

Agenda for a meeting of the InternetNZ Council		
Friday, 22 February 2013		
Level 9 Grand Arcade Tower, 16 Willis St, Wellington		
Start	Item	Person
10.00am	Council alone time	Frank March
11.00am	Council and CE alone time	Frank March
11.20am	Appointing a new Chief Executive	Frank March
12.00pm	Apologies Declaration of Councillor interests Agenda consideration - in committee items	Frank March
12.05pm	Strategic planning framework	Jordan Carter
12.15pm	Strategic discussion	Jordan Carter
12.50pm	Lunch	
1.20pm	Joint DNCL and NZRS Joint DNCL and NZRS .nz 3rd Quarter Report	Joy Liddicoat Richard Currey Jay Daley
1.35pm	DNCL DNCL 3rd Quarter Report	Joy Liddicoat
1.45pm	NZRS NZRS 3rd Quarter Report	Richard Currey Jay Daley
1.55pm	Subsidiary Statements of Expectations	Frank March
2.05pm	2013/14 InternetNZ business plan and budget - International - NetHui - Community funding - Strategic partnerships - ANZIAS/AusNZIGF	Jordan Carter
2.35pm	Break	
2.50pm	Chief Executive's Report - Operations Update - Members Engagement events in March - InternetNZ Financial Report - Investment matters, International matters	Jordan Carter
3.15pm	Group financials Third quarter consolidated financial statements	Frank March
3.20pm	Report from the Grants Committee Grants report – Oct 2012 to Jan 2013	Frank March
3.25pm	Remuneration review	Frank March

3.55pm	Membership update	Frank March
4.00pm	Consent agenda item a. Ratification of minutes: 22 January 2013 b. Outstanding Action Points report c. Evote ratification	Frank March
4.05pm	Other business Meeting feedback	Frank March
4.15pm	Meeting ends	

Annotated agenda for a meeting of the InternetNZ Council		
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10.00am	Council alone time	Frank March
11.00am	Council and CE alone time	Frank March
11.20am	Appointing a new Chief Executive	Frank March
12.00pm	Apologies Declaration of Councillor interests Agenda consideration - in committee items	Frank March
12.05pm	Strategic planning framework <i>That Council agrees the process for Strategic and Business planning set out in sections 2-4 of this paper.</i> <i>That Council notes the schedule for Strategic and Business planning set out in section 5 of this paper.</i> <i>That the Chief Executive consults with NZRS and DNCL as to the interactions between the planning process set out in this paper and the subsidiaries' own planning processes, and report any issues arising and any consequential changes required to this process to the Council at the May 2013 meeting.</i>	Jordan Carter
12.15pm	Strategic discussion	Jordan Carter
12.50pm	Lunch	
1.20pm	Joint DNCL and NZRS Joint DNCL and NZRS .nz 3rd Quarter Report <i>THAT .nz third quarter ended 31 December 2012 report be received.</i>	Joy Liddicoat Richard Currey Jay Daley
1.35pm	DNCL DNCL 3rd Quarter Report <i>THAT the DNCL third quarter ended 31 December 2012 report be received.</i>	Joy Liddicoat
1.45pm	NZRS NZRS 3rd Quarter Report <i>THAT the NZRS third quarter ended 31 December 2012 report be received.</i>	Richard Currey Jay Daley
1.55pm	Subsidiary Statements of Expectations <i>That Council agree the attached Statement of Expectations for the financial year 2013/14 for DNCL and NZRS, and direct the President to write to the boards of each with this information.</i>	Frank March
2.05pm	2013/14 InternetNZ business plan and budget - International - NetHui - Community funding - Strategic partnerships - ANZIAS/AusNZIGF <i>That Council approve InternetNZ hosting the ANZIAS in</i>	Jordan Carter

	<p>Wellington in 2013, subject to an acceptable date being found that coincides with the ANZIGF.</p> <p>That Council approve a budget limit of \$100,000 (gross) for the 2013 ANZIAs, to be funded from the budget line proposed to Council for hosting major events.</p>	
2.35pm	Break	
2.50pm	<p>Chief Executive's Report</p> <ul style="list-style-type: none"> - Operations Update - Members Engagement events in March - InternetNZ Financial Report - Investment matters, International matters <p>THAT Council receive the CE's report.</p> <p>That Council receive the 2012/13 third quarter financial report from the Chief Executive.</p> <p>That Council note the pending reclassification of dividends discussed in the report.</p>	Jordan Carter
3.15pm	<p>Group financials</p> <p>Third quarter consolidated financial statements</p> <p>THAT the third quarter ended 31 December 2012 consolidated group financial statements be received.</p>	Frank March
3.20pm	<p>Report from the Grants Committee</p> <p>Grants report – Oct 2012 to Jan 2013</p> <p>That Council note the decisions made regarding community funding requests since the October Council meeting.</p>	Frank March
3.25pm	Remuneration review	Frank March
3.55pm	<p>Membership update</p> <p>THAT the new members be approved.</p>	Frank March
4.00pm	<p>Consent agenda item</p> <p>THAT the minutes of the meeting held on 22 January 2013 be received and adopted as a true and correct record, and THAT the following reports are received:</p> <ol style="list-style-type: none"> a. Ratification of minutes: 22 January 2013 b. Outstanding Action Points report c. Evote ratification 	Frank March
4.05pm	<p>Other business</p> <p>Meeting feedback</p>	Frank March
4.15pm	Meeting ends	

Strategic Planning Framework



Strategic and Business Planning in 2013

Author: Jordan Carter

Purpose of paper: Explain suite of planning papers appearing at Council in February 2013

Dear Council

There are six papers relating to Strategic and Business Planning that are being discussed at the Council meeting this month. The table explains what each paper is and when it will be available.

