

Council Pack.

04/12/2020

AGENDA

Council Meeting: 4 December 2020

Wellington Office: L11 / 80 Boulcott St, Wellington Central

12:30pm Meeting start
2:00pm Afternoon Tea Break
2:30pm Meeting closed

Section 1 – Meeting Preliminaries

12:30pm	1.1	Council only (in committee)
12:35pm	1.2	Council and CE alone time (in committee)
12:40pm	1.3	Karakia, apologies, interests register
12:40pm	1.4	Agenda review and environment scan

Section 2 – Strategic Priorities

12:45pm	2.1	.nz Policy Review - proposed approach for responding to the recommendations of the .nz Advisory Panel
1:40pm	2.2	Priorities for 2021/2022

Section 3 – Matters for Decision

		Covered elsewhere in this agenda.
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Section 4 – Matters for Discussion

2:00pm	4.1	Registry Replacement Update
2:00pm	4.2	(Vice) President's Report
2:05pm	4.3	Management Items for Discussion

Section 5 – Consent Agenda

(fifteen mins for discussion of items, contingency available)

2:15pm	5.1	Committee Reportback (verbal): 5.1.1 Audit and Risk Committee 5.1.2 .nz Policy Committee 5.1.3 Komiti Whakauru Māori 5.1.4 Chief Executive Review
	5.2	Confirm Minutes – 9 October 2020
	5.3	Actions Register
	5.4	E-vote Ratification - none since last meeting
	5.5	Quarterly and Operational Reports: 5.5.1 Health, Safety and Wellbeing Update 5.5.2 Membership Report 5.5.3 InternetNZ Activity Report 5.5.4 2020-Q2-InternetNZ Financial Group Consolidated Report 5.5.5 2020-Q2-InternetNZ Financial Report 5.5.6 DNCL 2020-Q2 Financial Report

Section 6 – Other Matters

	6.1	CONTINGENCY (for any overflow)
	6.2	Matters for communication – key messages
	6.3	General business
	6.4	Meeting review
2:30pm	6.5	Meeting close (karakia or waiata)

Council Register of Interest

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:

President - \$35,470

Vice President - \$22,169

Councillor - \$17,735*

**Sub-Committee Chairs also receives additional 10% of their honoraria*

Name: Jamie Baddeley

Position: President, InternetNZ

Term: AGM 2014 - AGM 2021

Declaration Date: 27 May 2017

Interests:

- No items to declare.

Name: Joy Liddicoat

Position: Vice President, InternetNZ

Term: AGM 2014 - AGM 2021

Declaration Date: 31 March 2020

Interests:

- Trustee and Chair of the Peter Rule Foundation
- Holder of .nz domain name registrations
- Member of the New Zealand Law Society
- Member Otago Women Lawyers Society
- Member of the Non Commercial Users Constituency of ICANN
- Founding Director and Shareholder of Oceania Women's Satellite Network (OWNSAT) PTE Limited. OWNSAT is a shareholder in Kacific Broadband Satellite
- Affiliate of the Centre for Law and Policy in Emerging Technologies, Faculty of Law, University of Otago.
- Member of the Association for Progressive Communications

Name: Amber Craig

Position: Councillor, InternetNZ

Term: AGM 2013 - AGM 2022

Declaration Date: 4 May 2020

Interests:

- Holds .nz domain name registrations
- Trust Chair of Whare Hauora Charity
- Deputy, Chair, interim Treasurer and Trustee of Rangitāne o Wairarapa Rurunga
- Director of Tahetoka Limited (Facilitation and Consulting)
- Trustee of Te Rua o Mahara Wairarapa Trust
- Director and Shareholder of Te Rua o Mahara Tours Tapui Limited
- Receives additional honoraria for being Chair of the Audit and Risk Committee for InternetNZ.

Name: Sarah Lee

Position: Councillor, InternetNZ

Term: AGM 2014 - AGM 2022

Declaration Date: 24 August 2018

Interests:

- Member of New Zealand Māori Internet Society
- Receives additional honoraria for being Chair of the Māori Engagement Committee

Name: Richard Hulse

Position: Councillor, InternetNZ

Term: AGM 2015 – AGM 2021

Declaration Date: 1 April 2020

Interests:

- Employee of GS1 New Zealand
- Holder of .nz domain name registrations

Name: Don Stokes

Position: Councillor, InternetNZ

Term: AGM 2017 – AGM 2023

Declaration Date: 6 December 2019

Interests:

- Shareholder/Director, Knossos Networks Ltd, an authorised .nz registrar
- Shareholder / director of several inactive companies
- Registrant of .nz and .net domains
- Consultant of Liverton Security

Name: Kate Pearce

Position: Councillor, InternetNZ

Term: AGM 2017 – AGM 2023

Declaration Date: 15 February 2019

Interests:

- Employee of TradeMe
- Member of the New Zealand Labour Party
- Holder of .nz, .com, .org, .net domain registrations
- Member of NZ Internet Task Force
- Board Member of New Zealand Internet Task Force (NZITF)
- Member and Co-leader of Aotearoa Tech Union
- Receives additional honoraria for being Chair of the .nz Policy Committee

Name: aimee whitcroft

Position: Councillor, InternetNZ

Term: AGM 2019 – AGM 2022

Declaration Date: 17 August 2020

Interests:

- Employee of Waka Kotahi NZ Transport Agency
- Holder of .nz domain names
- Open Data Charter Board Member
- Organiser for unconferences and related events
- Have previously been employed by InternetNZ on contractual basis
- Have previously been awarded an InternetNZ conference grant
- Wildlife.ai Board Member

Name: Melissa Davies

Position: Councillor, InternetNZ

Term: Appointed 2020 – 2022

Declaration Date: 8 August 2020

Interests:

- Own .com and .nz domains
- Owner/Principal SilverDelta
- Owner/CEO Holdmine Ltd
- Co-Owner Bolstur Ltd
- Independent Director - Canterbury Employer's Chamber of Commerce
- Independent Director - Canterbury A&P Association
- Independent Director - Motus Health
- New Zealand Rugby - Board Committee - Commercial and Technology

Name: Hiria Te Rangi

Position: Councillor, InternetNZ

Term: AGM 2020 – AGM 2023

Declaration Date: 14 August 2020

- I own registered .nz domain names
- CEO - Whare Hauora - Charity
- CEO - Do Good limited - Company
- Co business owner - Atamai - Company
- Advising the Spark Foundation

Name: Anthony Bow

Position: Councillor, InternetNZ

Term: Appointed 2020 – 2022

Declaration Date: 17 August 2020

- Holder of .nz and .com domain names
- Director of Whai Rawa Fund Ltd
- Director of Maungaharuru-Tangitū Ltd
- Deputy Chair and Board Member of the Medical Radiation Technologists Board.
- Director of Medical Sciences Secretariat Ltd
- Chair and Trustee of Bill McKinlay Park Trust
- Director and Shareholder of Waimana Capital Ltd
- Shareholder in private companies; Big Splash Ltd and Talent Propeller Ltd

The register was last updated on 17 August 2020.

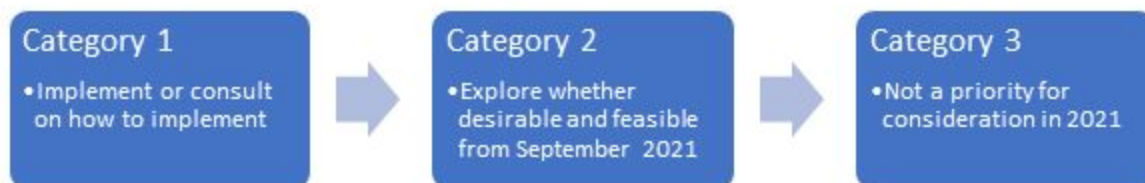
.nz policy review: Prioritisation of Panel recommendations and public consultation

ITEM NO: 2.1
AUTHOR: Kim Connolly-Stone, Policy Director
Dominic Kebbell, Principal Policy Advisor
PURPOSE: To seek agreement to the prioritisation of the .nz Advisory Panel's recommendations and a public consultation in February 2021
DATE WRITTEN: 27/11/2020

Summary

The first phase of the .nz review ended when the .nz Advisory Panel (the **Panel**) submitted its [Recommendations Report of the .nz Advisory Panel](#) on 30 September 2020.

The Policy Committee now seeks agreement for InternetNZ to prioritise the Panel's recommendations as follows:



This paper also notes there is work underway preparing an exposure draft of the new .nz Rules, together with consultation materials on the draft and various Registry Replacement project issues, for a public consultation in February 2021.



Prioritising the Panel's recommendations

We recommend that the Panel's recommendations be organised into three categories, as shown in **Appendix 1**. These are summarised here.

Category 1: Implement or consult on how to implement

A recommendation is in this category if it can either be implemented immediately or included in public consultation in February 2021 (see below).

There are only 2 recommendations in this category we consider can begin to be implemented immediately: recommendation 14 (ensuring InternetNZ has the capability needed to engage with Māori) and 17 (ensuring policy documents are produced in an accessible format that meets web accessibility standards).

The other recommendations in this category are ones where we need to consult on how to implement.

There are two sets of Category 1 recommendations where we will apply best endeavours. These are the 'Registrant details' and 'Growth' recommendations (recommendations 29-31 and 33-36). These recommendations have interdependencies with the Registry Replacement project. However, it might not be possible to include these in the February consultation given the workloads of the relevant teams.

We will update you in February 2020 to confirm whether we have been able to include them.

Category 2: Explore whether desirable and feasible, from September 2021

A recommendation has been put into this category if due to its complexity, interdependence with other work, or need to prioritise Category 1 work, our consideration of whether it is desirable and feasible to implement the recommendation will start in September 2021 (or earlier if time permits). In other words, we are not yet in a position to advise you on whether these recommendations should be accepted or not.

We are likely to be at full capacity in the first half of 2021 with the Category 1 work, the Registry Replacement project as well as other day to day functions. We may be unable to turn our full attention to the Category 2 recommendations until around September 2021. We will however look to assess them earlier if the opportunity arises.

Category 3: Not a priority in 2021

We have put a recommendation into this category if it is not to be considered any time in 2021. These recommendations (45 - 53) are additional ideas the Panel wanted

to put to InternetNZ as opportunities for .nz. They were not a part of the Options Report that was released as part of consultation.

As with category 2, we are not yet in a position to advise you on whether these Category 3 recommendations should be accepted or not.

Appendix 1 organises the recommendations into categories, so you can see what we are recommending be consulted on in February (Category 1) and the recommendations we need to consider further before presenting advice to you (Categories 2 and 3).

There is also a spreadsheet with further information

We have also prepared a spreadsheet that presents the Panel's recommendations in numerical order with our advice on which category each recommendation should be in. We have provided information on the rationale for each recommendation and why we think it should be categorised as it has been. The spreadsheet has space for you to make notes about the recommendations to aid your preparation for the Council meeting.

February 2021 consultation

There are two drivers for consulting with the public in February 2021. The first is the desirability of progressing the Category 1 recommendations, and making some progress with the implementation phase of the review. The second is the Registry Replacement project.

Progressing the Category 1 recommendations

We are preparing an exposure draft of the new .nz Rules. The exposure draft is intended to facilitate discussion on a proposed way of implementing Category 1 recommendations 1-13 and 20.

The exposure draft is broadly consistent with these Category 1 recommendations. However, there will be differences between what the Panel recommended and what we include in the exposure draft for consultation. For example:

- Recommendation 1 was to introduce five new guiding principles for .nz. One of these was that “.nz should be secure, trusted and safe”. Our exposure draft will include a new guiding principle that says “.nz should be secure and trusted”. This is because it is not clear what ‘safe’ means in this context (see the spreadsheet in **Appendix 2** for more details). We can incorporate a discussion on this issue in the consultation document.
- Recommendation 2 was to restructure the .nz policies into a new policy framework consisting of four categories: principles, policies, rules and

procedures, with a guidelines appendix. We broadly agree with this recommendation and are preparing the exposure draft along those lines. However, we are not convinced that a guideline appendix is needed at this stage (see the spreadsheet in **Appendix 2** for more details).

- Recommendation 5 was to amend the Policy Development Process to detail how principles, policies, rules and procedures can be changed. The Panel considered that there should be a different level of engagement for each level (principles, policies, rules, procedures etc). We propose having a different level of engagement for the procedures & requirements only (see the spreadsheet in **Appendix 2** for more details). We would however be comfortable testing in the consultation whether there should be more consultation differentiation.

The exposure draft of the new .nz Rules incorporates some existing principles as policies rather than principles. This should not necessarily be interpreted as meaning that they would become less meaningful or effective. For example, the first come, first served rule appears in the exposure draft as a policy in a section on registration of a .nz domain name. We consider that the concept more appropriately sits there, rather than as a general principle suggesting it is relevant to the system as a whole (i.e., including transfers of .nz domain names, cancellations, authorisation of registrars etc).

We currently consider that questions on how the 'first come, first served' principle might be modified should be included in the February consultation as well as in our engagements with Māori. However, our view on including this in the February consultation may change after our initial engagements with Māori in December 2020. We will advise you in February if we no longer consider that this should be included in the February consultation (see the spreadsheet in **Appendix 2** for more details).

Registry Replacement project

We propose two other groups of issues be included in the February 2021 consultation:

- Panel recommendations 29-31 and 33-36 if possible (the 'Registrant details' and 'Growth' Category 1 recommendations mentioned earlier). Determining InternetNZ's position on those recommendations will help to inform decisions needed on the Registry Replacement project.
- Various matters relating to the Registry Replacement project. These are not connected to any Panel recommendations. The project will be looking at an alignment of our registration policies with the new system capabilities, EPP standards and international best practices in order to future proof our investment. An example of the type of policy change likely to be consulted on

is the replacement of the UDAI (Unique Domain Authentication ID) with the EPP Auth Code and allowing registrars to set this value.

To avoid overlapping consultation and engagement fatigue, we recommend including known Registry Replacement project issues in the February 2021 consultation.

Extract from proposed exposure draft

To give you an idea of what the reorganised .nz Rules might look like, we have included an extract of the draft exposure draft in **Appendix 3**.

The draft exposure draft is still very much in development. We are not seeking your feedback on the wording or accuracy of the document, as there are still issues we need to resolve. We do however hope that the extract will help you understand how we propose the principles, policies, operational rules and procedures and requirements operate together.

Progressing other Category 1 recommendations

We are holding some ‘meet and greet’ hui with members of the Māori digital and Internet sectors in December. These will be an opportunity for people to meet the recently appointed Chief Advisor, Māori and to begin discussions on various issues of interest. This will provide an opportunity to begin a discussion on recommendations 14-16(a) (the recommendations under .nz and Māori in **Appendix 1**) as well as on recommendation 7 (on the ‘first come, first served’ principle).

