. In meetings and in numerous informal conversations most people said the .nz second level launch structure was way better than the .uk where all [.co.uk](https://www.co.uk) domains were automatically reserved for five years - even the .uk people I met with were of this opinion. A number of conversations also touched on the gTLD launches where a consistent theme/view emerged that many believe a lot of gTLDs will fail in the next few years.

The event for me was dominated with meetings rather than attendance at ICANN Sessions although I did attend a some sessions at the ccNSO and Public Forum.

Richard Currey

What struck me most during my visit to ICANN50 was how many other ccTLD registries are experiencing falling growth and as a consequence are actively looking for alternative revenue sources. There are a variety of strategies being used by ccTLD managers:

- Changing the structure of their ccTLD – as Nominet has done by opening registrations at the second level of .uk. Nominet proudly noted that they received 50,000 new registrations on the first day, but were far more coy when discussing the levels of registrations since. It appears that Nominet's policy restrictions are holding back further registrations
- Managing new gTLD's – many ccTLD's are either providing their operational capabilities to owners of new gTLD's or have bid for a new gTLD themselves
- Testing and technical services - .se has successfully moved to provide these services to ICANN

- New product development – a significant number of ccTLD's are rapidly expanding their service offerings. These services range from paid offerings, such as bundling additional names for a small incremental cost, to assisting with Botnet detection through DNS analysis

It is clear that ccTLD managers are evolving their business model to ensure that they remain relevant to their local Internet community.

Debbie Monahan

Reporting on compliance is generally part of the agenda for the Law Enforcement session. There has been significant uptake of ICANN accredited registrars signing the 2013 Registrar Accreditation Agreement (RAA). All new registrars must sign up to that version but registrars already signed to a different version of the agreement can choose to stay on their old one. One thing that ICANN did do to encourage uptake of the 2013 Agreement was to say that only registrars signed up to that can register names in the new gTLDs. The 2013 Agreement gives ICANN more compliance tools and requires more actions by registrars when issues are raised by the ICANN compliance team..

A lot more compliance work is being undertaken by ICANN. An overview of their Registrar Compliance can be seen at <https://www.icann.org/resources/pages/registrar-2012-02-25-en> and at the London ICANN meeting an update on their work and the reports produced was provided. Both monthly <https://www.icann.org/resources/pages/update-2013-03-15-en> and annual compliance reports <https://features.icann.org/compliance> are produced and published.

Also discussed at the Law Enforcement session was the concept of creating a Public Safety Registrar. It would work on a non-commercial basis that only registers or accepts transfers of domains identified by entities combatting malware. There were a number of different options for how this could operate but there was a general feeling that the idea should be explored. The next steps are to identify policy issues and inhibitors to acceptance of the idea, and to identify measures to ensure a safe and secure operation.

David Farrar

My focus was both on ccTLD issues, and the NTIA transition – especially the role some Governments want to play.

On the ccTLD front we had an excellent meeting of directors and CEOs from .au, .nz, .uk, .ca, .dk, .no and .nl. This was focused on strategy and governance.

At the ccNSO meeting there was some interesting discussions about changes to .uk and .dk policies – both as a result of government pressure or legislation. There is an overall theme of greater government involvement.

On the NTIA transition the most worrying aspect was the call from the French Government for a UN General Assembly type body of Governments to control ICANN. This is because they are unhappy with not being able to block the .wine TLD. On the positive front a joint statement from all the gTLD constituencies called for the creation of an independent accountability mechanism for ICANN, which was very in line with the position pushed by .nz at this and previous meetings.

Financial Flows

Financial Flows review: Murray Bain's report

Author: Jordan Carter

Purpose of paper: To update Council on the contents of Murray Bain's review of Financial Flows in the InternetNZ group, and propose next steps.

Introduction

Murray Bain has presented his paper on Financial Flows across the InternetNZ Group. This paper is attached for Councillors to read and consider. In this covering note I record my initial impressions of his work, what is happening now, and recommend how to conclude the review.

Initial impressions

In my view, Murray has largely done what I hoped he would do: considered the terms of reference for the review, considered the relevant issues, spoken with Jay and Debbie and I, and pulled together salient issues to consider and basic recommendations to consider.

None of the matters in his paper cause me any concern. They are a logical set of changes which largely use existing instruments and mechanisms in a manner that minimises the risk of unintended consequences arising from their implementation, and they give both the Council and subsidiary boards and management food for thought as to how to better make use of existing mechanisms in the interests of the wider Group.

Next steps

Murray's paper is now with the boards of DNCL and NZRS and with you, for comment, feedback, suggestions. If there is broad agreement with the conclusions set out, I can work with the CEs of the subsidiaries to prepare a set of specific proposals for Council to adopt at its meeting in October.

If there is disagreement or debate to be had, I suggest we organise a specific agenda item at the Strategy Retreat in September to resolve the outstanding issues, and then take the same approach of decisions in October.

Recommendations

THAT Council receive this paper updating progress on the Financial Flows review.

THAT Council ask subsidiary Boards to indicate via the Chief Executive their impressions of the conclusions reached by Murray Bain in his paper, and whether they would like to see a discussion of the contents at the Strategy Weekend, on or before 22 August 2014.

Jordan Carter
Chief Executive
31 July 2014

InternetNZ

REVIEW OF FINANCIAL FLOWS

June 2014

Background

InternetNZ Group has decided to conduct a strategic review of aspects of its current financial arrangements, to ascertain their appropriateness and seek input as to any potential improvements that might be available.

For the purposes of this review the Group members are: InternetNZ (INZ), Domain Name Commission Ltd (DNCL) and New Zealand Domain Name Registry Ltd (NZRS).

Scope

In conducting the review, the following have been established as the matters to be considered:

1. The appropriateness of various levers that could set how much profit InternetNZ can extract from NZRS and, by implication, control NZRS costs.
2. The consideration of a move to a license fee to provide some stability and predictability to the funding of INZ by NZRS.
3. The appropriateness of various levers that could assist INZ in the controlling of DNCL costs.
4. The separating out of DNCL's costs from NZRS and their charging directly to INZ.
5. Options for greater group level coordination of funds investment.
6. The establishment of an optimal structure for the group's finances regardless of whether or not it has charitable tax-free status.

Another issue to be addressed which also has an impact on the group's financials is:

7. How does a subsidiary go about getting formal approval from InternetNZ for an increased role and the resources behind that?

Constraints and Opportunities

The viable options are broad, but must be considered in light of the following constraints:

- a) The subsidiaries are legally separate companies and there must be no risk that InternetNZ or any councillors are deemed directors.
- b) Each subsidiary has its own strategy and governance policies.
- c) DNCL is the regulator and policy authority of the .nz domain name market, and so its funding arrangements must protect its independence in that role.
- d) NZRS has a contractual and statutory obligation to retain prepayments from registrars for

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services yet to be delivered, which may be for up to ten years into the future.

Report format

The report considers each issue in turn looking at the implications and pro's and con's. Options have been outlined and, where appropriate, recommendations made.

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Issue 1: Control by InternetNZ of the expenditure incurred by its subsidiaries and by implication the functions they carry out.

Situation:

InternetNZ currently has levers at two levels in terms of exercising control over the finances and functions of DNCL and NZRS.

The first of these is the role of the parent organisation in respect of setting performance expectations and then the subsequent approval of each subsidiary's business plan and budget. Both of these latter documents are currently incorporated into DNCL's and NZRS's annual Statement of Directions and Goals.

If these levers are ineffective then InternetNZ may choose to operate the second level lever which centres around the roles and responsibilities of the directors of the subsidiary organisations, their accountabilities and their appointment and termination processes.

1. Business Planning/Budget

The Business Planning process and responsibilities are outlined in several different documents and are not completely consistent between the two subsidiaries.

a. Operating Agreements

Each subsidiary has in place an Operating Agreement in place between it and INZ.

i. DNCL

In the case of DNCL this Agreement spells out the Governance Reporting relationship from DNCL to INZ. It is clear that in this case the intention has been to have DNCL's Annual Business Plan (incorporating its 3 year budget) approved by the InternetNZ Council as outlined below in Appendix A. (Operating Agreement Schedule 1 para 1.7)

This prescribed process clearly provides the InternetNZ Council with the opportunity to provide a shareholder view over the direction and expenditure budget of DNCL.

ii. NZRS

In the case of NZRS the Operating Agreement is somewhat less specific in that it provides that "NZRS will prepare and submit to InternetNZ the following:

- i. Annual Report
- ii. Annual Business Plan
- iii. Quarterly reports

as detailed in the InternetNZ Reporting and Communications Policy "

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This Operating Agreement does not specify the content of the Business Plan nor does it refer to the NZRS budget. It also does not indicate that these documents are to be approved by the InternetNZ Council. The use of the term “submit” could be interpreted to incorporate the expectation of approval but, if this becomes an important issue then legal advice needs to be obtained.

b. InternetNZ Governance policies

In the InternetNZ Council’s Governance policies (updated December 2012) it spells out a timetable around the approval process for both subsidiaries’ Business plans and budgets by the InternetNZ Council. Below is an extract from this document:

InternetNZ Council approves in principle consolidated budgets for next three years and confirms/negotiates changes to the Statements of Direction and Goals for each Subsidiary	Mid December
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In practice the Statement of Directions and Goals is completed annually by both subsidiaries and incorporates both the business plan and the three year budget.