Paper	Title/Purpose	Availability
Planning 1	Strategic and Business Planning Process –the framework for planning in 2013 for agreement.	Set 1 (Fri 15 Feb)
Planning 2	Environment Scan – staff assessment of the environment, including IntNZ strengths and weaknesses, environment scan, international and policy outlook. <i>This should be the main working document of the strategy discussion.</i>	Set 2 (Tue 19 Feb)
Planning 3	Draft Strategy – vision, mission, values of InternetNZ, <i>based largely on status quo.</i>	Set 2 (Tue 19 Feb)
Planning 4	Draft Goals and Transformations – proposed strategic goals the organisation will pursue in the next two-three years, and the transformations in the environment it wants to bring about.	Set 2 (Tue 19 Feb)
Planning 5	Draft Business Plan 2013/14 – the high level activity plan that sets out how InternetNZ will deploy its resources for the coming year.	Set 2 (Tue 19 Feb)
Planning 6	Draft Budget 2013/14 – the proposed budget for the coming year.	Set 2 (Tue 19 Feb)

If the Set 2 papers become available before Tuesday they will be emailed to Council for earlier consideration.

Jordan Carter
Chief Executive (Acting)
 15 February 2013



Planning I: Strategic & Business Planning Process

Author: Jordan Carter

Purpose of Paper: Define & decide on the strategic and business planning process

Introduction

Strategic and business planning at InternetNZ is in need of revision to make it work for the organisation in planning the 2013 year and beyond.

This paper sets out the purpose of strategic and business planning, and the process being followed in 2013. The Council needs to agree this process either as presented, or as suitably amended after discussion at this meeting.

This paper builds on a paper initially prepared for the December 2012 meeting of the InternetNZ Council.

InternetNZ Strategic and Business Planning Approach

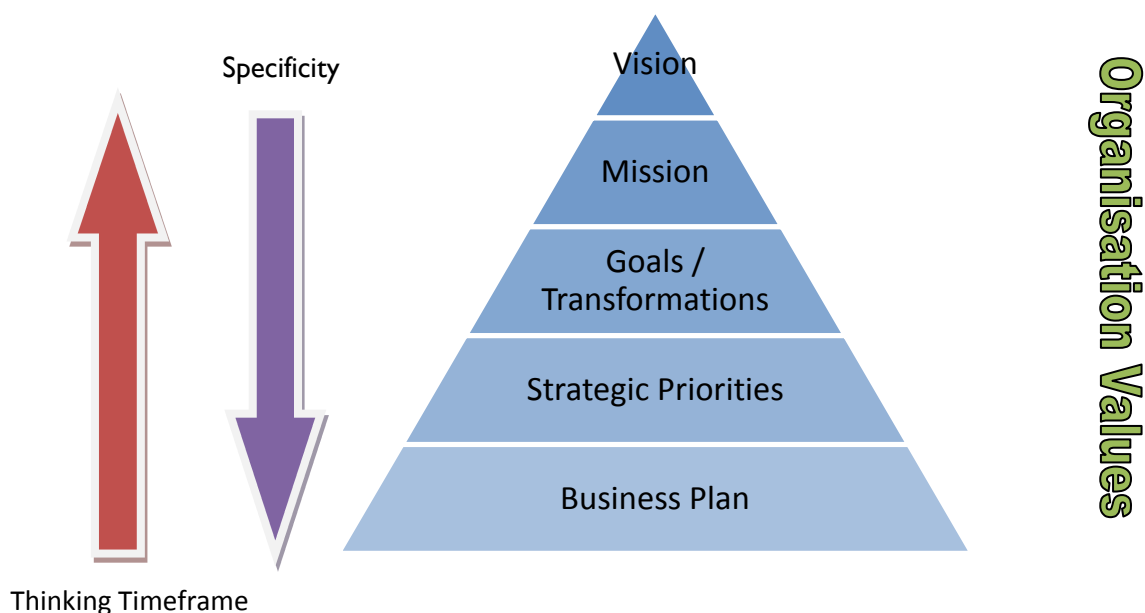
1. Objectives

This paper is intended to lead to discussion and agreement on an effective planning process that properly reflects the role of various participants. Other papers in this series will lead to:

- Discussion and agreement on the strategic components (Vision, Mission, Values, Goals/Transformations and Strategic Priorities).
- Agreement of a draft Business Plan and Budget for the current year.

A properly agreed planning process will allow InternetNZ to be agile and responsive to the rapidly changing environment it operates in while still being consistent and true to its longer-term strategic direction.

2. High-level Approach



The pyramid above shows how various strategic components relate to each other.

Vision

The long-term end state InternetNZ envisages. How we want the world to be when we, and others working towards the same vision, succeed.

Mission

The role InternetNZ intends to play in achieving the stated vision. Our fundamental purpose, succinctly describing why we exist and what we will do to achieve our vision.

Goals/Transformations

Specific goals InternetNZ will strive for, or transformations in the environment it wishes to bring about.

Strategic Priorities

Agreed priorities in a three year timeframe to achieve the specified goals, reviewed annually.

Business Plan

Annual plan to achieve the strategic priorities. Reviewed periodically during the year.

Organisation Values

Beliefs that underpin how the organisation should work to achieve its mission. Values drive our culture and provide a framework in which decisions are made.