The final Category 1 recommendation (recommendation 17) can be implemented independently of the other Category 1 work. It involves ensuring that the .nz policy documents are in an accessible format that meets accessibility standards. We consider that this will be comparatively straightforward to implement (see the spreadsheet in **Appendix 2** for more details).

Proposed timeline

We propose the following timeline for the .nz work:

When	What
December 2020	Chief Advisor, Māori holds ‘meet and greet’ hui with members of the Māori digital and Internet sectors to discuss (among other issues) the Panel’s recommendations of interest to Māori.
February 2021	Release consultation document on: <ul style="list-style-type: none">• exposure draft of the new .nz Rules• Registry Replacement project-related Category 1 Panel recommendations

	<ul style="list-style-type: none"> Registry Replacement project issues independent of Panel recommendations.
April 2021	Advice to Policy Committee on outcomes of consultation and next steps.
May 2021	Council decisions on next steps following feedback from consultation (make policy changes or do further consultation).
June - August 2021	Either: implementation of policy changes or further consultation.
September 2021	Start to focus on Category 2 recommendations (exploring whether these recommendations are desirable or feasible to enable us to offer advice on whether they should be accepted or not).

Recommendations

It is recommended that Council:

1. Agree to prioritise the Panel's recommendations as set out in **Appendix 1**.
2. Note that staff intend to publicly consult in February 2021 on:
 - a. the exposure draft of the new .nz Rules, incorporating many of the Panel's Category 1 recommendations
 - b. recommendations 29-31 and 33-36 relating to the Registry Replacement project, subject to recommendation 3
 - c. various issues relating to the Registry Replacement project.
3. Note that we may not be able to include recommendations 29-31 and 33-36 given the high workload of the teams involved.

Appendix 1: Prioritisation of Panel recommendations

Category 1: Implement or consult on how to implement

A recommendation is in this category if it can either be implemented immediately or included in public consultation in February 2021.

Rec no.	Recommendation
Simplification and consolidation of .nz policies	
2	InternetNZ should restructure the .nz policies into a new policy framework consisting of four categories: principles, policies, rules and procedures, with a guidelines appendix
3	InternetNZ should rewrite the .nz policies so they are easier to understand and navigate
4	InternetNZ should explain how the policy framework functions, including definitions, the relationship between principles, policies, rules and procedures
Principles	
1	<p>InternetNZ should introduce five guiding principles for the management of .nz:</p> <ul style="list-style-type: none"> ○ .nz should be secure, trusted and safe: .nz infrastructure must be dependable and secure, and .nz be trusted and safe ○ .nz should be open and accessible: everybody should be able to observe, participate, innovate and enjoy the benefits of .nz ○ .nz should serve and benefit New Zealand and reflect and be responsive to our diverse social, cultural and ethnic environment ○ .nz should support te reo Māori and participation in .nz by Māori ○ .nz should enable New Zealand to grow and develop: it should help people, businesses and organisations connect, create, innovate and grow
6	The "rule of law" principle should be retained in the .nz policies
7	The "first come first served" principle should be modified and retained in the .nz policies
8	The "no concern for use" principle should be modified and retained in the .nz policies
9	The "low barriers to entry" principle should be modified and retained in the .nz policies

10	The "Registrant rights come first" principle should be removed
11	The "structural separation" principle should be retained in the .nz policies
12	The "clear chain of relationships " principle should be retained in the .nz policies
Policy Development process	
5	InternetNZ should amend the Policy Development Process to detail how principles, policies, rules and procedures can be changed
13	The .nz Policy Development Process policy should be amended to require InternetNZ to take reasonable steps to engage with Māori in the policy-making process
.nz and Māori	
14	InternetNZ should ensure it has the capability needed to engage with Māori
15	InternetNZ should engage with Māori on specific issues identified by the Panel and any other issues that arise in the engagement process
16 (a)	The .nz policies should be translated into te reo Māori
Accessibility	
17	InternetNZ and DNCL should produce policy documents in an accessible format that meets web accessibility standards
Emergency provision	
20	The interim provision should be modified and made permanent
Registrant details	
29	Registrant details other than name should be protected by default
30	Providing admin and technical contacts should be optional but made publicly available if chosen
31	InternetNZ should provide an email communication function to enable registrants to be contacted without revealing their email address (e.g. web form)
Growth	
33	Enable variable wholesale pricing to Registrars
34	Allow Registry to offer rebates to the registrant via the wholesale fee

35	Allow registrar incentives to drive specific initiatives
36	Require all pricing mechanisms (variable wholesale price / rebate / incentive) to be designed to promote .nz policy goals

Category 2: Explore whether desirable and feasible

A recommendation is in this category if we still need to do more work to explore whether it is desirable and feasible to implement due to its complexity, interdependence with other work or need to prioritise Category 1 work. We are not yet in a position to advise you whether or not these recommendations should be accepted.

Rec no.	Recommendation
Accessibility	
16 (b)	There should be a long term vision to provide policy information in languages used by New Zealanders other than te reo Māori
18	InternetNZ should continue to monitor the utility of IDNs as a way to support all New Zealanders' use of .nz
19	InternetNZ should undertake a work programme to minimise the risk, or perception of risk, associated with the assumption that .nz is limited to New Zealand
Security and trust	
21	InternetNZ and the DNCL should undertake a work programme to develop a trusted notifier regime
22	InternetNZ should build necessary protections into the policy to include accountability and transparency
23	InternetNZ should introduce a requirement for registrars to meet minimum security standards
Conflicted domain names	
24	InternetNZ should set a deadline for registrants to resolve self-conflicted domain names
25	InternetNZ should set a deadline for parties to come to an agreement on resolving conflicted domain names

26	Following deadline expiration, names should be released for general registration
Registrant details	
27	InternetNZ should work with registrars to strengthen registrant validation practices
28	InternetNZ should clarify the purpose of collection of each field in the registrant, administrative and technical fields
32	InternetNZ should offer an optional NZ Legal Person Verification process which would result in a marker being added to the domain name registration data
Growth	
37	InternetNZ should work with registrars to establish a statement of registrant rights which the DNCL should monitor and registrars be accountable for by annual monitoring
38	DNCL should publish expanded objective market information to better inform registrant choice e.g. market share and renewal rates, but consults with registrars further on the specific material
39	The registry should define minimum service/feature set all registrars must provide
40	The registry should not be permitted to sell or market commercial services provided by InternetNZ directly to registrants via registry data
41	The registry should incentivise registrars to provide services it provides under agreed rules
42	Establish a Registrar Service Level Agreement System to enhance market operation
43	The registry should collect and communicate market information including customer segments, activity/utilisation and product use for industry to better understand and develop the .nz market
44	InternetNZ should change the policies to enable credible new second level names to be considered

Category 3: Not a priority in 2021

A recommendation is in this category if we do not plan to consider or prioritise it any time in 2021. These recommendations are generally not about the .nz policies and are more about our operations.

Rec no.	Recommendation
45	InternetNZ should embark on an education campaign with the registrar community to ensure registrants and the public are aware of the .nz domain space and its key benefits to New Zealanders
46	InternetNZ should develop an anti-abuse statement to be used as a non statutory tool to make it clear what actions will not be tolerated on .nz
47	Establish a value measure for .nz: Develop a measure for the value .nz creates in New Zealand, tied to the New Zealand Wellbeing framework
48	Set specific sector growth targets: Set targets for .nz growth in key target and underrepresented areas eg. SMEs, Māori
49	Support SME connectivity: Collaborate with Government digital forums referred to in the Small Business Council report to boost SME connectivity
50	Establish a Registrar/Registry marketing panel: Establish a new .nz marketing panel comprising the Registry, registrar, reseller and registrant representatives to provide .nz marketing and pricing guidance to InternetNZ
51	Make it easier for SMEs to get online: Work with the Registrar Advisory Group to develop bundled small business product including a domain and landing page - to make it easier for SMEs to get online
52	Review .nz registrant switching behaviour: Examine the existing domain switching/transfer activity by registrants between registrars to see if this can be made easier or more visible
53	Explore domain-drop mechanisms: A reasonable volume of domain names regularly “drop” or are not renewed by registrants. Internet NZ should explore a domain-drop mechanisms such as auctions to capture potential value in reacquired domain names

Priorities in 2021/22

ITEM NO:	2.2
AUTHOR:	Jordan Carter, Group Chief Executive
FOR:	Council
PURPOSE:	To propose key areas of focus for the 2021/22 business year and seek Council feedback on this, to inform the planning and budgeting process.
DATE WRITTEN:	26/11/2020

Introduction

This paper sets out key priorities for the 2021/22 business year that begins in April - all of which are continuations of work already under way at the time of writing. It notes secondary priorities, discusses the operational implications of this list for our work, and then briefly canvasses risks and next steps.

In thinking about next year, management is not suggesting any changes to our strategic framework, including the 2020-2022 strategic goals agreed last year. The coming year is one of execution on several large projects, as this paper discusses, and it is after this that our attention should turn to the next areas of focus.

Key priorities

There are three areas of work that we propose are the focus of the group next year. These are in order of priority:

- .nz Registry Replacement Project
- .nz Policy Review
- Flexible First Programme (operating model adjustments to sustain flexible work)

Some context is provided about each as follows:

Registry Replacement - in February Council will consider the business plan for the replacement project. Doing the mahi to replace our registry will require concentration, focus and resources across InternetNZ and DNCL, and includes implementing the new system, keeping current systems running, the cutover between old and new, and developing the operational approach to running the new system. This is a “must not fail” project and has to be resourced appropriately.

.nz Policy Review - public consultation on the first tranche of recommendations will be under way by the end of the current business year, dependent on Council decisions at this meeting. We would like to formalise those initial changes in May or June, so that the new .nz registry is implemented based on the new policies and procedures rather than the current ones. We would intend to scale this work so that it can be accomplished in that timeframe.

Flexible First - making our way of working sustainable in an era of remote working is what we are calling ‘Flexible First’. This programme has been underway since August, more or less, and is bringing up tensions and issues with other aspects of our operating model. As such, the third priority for next year is continuing to develop our capacity to do our work effectively, and improving how we work compared with the initial approaches deployed in merging NZRS and InternetNZ, and drawing DNCL more integrally into the group, in early-mid 2018.

Secondary priorities

We are developing our thinking about what would be next in line for work. Not all of the organisation’s resources are required for the above three areas, so what is next?

We seek Council’s views on these, any gaps you think should be covered, or areas noted below you think should have lesser priority.

- **Internet for All:** we need to continue working with like-minded organisations to influence government investment in digital inclusion (along the lines proposed in our Five Point Plan) and better coordinate the digital inclusion community.
- **Internet for Good:** this will include foundational work (delayed because of COVID-19) on a shared vision for an Internet for Good. Other work will flow from this.
- **Funding:** the Community Funding pool will revert to the \$1m baseline. Managing this pool will include some contention between continuing a focus on an Internet for All (the focus of most of the grants rounds in 2020/21), increasing a focus on Internet for Good following the foundational work, and an increasing Māori focus.

- **Events:** we assume an approach to events in the next financial year that allows in-person activity. Our portfolio of major events will include a national NetHui event, in person, in Auckland and developing a new .nz and product-centric event focused on the web developer/builder community as a sales and marketing initiative.
- **Product development:** we will continue with our focus on developing new products for InternetNZ to develop new revenue streams. The focus areas are to 1) establish and grow DNS Firewall Revenues 2) complete .nz Registry Lock service 3) establish InternetNZ's role in the Digital Identity ecosystem.
- **Maori Engagement:** now that the Chief Advisor Māori is in place, we will move forward with relationship development, staff capability development and consultations on Māori perspectives on .nz policy.

Operational implications

As noted, the priority areas of work are ones that must be done. And following on as it does from a very tough 2020, we are determined to make sure that our teams are not overloaded with unrealistic expectations or overly-long to-do lists.

The implications for you to be aware of are that:

- the operational capacity of the organisation will be focused here, and we will communicate that clearly. There will be temporary staffing and assignments to projects involved that we will keep you informed about to the extent they affect Council.
- If external events require a change of priority, that will lead to secondary priorities being replaced. If it is a big change, it may mean that work has to slow on one of the top priority areas. We will keep Council appraised.
- The Budget and Plan that come to you for approval early next year should demonstrate this clear focus, and so may look a little different to the documents from previous years.

Risks

There are no significant risks arising from this paper.

There is some risk that some stakeholders' expectations or needs will not be met with a more focused approach on key projects. That risk is less than the risk of not

achieving our key priorities, in our judgement. We welcome discussion on this.

Next Steps

With your feedback, staff will work on preparing the budget and plan for 2021/22, for approval at the Council meeting in March 2021.

Recommendations

That Council note and endorse the primary priorities for the 2021/22 Budget and Plan, and note the secondary priorities.

Jordan Carter

Group Chief Executive

26 November 2020

COUNCIL MEETING - DECEMBER 2020

.NZ REGISTRY REPLACEMENT PROJECT

ITEM NO:	4.1
AUTHOR:	Dave Baker, Chief Technology Strategist
FOR:	Council
PURPOSE:	To provide an update on the project and cost estimates to date.
DATE WRITTEN:	24/11/2020

Introduction

This paper updates the Council on the registry replacement project. It sets out the timeframe and the next steps.

Request For Tender (RFT)

As outlined in the paper, submitted to the 14 February Council meeting, three shortlisted providers from the expression of interest (EOI) phase were invited to participate in the RFT and three responses were received on the closing date of 14 September 2020.

Following an intense assessment of RFT responses, the project board selected a preferred supplier of a commercially available off-the-shelf (COTS) registry solution and made the following recommendation to the Senior Leadership Team (SLT) at their 3 November 2020 meeting:

Agree to endorse the recommendation by the project board to select XXXX as the preferred supplier of a COTS registry system and implementation, customisation and configuration services for the system and support for the migration of all users, both internal and external, to the new system.

This recommendation was endorsed by the SLT.

Next steps

The next step of the project will be to develop the following, for the full project delivery, as part of the **negotiation phase**:

- Implementation project plan;
- Business case; and
- A set of contractual terms ready for signing.

Negotiations have commenced and current estimates are for the business case to be submitted for approval with the Senior Leadership Team (SLT) by the end of January and to the first Council meeting for 2021, in mid-February. Following Council endorsement the contracts would be signed and the implementation project kicked off.

We will also be developing the necessary team of staff and contractors to do the implementation in a robust way. This internal resourcing assignment will be designed to manage the workload impact on our team, and ensure that the project proceeds consistent with agreed timeframes.

Risk

With the continued restrictions on travel and time differences between New Zealand and the supplier's timezone there is a risk that the requirements gathering component for the business case may take longer than estimated and therefore delay the delivery of the business case. We will give Council an update on how this is going in mid-January.

Budget

EOI phase costs

In the Council December 2019 paper the total forecast cost for the EOI phase was estimated to be \$85,000 - \$100,000.

Actual costs were \$92,385.