This statement in INZ’s Governance Policies clearly indicates the intention for InternetNZ to have approval responsibility for the Business Plans and Budgets of the subsidiaries.

c. Statement of Expectations

The Statement of Expectations for each subsidiary is completed annually by InternetNZ in line with the statement extracted from its Governance policies document timetable as noted below:

InternetNZ Council finalises Statement of Expectations for each subsidiary	By end October	Sets out Council’s strategic direction, goals and expectations for each board (including dividend payments for the following year)
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As stated this statement includes a reference to dividend expectations which will be referred to later.

The Statement of Expectations is intended to be the document outlining shareholder expectations which should then form the basis for the Statement of Direction and Goals for the subsidiary companies.

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d. Summary

It would seem from the above that the InternetNZ Council has the ability to set expectations around both business plans and budgets and to approve these as they are presented by the subsidiary company Boards.

At a strategic, directional, level these mechanisms provide a powerful set of levers for addressing the following issues:

- Establishing how much profit it could extract from NZRS
- Controlling DNCL's and NZRS's costs
- Ensuring that a subsidiary gets formal approval for an increase in its role and the resources behind that

Achieving this through the use of these already existing mechanisms will require some changes in the way they are used:-

- in the level of specificity around these issues in the Statement of Expectations,
- in the dialogue that takes place between the three CE's (and perhaps Chairs) during the preparation of the various documents so there are no surprises,
- and the consistency of behaviour around these matters by the InternetNZ Council and in particular the adherence to the rules of good governance and ownership.

It will also require clear strategic communication around the direction of the Group from InternetNZ so the subsidiaries are operating in a stable environment and not trying to second-guess. As part of this latter issue it could be expected that the expertise residing at both governance and management levels in subsidiaries would be utilised in the setting of that strategic direction.

2. Subsidiary company Board – composition and decision-making

Apart from the levers outlined above InternetNZ has control over the operation of the Boards of the subsidiaries through the following means:

a. Composition

An important way the linkages between the InternetNZ council and each subsidiary is maintained is that InternetNZ has one of its Council members appointed to the Board of each subsidiary.

b. Directors' roles, responsibilities and accountabilities

The Constitution of both subsidiaries is clear that, subject to the provisions of the Companies' Act, the directors shall act in a manner which he or she believes is in the best

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interests of InternetNZ/shareholders, even though it may not be in the interests of the Company.

However this requirement does not absolve directors from ensuring that their organisation can meet the “going concern” test.

c. Appointment and removal of Directors

The InternetNZ Council controls the appointment and termination of all directors to subsidiary Boards.

d. Summary

The InternetNZ Council has the ability to change directors of subsidiary companies in the event that it feels they are not acting in the best interests of the shareholder.

There are of course all the usual constraints faced by both companies and incorporated societies in the exercise of this power and it is not a pathway to be undertaken lightly.

Legal advice needs to be obtained in the event this approach ever became required.

Changing the approach to increase the involvement of the InternetNZ Council in subsidiary direction setting and financial management is appropriate to the extent that the parent organisation holds overall responsibility for the Group’s performance and the achievement of its Objects. The subsidiaries have delegated authority to manage parts of that responsibility on behalf of the parent.

On the other hand there is a line to be walked where too great an involvement by the parent can undermine the Board and management of the subsidiaries thereby negating the value of having them which was recognised at the time they were established.

One of the greatest dangers in this regard will be around the level at which discussions around areas like budgets take place. If the Council gets into detail at line item level then a blurring of accountabilities, potentially reaching the risk of Council members crossing the “deemed director” boundary, will quickly arise. The Council will need to have confidence that each subsidiary company Board has followed its Letter of Expectations appropriately. The focus of Council should be on major changes in expenditure which would naturally follow from identified business plan changes in the Statement of Directions and Goals.

Another danger, particularly because of the nature of the organisation where revenue that supports the parent is being driven by the performance of the subsidiary(s), will be that the same expectations and rules around budget expenditure at subsidiary level will not also be applied to the parent. Ensuring that expenditure carried out anywhere in the Group can only be done within a budget that has been approved through a sound planning process will be essential if the Group is to work well together.

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Issue 2: Changing the financial arrangements between the three organisations in the Group to:

- a. Move to a licence fee to provide better stability and predictability in revenue for InternetNZ**
- b. Separate out DNCL's costs and pay through InternetNZ**
- c. Increase the co-ordination of the group's investments**
- d. Optimally structure InternetNZ's finances whether or not it has charitable status**

1. Move to a licence fee to provide better stability and predictability in revenue for InternetNZ

Background

The current financial relationship between the Group's revenue generator, NZRS, and INZ is by way of dividend payment.

Although, as noted above, INZ has the ability in its Statement of Expectations to set the expected level of dividend payments for the following year, in practice the only statement in the NZRS's Statement of Expectations from INZ states that NZRS is "expected to return cash in excess of the reserves identified in the NZRS Reserves Policy to the shareholder, when appropriately satisfied of the solvency of NZRS and that it remains a going concern."

In practice this means that InternetNZ receives three dividend payments a year with the first including a wash up from the previous year – sometimes higher and sometimes lower than forecast. The level of these dividends is set by the Board of NZRS taking into account all the current and future obligations of the company.

Funding requirements and flows set expectations around behaviours and provide necessary disciplines across an organisation. In the case of the group desirable outcomes and issues around funding flows are:

- a. NZRS is incentivised to maximise its revenue stream from the right to operate the .nz register.
- b. The Group as a whole should also be incentivised to manage its expenditure in line with the current and future projected revenue coming into NZRS. No part of the Group should be isolated from changes in revenue.
- c. InternetNZ is the body that decides the overall group expenditure and where any changes in revenue occur it should co-ordinate, and finally decide, the group's response. In determining the allocation of expenditure across the group it should take into account those resources that are required to discharge the core functions of the group and those where there is a degree of flexibility.
- d. InternetNZ will also need to make decisions about the group's use of reserves to tide over revenue downturns and therefore should be the entity carrying the adjustments on its balance sheet.

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- e. NZRS has key policies in place around liquidity, dividends and reserves which, while they may need to be re-affirmed, should not be put at risk of being breached through this process.

Options:

1. Dividend based

INZ could tighten up the current process by setting clear dividend expectations as part of its Letter of Expectations and approving the Budget in line with that following discussion with NZRS. Its expectations would be set in the knowledge and approval of the whole Group's Budget through the Business Plan and Budget sign off process. This knowledge would include the future obligations of NZRS.

The final decision on the actual dividend payment would need to remain with the NZRS Board – it carries the responsibility for meeting its obligations and its Constitution, and the law, requires it to ensure the Solvency test can be met by the company.

Payment of a dividend once the financial performance of the company is determined provides NZRS with the optimum degree of comfort that it can meet unexpected costs by reducing the dividend and effectively shifting the cost on to INZ.

From InternetNZ's perspective this correspondingly provides them with the least certainty as to the actual flow of revenue.

It also does not see any of the costs of the use of the .nz domain name appearing in NZRS's expenditure.

2. Licence fee based

INZ and NZRS could negotiate a licence fee based on the ability of NZRS to generate income from the right to use the .nz domain name.

- a. The licence fee could be based on the business volume – say a share of the revenue of NZRS. It could be set it relatively high and alongside it set a relatively low dividend policy.

NZRS will face a mixed cost structure comprising both fixed and variable components. If revenue was to fall then setting the licence fee too high may potentially leave NZRS unable to cover its fixed costs without drawing on reserves. However NZRS also currently has limited reserves that are not already committed as Deferred Income. Together this will mean that, if revenue falls and the licence fee is too high NZRS will need to draw on InternetNZ to meet its financial obligations. This will potentially leave the directors of NZRS in a somewhat uncertain position unless there's some form of pre-guaranteed support in place from the parent company.