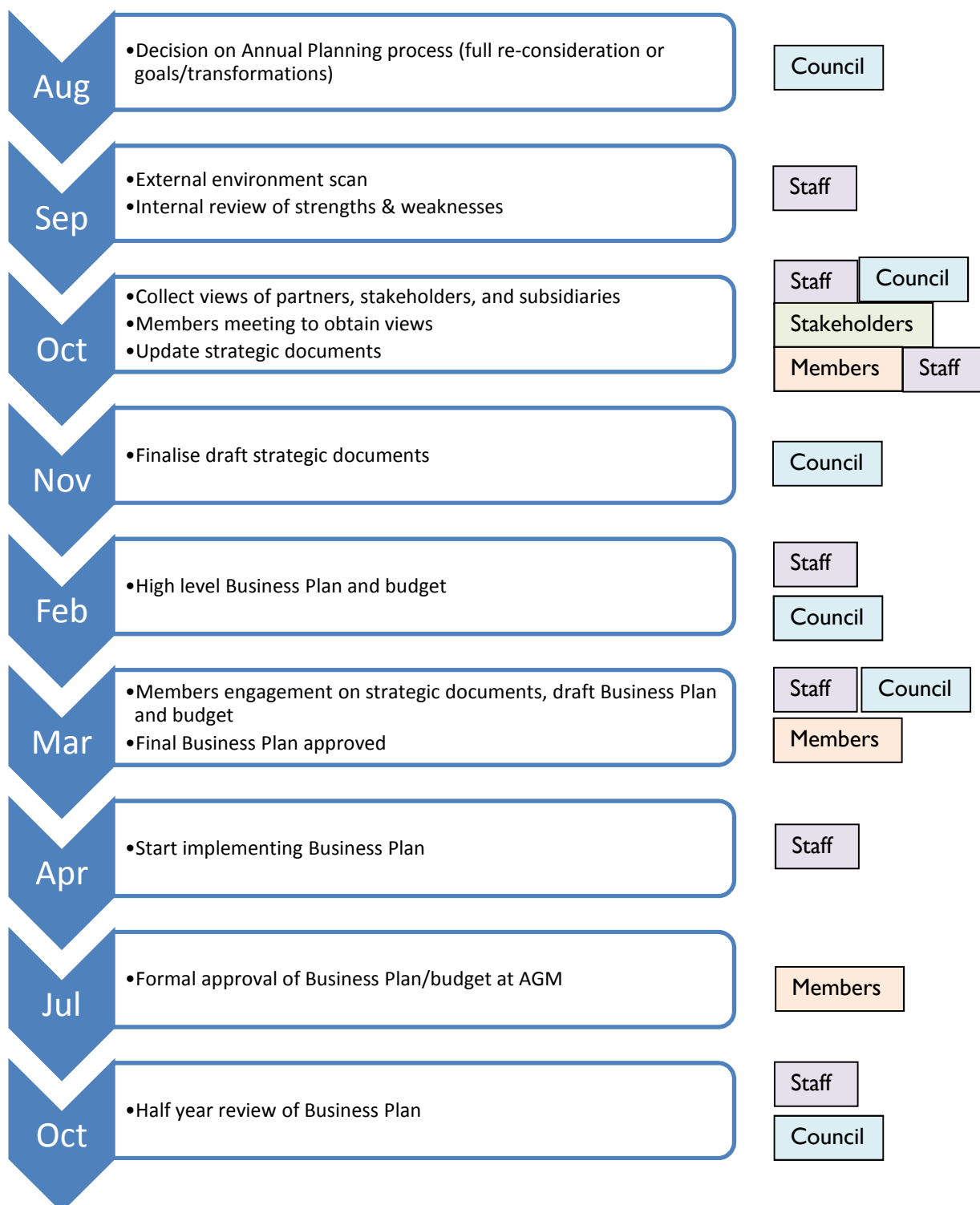
3. Roles of Participants in Strategic Planning

The table below identifies participants in the Strategic and Business planning process and specifies the roles they play:

Participant	Roles
Members	<ul style="list-style-type: none"> • Provide views and inputs into periodic reviews of Vision/Mission/Goals/Transformations, and annual reviews of Strategic Priorities • Review draft goals, transformations and Business Plan & Budget (annually) • Formally approve the Business Plan & Budget at the AGM
Partners, stakeholders	<ul style="list-style-type: none"> • Provide views, information, analysis into the planning process
Subsidiaries	<ul style="list-style-type: none"> • Provide views, information, analysis into the planning process • Be clear how strategic decisions impact on subsidiaries
Chief Executive and staff/contractors	<ul style="list-style-type: none"> • Lead the process • Develop and provide appropriate information for the planning process • Combine inputs from all participants into a draft Strategic Priorities document for Council. • Develop a Business Plan to implement the Strategic Priorities approved by Council • Conduct a half-year review of the Business Plan and make update recommendations to Council
Council	<ul style="list-style-type: none"> • Participate in members' meetings • Validate assumptions and engage with stakeholders • Discuss and approve the Strategic Priorities document • Discuss and approve the Business Plan • Factor in Strategic Priorities into the annual Statement of Expectations for subsidiaries • Monitor implementation of the Business Plan • Discuss and approve a half-year review of the Business Plan

4. Sequence and Timing of the Strategy and Planning Cycle

This chart shows the proposed rolling process. Each year it begins with Council deciding in August whether a full review of all the strategic documents is required (components listed on p. 2), or whether the focus is on reviewing goals and desired transformations.