RFT phase costs

In the February 2020 Council paper the total forecast cost for the RFT phase was estimated to be \$300,000 - \$400,000. At the time of this paper, our more refined forecast sees the total direct costs incurred landing around \$240,000.

Please note these costs have not hit our P&L to date and have been capitalised over 5 years.

Negotiation phase

The estimated budget for this phase is \$250,000 - \$300,000 including legal fees.

Operational costs to resource implementation

These will be quantified as part of the planning process for the 2021/22 plan and budget.

Recommendations

That Council note the registry replacement project update, including the current status and next steps.

Dave Baker

Chief Technology Strategist

24 November 2020

Management items for discussion

ITEM NO: 4.3
AUTHOR: Jordan Carter, Catherine Fenwick
PURPOSE: Key items for the Council to know / offer guidance on.
DATE WRITTEN: 26/11/2020

Introduction

This paper is designed to raise key issues for the Council to give advice, input and share understanding with management.

Due to the timing of this meeting, shortly after the second quarter reports, it is fairly brief.

Matters are broadly in order of priority, and there are five sections:

- A. **Key risks** - where we update you on any changes to significant organisational risks.
- B. **Key items** - the matters we'd like a conversation about - which may or may not be covered by other standard reporting.
- C. **Exceptions / items to note** - significant issues in the general reporting we want to be sure you have seen.
- D. **Late changes** - any material changes to conditions or issues that were covered in quarterly reporting (none in this paper).
- E. **Key future commitments** - a look forward to some key events over the next six months.

A. Key Risks

Over the period since the Council meeting in October we would like to report that overall, our organisation and our staff have performed very well during the ongoing pandemic.

There has been no material change to risks in the register over the period.

Risk focus areas

We continue to consider the steps required to protect our employees, services, customers, supply chains and financial sustainability in the short, medium and long term.

The Top 3 Organisational Wide Projects are as follows

- The registry replacement project - preferred supplier identified
- .nz Policy Review - currently reviewing actions on the findings
- Flexible First - evolving our organisation - work programme evolving.

These projects have a major effect on InternetNZ operations and therefore have been the focus for risk during the quarter as well as the Business as Usual activities.

1. **Health, Safety and Wellbeing** - The primary focus of the Flexible First programme is enabling our work in distributed locations so that core activities are consistent e.g. process/collaboration/comms, across the organisation. All of this work needs to be reviewed and aligned to staff wellbeing as well as organisational efficiency.
2. **.nz** - Two of the top three projects have a direct impact on the operations of .nz and therefore staff across the organisation has been heavily involved in Vendor proposals and inputs to the next stages of this work to ensure we have a detailed view of the effect and possible mitigations as new risk materialise as we change the operating model.
3. **Premises** - see update in B2 below

Our work to evaluate a Governance, Risk, and Compliance (GRC) tool for the group continues. This will give us a platform for process management, policy compliance, and governance reporting for enterprise and/or IT security risks. Vendor selection is underway with implementation planned for this FY.

We are in the process of transferring accountability for enterprise risk management from the Organisational Services Director to the Chief Security Officer. Catherine will remain close with the committee for financial matters, audit, and privacy. Sam will be tasked with overall management of our risk system.

At the Audit and Risk meeting on November 26th we discussed the appetite of the Committee and Council for different thresholds for risk around our focus areas - this is a piece of work we will delve deeper into in the New year.

The high level output of the Risk review has the following 6 Key Focus areas.

- *Strategic - Product/Services Strategy, Business Planning*
- *People - Organisational Capacity, Wellbeing*
- *Financial - Product/Services Revenue, Financial Management.*
- *Service - .nz availability, Technology change*
- *External & Reputation - Stakeholder support*
- *Legal - Compliance*

Our ask:	Note the operational updates in this paper
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B. Key Items

B1 - Premises move

Issue:	As noted in October, disruption to our current premises from seismic strengthening work is likely next year. We are in discussion with our landlord about moving to an adjacent building that they own, which is at 80% of NBS and which has been newly fit-out. If we come to a satisfactory agreement, we should end up in new premises, with more appropriate space and layout, and lower overall rent.
Our ask:	That you be aware of this - we welcome any questions.

B2 - NetHui 2020 - Update

Issue:	<p>NetHui 2020 was held online on the 13th-14th of October 2020. We are pleased with the transition to an online format - despite some technical issues on day one, the vibe and the experience went well. The programme in particular was deliberately put together to be provocative, and to feature less common voices, and was received well.</p> <p>Some high level metrics:</p> <ul style="list-style-type: none"> ● 74% said it was exactly or mostly what they expected. ● 84% are satisfied with NetHui 2020. ● 88% would recommend it to a friend. ● 91% said it was well organised. ● 400 registrations
Our ask:	We welcome any thoughts and reflections you have, and any feedback you've

	heard from attendees.
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B3 - 25th Anniversary for InternetNZ

Issue:	<p>InternetNZ turned 25 this November. We are recognising the anniversary in a relatively low key fashion with the following:</p> <ul style="list-style-type: none"> - Stakeholder events in December, with reference to the 25th anniversary. - Proactive pitching to media outlets - specifically the project - around talking about InternetNZ's role as managing core internet infrastructure.
Our ask:	Please come along to the stakeholder events in Wellington on the 3rd of December, and Auckland on the 8th, to help mark this milestone.

B4 - Change to pricing for the .nz domain

Issue:	The pricing change has now been implemented and completed a billing cycle in November. Following the billing cycle in early December we will close this project. There have been no issues raised through our channel or any negative feedback to InternetNZ as a result of the change.
Our ask:	Simply to be aware of the change having been made, and no negative feedback received.

C. Exceptions / Items to Note

C1 - Domain Name Registration Numbers

Issue:	As at 23rd November we are at 722,929 total registered domains. As anticipated we are seeing the rate of growth slow heading into the Christmas period. This is driven by a slowing of creates to volumes similar to previous years where we see activity reduce over the summer holidays period.
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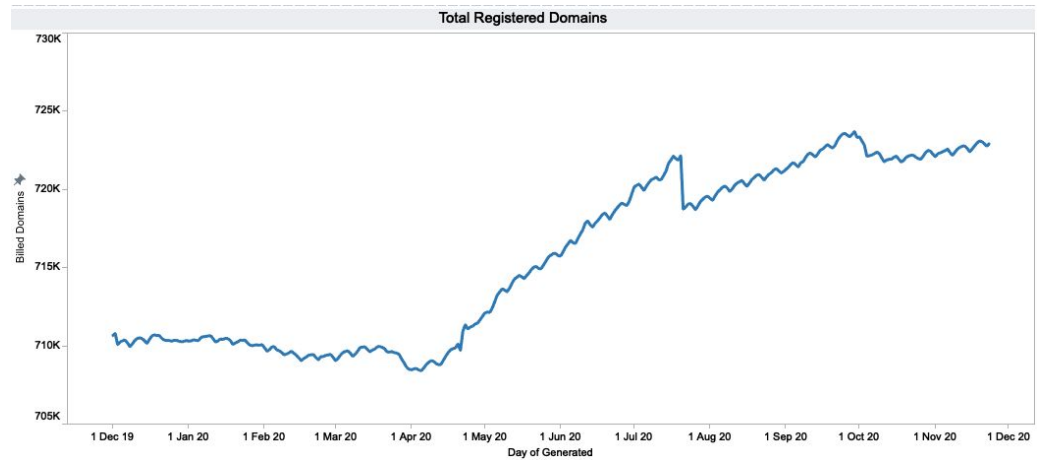


Figure 1: Total domain names shown daily over past 12 months

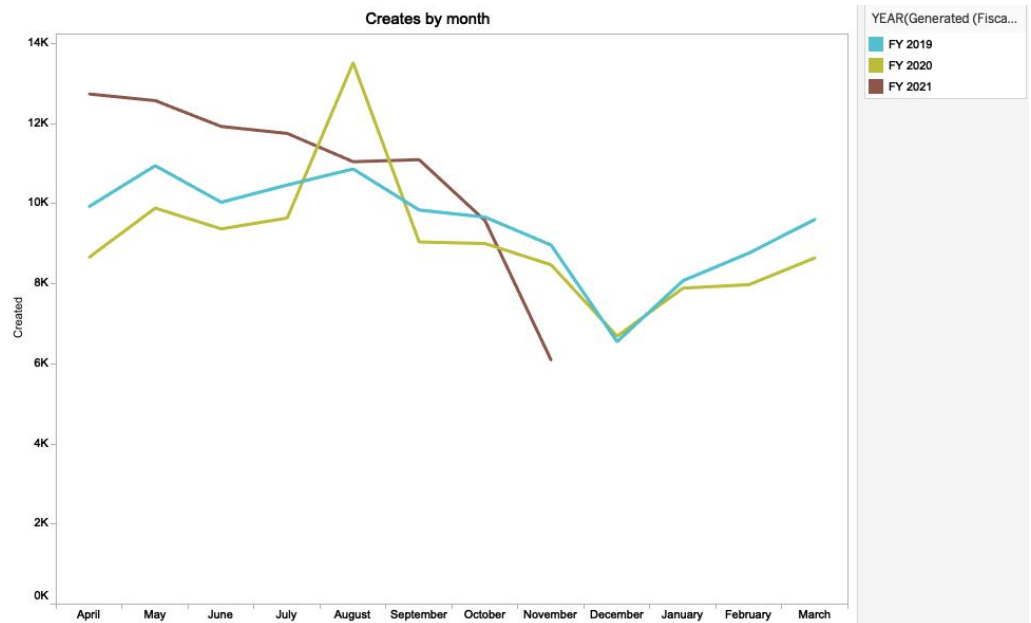


Figure 2: Comparison of creates by financial year. Note: November data for current FY is a partial month as at 23 Nov.

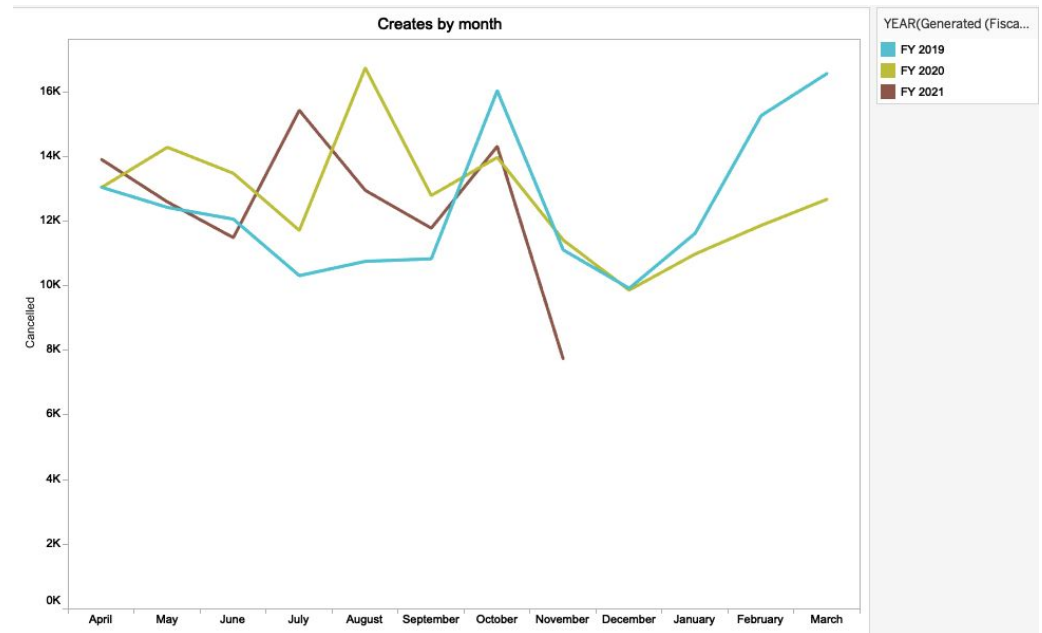


Figure 3: Comparison of cancels by financial year. Note: November data for current FY is a partial month as at 23 Nov.

Our ask: That Council note the impact of COVID-19 on domain name registration numbers.

E. Key External Commitments to March 2021

The table below sets out key external commitments over the next two quarters. It has not been updated due to staff availability in the lead up to this December 2020 meeting. February's meeting will show plans through to mid-2021.

The programme is still significantly impacted by the COVID-19 pandemic, with domestic engagements either cancelled or having timing/format changes, and with participation now online for all international engagement. No international travel is seen as likely before sometime in the latter part of calendar 2021, in the most optimistic scenario.

October to December 2020 (Q3)	<p>Domestic commitments include:</p> <ul style="list-style-type: none">• NetHui 2020 - 13-14 October, online.• Broadband Compare Awards - 16 October, Auckland• Influence of design on privacy workshop - 20 October, VUW, Wellington.• National Digital Forum - was 21-22 November, now not till 2021. <p>International commitments include:</p> <ul style="list-style-type: none">• RIPE, October• ICANN69, October (online, was Hamburg)• Internet Governance Forum, November (online, was Poland)• Paris Peace Forum, online (Christchurch Call related)
January to March 2021 (Q4)	<p>Domestic commitments include:</p> <ul style="list-style-type: none">• NZNOG 2021 - to be rescheduled to later in 2021, with the trustees preferring not to try an online event. <p>International commitments currently include:</p> <ul style="list-style-type: none">• 24-25 February 2021. Muscat, Oman/online• ICANN70, March 2021, planned as Cancun/online

Jordan Carter
Group Chief Executive

26 November 2020

MINUTES

COUNCIL MEETING

Status:

Draft to be ratified

Date

9 October, 9:00am

Present:

Joy Liddicoat (Vice President), Hiria Te Rangi, Melissa Davies, Anthony Bow, Don Stokes, Sarah Lee, Richard Hulse, Kate Pearce and aimee whitcroft.

In attendance:

InternetNZ: Jordan Carter (Chief Executive), Catherine Fenwick, David Morrison, Dave Baker, Kim Connolly-Stone, Andrew Cushen, Dane Foster, Ellen Strickland and Diane Robinson (Council Secretary).

Member: Mark Thomas

Apologies :

Amber Craig, President Jamie Baddeley

Meeting opened:

The meeting started at 9:00am

Staff joined the meeting at 9:54

Section 1 - Meeting Preliminaries**1.1 Council only (in committee)****1.2 Council and CE alone time (in committee)****1.3 Karakia, apologies, interests register**

Sarah Lee opened the meeting with Karakia.

*Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki tai
E hī ake ana te atākura
He tio, he huka, he hauhū
Te hei mauri ora!*

Apologies received from President Jamie Baddeley and Cr Amber Craig.

There were no updates to the Interest Register.

1.4 Agenda Review and environment scan

None.

Section 2 - Strategic Priorities

2.1 .nz Policy Review - Panel's Report

Kim Connolly-Stone, Policy Director provided an update to Council that the .nz Advisory Panel has completed its review of the .nz policy framework, and has sent its recommendations through for InternetNZ's consideration. The report will be made public on the website the week following the Council meeting.