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On the plus side this approach will incentivise NZRS to maximise revenue in order to make sure it covers its fixed, as well as its variable costs. It will also be incentivised to manage its costs down in line with falling revenue. This option also has the benefit of seeing the complete cost of holding the .nz licence as a cost in the books of NZRS.

- b. Alternatively the licence fee could be set based on business volume but set at a low level with a higher dividend policy

With a low licence fee variable and fixed costs are more likely to be able to be met by NZRS and INZ would get some, albeit low, degree of guaranteed income. InternetNZ could set dividend expectations through the Statement of Expectations and the Budget approval process.

Under this scenario in the event of a lower than expected revenue stream the licence fee will still be able to be met but the dividend payment would be accordingly affected.

This approach would see some, but not all, of the costs of the right to generate revenue off the .nz domain appearing as a cost to NZRS.

- c. Or the licence fee could be set at a flat rate per annum – either low with a higher dividend policy, or high with a lower dividend policy.

A flat fee would have the advantage of being known by all parties at the start of the year. It would move all of the immediate focus around balancing expenditure with income on to NZRS so would have a good impact in that sense. It would therefore require an assurance from the parent of backing in the event of significant, unexpected, revenue reduction.

The extent to which the costs would appear in the accounts of NZRS would depend on whether a high or low setting was used.

On the downside INZ would be shielded from the impact of any reduction in revenue for a period when in fact it may be the part of the group where there is level of discretionary expenditure available that should be used to reduce the impact of income reduction.

INZ is also the part of the group where there are retained earnings and therefore arguably the place where choices between cutting activities and using up capital should be made.

Summary

The reality is that in the event of a revenue reduction in NZRS the whole group will need to assess its expenditure priorities. This process will need to be co-ordinated and overseen by INZ. One of the important issues is that this reduction is identified early and

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where possible adjustments signalled through the Statement of Expectations and finalised through the Business Plans and Budget approval process.

Identifying expected revenue flows between NZRS and INZ in the Budget will bring a more transparent discipline in this area with the reality being however that INZ will need to clearly stand behind its subsidiary companies in the event of shortfall.

A reduction in outside world revenue that flows through in some way into both NZRS and INZ would seem to send the signals early that a readjustment of expenditure may be required. This would appear to remove both the “fully dividend” based option (INZ risk) and the “high, flat fee” option (NZRS risk) as these both see one or other part of the organisation carrying the immediate impact unless some means of mitigation can be found.

There are benefits in terms of visibility of costs in having some form of fee based system in place and linking that to business volumes so that immediate signals are sent around the group. The question as to whether the rate is set relatively high or not will depend on the strength of the signal desired to be sent – the higher the rate the stronger the signal. However too high will run the risk of a bailout being required for NZRS which is probably undesirable.

On balance a practical approach may be to ensure that NZRS has an appropriate level of working capital over and above its deferred income and then set the fee at the higher end. This would give reasonable certainty to INZ so it could plan its programme for the year with confidence while at the same time providing NZRS with the confidence that it has reserves to fall back on for a sufficient period for a group wide re-evaluation of expenditure to be undertaken.

Regardless of the option chosen good and early communications across the group will be critical in this kind of situation.

2. Separate out DNCL’s costs and pay through InternetNZ

From a financial control perspective there is a weakness in the current system in that under the current model DNCL “can determine the Management Fee at its discretion”. NZRS will “pay a reasonable and proper annual management fee to cover the costs of fulfilling the role of DNCL...”.*

NZRS has neither the basis, nor the authority, to challenge the proposed budget of DNCL other than in an extreme situation so in practice the checks and balances around expenditure, that would normally be exercised by the group’s parent organisation, are absent.

*DNCL – NZRS Service Level Agreement

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However this weakness can be overcome by the InternetNZ Council's approval process for DNCL's Business Plan and Budget in future since any significant change to functions or budget will require the Council's sign off. In this scenario the issue as to where the payment is actually made from becomes somewhat unimportant.

The important issue will be that going ahead whichever organisation pays it has the Parent's sign off on DNCL's budget visible to them as the basis of payment.

There is another issue to be noted here and that is the role that DNCL plays as the regulator and therefore the requirement to ensure it is able to perform that function. As part of any Business Plan and Budget discussions there should be a requirement for the DNCL Board to highlight formally any areas where it believes its ability to carry out the function is being compromised by potential Budget decisions so an informed and transparent decision can be made.

Overall it is suggested that, on the grounds of there being no good reason to change, the status quo be retained in terms of actually making the payment, noting that payments are to be made only on the basis of the agreed budget, signed off by InternetNZ Council through the Business Plan and Budget approval process.

3. Increase the co-ordination of the group's investments

In NZRS considerable future obligations arise from the fact that domain payments are frequently received upfront for an extended time period (sometimes years) while the costs incurred in delivering the service occur on an annual basis. NZRS has in place Reserves, Liquidity and Dividend policies to ensure that the company invests this deferred income prudently and is not left in a position where it cannot meet its future obligations.

As at the last reported balance date the Group was carrying around \$14m in cash and term deposits of which approximately \$6m was deferred income representing payments in advance. Of the remainder about \$5.5m was held in the parent, and \$1.4m and \$0.9m in NZRS and DCNL respectively.

There are benefits and risks in combining the Group's investments. Some of the benefits are:

1. Aggregating investments can provide benefits in terms of the yield earned.
2. There can be lower investment costs arising from economies of scale.
3. Scale can allow for greater portfolio diversification and therefore spreading of risk.
4. Investing at scale can attract more professional and experienced funds management both internally and in terms of external expertise.

There are also some risks however:

1. Consistent group-wide risk profile

In order to aggregate investments there is the need to be able to agree one consistent risk profile across the group. This may be a challenge given that across the three organisations there are different motivations and balance sheets. For example – NZRS has its deferred income to manage and the requirement to be able to sign a Solvency

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statement that incorporates that. This may lead its Board to take a relatively conservative risk approach to investing its reserves. InternetNZ is carrying relatively large reserves and arguably has more choice around the size and timing of its expenditure that might allow it to take a somewhat less conservative investment approach than NZRS.

2. Alignment of risk and ability to take action

Those directors with legal obligations may well feel strongly about their ability to control the assets they rely on making their attestation around solvency.

Options:

1. Aggregate completely into one investment pool administered centrally.

Implications:

Selecting this option would require a discussion across governance and management level in the group around the appetite for risk and the structure of the investment portfolio. This would need to be revisited frequently (annually at least).

Membership of the Group Investment Committee would need to include appropriately skilled members of each Board/Council and external experts.

The Group Investment Committee, and potentially each organisation in the group, would need to provide adequate assurance to each group member as to the group's ability to meet their Solvency requirements.

2. Retain investments in each organisation but require co-ordination across them

Implications:

Each organisation within the group determines their own risk profile and portfolio structure. Each governing body, either directly or under delegation, signs off on investments.

Consultation could be established across the group on portfolio structure and on key investment decisions. As noted under 1 above there may be a requirement for some form of cross-guarantee between organisations in the group to be put in place.

3. Leave matters as they are.

Implications:

Recognise that there are special requirements for NZRS in terms of the need to protect its deferred income and that the Board of that company is in the best position to manage that funding.

Accept the fact that yields may be lower but also that risk will be set at the appropriate level for each organisation in the group.

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Summary:

Any decision to change the current arrangements should be reached between the respective Boards given the different risks and the obligations faced by each of them.

4. Optimally structure InternetNZ's finances whether or not it has charitable status

Some of the options outlined above as to the operation of the funding flows between NZRS and InternetNZ will potentially improve the structure of the group's finances – certainly insofar as the costs more clearly falling where they are incurred. However once viable options are clear, specialist advice needs to be obtained.

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Appendix A

Extract from DNCL Operating Agreement with INZ

- (a) The other key document each year will be the Annual Business Plan incorporating its budget.
- (b) InternetNZ, as DNCL's shareholder, will approve the Annual Business Plan.
- (c) The Annual Business Plan will contain:
 - (i) Strategies, objectives and plans for the ensuing 12 months, key strategic issues facing the company, key policy issues, commentary on the registrar market, risk analysis, any significant international issues, key budget assumptions; and
 - (ii) Budgets – 3-year budget (Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Capital Expenditure, ratios and key performance indicators) consisting of monthly budgets for the ensuing 12 months and annual budgets for the following two years.

Audit & Risk Committee

MINUTES OF AUDIT AND RISK COMMITTEE MEETING

Status:	Draft
Present:	Neil James (Chair, <i>via video conference</i>), Donald Clark (<i>via video conference</i>)
Apologies:	Amber Craig
In Attendance:	Jordan Carter, Mary Tovey, Maria Reyes (minute taker)

The Chair opened the meeting at 10:02am

1. Minutes from previous meeting (1 July 2013)

The minutes from 1 July 2013 have been confirmed.