5. Process in 2013/14

Given the late start, the process I propose for the current year is as follows:

Month	Milestone
February 2013	Council approves draft strategic documents Council approves draft 2013/14 Business Plan and budget
March 2013	Members engagement on important elements of: <ul style="list-style-type: none"> • Draft strategic documents • Draft 2013/14 Business Plan and budget Council adopts final strategic documents and 2013/14 Business Plan and budget
April 2013	Staff begin implementing 2013/14 Business Plan
May-June 2013	Stakeholder consultations on vision, mission, goals / transformations and values
July 2013	Members formally approve 2013/14 Business Plan / budget at AGM
August 2013	Council decides nature of planning process commencing in August – scope, scale, etc.
September 2013	Staff commence external environment scan, and internal review of strengths & weaknesses
October 2013	Strategic Planning Day 3 year horizon for strategic planning, and annual business plan for 2014/15: <ul style="list-style-type: none"> • Collect views of partners, stakeholders, and subsidiaries • Members meeting to obtain views Staff revise strategic documents following Planning Day Half year review of 2013/14 Business Plan
Nov/Dec 2013	Council debates and adopts strategic documents
February 2014	Council adopts high level 2014/15 Business Plan and budget
March 2014	<ul style="list-style-type: none"> • Members views on strategic documents and draft 2014/15 Business Plan and budget • Final 2014/15 Business Plan approved
April 2014	Start implementing 2014/15 Business Plan
July 2014	Formal approval of 2014/15 Business Plan/budget at AGM

Recommendations

1. That Council **agrees** the process for Strategic and Business planning set out in sections 2-4 of this paper.
2. That Council **notes** the schedule for Strategic and Business planning set out in section 5 of this paper.
3. That the Chief Executive **consults** with NZRS and DNCL as to the interactions between the planning process set out in this paper and the subsidiaries' own planning processes, and report any issues arising and any consequential changes required to this process to the Council at the May 2013 meeting.

Jordan Carter

Chief Executive (Acting)

14 February 2013

Joint DNCL and NZRS .nz 3rd Quarter Report



.nz Quarterly Report

Third Quarter ended 31 December 2012

Introduction

This is the third 'joint' .nz quarterly report – a combined DNCL/NZRS document replacing the reports previously received by the InternetNZ Council from the two subsidiaries. This report also replaces the monthly DNCL reports produced prior to the joint report. Though not all the detail produced previously in the monthly reports is reproduced here, the information that is not is publicly available and updated monthly at <http://dnc.org.nz/statistics> and <http://dnc.org.nz/newsletters>. Council is asked for feedback on this report and what changes, if any, Council would like to see for future reports. It is the intention of DNCL and NZRS to continue to provide a joint report to prevent the ongoing duplication of .nz information. There is nothing in this report that is confidential.

1. Environment

a) ICANN

The 45th ICANN meeting was held in Toronto from 14-18 October 2012. This was Fadi Chehadé's first meeting as CEO of ICANN and there was generally positive feedback from participants about the messages he presented, as well as in relation to the changes he had already implemented in his short time at the organisation.

As part of his opening remarks, Fadi set out the four goals he had identified as part of delivering what the community has set out for ICANN to achieve. These goals were Affirmation of purpose; Operations Excellence; Internationalisation and Multi stakeholder model evolution. More detail on this, and the updated ICANN structure, can be seen in his presentation online at <http://toronto45.icann.org/meetings/toronto2012/presentation-chehade-charts-course-15oct12-en.pdf>.

He commented that ICANN is siloed and that this isn't good when one area doesn't know what another is up to. It will take a while to change but Fadi has identified the functional areas to deliver in and ICANN will be working on actual detail on how the management delivery structure can be implemented.

This approach appeared to be supported by Fadi's actions. Jay Daley, Keith Davidson and Debbie Monahan met with Fadi and his team to discuss the .nz approach and the TLD principles we work to. Comments about aspects of the .nz operation resonated with Fadi and he requested that we meet with his recently appointed advisor who will be looking at registry/registrar matters.

Our second item was about the principles we use to guide us in all aspects of .nz decision making and how ICANN in operating bereft of any clear principles gets itself into all sorts of trouble. This was particularly well received by the CEO who clearly has a strong personal affinity for a principles-based approach and was forthright in his support for leading ICANN in that direction. We also made the more subtle point about how easy it is to gravitate towards making friends on the basis of mutual competence given the chaos of the ICANN community, but that this was dangerous if those friends did not share common principles. This appeared to

have been understood.

Our final point was about breaking down silos and moving to an issues-based meeting structure. The new CEO very strongly supported this. We also explained, as ccNSO insiders, that we felt that the need for the ccNSO to exist as a separate entity was now in question. We noted that many ccTLDs were applying to be involved in new gTLDs and this muddying of the waters provided a unique opportunity to rethink the silos. The CEO explained that he intended to move quickly and firmly in this area and may put some noses out of joint but he saw it as a clear imperative.

Jay Daley and Debbie Monahan subsequently met with Fadi's advisor, Jen-Francois Baril, and ICANN Senior Counsel Samantha Eisner to discuss the .nz framework and the actions taken to ensure compliance with that. It is acknowledged that the size of .nz makes proactive monitoring easier, and that the legislative approach differs here than in the US, however it was clear that there are aspects of the .nz operations that could be considered by ICANN for their processes.

Debbie Monahan, Jay Daley and Keith Davidson contributed to a panel on TLD principles in the ccNSO session. This was a panel that we asked for in order to share our recently developed TLD principles and stimulate a debate around those principles.

One of the other contributors was .br (Brasil) who have, like us, a set of TLD principles and a broader set of Internet principles that are analagous to our policy principles or the InternetNZ objects. Our principles did not fully align and our process for developing them was more open and consultative but other than that we were very similar and stood out from our peers.

A number of European registries noted that they had some relevant principles that had been enshrined in the law by their regulator and/or government. When asked a question as to the need for our principles we used this as a good reason, citing the insufficiency of RFC1591 and the need to flesh it out with a more detailed set of principles so as to head off any legislative instruction.