This will provide time for Council and staff to consider the report. InternetNZ will consider the recommendations with a view to make in-principle decisions for the recommendations on what InternetNZ will take forward by the next Council meeting in December 2020.

At the next Council meeting decisions are likely on:

- Whether, how and when to implement each Panel recommendation
- Timeline for phase 2 on the .nz review (implementation)

The Chair of the .nz Policy Committee, Cr Pearce, also provided an update and noted that there were no surprises in the recommendations but that there were some challenging issues to work through.

Council members commented:

- How are we seeking the executive team's input into the policy framework and recommendations moving forward? Response: Staff will give advice and recommendations through to the .nz Policy Committee to consider and this will be fed through to Council.
- Are the timeframes realistic? Response: There has been an active discussion to pace this work. The Secretariat and policy team were commended for the work that has been carried out over this very difficult year.

RN60/2020 That Council **note** and formally receive the Recommendations Report of the .nz Advisory Panel.

RN61/2020 That Council **ask** the Chief Executive to write to the members of the Advisory Panel thanking them for their work.

RN62/2020 That Council **note** the next steps for the .nz Policy Review.

(Cr Pearce/ Cr Stokes)

CARRIED U

2.2 .aq Assumption of Stewardship

Jordan introduced the paper that set out the stewardship of .AQ, the top level domain for Antarctica. The Council discussed the paper and agreed on the recommendations.

RN63/2020 That Council **endorse** InternetNZ becoming the ccTLD manager for .AQ consistent with the future operating model set out in this paper.

RN64/2020 That Council **note** the next steps involved in the process.

RN65/2020 That Council **authorise** the purchase of shares in Antarctic Network Information Centre Ltd (NZ \$10k)

RN66/2020 That Council **appoint** Peter Mott, Jordan Carter and Catherine Fenwick as directors of the company once the transaction to purchase the shares in the company has been completed.

RN67/2020 That Council **authorise** the Officers of Council to take steps necessary to conclude this transaction and appointment of directors, including the affixing of the Common Seal of the Society if necessary.

(Cr Hulse / Cr Stokes)

CARRIED U

Mark Thomas joined the meeting at 10:15am

Section 3 – Matters for Decision

3.1 Council Training Plan

Catherine introduced the paper for Council to discuss, identify and agree on the training for Council to support individual development and as a collective governing body.

The Council discussed the paper and the following ideas in this area were canvassed:

- Youth on Council - Associate Councillor/Intern Director who could contribute to Council and think about how we bring youth perspective to Council.
- Disability / Accessibility training agreed and will start with some baseline training.
- Pacifica and other diverse communities - consumer focus groups or rolling invitation to leaders / communities on different topics related to the internet for NZ.
- Australian Institute of Company Directors for training, specifically the work on diversity inclusion.

- NZ Institute of Directors - join as an organisation. Some useful courses such as 'how to chair the board session' and these are discounted as a member. Also allows you to join the local meet and greets.
- Better Boards Australia for online content.
- A baseline and competency based set of training for Directors to opt in that might include:
 - InternetNZ Operational?
 - Governance
 - Disability / Accessibility - Access Advisors
 - Specific training selected by the Council Member

THAT Council **considers** the options detailed in this paper and provides feedback on other areas and options they would like to develop skills in.

AP26/2020 Council members to email training needs to Council Secretary Diane that they would like to attend. Staff to develop a menu for Council training for Council to consider and opt into.

AP27/2020 A full Council Training Plan to be developed by May 2021.

Council Break: 10:41am - 11:03am

Mark Thomas left the meeting at the break.

3.2 Council Retreat

The Council discussed the timing of the Council Retreat during Council and CE Alone Time. It decided that the Council Retreat should be deferred to early next year. It was agreed to arrange a workshop prior to the Council Meeting in Dec to cover 1-2 topics:

- .nz Policy Review - key strategic recommendations
- .nz long run strategy.

AP28/2020 Staff to arrange Council Workshop (in person) - Fri 4 December 9:00am-12:30pm. Council Meeting shifted to the afternoon.

3.3 Decisions without much discussion anticipated

3.3.1 Extension to Emergency Powers provisions on .nz policy

The Council discussed the genesis and the rationale for the extension of the temporary policy.

RN68/2020 THAT Council **note** the interim changes to .nz policy agreed on 18 April 2019 (and subsequently extended) and agree to extend by a further six months (until April 2021).

(Cr Stokes/ Cr Te Rangi)

CARRIED U

3.3.2 Council Committees

The Council confirmed the Council Committees and memberships of them:

Audit & Risk Committee

Amber Craig (Chair), Richard Hulse, Kate Pearce, aimee whitcroft and Anthony Bow.

CE Review Committee

Jamie Baddeley (Chair), Joy Liddicoat, Richard Hulse and Melissa Davies.

Māori Engagement Committee / Komiti Whakauru Māori

Sarah Lee (Chair), Amber Craig, Hiria Te Rangī.

Jamie Baddeley will remain as an ex officio member of this committee.

.nz Policy Committee

Kate Pearce (Chair), Joy Liddicoat and Don Stokes.

Hiria Te Rangī will join as an ex officio member of this committee.

The Governance Committee will not proceed at this time. The new Councillors have been inducted on the current status of the governance framework.

RN69/2020 THAT Council **confirms** that it will conduct some of its work through these four Committees: Audit and Risk, CE Review, Komiti Whakauru Māori, .nz Policy.

RN70/2020 THAT Council **confirms** the Council members of each Committee, as amended.

RN71/2020 THAT Council **endorse** the current Terms of Reference for the Committees.

(Cr Lee / Cr whitcroft)

CARRIED U

AP29/2020 The governance framework and work plan to be presented at the Council Meeting in February 2021.

Section 4 – Matters for Discussion

4.1 Registry Replacement Update

Jordan provided a status update that there were three high quality applications received for the request for tenders and these are currently being evaluated.

Once the applications have been evaluated by management this will drive the discussion on the development of a business case for the registry replacement project. The business case will be provided to Council for the project.

Dave Baker, Chief Technology Strategist and Project Owner, advised Council that he was very pleased with the progress of the project to date.

Council commented:

- Would there be any risks or constraints to the project if there was another pandemic lockdown? Response: Staff explained the mitigations in place and also advised that the timeline could be stretched out and that the current registry system is still operational.

RN72/2020 THAT Council **acknowledge** the registry replacement project update, including the current status and next steps.

4.2 (Vice) President's Report

No additional matters to report.

4.3 Domain Name Commission Chair Report (Verbal)

The Chair, Jordan Carter advised that the DNCL Board met on Friday 2 October 2020 and the following decisions were made:

- An Assistant Commissioner senior position will be established to support the Domain Name Commissioner and improve the company's resilience and capability. This restores a second senior role to the staff of the company. This will have an impact on the management fee in 2021.
- Risk Management Policy - The policy that went through Council in May 2020 was worded as if it was a group policy. The policy is however not a group policy because it did not follow the policy development process requirements, which include consulting with all governance boards to establish a group policy. This oversight came about during the immediate pressures of the response to the COVID-19 pandemic. The DNCL Board is very keen to have a harmonised approach to risk management between InternetNZ and DNCL for the operation of .nz. Noting that the DNCL Board can not contract out of their legal obligations in terms of the risk management for the company. The assignment of the risk management support for the InternetNZ Group is being reviewed and the Risk Management Policy will need to be revised to incorporate DNCL.
- .nz Operating Agreement (between InternetNZ and DNCL) - The agreement functions in a legal sense as the grant of authority and standing to DNCL to be the enforcer of the policy and contractual framework in .nz, and to provide and act on the decisions of the dispute resolution service. Current agreement is dated 2008 and is out of date. DNCL and InternetNZ are working through the new agreement and will be preparing a paper for Council for the Dec Meeting 2020 or early 2021.

4.4 Management Items for Discussion

Jordan provided an update on the Management Items and Council Members commented:

- 80 Boulcott Street - some of the anticipated temporary mitigations have been put in place for the building and the property manager has offered 18 Willis Street as an option to move to, in July 2021. The physical space required for the organisation will be less and staff have a primary place of residence at either the office or at their home. Staff working from home will work from a hotdesk when in the office.
- 25th Anniversary - a question from Council. The brand strategy for InternetNZ, how does telling the story about the 25th Anniversary support the brand perception and what we want people to understand about InternetNZ especially ahead of a change to .nz policy framework and how it all ties in together? Do we need to increase confidence? Response: There are still some challenges around the role that we have as the holder and the manager of .nz these are still tied either within that .nz conception or in the old NZRS conception that pre-dated that. Bringing that .nz mandate that we have in the context of the .nz brand isn't something that has been done and it's an important part of explaining to stakeholders what our role is. The Stakeholder Report recently confirms that our stakeholders in large have faith in us but can't point to exactly what we do, but they like us for it. An opportunity that InternetNZ has as the convenor of .nz is to bring that story to life around the critical infrastructure role that we play to provide the internet in everyone's home, to the communities and for businesses.

Council commented:

- InternetNZ - an ask that InternetNZ write up various business processes to be distributed in open source. To share with others who can learn from InternetNZ e.g. Nethui conference.

RN73/2020 THAT Council Management Items for discussion be **received**.

AP30/2020 Send Nethui registration details and free rego code to Council.

AP31/2020 Add the stakeholder engagement report to the resource library.

Section 5 - Consent Agenda

5.1 Committee Reports

Audit and Risk

Kate provided an update 'in committee' an update on the DDOS paper.

Chief Executive Review (no paper)

Completed in Committee and CE Alone Time.

Komiti Whakauru Māori

The Chair Sarah Lee advised that Raniera Albert has been appointed as the Chief Advisor Māori for the InternetNZ Group. A welcome Mihi Whakatau will take place for Raniera on 20 October 2020 at 12:45pm, Wellington offices of InternetNZ. An invitation will be extended to Council to attend the event and external community stakeholders have been invited.

AP32/2020 Add Risk Management Radar and DDOS paper to the resource centre.

5.2 Confirm Minutes of 14 August 2020

The minutes for the meeting held on 14 August 2020 were approved as amended.

5.3 Actions Register

AP18/20 Develop an action plan at a governance and operational level to support and address points raised by the disability community (training and initiatives). This was mis-understood by staff as relating to the Council training item, and will be further followed up.

5.4 E-votes Ratification

None conducted since the previous meeting.

5.5 Health and Safety and Wellbeing Update

Catherine provided a brief update to the paper that an emergency drill will be carried out on 15 October. A lot of Health and Safety work is being carried out at the moment. Work in progress to work out requirements for staff who have made their primary workplace at their home office.

5.6 Membership Report

The Council commended the progress on increasing the membership. This was a result of the Nethui/membership bundle package and 50 individual new memberships have been sold. For future discussion Council would like to hear more on the strategy underlying our approach to membership.

RN74/2020 THAT Council receives the Audit and Risk Committee Report.

RN75/2020 That Council approved the minutes of the 14 August 2020, as amended.

RN76/2020 THAT Council receives the Chief Executive Review Update.

RN77/2020 THAT Council receives Komiti Whakauru Māori Report and note the date of the mihi whakatau, 20 October 2020, 12:45pm.

RN78/2020 THAT the Health, Safety and Wellbeing Report be received.

RN79/2020 THAT the Membership Report be received.

Block Vote for Section 5 - Cr Lee / Cr Davies
CARRIED U

Section 6 - Other Matters

6.1 CONTINGENCY

6.2 Matters for communication – key messages

6.2.1 Communications in general

6.2.2 Upcoming events

6.3 General business

6.4 Meeting review

Next meeting:

The next scheduled Council meeting is Friday 4 December 2020, in the afternoon.

The meeting closed at 12:33pm.

Council Actions Register 2020

As At December 2020			
Action No#	Action	Owner	Status
AP05/2020	2.3 Budget 2020/21 - Staff to schedule a session on Efficiencies for Council Retreat	Chief Executive / Organisational Services Director	Deferred to 2021 decision to hold retreat.
AP09/2020	6.3 General Business - Staff to organise Council Retreat.	Chief Executive/ Council Secretary	Deferred to 2021
AP26/20	Council members to email training needs to Council Secretary Diane that they would like to attend. Staff to develop a menu for Council training for Council to consider and opt into.	Council Members	Incomplete Please to Council Secretary
AP27/20	A full Council Training Plan to be developed by May 2021.	Org Services Director	In progress
AP28/20	Staff to arrange Council Workshop for 4 December (in person)	Council Secretary	Completed
AP29/20	The governance framework and work plan to be presented at the Council meeting February 2021.	Org Services Director	On hold / Deferred at October Meeting.
AP30/20	Nethui registration details to be sent to Council Members	Engagement Director	Completed
AP31/20	Stakeholder engagement report to be shared with Council Members on Boardbooks library resource centre.	Council Secretary	Completed
AP32/20	Risk Management Radar and DDOS paper to be shared with Council Members on Boardbooks library resource centre.	Council Secretary	Completed

COUNCIL MEETING - December 2020

Membership Report

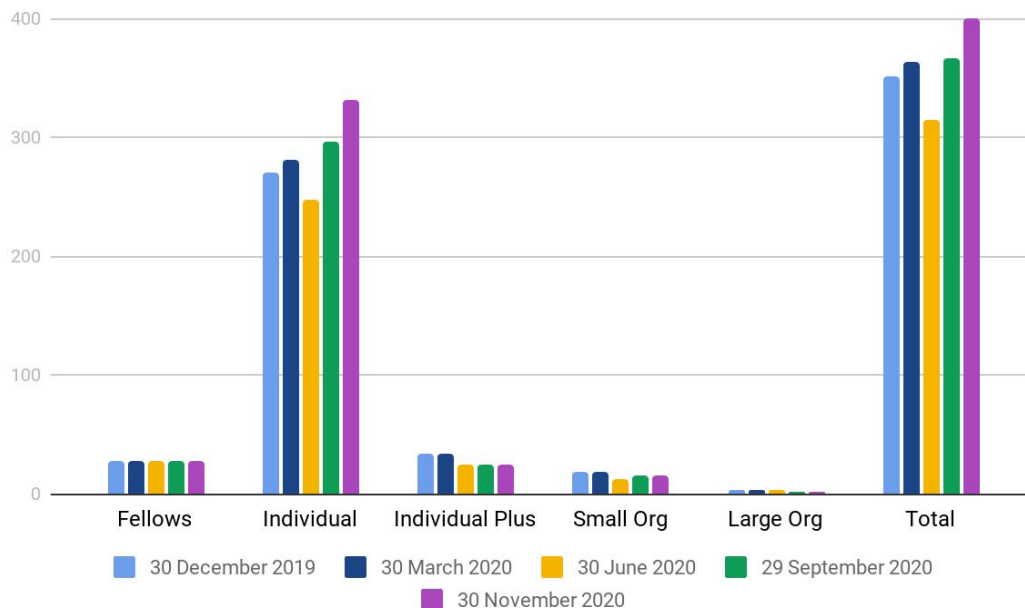
ITEM NO: 5.6
AUTHOR: Andrew Cushen
PURPOSE: Progress and work for membership of InternetNZ
DATE WRITTEN: 25 November 2020

Executive Summary

Over the last 3 months, we have seen another increase in membership, moving our total to 400, and continued to engage with members by offering one member-only event per month. Next quarter, we will focus on activities for existing members to support the renewal process in quarter 4, and develop the InternetNZ member value proposition.