2. Annual Report

The Committee commented that it's an informative report and had no further comments on the report.

RN: THAT the Audit & Risk Committee recommends that Council to receive and approve the InternetNZ Annual Report for the year ended 31 March 2014.

(Cr James/Cr Clark)

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Donald asked if there's an option of making the report easier to produce and Mary responded that the report will now be tied with the auditor's recommendation that Internet NZ review how it presents expenditure to ensure that it is being done in the most useful and helpful manner, future expenditure will be presented by 'nature' rather than 'function'.

Jordan also added that for next financial year, the operating expenses will be aligned with the business plan to make it clearer. He also advised that the feedback received from the accountants is that Mary did a good job with the accounts and they had no changes to make.

3. Audit Management Report

Donald raised a question around the Auditors requests of guarantee from Council and asked as to what extent the Audit & Risk Committee should be reviewing. Mary reminded Donald of the representational letters signed by management and the accountants (Deloitte), guaranteeing to Council compliance.

4. Re-engagement of BDO Wellington for the 2014/15 audit

Neil asked as to how many times BDO Wellington has been an auditor for InternetNZ. Mary advised in response that this year was their third.

Neil commented that it might be time to tender for a new auditor but then raised the question on whether to have it done this year or wait until next year. Jordan proposed to wait for another year and then tender for a new auditor the following year and this was supported by Donald who also commented that there is a continuity risk and it's better to leave it to the future committee.

RN: THAT the Audit & Risk Committee recommends to Council that the BDO Wellington be appointed auditor for the 2014/15 audit.

(Cr James/Cr Clark)

CARRIED U

5. Other Business

As this was Donald's last Audit and Risk meeting, he expressed his thanks to the group. Neil commended Donald, in response and thanked him for all his contribution to the Committee.

The Chair closed the meeting at 10:23am.

Date of next meeting: TBC

Signed as a true and correct record:

Neil James, Chair

Committee Terms of Reference

Council Committees 2014-15

Author: Jordan Carter

Purpose of paper: To offer Council some input as it reviews Committee terms of reference at its first meeting of the term.

Dear Councillors,

The Council has four current committees, as set out in the table below. I have some suggestions or comments in respect of the Terms of Reference each Committee, which I hope you will take into account as you consider the following questions that need to be resolved at this meeting:

- Whether some or all of the current committees should continue to exist
- Whether any new committees are required
- Whether any changes are required to the Terms of Reference (ToR) for each committee
- The membership of each committee

My comments relate to the purpose and Terms of Reference for each committee, not to membership.

Committee	Comments/points
Audit and Risk	<ul style="list-style-type: none">• I have no substantive comments in respect of the ToR for this Committee.• The ToR should be updated to remove references to the Shared Services Unit manager.
Grants	<ul style="list-style-type: none">• The ToR for this Committee will need to be adjusted when the full operations manual for the revised Grants Process is complete.• The staff should work with the Committee to propose a revised ToR to the October Council meeting, or perhaps for e-vote ratification before then.
Investment	<ul style="list-style-type: none">• This committee has a mixed advisory and operational role regarding investments, which are a subset of the treasury functions that are part of the Chief Executive's responsibility.• I am concerned its responsibilities collide with my delegated authorities as Chief Executive, and would like the Council to consider this.• It is not clear why this Committee exists, given the lack of other similar Council committees for other comparable areas of Council responsibility.• If the Council's desire is to tap into particular Councillor skills in respect of investment practice by the operation of this Committee, there may be simpler ways to achieve this.
Chief Executive	<ul style="list-style-type: none">• This Committee is intended to be the forum for managing the employer responsibilities of the Council with regard to the Chief

	<p>Executive.</p> <ul style="list-style-type: none"> • There is no formal ToR on record for this Committee. • The Council should task the incoming Committee with developing a ToR for its operation, and consult with the CE on the same, before adopting a ToR at its meeting in October.
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A new committee on Membership

The staff team and I would like Council to consider forming a committee to look at the role of members in InternetNZ and ways they can be more strongly involved in the work of the organisation. A Council level focus on this is appropriate in our view, given your electoral connection with members, and the fact you live that membership experience as part of your roles.

Other committees

I am not aware of any other committees of Council functioning at the present time.

I do not have any other proposed Committees to suggest to the Council.

There are no formal recommendations arising from this paper.

Jordan Carter
Chief Executive
 31 July 2014

Community Funding

Strategic Partnerships Update

Author: Ellen Strickland, Collaboration and Community Lead

Purpose of paper: Strategic Partnerships Update

This paper contains an update on Strategic Partnerships, with activity update reports from Strategic Partnership organisations attached.

Partnerships 2014-15

The Strategic Partnerships agreed between InternetNZ and 2020 Communications Trust (2020), Creative Commons Aotearoa New Zealand (CCANZ), the Institute of Culture, Discourse and Communication, Auckland University of Technology (ICDC AUT) and NetSafe have had agreements finalised, using new partnership agreement template as a basis.

The InternetNZ Strategic Partnership Governance meeting, involving InternetNZ Council and Partner governance representatives, is planned to take place around the October 2014 Council Meeting in Wellington, with the new Council established.

Attached are update reports from the Partner organisations on current work, including work together on Areas of Focus as well as other work which may interest Council.

Strategic Partners involvement at NetHui

Partner organisations were all actively engaged in NetHui and supported community engagement around the event. CCANZ held a Meet-up on the future of Open Access. 2020 hosted a side-event dinner, focusing on bridging the Auckland Digital Divide. Working with Auckland Council and the broader community who attended the event, this was a great start to the Area of Focus for the partnership around bridging the Auckland Digital Divide. ICDC AUT helped run a session on developing a NZ Internet Research Network, and a one-day event to launch this network, on December 1 at AUT, is now being planned. NetSafe helped organise and took part in the Youth Forum on the first day of NetHui.

VUW CIEL

Additional to these four Strategic Partnerships, work to fulfil the Victoria University Wellington Centre of International Economic Law (CIEL) partnership signed up to in 2011 is in progress. This agreement agrees to support three conferences over four to five years with an Internet and the Law focus, with \$50k plus GST in financial support for each conference. There are two remaining conferences, in this commitment, as the first was held in 2012. The next conference is scheduled for 17-18 November 2014, and Andrew and I are liaising with VUW on this. The last conference is tentatively scheduled to be held 19-20 February 2015.

Strategic Partnership Progress Report: 30 July 2014

Partnership

The 2020 Trust has agreed to sign the draft partnership agreement and expects this will already have happened by the time of the council meeting.

Focus Area Updates

Focus Area	Update
Auckland digital divide	<p>The Trust hosted a Digital Inclusion Meet-up at NetHui on Thursday 10 July (chaired by Trustee Michael Howden) with a focus on how 2020 initiatives such as Computers in Homes, Stepping UP and ICDL can be scaled up for Auckland. Over 60 key stakeholders attended and the Auckland participants resolved to continue to meetup to chart a way forward. The next meeting is expected to be held before the end of August (tentatively on 20 August).</p> <p>The Southern Initiative (TSI) which focuses on four Local Board areas in South Auckland provides a possible mechanism for promoting a digital inclusion agenda. An initial meeting has already been held with CEO, John McEnteer. John leaves TSI at the end of July and a meeting has been scheduled for 29 August with his replacement (Gael Surgenor).</p> <p>The 2020 Trust is currently hosting an American student intern (Kyle Crotchett) and Kyle is assisting with the development of a discussion paper addressing the Auckland digital divide.</p>
Stepping UP in libraries	<p>Programmes are now running in six regions – Kaitaia, Whangarei, Taranaki, Palmerston North, Lower Hutt and Marlborough. Libraries in Wanganui and Hawkes Bay are expected to commence classes soon. A paper on the role of libraries as digital community hubs has been accepted for presentation at the National Digital Forum, to be held in Wellington 25-27 November. This is expected to generate further interest from libraries.</p>
Digital divide research	<p>Digital inclusion research workshops with invited researchers will now be held in Auckland and Wellington in November and December. The Nethui workshop did not take place as the majority of those invited from outside of Auckland were unable to attend at this point in the academic year. Those researchers attending Nethui met informally as part of Barcamp.</p>
Media/Public awareness of digital divide issues	<p>We are trying a new approach, using our refreshed website (on Wordpress), to provide more commentary and updates on digital divide issues. It was pleasing to see our digital inclusion NetHui report picked up and reproduced by NZTech in their weekly member eBulletin on 18 July.</p>

Other Updates

The Trust has now signed a 2-year contract with the Ministry of Education for **Computers in Homes** based on the Government's Budget announcement in May. The contract supports 1500 families in 2014/15 and 500 in 2015/16. Our goal for Budget 2015 is to ensure the second year figure is increased to at least the current level of 1500, but preferably to 5000. It is interesting that the Labour Party Manifesto makes a commitment to increase the level of funding to support 5000 families per year.