The panel went well and made a number of people think. We pushed the idea that by fixing on principles we now had a better lever to try and move ICANN and a better yardstick to judge the quality of our peers, both of which were thoughtfully received.

b) New gTLDs

ICANN announced that they had made a decision about how they were planning to handle the prioritisation of processing new gTLD applications. The approach, largely supported by the community, was for applicants to buy tickets to take part in a draw, with the order of the tickets drawn reflecting the order that applications would be processed. There was no obligation to buy a ticket so those applicants in no particular hurry would not need to buy a ticket and would be left to the end to be ordered at that time.

As part of the process, IDN applications would be processed first so the first set of the 'draw' was for IDN applicants who had purchased tickets, followed by all others who had tickets for the draw. As all applications need an order, the draw would then continue for IDN applicants without tickets, followed by the rest.

The draw was held on 17 December 2012 in Los Angeles. The results of this draw are published at <http://gtldresult.icann.org/application-result/applicationstatus> with the prioritisation number column indicating where it was drawn.

Of interest to .nz was the prioritisation number drawn by .kiwi. This was drawn 331 which places it relatively early in the queue. There is no definitive timeframe for when .kiwi will be processed but we would expect it to be around mid 2013, depending on any delays or issues encountered.

The issue of "closed generics" (for example, the bid by Amazon for .book that they will not allow open registrations for) continues to gather momentum and was widely discussed at the ICANN meeting. We continued to apply pressure on the issue with a blog post on CircleID: http://www.circleid.com/posts/20121121_the_root_is_not_a_tld/

c) Security

Barry Brailey started his role of Manager Security Policy with DNCL. His work will include working closely with NZRS on information guides around DNSSEC and evaluating and developing appropriate security policies for DNCL.

DNCL and NZRS met with Paul Ash, the new manager of the new National Cyber Policy Office.. This office is still determining its role though it will coordinate cyber-security policy across government. At a second follow up meeting, the NCPO were given a detailed presentation on the NZRS risk register and Business Continuity Plan (BCP) to provide them assurance that .nz is well run and help them determine what form of risk analysis and BCP they should recommend for critical government online services.

2. Activities

a) DNSSEC

- Completion of the DNSSEC rollout so all .nz zones now signed
- Comments on uptake of signed names and of those registrars identifying themselves as DNSSEC friendly or able to handle the records

This quarter marked the completion of the DNSSEC implementation with all second levels now signed. Two registrars have so far completed the requirements to be identified as *DNSSEC Friendly* status and the *Handles DS Records* status. This is indicated by the inclusion of additional columns to indicate this status in the table at <http://dnc.org.nz/registrars>.

Promoting DNSSEC amongst registrars, and the development of DNSSEC resources, are ongoing aspects of work for both NZRS and DNCL.

b) .nz Promotion and Marketing

Patrick Watson started with DNCL as a part time Communications Advisor. He will be working closely with David Morrison, NZRS' Channel and Marketing Manager, on aspects of promoting .nz.

David Morrison, begun work in earnest in this quarter with the focus being to understand the channel of registrars in order to understand their needs and opportunities for marketing and to develop an approach to implementing a marketing focus to .nz. David is working closely with DNCL on the following items:

- Channel management – meeting as many registrars as possible and understanding who they are, how they operate and where .nz fits into their overall business model.
- Research. Commissioning consumer research to inform the marketing strategy.
- .nz positioning. With a clear understanding of the market based on quantitative research an agency has been commissioned to develop a clearer brand with a range of core values and vision for .nz. This activity will also refine (if required) the .nz logo and associated creative collateral. This collateral will be reused in a number of areas including web, advertising, branding and campaigns.

Over the quarter, an infographic was designed to highlight 10 years of .nz as a shared registry system. This is online at <http://dnc.org.nz/story/infographic> and people are also able to request

a printed version of either A1 or A2 size.

More joint initiatives are planned for the next quarter including functions for registrars to acknowledge the work they have done in making .nz a success in the 10 years since the .nz market was declared competitive.

c) Registrations at the Second Level proposal

DNCL's first consultation on the proposal to allow .nz registrations at the second level closed at the end of September 2012. The DNCL board has considered the submissions received and decided to seek additional information and carry out further research before making a recommendation about registrations at the second level. As part of this research stage, it is likely that some submitters will be asked to expand on points they have raised and discuss possible solutions. The DNCL Board will be considering this at their March 2013 meeting.

d) SRS Architectural review

NZRS continued their architectural review of the SRS with extensive planning around switching from our own database replication system to a modern, off-the-shelf replication product. This project will continue for the rest of the year.

e) Infrastructure

In the third quarter, NZRS will be continuing some key infrastructure projects:

- Replacement of the test platform
- Upgrade of the tape backup solution
- Disaster recovery for office servers