Current membership (at 30 November 2020)

	31 Sep 2019	30 Nov 2019	31 Jan 2020	31 Jul 2020	30 Sept 2020	30 Nov 2020
Fellows	27	27	27	27	27	27
Individual	258	268	276	247	297	331
Individual Plus	33	33	33	25	25	25
Small organisation	18	18	19	12	15	15
Large organisation	3	3	3	2	2	2
Total Membership	339	349	358	313	364	400



Items to Note

Recent increase in membership

Our efforts to increase membership through the NetHui bundle have proved to be successful. We have added 54 new members from this.

Activities to support membership engagement

Since September 2020 we have:

- Ran a campaign to sell membership bundled with Nethui tickets
- Hosted a short member-only session on day 2 of NetHui
- Ran an online digital accessibility discussion for members
- Invited members to attend the end of year stakeholder events in Wellington and Auckland
- Initiated work on a new Slack community for members and other InternetNZ stakeholders.

In the next quarter, we will plan a 2021 schedule of members-only online webinar/discussions, implement changes to the current NetHui Slack community to be an ongoing online community, and finalise our membership value proposition and activity plan ahead of the upcoming renewal process.

Recommendation

THAT the new members be noted.

Andrew Cushen
Engagement Director
 30 November 2020

QUARTERLY REPORT

JULY - SEPTEMBER 2020

1. Summary

This report is prepared for InternetNZ stakeholders and members to provide a single view of outcomes we have delivered in the past quarter.

Pursuant to the reporting framework changes presented to Council at the March 2020 meeting, this new report presents a summary to Council of the entirety of InternetNZ's operations. This report replaces the following previous reports:

- Quarterly Activity Report
- Product Development Report
- Grants Report
- Measures of Strategic Goals Report.

2. Strategic Goals 2020/21 - Q2 Progress

This section of the report gives Council an update on the projects related to our five Goals for the year. You can find the plan here.

https://internetnz.nz/assets/Archives/Activity_plan_2020-2021.pdf

Goal 1: Develop an Internet for good	ON TRACK
<i>Measure 1: Engagement with relevant national and international stakeholders to develop a shared vision of what an Internet for Good is.</i>	ON TRACK
<i>Measure 2: Stakeholder awareness and engagement with the vision for an Internet for Good increases over time.</i>	ON TRACK

<i>Measure 3: Action taken by us and by other stakeholders, nationally and internationally, changes and improves the Internet in line with our shared vision.</i>	ON TRACK
Q2 Progress	
<p>We released a discussion paper on regulatory tools for addressing harmful conduct or content online. This is an early contribution to upcoming government work in this area.</p> <p>https://internetnz.nz/assets/Archives/Regulatory-tools-to-address-harms-from-content-and-conduct-online.pdf</p>	ON TRACK
A series of workshops with government officials on how to think about the Internet in policy making got underway.	ON TRACK
<p>We participated in international fora including:</p> <ul style="list-style-type: none"> • RightsCon • Asia-Pacific regional Internet Governance Forum 	ON TRACK
We convened a group of New Zealand government officials participating in global Internet Governance processes to discuss New Zealand's global engagement, as part of building New Zealand stakeholder coordination/ collaboration on Internet issues/processes.	ON TRACK

Q3 Planned	
<p>In quarter three we will:</p> <ul style="list-style-type: none"> • Participate in the Select Committee debate on the Bill amending the Films Videos and Publications Classification Act (if this Bill is reinstated after the General Election). • Continue to engage with the government on the planned review of media regulation (which will include social media). • Contribute to the misinformation debate. • Submit briefings to relevant incoming ministers, post General Election. • Start work on the project that will create a vision for an Internet for Good. • Continue to engage with New Zealand stakeholders involved in Internet issues/processes internationally. • Internet Governance Forum 2020 online participation. 	

Goal 2: Improve Digital Inclusion	ON TRACK
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Measure 1: Digital inclusion investment by government and others reaches \$20m/year, and directly affects 50,000+ people. -Measure at 30/9/20 from previous goals. (Note - may not be able to measure impact on # of people at that time.)	OFF TRACK
Measure 2: The Online Home for Digital Inclusion is attracting use and positive stakeholder feedback	ON TRACK
<p>Q2 Progress:</p> <p>Substantial progress made toward the Digital Inclusion goal in Quarter 1, in particular due to the investments announced by the Government in Budget 2020, and the focus on digital inclusion driven by Covid-19.</p> <p>The specific goal relating to external funding is marked as off track due to the scale of Government investment not being yet at the level necessary to mark as on track.</p>	
Several more organisations, including major telcos, have signed on to the five point plan for digital inclusion: COVID-19 and beyond. https://internetnz.nz/blog/five-point-plan-digital-inclusion-covid-19-and-beyond/ . Fifty-three organisations are now signatories.	ON TRACK
The Government recently announced its intention to progress our proposal to provide affordable connectivity through public housing. InternetNZ has been invited to participate in the work.	ON TRACK
We have been working with like-minded organisations on the establishment of a digital equity coalition.	ON TRACK
In the community funding area we followed up on the decisions made via the Grants Round in Q4 with relationship building and contract negotiation with the successful recipients.	ON TRACK
Decision made to create a fixed-term role to support the launch of the new online home, in response to the Covid-19 delay. Resourcing this role has still not been completed in Q2, but is being worked on now in Q3.	OFF TRACK

Q3 Planned
In quarter three the focus will be on supporting greater collaboration and coordination within the digital inclusion community and with government. This will include getting our new digital inclusion website live (this project was delayed due to Covid-19). The development of the digital inclusion evaluation toolkit will continue.

Goal 3: Grow .nz	ON TRACK
<i>Measure 1: increased revenue from domain name registrations. -More than 15% in the two year period to 31/3/22. -Flexible between registration numbers and price.</i>	ON TRACK
<i>Measure 2: active use of domain names is increased, improving retention and registration term.</i>	ON TRACK
<i>Measure 3: share of revenue devoted to public good investment.</i>	ON TRACK
Q2 Progress:	
.nz continues to grow during Covid19, albeit the rate of growth is slowing.	DONE
New InternetNZ website live	DONE
.nz Policy Review - the external review of the .nz policies was completed with the receipt of a recommendations report from the .nz Advisory Panel.	DONE
Registry Replacement Project - During this quarter the following were completed: <ul style="list-style-type: none"> • RFT documents released to respondents, • RFT respondent briefings conducted, • RFT responses received, • Assessment and evaluation framework <p>The RFT assessment process started mid September.</p>	ON TRACK

Q3 Planned
<p>Priorities for Q3 are:</p> <ul style="list-style-type: none"> • .nz Policy Review (phase 2). We will consider the recommendations of the .nz Advisory Panel. Council will make in principle decisions in December. • Registry Replacement Project. Complete assessment evaluation of the responses to RFT for preferred provider. Develop the business case. including the scope of services and operations model for the preferred solution, financial modelling, and project implementation plan. • InternetNZ Website - post go live tidyup and consolidation of old sites • Fake Webshop Campaign - workflow refresh and data model update • .nz Consumer and Business Research • Implementation of .nz wholesale price increase • .nz Step Change Project to do some deep thinking on the nature of .nz and how to drive preference

- Implementation of CENTR Low content taxonomy to augment scan data

Goal 4: Sell new Products	OFF TRACK
<i>Measure 1: Registry Lock is for sale in the 2020-21 financial year.</i>	OFF TRACK
<i>Measure 2: The Broadband Map is covering its costs by 31 March 2021.</i>	ON TRACK
<i>Measure 3: Defenz reaches net profit in the 2021-22 financial year.</i>	ON TRACK
<i>Measure 4: New products reach net profit within 24 months of first sale.</i>	ON TRACK
<p>Q2 Progress</p> <p>In response to the impacts of COVID-19 we promoted an extended trial for Defenz and added a new threat feed. This has proved effective with over 80 customer networks onboarded.</p> <p>Status set to Amber due to slowed progress and lack of sales in new products.</p>	
Defenz - increasing interest and onboarding of trial customers. New threat feed added to the service. Revenues expected to start in Q4.	OFF TRACK
Registry Lock - progress slowed as capacity redirected to support registry replacement project and flexible first program. May not be live in Q4 but are progressing within available capacity.	OFF TRACK
Broadband Map - progress on signed Data Sharing Agreements which are a dependency for further data driven work. Number of data providers continues to increase (now 39).	ON TRACK
Digital Identity - work has progressed with a working implementation of an identity wallet solution (IRMA) to use with experiments. Team is also exploring other technologies. Potential business problems to test are being explored.	ON TRACK

Q3 Planned
<p>Priorities for Q3 are:</p> <ul style="list-style-type: none"> • Defenz: Increasing the number of trial customers and progressing commercial discussions when they are ready. Continue to explore infrastructure and service improvements. • Broadband Map: completing signing of Data Sharing Agreements with Broadband Map Data Providers. Exploring some new API plans for attracting a wider customer base.

- **.nz Registry Lock:** consider the points made in the submissions to help shape up the overall service.
- **Digital Identity:** develop some clear business problems to test against and seek partners to explore with in structured business model experiments.

Goal 5: Improved InternetNZ's performance	ON TRACK
<i>Measure 1: Staff baseline feedback from March 2020 is improved by March 2022</i> <i>-Perceptions on high performance and great place to work</i> <i>-Improvements in areas such as Internal Communications, Staff development, Organisational Learning</i>	ON TRACK
<i>Measure 2: Resource planning and BAU/Project Management tools established and drives demonstrable changes.</i>	ON TRACK
<i>Measure 3: Staff churn / turnover measures.</i>	ON TRACK
Q2 Progress <p>The second quarter continued to be dominated by our focus on staff wellbeing and transitioning to new ways of working. The team continues to work well in our new flexible environment but we acknowledge that we need to continue to review processes, tools and culture to ensure it is sustainable and support our work for the future.</p>	
<p>People Strategy: Our focus for Q2 was on launching a new program of work called "Flexible First". The scope of the programme is to focus on enabling Flexible First to work, first, so that core activities are consistent e.g. process/collaboration/comms, across the organisation.</p> <p>We continue to also ensure the Health, Safety and Wellbeing support all staff through is in place and sustainable. We completed our first Baseline employee engagement survey in Q2 and got a strong completion rate as well as some valuable information on areas we will focus on.</p>	ON TRACK
<p>Better Tools: We have continued our work on requirements to better support new ways of working for a dispersed workforce. This is a separate stream in the Flexible First program with areas such as collaboration tools and new work space requirements with scope.</p>	ON TRACK

Q3 Planned

We will focus for Flexible First areas below

- Flexible First Principles

- Change readiness
- Internal Comms / Rituals Approach
- Information Sharing
- Online Collaboration
- Common Tools

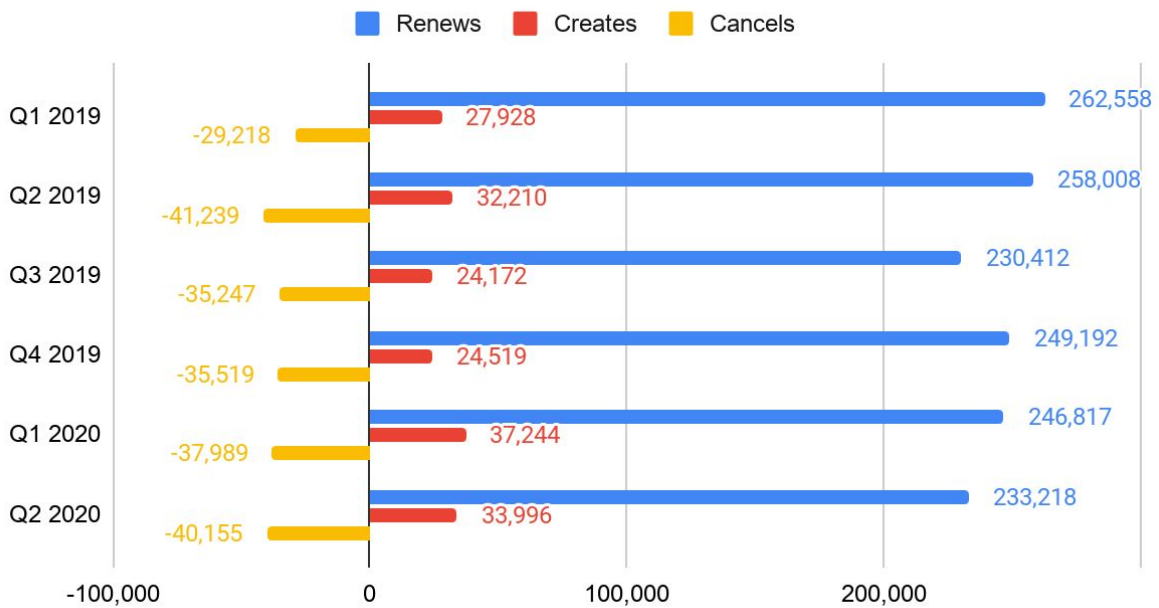
Following on from the Baseline Employee engagement survey there are areas we will look to delve deeper into and work with staff and managers on next steps.

3. .nz Summary

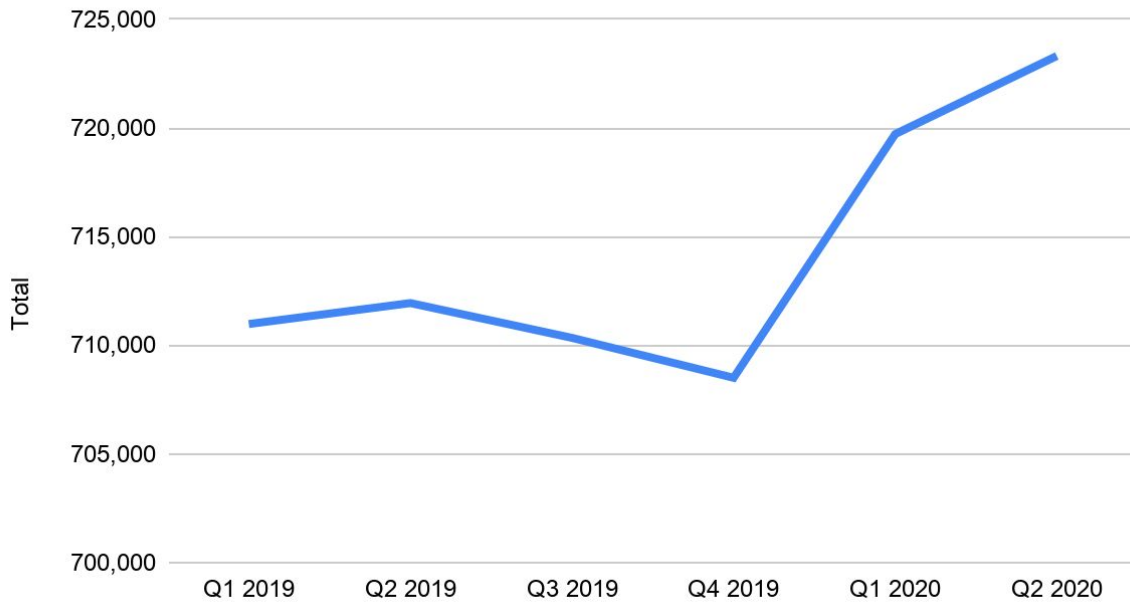
The second quarter of 2020/21 featured ongoing macro-economic disruption from COVID-19, including a second period of lockdown for Auckland. The positive trend for .nz has continued from Q1, albeit at a slowing rate. This has resulted in overall registry growth of 0.5% for the quarter.