Our Computers in Homes coordinators will next meet on 27-28 August in Rotorua, by which time we also expect to have published our annual report for Computers in Homes, covering the last 12 months.

The Trust's **BYOD equity pilot** has expanded from the initial two schools in Dunedin to Parklands School in Motueka and Tawhero School in Wanganui. Some 96 families have registered for the programme with over 80 already having purchased a device.

We reported in May that we had been successful in securing funding from Community Lottery to provide **ICDL training** for up to 25,000 unemployed people over the next three years. The funding approved was for training only and we are currently negotiating a modified agreement whereby the scope is reduced but includes certification in line with our original proposal.

We are continuing to negotiate with RSPs for **UFB fibre connections** that are affordable for Computers in Homes families. Our goal is make a fibre connection the first choice for Computers in Homes and only revert to other options when affordable fibre options are not available. We appreciate the support of Crown Fibre Holdings in these discussions.

Meanwhile we are continuing to engage and support rural wireless connectivity where other options are not available. Despite the publication of guidelines by the Ministry of Education enabling schools to become **community digital hubs** and allowing them to collaborate with wireless internet providers by sharing infrastructure at the school and their backhaul fibre connections, a lot of effort is still required to operationalise this. There is a very real risk that commercial operators will find this too costly in terms of their time without additional support. We have helped a wireless operator in the Far North engage with a rural school, but this has taken over six months to just get to an 'agreement in principle' stage.

The **ICT in Schools** survey (renamed Digital Technologies in Schools) was distributed to schools in June with an initial closing date of 7 July. This was extended until 18 July in an effort to boost responses. At this date we had received a total of 750 questionnaire responses (including both a questionnaire for Principals and one for the School's technology leader). We now expect to have initial results in August.

The Trust supported Wanganui District Council in organising a master class and public presentation by Robert Bell, the co-founder of the **Intelligent Community Forum**. Wanganui has been recognised amongst the top 21 'intelligent communities' in the world in both 2013 and 2014. Assessment is based on comprehensive measures, including broadband connectivity, knowledge workforce, digital inclusion, innovation and marketing/advocacy. What was particularly impressive about the Wanganui events was the high level of engagement by the Mayor, Annette Main, and her Councillors, as well as Council officials and the local community.

We are anticipating a busy time in August with two **community lottery bids** falling due – one for the Heritage Lottery Committee (for World War 1 Living Heritage sites) and one for Community Research (to implement longitudinal research for Computers in Homes).

InternetNZ Strategic Partnership: Brief Update from Creative Commons Aotearoa New Zealand May to July 2014

CCANZ Funding and Structure

Hosting

As of 1 July, the affiliate host of Creative Commons Aotearoa New Zealand is the Open Education Resources Foundation. The OERF is hosting CCANZ on a cost-recovery basis, which has enabled CCANZ to significantly reduce the amount it spends on overhead charges.

Staffing

CCANZ is now advertising for a part-time Communications Assistant, to enable the project to keep up with the increased adoption of CC licensing.

Panel

Following its move to the OER Foundation, CCANZ has formalised the structure of its Advisory Panel, with a detailed Terms of Reference now governing the panel's operations. The Panel also has two new members, Carolyn Stuart and Dave Lane.

CCANZ's Recent Activities

Workshops

Since 1 May 2014, Creative Commons has provided thirty workshops to approximately 960 attendees. Fourteen of these workshops were provided to school groups, Eleven to tertiary organisations, with the remainder provided to heritage or community organisations.

Resources

CCANZ is producing toolkits for the compulsory education, research and heritage sectors, to ensure that open policy becomes commonplace in each of these sectors. We anticipate distributing these toolkits in November this year.

Media

Recent media coverage includes: an hour on the Intellectual Commons on Radio NZ's Sunday Morning with Wallace Chapman; an article on 3News Online on CC policies; an article in the *School Trustees Magazine*; an article in the *NZ Principals Federation Magazine*; and several articles on open education in Fairfax's *Education Review*.

Website

NZCommons launched on 15 June, and is publishing three pieces per week on copyright and the commons. The mission of the site is to support organisations and individuals seeking to open New Zealand's culture and knowledge for reuse. The site also features archival material from CCANZ's home site, including over 30 case studies of New Zealand CC users.

Indigenous Knowledge

CCANZ has contracted a translation of the Creative Commons 4.0 licences into te reo, which will be the first translation of CC licences into a Pacific language. CCANZ has also started the process of consultation on its indigenous knowledge notice.

Progress Update

CC in Schools

There are nearly 100 schools with Creative Commons policies.

Open Access

While only two universities have OA policies or mandates in place, several others are working on policy adoption.

Open Education

Seven tertiary institutions (and counting) have made commitments to open education policy, with adoption particularly strong in the polytechnic sector.

Open Data

The latest report to Cabinet suggests that the adoption of the Declaration on Open and Transparent Government continues to strengthen – despite some ongoing challenges – with some notable data releases by LINZ on the LINZ Data Service.

Open GLAM

The National Library of NZ has approved a path-breaking use and reuse policy, which encapsulates international best practice for open heritage institutions. Te Papa have also released 30,000 high resolution images under CC licences or public domain statements. The H Series of WW1 photographs has also been released, as part of a project to standardise right statements across the sector.

ENDS

AUT ICDC Update: The World Internet Project in New Zealand 30 July 2014

Following the completion of our 'Internet Trends in New Zealand' report comparing the four World Internet Project surveys conducted in New Zealand since 2007, a number of hard copies were printed and sent to the National Library (DIA) for distribution to key personnel. It is also intended to send hard copies to a range of public libraries throughout New Zealand so that the information is widely accessible and, in particular, to those people who may not have internet access. The report, which is also accessible on our website, will also be a useful tool for the WIPNZ team and InternetNZ in lobbying government for future funding for the next WIPNZ survey.

InternetNZ's Nethui conference in July provided an ideal opportunity to showcase the 'Trends' report and Philippa Smith presented some of the findings in a Jump Start session on the first day. While Philippa highlighted the impact of changes in technology, especially the greater use of mobile devices by New Zealanders, she also indicated areas of digital divide. Philippa was also a facilitator, along with Ellen Strickland, in the internet researchers' session which brought together people from government, the private sector and academic institutions to look at the broad range of internet research being conducted in New Zealand. Full notes from this session have been placed under 'conversations' on the Nethui website.

Allan Bell represented the WIPNZ team at the annual World Internet Project international partners' meeting held in Milan, Italy in July. This meeting provides an opportunity for partners to share their latest results and discuss methodologies and changes to common questions. A comparison of New Zealand, Canada and the United Kingdom WIP surveys presented at the meeting indicated New Zealand's broad comparability with these other two countries, for example in 90+ percent internet access.

**Report for InternetNZ (July 2014)**

This report includes an update on the Tech Tank, the HDC Bill, the Secondment Programme, and the DC3 project.

But first, I should note that the NZ digital challenges (Cyber Safety, Cyber Crime, and Cyber Security) sector is going through a period of significant transformation. Much of this change is, or will soon be, driven by the now fully resourced National Cyber Policy Office (NCPO) at the Department of Prime Minister and Cabinet (DPMC).

This is good news. NetSafe has plugged some of the gaps in the digital challenges space that are now being more formally addressed by Government and Law Enforcement. This means that NetSafe will have the opportunity to refocus on its core education and assistance roles.

Martin Cocker

NetSafe

The Tech Tank

The Tech Tank is a project designed to raise the profile of ICT policies and strategies as election issues. It is supported by InternetNZ and Microsoft. We originally proposed to film each spokesperson in front of a panel of experts in a dragons den format – but were unable to gather enough sponsorship.

Instead, six politicians were individually interviewed by Martin Cocker at the Rydges Hotel Wellington on July 29, 2014. The Rydges was chosen so we could use a suite overlooking the Beehive.

Each interview covered a range of topics drawn from the InternetNZ paper, NetSafe, and a small number of subject matter experts that we approached. The full interviews are approximately 25 minutes long. Each will be edited into a 4-5 minute video focused specifically on points of differentiation for each Party.

The videos will be published on stuff.co.nz and will be supported by polls and feedback tools.