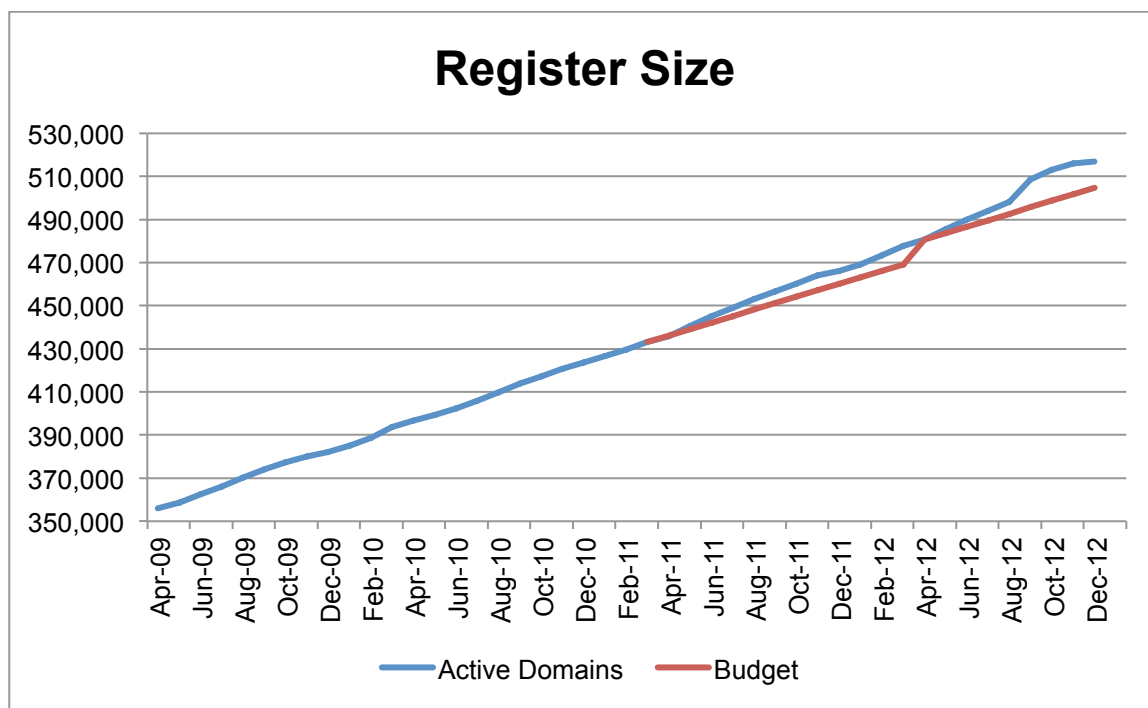
f) International Engagement

- DNC staff attended the Australian IGF meeting in Canberra in October
- NZRS staff attended LISA in San Diego in December.
- DNCL and NZRS staff attended the ICANN meeting in Toronto in October. The engagement they undertook there included:
 - Being on a panel for a discussion on the role of ICANN in the security and stability of the DNS;
 - A presentation on the proposal to allow .nz registrations at the second level;
 - An overview of the TLD Principles developed by InternetNZ.
- DNCL staff attended the November APTLD meeting in Taipei.