Domains

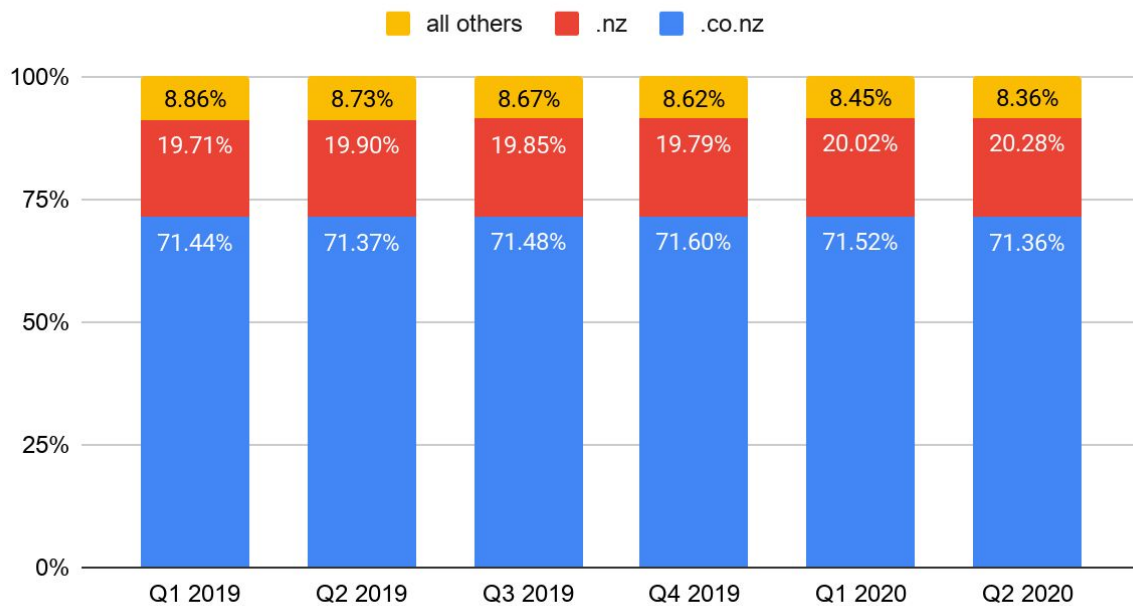
Creates, Cancels and Renewals



Total .nz Domains

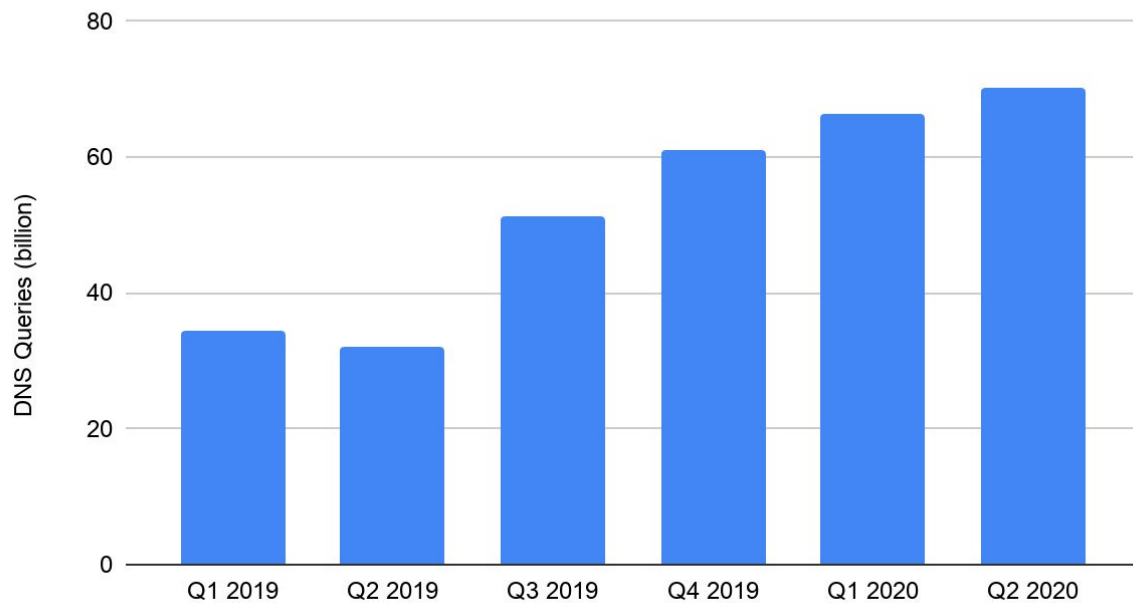


2nd & 3rd Level Registrations



Infrastructure

DNS Queries



Please note: the methodology used for calculating DNS queries improved between Q2 and Q3 2019, incorporating more accurate data from overseas servers.

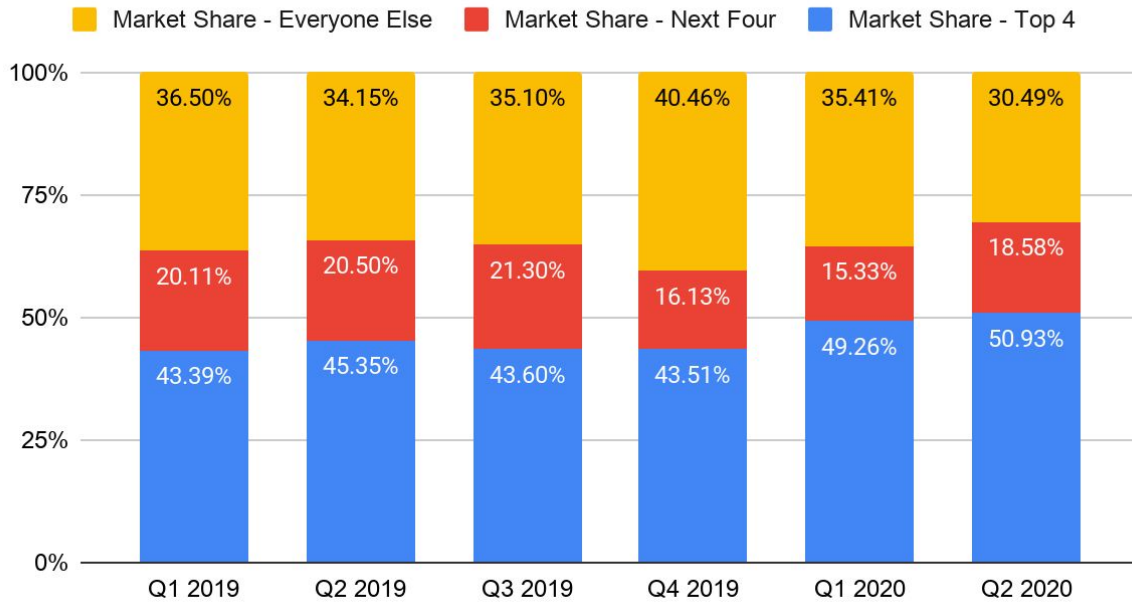
Service Levels

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
DNS	100%	100%	100%	100%	100%	100%
SRS	100%	100%	100%	100%	100%	100%

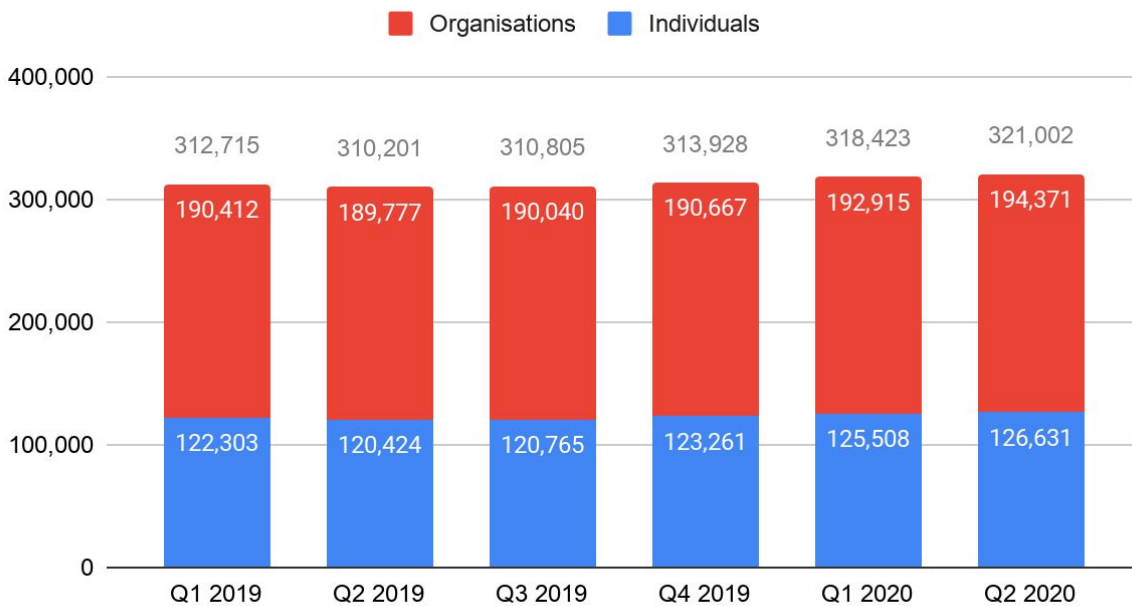
Market

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
# of Registrars	87	90	87	87	87	80

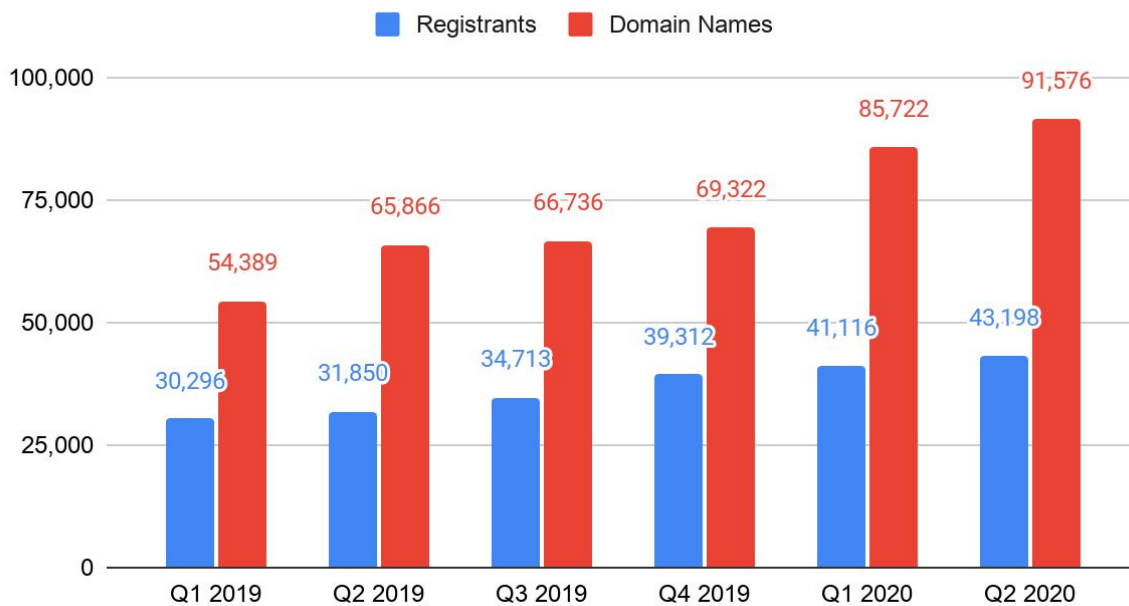
Market Share



Unique Registrants, Individuals and Organisations

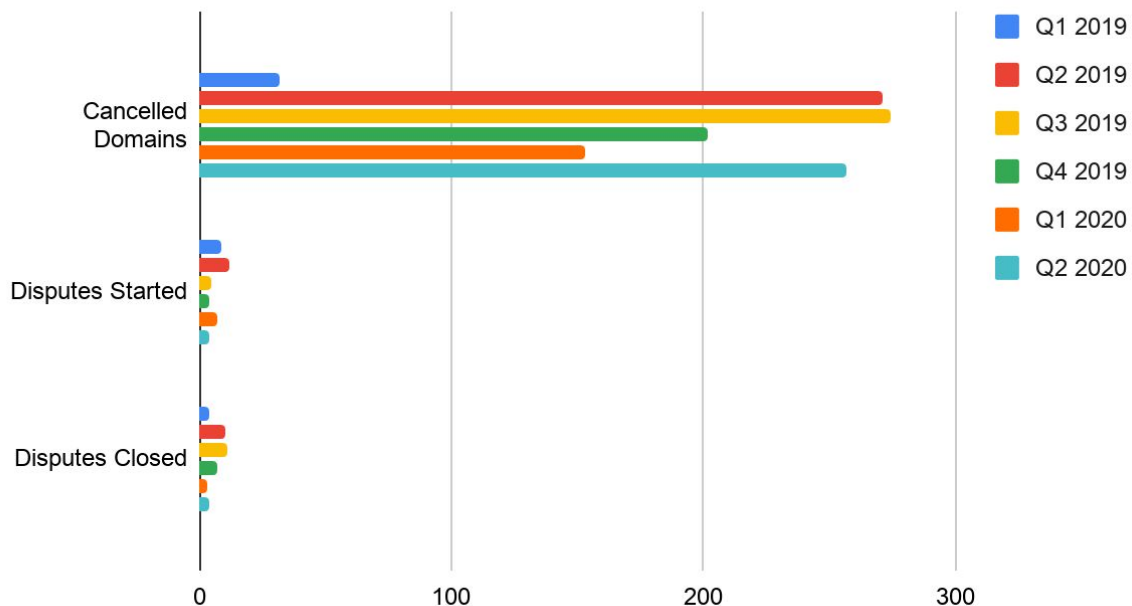


Individual Registrant Privacy Option Uptake



Compliance

Compliance (Domain Name Commission Data)



4. New Product Development Summary

For the second quarter of this financial year we simplified our activities to focus on inflight work as we navigated the impacts of COVID-19 on our ways of working. Despite this we have made good progress on a number of fronts.