The spokespeople interviewed were: Amy Adams (National), Clare Curren (Labour), Peter Dunne (United Future), Gareth Hughes (Green), Tracey Martin (NZ First), and Chris Yong (Internet/Mana). Act and the Maori Party did not respond to invitations to participate.

The Harmful Digital Communications Bill

The HDC Bill is ready for its second reading. The select committee process saw only minor changes to the Bill.

The HDC now specifically states that the Approved Agency will be subject to the OIA, Public Records Act, and the Ombudsman's Acts. The penalties for the criminal offence were increased so that they were consistent with similar existing offences.

There remains some confusion around the HDC Bill in terms of the new offences. There is a new harmful digital communication civil offence – and a new criminal offence of "Causing harm by posting digital communications".

The most significant change from a NetSafe perspective is the inclusion of a clause specifically allowing aspects of the Approved Agency activity to be sub contracted.

This has been viewed by some commentators as a sign that the DIA will be appointed as the Approved Agency and handle the complaints whilst sub-contracting the education and awareness functions to NetSafe. This is of course all speculation.

I mentioned that NetSafe wants to refocus on its education and assistance functions. To me, the approved agency of the Harmful Digital Communications Act is an assistance agency – as opposed to an enforcement agency. It is assisting the victims of HDC to get harmful content removed, and it is assisting the people accused of posting the HDC (by helping them avoid Court). Its assisting people who have been targeted by lower levels of offensive content, and it is assisting people accused of posting HDC that haven't actually posted HDC (by informing their accusers of that fact).

The HDC is now on hold whilst parliament rises for the election. NetSafe is proposing to convene a workshop later in 2014 with ICT industry stakeholders to discuss the practical delivery and support of the HDC process.

Secondment Project

NetSafe is exploring the possibility of secondments with a couple of ICT multinationals and foreign cybersafety organisations – although there are no firm plans at this stage.

The next Industry secondments are likely to be lined up with the process of discussing and agreeing processes around the HDC and are likely to be staff from the complaints and takedown processing teams.

The Digital Challenges Coordination Centre (DC3)

DC3 is the working name for the next generation centralized cyber crime and offence reporting and recording system (theorb.org.nz is the first generation).

NetSafe is beginning a round of meetings with the ORB (Online Reporting button) partners to discuss their requirements around cyber crime and offence reporting, recording, and analysis. NetSafe has committed to taking the DC3 project through the scoping stage – and then to convene a meeting with the NCPO to discuss the implementation phases.

It should be noted that NetSafe has a preference not to be solely responsible for the reporting systems. And whilst we are comfortable providing a triaging service for reports, our primary responsibility and desire is to assist and advise people on their resolution options.

Consent Agenda items:

Minutes of the last meeting:

6 June 2014

(For Information)

MINUTES OF COUNCIL MEETING

Status:	Draft
Present:	Frank March (President), Jamie Baddeley (Vice President), Amber Craig, Neil James, Hamish MacEwan, Dave Moskovitz, Rochelle Furneaux, Brenda Wallace, Lance Wiggs, Michael Wallmannsberger, Donald Clark (<i>via video</i>)
In Attendance:	Jordan Carter (Chief Executive), Maria Reyes (minute taker), Debbie Monahan (Domain Name Commissioner, <i>in part</i>), David Farrar (DNCL Chair, <i>in part</i>), Richard Currey (NZRS Chair, <i>in part</i>), Jay Daley (NZRS CE, <i>in part</i>), Ellen Strickland (InternetNZ Staff), Dean Pemberton (InternetNZ Staff, <i>in part</i>), David Cormack (InternetNZ Staff, <i>in part</i>), Andrew Cushen (InternetNZ Staff, <i>in part</i>), Mary Tovey (InternetNZ Staff, <i>in part</i>), Keith Davidson (InternetNZ Staff, <i>in part</i>)
Meeting Opened:	The President formally opened the meeting at 11.18am

1. Apologies

Council received apologies from Richard Wood.

2. Objects Review

Council discussed whether the review on the Objects should proceed or not. In discussion, it was noted that there should be a clear understanding around Council that the overall header paragraph around the Objects is the basis and chapeau for what the Objects mean – it expands the specifics set out in the subsidiary clauses following.

RN 26/14: THAT Council agree that the review of the Objects not proceed any further at this time noting that Council has received legal advice and that the text set out in the main body of paragraph 2 of the Constitution is legally operative.

(Cr Moskovitz/Cr Wallace)

CARRIED

Against: Cr Wiggs

RN 27/14: THAT Council agree that the issue of the Objects and their fitness for purpose be assessed again following Strategic Planning in September.

(President/Cr Wallace)

CARRIED U

Andrew Cushen, David Cormack, Ellen Strickland, and Dean Pemberton joined the meeting at 11.36am.

3. 2014/15 Business Plan

Jordan gave an overview of the new Business Plan and emphasised the new set of goals and the measures/activities for each goal. Some of the InternetNZ staff were invited to the meeting to provide a brief summary on each of the work areas in the Business Plan.

Ellen Strickland presented the goals for the community engagement and community funding, David Cormack presented the Identity stuff; Jordan gave an overview on the improved organisational performance; Andrew Cushen presented the Internet issues and went through each of the portfolios under the Internet Issues Programme; and relevant staff (Jordan, Ellen, Andrew and Dean Pemberton) gave overviews of the matters contained within the five portfolios in the Programme.

Council discussed the activities listed on each of the goals and how they were prioritised and one comment raised was that there were too many activities that were marked as an 'A'-priority in the list. Council then discussed the reprioritisation of some of the activities and identified activities that are considered more important and therefore need to be prioritised.

Due to time constraints, Council agreed to hold the discussion around the Business Plan and continue it after they took a short break for lunch and after the subsidiary agenda items were discussed.

Council took a short lunch break at 12.27pm and reconvened at 12.45pm

David Farrar and Richard Currey joined the meeting at 12.45pm

Council were in committee between 12.45pm to 1.02pm for the Chairs, CE and Council alone time.

Debbie Monahan and Jay Daley joined the meeting at 1.02pm

Donald Clark joined the meeting at 1.07pm

4. NZRS Statement of Directions and Goals & NZRS 4th Quarter Report

Richard Currey, NZRS Chair, was invited by the President to present to Council the NZRS Statement of Directions and Goals for 2014/2015.

A question was raised whether there was any impact on the opening of the top level domains and Jay replied that there was a decrease in the number of .nz domains. They are currently waiting for a report around the comparison on the .kiwi and .kiwi.nz registrations.

There were no questions raised from Council and no further comments received from the NZRS Chair and CE regarding the NZRS 4th Quarter report.

RN 28/14: THAT the NZRS Statement of Directions and Goals be received.

RN 29/14: THAT the NZRS 4th quarter report be received.

(President/Cr Wiggs)
CARRIED U

5. .nz Joint 4th Quarter Report & DNCL 4th Quarter Report

The President invited David Farrar, DNCL Chair, to speak to these reports. David highlighted a couple of items that were not mentioned in the reports, one of which was regarding the public notice around resellers of .nz domains – and secondly around the Second Level Domain registration project, that this is currently going well and they hope that in early July they can announce a date as for when registrations will go live.

RN 30/I4: THAT the .nz Joint 4th quarter report be received.

RN 31/I4: THAT the DNCL 4th quarter report be received.

(Vice President/Cr Wiggs)

CARRIED U

6. .nz Framework Review

Jordan gave a summary on his update to Council around the .nz Framework Review, which is jointly developed by the three groups (InternetNZ, NZRS, and DNCL) to clearly define roles across the groups – i.e. who does what – as well as having clear alignment on these roles.

A good deal of clarity has already been achieved as noted in the paper to Council. A meeting of the Working Group the previous day worked through many of the remaining contentious issues, and another meeting will occur soon to work through those remaining. That meeting or a subsequent one will work out how best to present the Review's conclusions for Council to approve, including how to make any changes to the policy framework if required.

Jamie Baddeley briefly left the meeting at 1.30pm

RN 32/I4: THAT Council receive the report on the progress of the .nz framework review, and notes with favour the considerable progress made to date.

(President/Cr Craig)

CARRIED U

Jamie returned at 1.33pm

7. Business Development

Jordan presented his paper which contained the core of a draft response to a letter from NZRS seeking clarification on several matters regarding business development. The Council discussed the matter with the subsidiary CEs and Chairs, with much of the discussion focused on what level of exposure the Council was prepared to allow – noting that advice from NZRS and from the Chief Executive argued that the previously established \$50,000 limit was too low to allow for effective business development.

Following discussion the following resolutions were made.

RN 33/I4: THAT Council receive the letter from NZRS dated 28 May 2014 regarding business development.