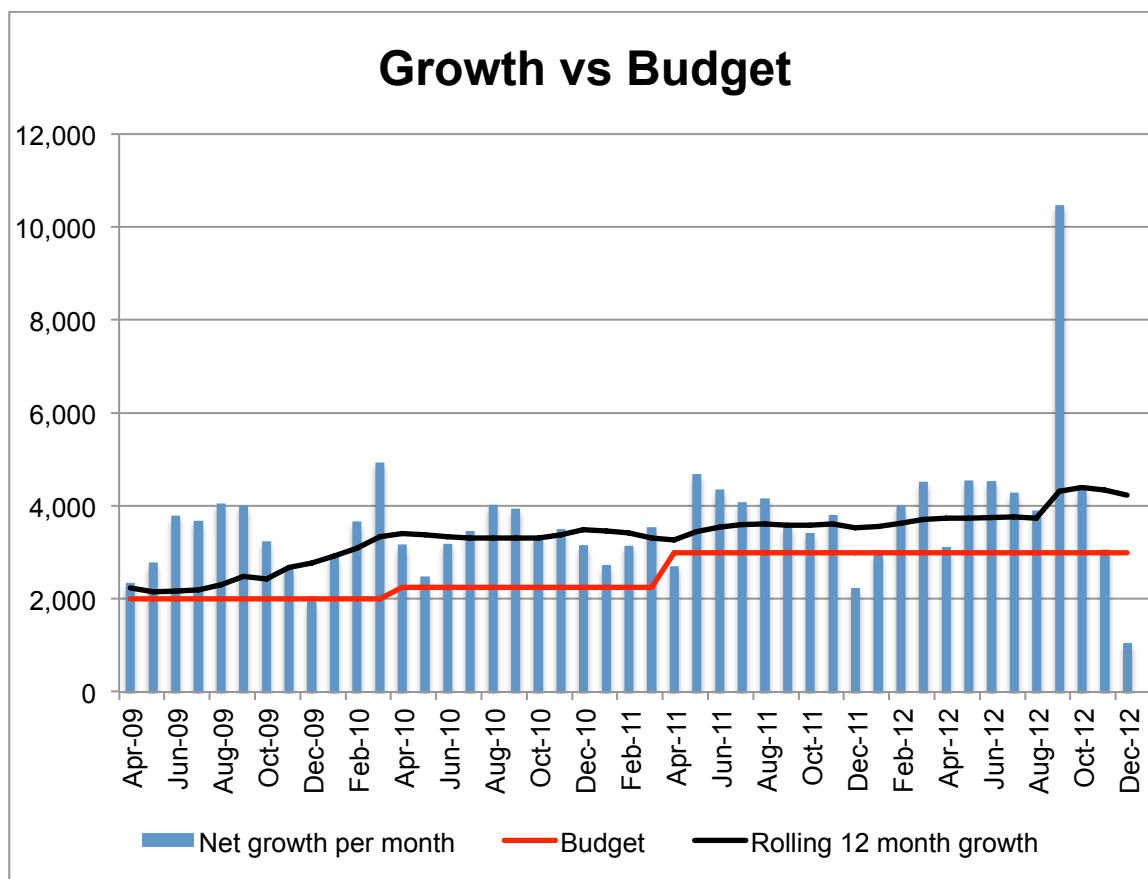
3. Statistics

a) Domain Names

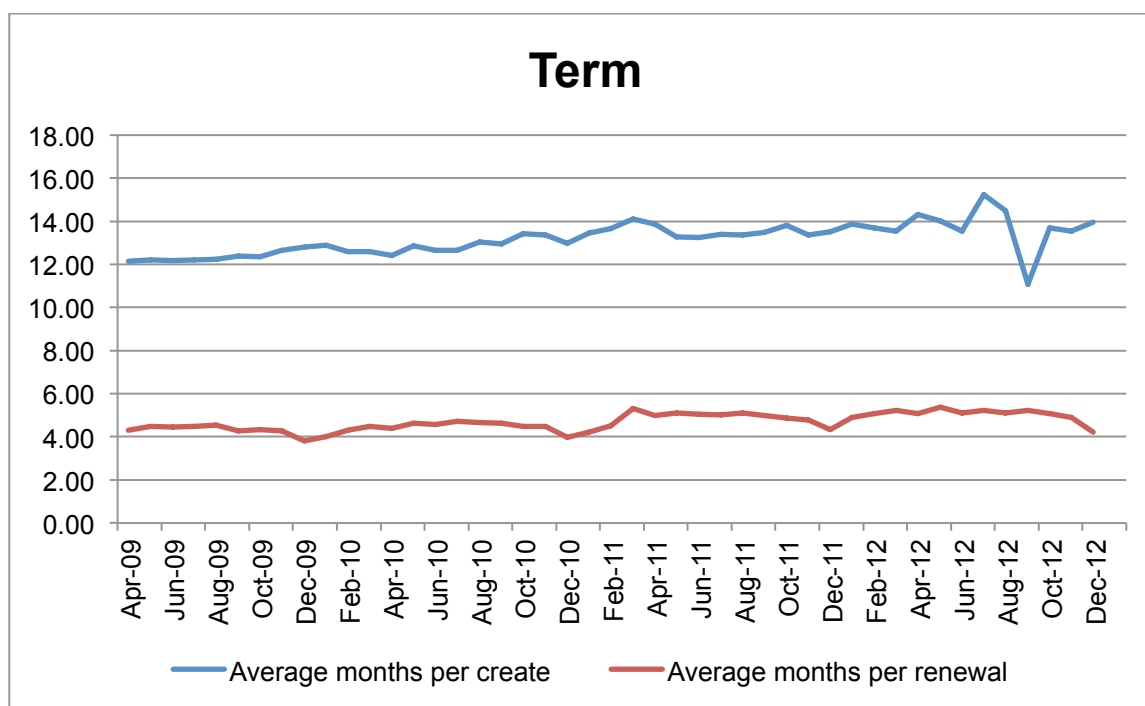
The size of the register against NZRS budgeted growth is shown in the chart below:



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



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



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

	31 Oct 12	30 Nov 12	31 Dec 12
.ac	1,979	1,979	1,986
.co	439,492	441,981	443,017
.cri	13	13	13
.geek	1,204	1,200	1,199
.gen	1,410	1,414	1,411
.govt	1,113	1,114	1,115
.health	149	149	149
.iwi	77	77	77
.kiwi.nz	7,415	7,685	7,601
.maori	1,121	1,134	1,143
.mil	35	36	36
.net	28,326	28,407	28,487
.org	27,311	27,496	27,498
.parliament	9	9	9
.school	3,268	3,293	3,296
Total	512,922	515,987	517,037
Growth over previous month	4,375	3,065	1,050
Variance against NZRS budget	1,375	65	-1,950

Over the quarter, .nz domain names have increased from 508,547 to 517,037, a net increase of 8,490 or 1.7%. This compares with a growth of 9,448 (2.0%) in the same quarter last year. The increase in the number of .maori.nz registrations is largely explained by an Australian based registrar offering them for \$1 a year for a period.

b) Registrars

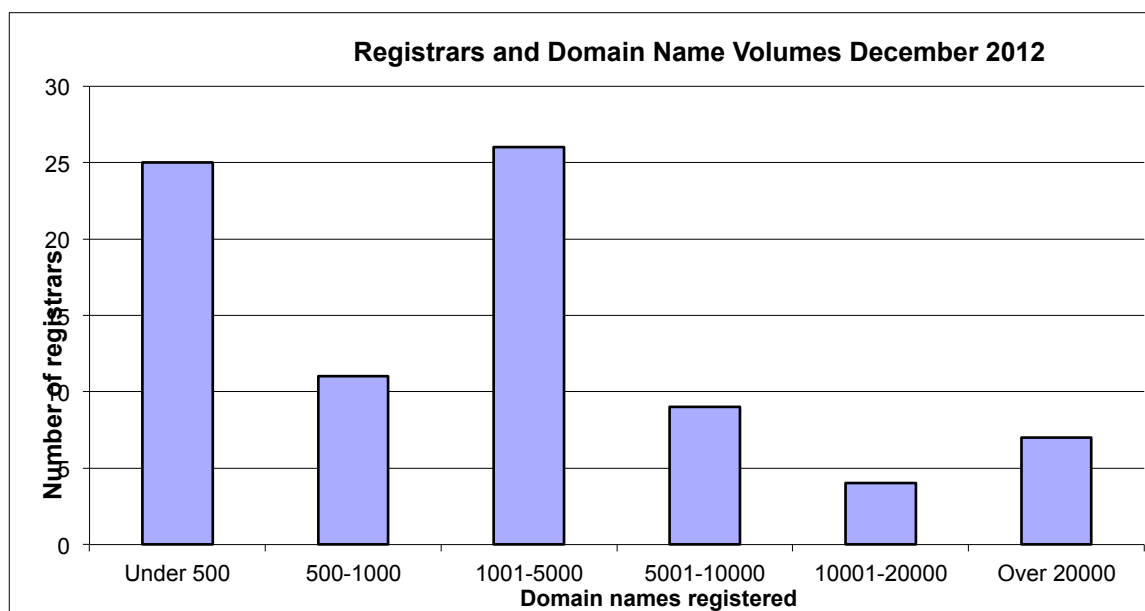
Registrars authorised	84
Registrars connected	82