1. The Defenz extended trial has been working well to onboard potential customers and we now have over 100 networks across 80+ organisations now using the service. A significant proportion are expected to convert to fee paying customers.
2. We continued progress on a registry lock service by running a public consultation on the possible related policy changes. Some useful feedback was received and will feed into the next stage which includes modelling the end to end lock process with some registrars.
3. With Digital Identity the team completed work on a demo of IRMA (identity wallet) which has enabled us to start fruitful conversations about possible use cases we might explore. We are also exploring a couple of other technologies to further our understanding of where InternetNZ could operate in this marketplace.
4. The broadband map continued to be updated with coverage data from infrastructure providers around the country.

Product development pipeline

IDEAS BACKLOG	EXPLORE & VALIDATE	BUILD	ACTIVE	STOPPED
15	3	1	3	0
Themes: <ul style="list-style-type: none"> • Digital identity • Broadband • Data products • .nz features • Security 	<ul style="list-style-type: none"> • Digital identity Prototypes 	<ul style="list-style-type: none"> • Registry lock design 	<ul style="list-style-type: none"> • .nz • Broadband Map v2 • Defenz 	

This is an InternetNZ report. Matters related specifically to DNCL are covered in the report from the company to InternetNZ as a shareholder.

Jordan Carter
Group Chief Executive

October 2020



Group financial statements

For the quarter ended 30 September 2020

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Internet New Zealand Group
Consolidated Income Statement
For the Quarter ended 30 September 2020

	GROUP		INZ		DNCL	
	Q2	YTD	Q2	YTD	Q2	YTD
Income						
Registry Fees	2,719,359	5,426,471	2,719,359	5,426,471	-	-
Broadband Map	14,950	28,106	14,950	28,106	-	-
Management Fees	-	-	-	-	362,425	724,850
Interest Received	96,369	136,297	93,099	133,020	3,269	3,277
Managed Funds Income	145,838	441,467	145,838	441,467	-	-
Sundry Income	15,462	29,492	73,300	137,168	2,000	12,000
Total Income	2,991,977	6,061,832	3,046,545	6,166,231	367,694	740,126
Less Direct Expenses						
DNC Fee	-	-	362,425	724,850	-	-
.nz Costs	163,022	345,412	163,022	345,412	-	-
Other IT	48,375	99,330	48,375	99,330	-	-
Total Direct Expenses	211,398	444,742	573,823	1,169,592	-	-
Less Other Expenses						
Audit Costs	-	-	-	-	-	-
Governance Costs	76,513	113,713	69,338	95,763	7,175	17,949
International Travel	243	877	(584)	49	827	827
International Membership	4,700	20,593	4,661	20,364	39	228
Community Investment	378,904	437,270	378,904	437,270	-	-
Legal Fees	53,642	133,838	26,903	49,800	26,739	84,038
Office Costs	235,270	407,838	223,668	388,546	71,440	138,968
Project Costs	221,997	317,029	221,997	311,113	-	5,916
Employment Costs	1,714,405	3,240,523	1,537,081	2,916,494	177,324	324,029
Other Operating Expenses	201,259	369,848	169,494	319,787	31,766	50,061
Other Comprehensive Items	-	-	-	-	-	-
Total Expenses	2,886,934	5,041,528	2,631,462	4,539,188	315,310	622,016
Net Profit (Loss) Before Tax	(106,355)	575,561	(158,739)	457,451	52,384	118,110
Less Provision for Tax	-	-	-	-	-	-
Net Profit (Loss) After Tax	(\$106,355)	\$575,561	(\$158,739)	\$457,451	\$52,384	\$118,110

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. The DNCL fee paid by INZ to DNCL.
2. GSE paid by DNCL to INZ.

DNCL Legal fees include amounts incurred in the ongoing US litigation matters.

Internet New Zealand Group
Consolidated Income Statement - Activity Based
For the Quarter ended 30 September 2020

	GROUP		INZ		DNCL	
	Q2	YTD	Q2	YTD	Q2	YTD
Income						
Registry Fees	2,719,359	5,426,471	2,719,359	5,426,471	-	-
Broadband Map	14,950	28,106	14,950	28,106	-	-
Management Fees	-	-	-	-	362,425	724,850
Interest Received	96,368	136,297	93,099	133,020	3,269	3,277
Managed Funds Income	145,838	441,467	145,838	441,467	-	-
Sundry Income	15,462	29,492	73,300	137,168	2,000	12,000
Total Income	2,991,977	6,061,832	3,046,545	6,166,231	367,694	740,127
Less Activity Expenditure						
Policy	299,606	577,369	299,606	577,369	-	-
Outreach & Engagement						
Communications	177,970	332,788	177,970	332,788	-	-
Engagement	106,072	160,541	106,072	160,541	-	-
Funding	504,970	677,201	504,970	677,201	-	-
.nz Operations	762,895	1,518,308	905,120	1,806,440	220,200	436,718
Commercial	367,343	596,217	367,343	596,217	-	-
Compliance	9,371	11,413	-	-	9,371	11,413
Broadband & Defenz	48,375	99,330	48,375	99,330	-	-
Projects	37,248	43,163	37,248	37,248	-	5,916
Technical Research	115,380	233,371	115,380	233,371	-	-
Technology Strategy	72,602	154,169	72,602	154,169	-	-
International Engagement	62,871	129,018	62,005	127,962	866	1,055
Org. Services, Governance & Security	525,430	937,257	506,652	900,015	78,615	156,917
Other Operating Expenses	8,198	16,126	1,940	6,130	6,258	9,996
Other Comprehensive Items	-	-	-	-	-	-
Total Expenses	3,098,331	5,486,270	3,205,284	5,708,780	315,310	622,016
Net Profit (Loss) Before Tax	(106,354)	575,561	(158,739)	457,451	52,384	118,111
Less Provision for Tax	-	-	-	-	-	-
Net Profit (Loss) After Tax	(\$106,354)	\$575,561	(\$158,739)	\$457,451	\$52,384	\$118,111

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. The DNCL fee paid by INZ to DNCL.
2. GSE paid by DNCL to INZ.

Internet New Zealand Group
Statement of Movements in Equity
For the Quarter ended 30 September 2020

	GROUP		INZ		DNCL	
	Q2	YTD	Q2	YTD	Q2	YTD
Equity at start of period						
Opening Retained Earnings	11,140,223	10,458,306	10,787,380	10,171,189	352,843	287,117
Shares Subscribed	-	-	-	-	580,000	580,000
	11,140,223	10,458,306	10,787,380	10,171,189	932,843	867,117
Net Profit (Loss) After Tax	(106,355)	575,561	(158,739)	457,451	52,384	118,110
Equity at end of period	\$11,033,867	\$11,033,867	\$10,628,640	\$10,628,640	\$985,227	\$985,227

Notes:

The components that make up the total opening equity at the beginning of the period have been removed to calculate Group Totals upon consolidation.

1. Share Subscribed: shares are wholly owned by InternetNZ.

Internet New Zealand Group
Balance Sheet
As at 30 September 2020

	GROUP	INZ	DNCL
Current Assets			
Cash and Cash Equivalents	13,610,487	12,618,788	991,700
Managed Funds	4,499,351	4,499,351	-
Other Current Assets	1,595,091	1,549,485	45,606
Total Current Assets	19,704,929	18,667,624	1,037,306
Non-current Assets			
Property, Equipment & Software	2,986,962	2,873,438	113,523
less: Accumulated Depreciation	(2,117,351)	(2,054,948)	(62,402)
Intangible Assets	1,087,473	1,087,473	-
less: Amortisation	(225,251)	(225,251)	-
Investments	-	-	-
Shares and Loans	-	580,000	-
Total Assets	21,436,763	20,928,336	1,088,427
Less Liabilities:			
Deferred Income	9,203,413	9,203,413	-
Trade and Other Payables	1,199,483	1,096,283	103,200
Total Liabilities	10,402,896	10,299,696	103,200
Net Assets	\$ 11,033,867	\$ 10,628,640	\$ 985,227

Represented By:

Total Equity	\$ 11,033,867	\$ 10,628,640	\$ 985,227
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Notes:

The following items have been removed upon consolidation:

1. Shares in DNCL wholly owned by InternetNZ.
2. Share Subscription with respect to shares issued to InternetNZ by DNCL.

Internet New Zealand Group
Statements of Cashflows
For the Quarter ended 30 September

	GROUP	INZ	DNCL
Operating Activities			
Receipts from customers	3,541,388	3,116,030	425,358
Payments to suppliers and employees	(3,549,738)	(3,231,407)	(318,331)
Movement from other operating activities	177,947	205,604	(27,658)
Net Cash Flows from Operating Activities	169,597	90,227	79,369
Investing Activities			
Proceeds from sale of property, plant and equipment	-	-	-
Payment for property, plant and equipment	(169,672)	(147,389)	(22,282)
Other cash items from investing activities	(1,021,611)	(1,033,232)	11,620
Net Cash Flows from Investing Activities	(1,191,283)	(1,180,621)	(10,662)
Financing Activities			
Other cash items from financing activities	408,567	406,097	2,470
Net Cash Flows from Financing Activities	408,567	406,097	2,470
Net Cash Flows	(\$613,120)	(\$684,297)	\$71,177
Cash and Cash Equivalents			
Cash and cash equivalents at beginning of period	14,223,607	13,303,084	920,522
Cash and cash equivalents at end of period	13,610,487	12,618,788	991,700
Net change in cash for period	(\$613,120)	(\$684,297)	\$71,177



Financial summary

For the quarter ended 30 September 2020

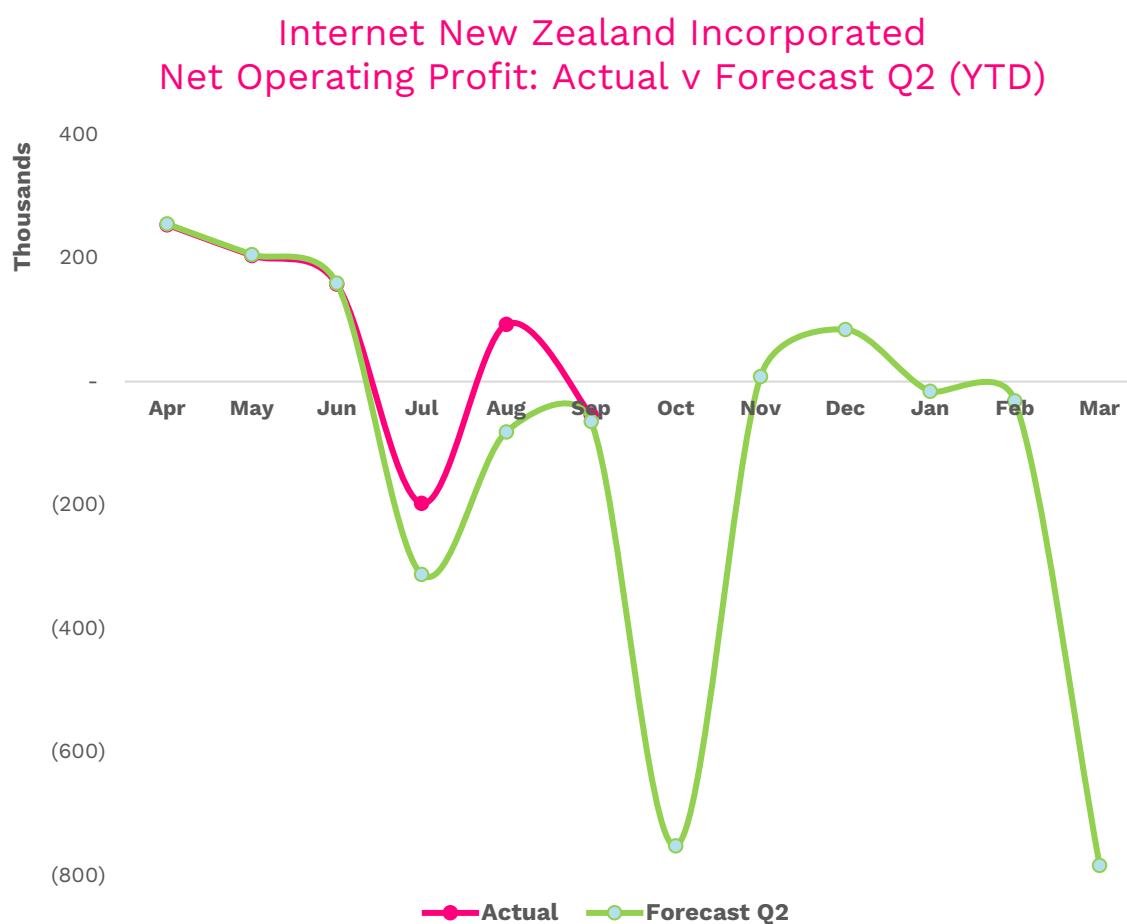
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Cash in Excess of Reserves	7

Summary of Results for the Quarter Ending 30 September 2020

This report has been prepared to provide an account of the second quarter of the 2020-21 financial reporting year for InternetNZ.

- **Quarter 2** reports a **deficit result of (\$158,739)** against a forecasted deficit of (\$458,192), a positive variance of \$299,453.
- The **Year to Date** result reports a **surplus of \$457,451** against a forecasted surplus of \$162,092, a positive variance of \$295,359.



N.B.: The large deficits budgeted for during October 2020 and March 2020 anticipate the timing of the two rounds of funding typically carried out over the course of the financial year.

Revenue Analysis for Quarter 2

Revenue	Actual	Forecast Q2	Variance	%Total Sales
Registry Fees	2,719,359	2,695,438	23,921	89.3%
BBMap	14,950	14,796	154	0.5%
DEFENZ	30	30	-	0.0%
Events	12,169	20,000	(7,831)	0.4%
Membership	612	510	102	0.0%
Recharge & Misc.	60,488	60,438	50	2.0%
Investment	238,937	108,286	130,651	7.8%
Total Revenue	\$3,046,545	\$2,899,498	\$147,047	100.0%

- **Registry Fees** earned during the quarter was **\$2.7M**, up \$24K against expectation.
- The accounts report **Total Operating Revenue** of **\$2.8M** for the quarter.
- **Investments in Managed Funds** continued to perform exceptional well into this quarter, with income reported for this quarter at **\$145,838**.