RN 34/I4: THAT Council agree the proposed basis of its response to NZRS as set out in the paper.

(President/Cr MacEwan)

CARRIED

Against: Cr Wiggs

RN 35/14: THAT Council agree to increase the per-opportunity expenditure limit for business development from \$50,000 to \$100,000.

(President/Cr MacEwan)

CARRIED

Against: Cr Wiggs, Cr Moskovitz

Note: an amendment to RN 35/14 was proposed which would have increased the limit to \$150,000. This amendment was lost on the Chair's casting vote in favour of the status quo, after the vote tied 5-5.

RN 36/14: THAT Council instruct the Chief Executive to prepare a draft letter to NZRS from the President consistent with the advice in the paper and the preceding resolutions.

(President/Cr MacEwan)

CARRIED U

RN 37/14: THAT Council adopt the Group Policy in Business Development with immediate effect.

(President/Vice President)

CARRIED U

Keith Davidson joined the meeting at 1.56pm

8. International Update

Since the April meeting, Jordan advised that he has attended the NetMundial conference and details on this travel have been included in the travel report under the Chief Executive's items (circulated late to Council, and to be added to the papers on the website). Jordan also gave an update on the IANA transition, noting that submissions had closed on the IANA transition process but that he understood that submissions on the ICANN Accountability process were to be extended until after the ICANN Meeting in London.

The President also gave a brief summary on his travel to Singapore on 22-27 March while attending the ICANN Governmental Advisory Committee (GAC) meeting. A detailed report will be circulated to Council after the meeting.

Richard Currey and David Farrar left the meeting at 2pm

Keith Davidson and Debbie Monahan left the meeting at 2.05pm

Council took a short break at 2.05pm and reconvened at 2.14pm

Andrew Cushen, Ellen Strickland, Dean Pemberton, and Mary Tovey joined the meeting at 2.14pm

9. 2014/15 Business Plan – continued

In continuation to the Business Plan discussion, Andrew Cushen was invited to continue with presenting the rest of the portfolios for the Internet issues. There was a short discussion around the activities under the portfolios, and some of the activities were changed in terms of how they were prioritised.

RN 38/14: THAT the 2014/15 Business Plan be adopted and received.

(President/Vice President)

CARRIED U
(With Acclamation)

Jay and Debbie left the meeting at 2.50pm

10. 2014/15 Budget

Jordan gave a summary on the 2014/15 Budget and highlighted that the budget now reflects the work plan so it's more transparent and it's easy to follow as to where resources are being used. A question was raised where the liability on leave balances is recorded, and Mary Tovey, InternetNZ Accounting Technician, replied that this is included in the balance sheet. Furthermore, she also advised that the new format for the budget was a recommendation from the Auditors so that from this year, expenditure is presented in 'nature' rather than 'function' so understanding of expenditures will be more useful and helpful.

RN 39/14: THAT Council approves for 2014/15 an operational budget limit of \$3.666 million and a capital budget limit of \$115,000.

(President/Cr James)

CARRIED U

Note: the above expenditure limit is added to by previous Council decisions to roll over unspent portions of the Canterbury Earthquakes grants round, and unspent funds from the 2013/14 Community Funding budget. Once these are included, the final comprehensive operational budget limit in 2014/15 is \$3.762m.

Donald Clark left the meeting at 2.58pm

11. Chief Executive's Report

Jordan gave a summary of his report and highlighted the list of priorities for the next 6 months. He advised that the Operations report was done in a different format (i.e. the Internet issues programme report was separated from the Operating report – this is intended to be a permanent change) and that the normal approach of including reports on tasks and priorities is not present as an interim measure because the team can't traffic-light the tasks that have not been approved yet. With the Business Plan approved and adopted at this meeting, the operations report for the August meeting will be presented as per the previous format (i.e. with the indicators included).

He also gave an overview on the Financial Report ending 31 March and advised that the overall outcome is that while expenses were lower than the budget, income was lower than the budget to a greater extent. Hence, the overall deficit was higher than expected.

Council asked if it's possible to also have a copy of the spreadsheet for this report as an additional reference. The CE and the Accounting Technician undertook to make this available.

AP 11/14: InternetNZ Staff to include the spreadsheet version of the financial report for the next Council meeting.

Mary Tovey left the meeting at 3.07pm.

RN 40/14: THAT Council receive the Chief Executive's report.

RN 41/14: THAT Council receive the financial report for the year ending 31 March 2014.

(President/Cr Craig)

CARRIED U

12. Brand Identity

David Cormack presented to Council the proposed new branding for InternetNZ – e.g. proposed logo, publication layout, website design, etc. Council asked as to when this will be launched and Jordan replied that the aim is to have it introduced/presented as part of the Annual Report which is due to be released on 1 July.

Overall Council was happy with the proposed new branding and have received it positively.

RN 42/14: THAT Council adopts the new InternetNZ logo.

(Cr Craig/Cr Wallace)

CARRIED U

David Cormack and Andrew Cushen left the meeting at 3pm.

13. AGM and Elections

Key dates for the Annual General Meeting and Council Elections was presented to Council.

RN 43/14: THAT Council note the timetable for the 2014 Council Elections and the AGM.

RN 44/14: THAT Council appoint Maria Reyes as Returning Officer for the 2014 Council Elections.

(President/Cr Craig)

CARRIED U

14. Community Funding

Ellen Strickland gave a brief update on the Community Grants Funding and advised the outcome of the Internet Research Funding Round. She advised that the funding agreements have now been finalised and signed by all recipients.

She also presented her report around the Strategic Partnerships and updated Council around partners' activities and commitments.

RN 45/14: THAT Council receives the Partnerships report.

(President/Cr Furneaux)

CARRIED U

Ellen Strickland left the meeting at 3.25pm.

15. Appointments Panel update

The President gave an update to Council around the vacancies for the subsidiaries board. It was noted that the DNCL have vacancies for two Director roles.

A shortlist has been done for the DNCL Board vacancy and interviews will be conducted in the following week and they anticipate having a recommendation to Council for these roles after 17 June. Process for appointing the Council representative for the DNCL and NZRS Boards will be done after the Council election.

16. Consent Agenda

RN 46/14: THAT the minutes of the meeting held on 4 April 2014 be received and adopted as a true and correct record, and THAT the following reports be received:

- a. Ratification of minutes: 4 April 2014
- b. Outstanding action points
- c. E-votes ratification
- d. Membership update

RN 47/14: THAT the new members be approved.

(Vice President/Cr Moskovitz)

CARRIED U

17. Other Business

Jordan reminded Council of the key dates for the succeeding Council meeting – i.e. 31 July for the AGM; 8 August, 10 October, and 12 December for the Council meetings; and 11-13 September for the Strategic Retreat.

Lance Wiggs advised that he might be away for the AGM and the August Council meeting but he'll try to join the meeting remotely, if possible.

AP 12/14: Council to discuss the code of conduct for Councillors at the next meeting.

AP 13/14: Brenda Wallace to send an email to Council re suggestions for the draft Councillor's code of conduct and seek other contribution from the group.

18. Meeting Feedback

Council did a roundtable and gave their feedbacks regarding the meeting and some of the comments are as follows:

- Good and interesting meeting and was pleased with the business development going ahead.
- There were tolerant disagreements compared to previous Council meetings and managed to proceed with the decisions.
- Papers provided were clear and easy to follow.
- Having more notice around the business development discussion regarding the increase in funding would have been helpful.
- Relieved that there is now some clarity around the business development and how it will be executed.
- Impressed by the improvement on the operations of Council – i.e. frameworks are getting better.
- Commended Jordan Carter for providing a clearer and strong recommendation around the business development.
- Business Plan was put up in a clear manner which makes it easier to digest.

- Council has a better rhythm in the meeting and have made some progress, compared to previous meetings.
- Great to see that the critical items have been dealt with properly.

The President also gave his comments and advised that since this meeting was his last Council meeting, he thanked Council for their contribution and mentioned that he felt honoured to have worked with the group for a very long period.

Council expressed their appreciation for Frank March's work as President of InternetNZ Council and thanked him for all the work he's done for the organisation since its foundation and in fact before.

Rochelle Furneaux left the meeting at 3.50pm

RN 48/14: THAT Council notes Frank March's tenure as President and thanks him for his contribution to InternetNZ since its foundation in 1995, including most recently servings as President from 2009 to 2014 – and celebrates his leadership and his contribution.

(Vice President/Cr Craig)
CARRIED U
(With Acclamation)

Next Meeting: The next scheduled Council meeting is 8 August 2014 at InternetNZ's Wellington office.