Expenditure Analysis for Quarter 2

- **Direct costs** of operating the **.nz Registry** reports **\$525,447** for this quarter, of which **\$362,425** made up fees paid to the **Domain Name Commission**.
- **Employment costs** totalled **\$1.53M for the quarter**; year to date the accounts report total employment costs of \$2.92M.
- **Operating costs for the quarter** are **\$344,461**.
- The accounts report **Amortisation and Depreciation** costs for the quarter at **\$55,078**.

Expenditure by Function

Area	Actual	Forecast Q2	Variance	%Expenditure
Commercial	421,093	407,507	13,586	13.1%
Communications	180,913	194,385	(13,472)	5.6%
Engagement	107,027	99,121	7,906	3.3%
Funding	507,250	529,042	(21,792)	15.8%
International	62,740	74,121	(11,381)	2.0%
IT Operations (incl. DNCL fee)	911,821	944,734	(32,913)	28.5%
Org. Services (incl. Gov. & Security)	517,403	527,004	(9,601)	16.2%
Policy	302,993	322,024	(19,031)	9.5%
Technical Research	118,104	152,780	(34,676)	3.7%
Technology Strategy	74,000	91,224	(17,224)	2.3%
Total Expenditure	\$3,203,344	\$3,341,942	(\$138,598)	100.0%

Expenditure by Strategic Goals

This table draws from the Profit and Loss statement for the quarter to provide a high level summary of the spend that has occurred towards achieving our Strategic Goals: excluded are internal staff and infrastructure costs, as well as progressive capital expenditure for Q2.

Goal	Actual	Forecast Q2	Variance	%Expenditure
SG1: Develop an Internet for Good	456,438	465,996	(9,558)	75.7%
SG2: Improved Digital Inclusion	31,318	39,317	(7,999)	5.2%
SG3: Grow .nz	49,097	48,597	500	8.1%
SG4: Sell New Products	20,000	20,000	-	3.3%
SG5: Improving InternetNZ's Performance	46,435	61,563	(15,128)	7.7%
Total Expenditure	\$603,288	\$635,473	(\$32,185)	100.0%

For more detail on what we have been working on please click on the link below to access the Q2 Activity report.

<https://internetnz.nz/assets/Archives/Activity-Report-Q2-2020.pdf>

Balance Sheet

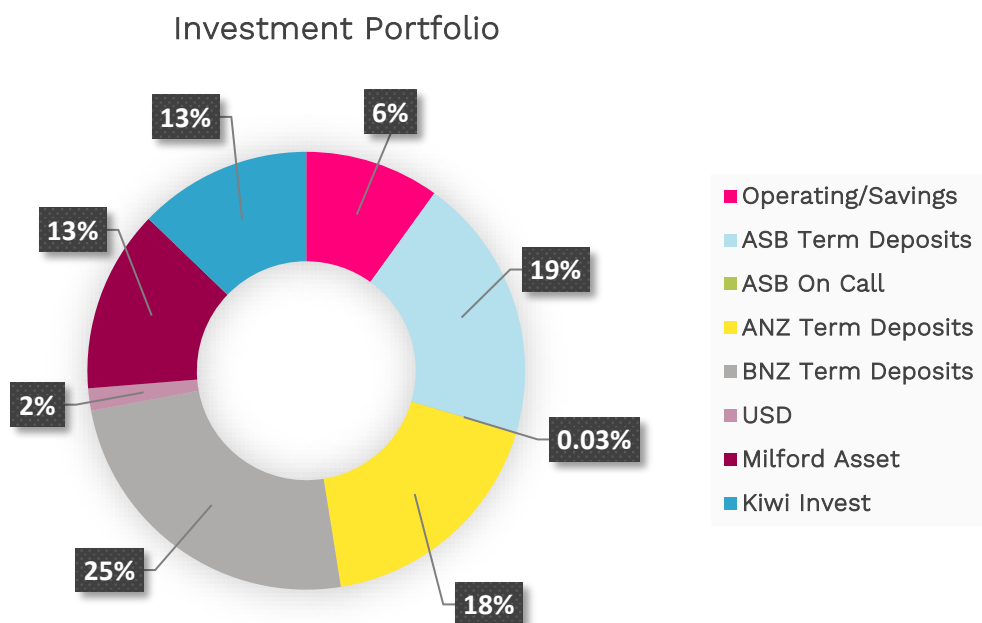
A detailed Balance sheet report for the InternetNZ Group is available for review at the link below. We focus our attention on two specific areas of note in this report:

1. The current Investment Portfolio.
2. An update on Cash in Excess of Reserves.

<https://internetnz.nz/assets/Archives/INZ-Group-Consolidated-Reporting-Q2-2020-21.pdf>

Investments

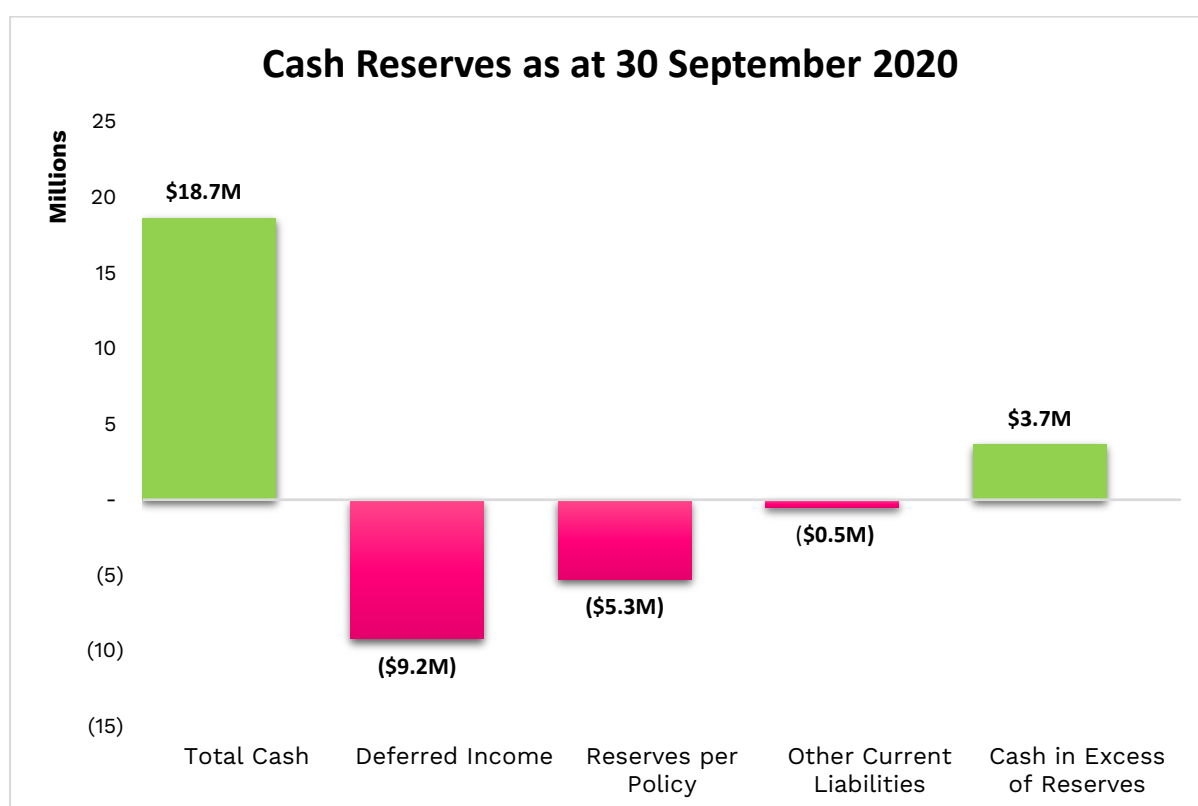
The chart below provides a visual on the percentage spread of funds invested (\$17,118,139) across all institutions, as at 30 September 2020.



Cash in Excess of Reserves

We report the Cash in Excess of Reserves position as at 30 September 2020 at **\$3.66M** as provided below:

Total Cash & Current Assets	\$18,665,022
less: Deferred Income	(\$9,203,413)
less: Reserves as per the policy	(\$5,286,535)
less: other Current Liabilities	(\$512,237)
Cash in Excess of Reserves	\$3,662,837



The close of the second quarter of the 2020-21 financial year sees **Net Equity** at **\$10.6M** (reported as \$10.8M in the previous quarter), and the **Net Equity minus Reserves** position at **\$6.9M** (\$7.1M in the previous quarter).

This exceeds the measure currently required by the *Financial and Investment Strategy Policy*, which sets the target for Net Equity minus Reserves at \$5.5M.



6 November 2020

Ms Joy Liddicoat
Vice President
Email: vicepresident@internetnz.net.nz

Dear Joy

2nd Quarter 2020/21 Report

This report includes DNCL's quarterly Profit and Loss Statement and other DNCL activities not included in the joint .nz report.

Financial position for the last quarter

	July - Sept 2020				Year-to-Date				Last Quarter		
	Q2 Act (\$)	Q2 Bud (\$)	Q2 Var (\$)	Q2 Var (%)	YTD Act (\$)	YTD Bud (\$)	YTD Var (\$)	FY Bud (\$)	Actual	Budget	Variance
INCOME											
15560 - Accreditation Fees	0	0	0	0%	0	0	0	29,625	0	0	0
5050 - Authorisation Fees	0	0	0	0%	6,000	6,000	0	9,000	6,000	6,000	0
5080 - DRS Complaint Fees	2,000	2,000	0	0%	6,000	6,000	0	27,000	4,000	4,000	0
5100 - Management Fees	362,425	362,424	1	0%	724,850	724,848	2	1,449,699	362,425	362,424	1
7010 - Interest Income	3,269	3,843	(574)	0%	3,277	3,850	(573)	11,520	7	7	0
1540 - Sundry Income	0	0	0	0%	0	0	0	46,612	0	0	0
Total Income	367,694	368,267	(573)	0%	740,126	740,698	(572)	1,573,456	372,432	372,431	1
EXPENDITURE											
DNCL Board	7,175	7,251	(76)	-1%	17,949	18,102	(153)	43,104	10,774	10,851	(77)
Communications	5,390	8,299	(2,909)	-35%	11,470	14,379	(2,909)	39,000	6,080	6,080	(0)
Compliance	9,371	10,744	(1,373)	-13%	11,413	12,786	(1,373)	66,000	2,042	2,042	0
Dispute Resolution Services	5,484	5,626	(143)	-3%	6,967	7,252	(285)	93,504	1,484	1,626	(143)
Memberships	39	62	(23)	0%	466	489	(23)	0	427	427	0
Registrars	2,035	2,799	(764)	-27%	4,123	5,298	(1,175)	24,000	2,088	2,499	(411)
International	827	581	246	0%	827	581	246	581	0	0	0
Office and Administration	71,440	69,506	1,934	3%	138,968	140,099	(1,131)	292,992	67,528	70,593	(3,065)
Personnel and Staff	177,324	181,391	(4,067)	-2%	323,791	333,923	(10,132)	757,171	146,466	152,532	(6,066)
Professional Services **	29,967	21,079	8,888	42%	90,130	46,777	43,353	67,500	60,163	25,698	34,465
Projects	0	2,000	(2,000)	-100%	5,916	7,916	(2,000)	35,000	5,916	5,916	(0)
Total Expenditure	309,052	309,338	(286)	0%	612,020	587,602	24,418	1,418,852	302,967	278,264	24,703
Depreciation	6,258	5,476	782	14%	9,996	9,528	468	19,783	3,738	4,052	(314)
Other Comprehensive Items	0	0	0		0	0	0	0	0	0	0
Net Profit/Loss	\$52,384	\$53,453	(1,069)	-2%	\$118,110	\$143,568	(\$25,458)	\$134,821	\$65,726	\$90,115	(\$24,389)

Compliance and Enforcement of the .nz Policy framework

Compliance - Privacy, self conflicted names and systemic investigations

For the last quarter the focus of the compliance function has been privacy. This has been a two fold effort communicating with both registrars and registrants. We have contacted

many of our Registrars to confirm they are offering the privacy option for registrants. All .nz Registrars have confirmed they are doing this.

Our second effort has been targeted at updating registrant names that were not meeting policy, for example a registrant who is “private person” or “anonymous”. Originally there were 1100 domain names affected, now there are under 400 which we are continuing to follow up.

Self conflicted domain names

Registrants in the 3-5 party self conflicted set¹ and their Registrars have been instructed to resolve their conflicts. The Commission is assisting the parties in this set to reach resolution.

Systemic investigations

A number of systemic investigations into specific registrants have been completed resulting in improved data quality in the register. These investigations arose because of a pattern observed through our data validation process. We saw the same registrant names registering many .nz domain names using fake registration details. Our investigation led to over 100 domain name suspensions and insights on how these registrants are operating which has improved our threat detection approaches.

Enquiries and Disputes

Contact Centre continues to receive steady demand

The Contact Centre received 605 new enquiries this quarter. Many of the enquiries related to requests for UDAs (authentication codes) which has triggered outreach activities to certain Registrars.

Online Dispute Resolution - request for proposal for software as a service negotiation pilot

This quarter we have gone to market with a closed request for proposal for a vendor to supply online negotiation for a six month pilot.

There are five vendors whose bids are due late October.

Market Review

Pricing review of .nz domain names completed

This quarter we completed a review of the wholesale and retail pricing for .nz domain names. The results have been added to our pricing table available at <https://dnc.org.nz/registrars>. We last did the review in December 2019.

Other Matters

Capacity Building in Asia Pacific

¹ A conflicted domain name with 3- 5 registrants that have rights to the shorter version of the domain name all of which are the same registrant.

Staff collaborated with a number of international colleagues at the virtual APTLD event in September. Ann Ibrahim moderated a panel on passive DNS.

Communications, Education and Awareness activities

Annual report highlights another busy year

Our annual report for 2019/20 has been released.

Our contact centre resolved more than 1400 enquiries in the 2019-2020 financial year. Typical enquiries were from frustrated consumers who haven't been able to reach their service provider or have lost control of their domain name.

Our real-time feedback from our customer interactions over the year had a satisfaction rating of 84%.

Together with the industry we suspended or cancelled more than 5000 domain names for invalid details.

We had 24 complainants access our free mediation and determination services for domain name disputes.

Blogs covering topical issues including the general election and .iwi.nz

This quarter the Commission has published a number of blogs at <https://dnc.org.nz/the-commission/blog> including:

- Ball Season Buyers Beware: Online Shopping
- Domain names in the name of democracy
- How to keep your .nz domain name safe
- .iwi.nz and .maori.nz domain name space

New website coming

We have also onboarded Christchurch based company the Media Suite to deliver a new website for DNCL by early 2021.

Submissions on .nz policy reviews

The Commission has submitted to InternetNZ's independent end to end .nz policy review and registry lock consultations. Both of our submissions are available at our website. <https://dnc.org.nz/resource-library/consultations>

Yours sincerely,



Jordan Carter
Chair, Domain Name Commission