Meeting Closed: The meeting closed at 3.55pm

Signed as a true and correct record:

Frank March, CHAIR

Action Point Register

	Action	Who	Status	Due by	Comment
December 2011					
AP 67/11	InternetNZ to consider becoming a member of the Maori Internet Society and encourage the Maori Internet Society to become a member of InternetNZ.	InternetNZ	In progress	May 2014 Council meeting	The Action Point is to be marked as 'for review in one year (May 2013)' - <i>August Council Meeting:</i> Deferred to May 2014
February 2013					
AP 08/13	Jordan to develop a policy regarding the use of the major events budget line, have it checked by the Investment Committee, and submitted to Council for discussion at the March Council meeting.	CE	In progress	April 2014 Council meeting	
May 2013					
AP 13/13	The President to circulate the self-evaluation form to Council for completion.	President	In progress	June 2014 Council meeting	
August 2013					
AP 17/13	Jordan to draft basic guidance on what Councillors needs to declare as part of their register of interest.	CE	In progress	August 2014 Council meeting	Draft has been circulated to Council for discussion
AP 22/13	Jordan to draft a code of conduct for the Community Funding/Strategic Partnership agreement and send it to Council for review.	CE	In progress	June 2014 Council meeting	Covered in the Community Funding Review Implementation Plan
April 2014					
AP 07/14	Jordan to circulate the draft of the Business Development policy to Council for adoption.	Jordan	In progress	August Council meeting	Included in the Business Development - paper for June Council meeting
AP 08/14	Chief Executive to provide an initial report on InternetNZ Group financial flows at the June Council meeting.	Jordan	In progress	August Council meeting	
June 2014					
AP 11/14	InternetNZ Staff to include the spreadsheet version of the financial report for the next Council meeting.	INZ Staff (Mary)	Complete	August Council meeting	
AP 12/14	Council to discuss the code of conduct for Councillors at the next meeting. <i>(To be added on to the agenda for next Council meeting)</i>	Council	Complete	August Council meeting	
AP 13/14	Brenda Wallace to send an email to Council re suggestions for the draft Councillor's code of conduct and seek other contribution from the group.	Cr Wallace	In progress	August Council meeting	

Evotes ratification

E-votes Ratification

Author: Maria Reyes

There have been four e-votes conducted since the last Council Meeting:

Evote:		For:	Against:	Abstain:
11062014	The Audit & Risk Committee recommends that Council to receive and approve the InternetNZ Annual Report for the year ended 31 March 2014.	Hamish MacEwan Donald Clark Neil James Amber Craig Frank March Richard Wood Jamie Baddeley Rochelle Furneaux Dave Moskovitz Michael Wallmannsberger Lance Wiggs Brenda Wallace		
230620141	THAT Ken Johnston be reappointed to the DNCL Board for a further term of three years.	Jamie Baddeley Frank March Michael Wallmannsberger Richard Wood Neil James Lance Wiggs Amber Craig Hamish MacEwan Brenda Wallace		Dave Moskovitz
230620142	THAT Adam Hunt be appointed to the DNCL Board for a term of one year.	Jamie Baddeley Frank March Michael Wallmannsberger Richard Wood Neil James Lance Wiggs Amber Craig Hamish MacEwan Brenda Wallace		Dave Moskovitz
22072014	THAT Maureen Milburn be appointed as the election scrutineer for the 2014 InternetNZ election.	Michael Wallmannsberger Neil James Hamish MacEwan Dave Moskovitz Jamie Baddeley Richard Wood Brenda Wallace Rochelle Furneaux Frank March Donald Clark Amber Craig Lance Wiggs		

Recommendation: THAT the e-votes be ratified.

Membership Report

INTERNETNZ MEMBERSHIP REPORT

Status: Final**Author:** Maria Reyes

2013-14

	August 2014	June 2014	April 2014	February 2014
Fellows:	23	24	24	24
Individual:	256	302	290	281
Professional Individual:	68	81	83	82
Small Organisation:	26	31	30	30
Large Organisation:	7	7	6	5
Total Membership:	380	445	433	422

2012-13

	August 2013	June 2013	May 2013	February 2013
Fellows:	24	N/A	23	23
Individual:	239	N/A	257	242
Professional Individual:	72	N/A	80	71
Small Organisation:	22	N/A	25	27
Large Organisation:	5	N/A	8	7
Total Membership:	362	N/A	393	370

Out of the 274 members whose memberships have expired on 31 March this year (with Grace period for up to 30 June), 195 members renewed their subscription.

Recommendation: THAT the new members be approved.

COUNCIL MINUTE TERMINOLOGY

Agree	“That Council agree...” this is usually followed with a specific decision, policy position or course of action.
Adopt	“That the report be adopted.” When Council adopts a report or paper, it is accepting that the contents of the document, including any recommendations, are agreed with and become the InternetNZ position and action plan.
Amend	“That Council amend” This term is for a resolution that seeks to amend a proposed resolution, and should set out clearly what is to be deleted and what is to be added.
Receive	“That Council receive...” This is a neutral term which captures for the record that a report, document, proposal etc has been noted by the Council. It does not imply that any recommendations in the proposal are to be acted on: that would require “adoption” as well.

Glossary of Terminology	
2020	2020 Communications Trust
2TLD	Second Level Domain
3TLD	Third Level Domain
ACCC	Australian Competition & Consumer Commission
ACTA	Anti-Counterfeiting Trade Agreement
ADA	Australian Digital Alliance
ANZIAs	Australia New Zealand Internet Awards
APEC	Asia-Pacific Economic Cooperation
APNIC	Asia Pacific Network Information Center (<i>RIR for the Asia Pacific region</i>)
APRICOT	Asia Pacific Regional Internet Conference on Operational Technologies
APTLD	Asia Pacific Top Level Domains Associations (<i>organisation for ccTLD registries in Asia Pacific region</i>)
auDA	.au Domain Administration Ltd (<i>Australian equivalent of DNCL</i>)
BCOP	Best Current Operational Practices
BIM	Brief to Incoming Minister
ccNSO	Country Code Names Supporting Organisations
ccTLD	Country Code Top Level Domain (<i>such as .nz for New Zealand, .uk for United Kingdom</i>)
CDMA	Code Division Multiple Access (<i>server</i>) (<i>a means to transmit bits of information</i>)
CFH	Crown Fibre Holdings
CIRA	Canadian Internet Registry Authority (<i>operators of the .ca ccTLD</i>)
DHB	District Health Boards
DIDO	Distributed-Input Distributed-Output (<i>wireless protocol system</i>)
DNCL	Domain Name Commission Limited
DNS	Domain Name System
DNSSEC	DNS Security (<i>adds security to the Domain Name System</i>)
DSLAM	Digital Subscriber Line Access Multiplier
DRS	Dispute Resolution Service
FTTH	Fibre To The Home
GAC	Government Advisory Committee
GCSN	Greater Christchurch Schools Network Trust
GNSO	Generic Name Supporting Organisation (<i>makes recommendations re gTLD to ICANN</i>)
gTLD	Generic Top Level Domain (<i>such as .com / .edu</i>)
HDC	Harmful Digital Communications

Glossary of Terminology	
IANA	Internet Assigned Numbers Authority
ICANN	Internet Corporation for Assigned Names and Numbers
ICT	Information and Communications Technologies
IGF	Internet Governance Forum
ISOC	Internet Society
ISPANZ	Internet Service Provider Association of New Zealand
ITAC	Internet Technical Advisory Committee
ITU	International Telecommunications Union
ITR	International Telecommunications Regulations
LFC	Local Fibre Company
MAG	Multistakeholder Advisory Group
MBIE	Ministry of Business, Innovation and Employment
MTR	Mobile Termination Rates
NCSG	Non-Commercial Stakeholders Group (<i>committee under ICANN's GNSO</i>)
NTIA	U.S. Commerce Department's National Telecommunications and Information Administration
NZITF	New Zealand Internet Task Force
NZNOG	New Zealand Network Operators Group
OECD	Organisation for Economic Co-operation and Development
OFDM	Optical Frequency Division Multiplexing
PAG	Policy Advisory Group
PIP	Pacific Internet Partners (<i>group revived by Keith to help IGF</i>)
RBI	Rural Broadband Initiative
RIR	Regional Internet Registry
STD	Standard Terms Determination
TCF	Telecommunications Carriers' Forum
TLD	Top Level Domain
TPP	Trans-Pacific Partnership
TPPA	Trans-Pacific Partnership Agreement
TSO	Telecommunications Services Obligation
UBA	Unbundled Bitstream Access
UCLL	Unbundled Copper Local Loop
UFB	Ultra Fast Broadband
WSA	Wholesale Services Agreement
W3C	World Wide Web Consortium