Number connected during the quarter: 3

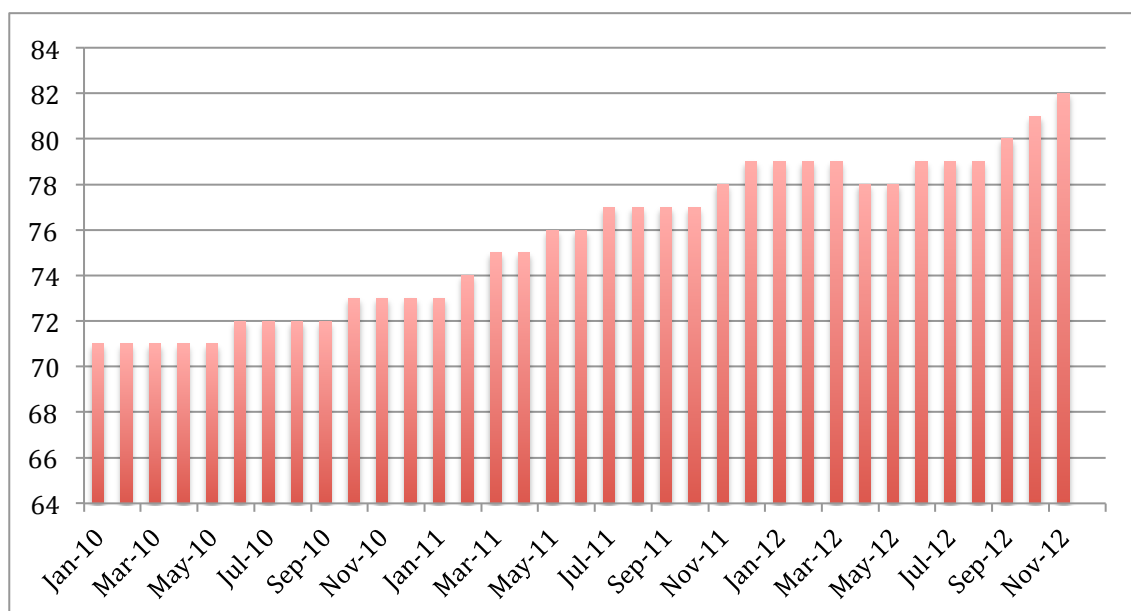
Number authorised during the quarter: Nil

Number de-authorised during the quarter: Nil

At the end of the quarter there were 82 authorised registrars in production (including the DNC registrar). The following chart shows the change in the number of registrar over the last three years:



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



c) Registry Performance

SLA targets achieved for April, May and June 2012.

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

System	SLA %	Oct-12	Nov-12	Dec-12
SRS	99.90%	100.00	99.96	100.00
DNS	100%	100.00	100.00	100.00
Whois	99.90%	100.00	100.00	100.00



Joy Liddicoat
Chair, DNCL



Richard Currey
Chair, NZRS

DNCL 3rd Quarter Report

February 2013

Dr Frank March
 President
 InternetNZ

Dear Frank

Third Quarter 2012/13 Financial report

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

Profit and Loss Statement
 For Quarter ending 31 December 2012

	Oct - Dec 2012			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
INCOME						
Management Fees	352,800	352,800	0	1,058,400	1,058,400	0
Authorisation Fees	3,000	2,250	750	6,000	6,750	(750)
DRS Complaint Fees	4,000	9,000	(5,000)	24,000	27,000	(3,000)
Other Income	0	0	0	370	0	0
Interest Income	985	3,000	(2,015)	8,271	9,000	(729)
Total Income	360,785	367,050	(6,265)	1,097,041	1,101,150	(4,109)
EXPENSES						
Staff and Office Costs	174,994	184,535	9,541	540,897	555,409	14,512
Professional Services and Communications	9,791	53,999	44,208	41,216	161,999	120,783
Dispute Resolution Services	25,724	49,524	23,800	55,956	84,574	28,618
DNCL and DNC activities	25,174	48,773	23,599	90,581	146,323	55,742
International	92,705	107,000	14,295	185,654	206,000	20,346
Total Expenditure	328,389	443,831	115,442	914,305	1,154,305	240,000
Net Profit/Loss	32,397	(76,781)	109,178	182,736	(53,155)	235,891

Events to mark the 10 year anniversary of the SRS are planned for the final quarter of the year so will increase the expenditure in the Professional Services and Communications area.

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

Yours sincerely



Joy Liddicoat
 Chair, DNCL

NZRS 3rd Quarter Report

31 January 2013

Frank March
President
InternetNZ
PO Box 11 881
Wellington

Dear Frank

Re: 3rd Quarter 2012 - 2013 Report

We enclose our third quarterly report of the 2012 - 2013 year; the quarter ended 31th December 2012. The report, which I submit on behalf of the Board, consists of the summarised management accounts and a commentary on financial, operational, and strategic issues in relation to the company's performance. There is nothing in the report that we regard as confidential.

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

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

1. Financial

Enclosed are Statements of:

- Financial performance; and
- Financial position

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

At the November meeting of the NZRS board, a revised budget for the current financial year 2012-13 was adopted. A summary of this budget is provided and all reporting is against this revised budget.

The net profit before tax of \$783,080 for the quarter was 14% above the budgeted \$686,569.

Domain name growth was below budget for the quarter (actual 8,490 versus budgeted 9,000). October's net growth was at 4,375, November's net growth at 3,065 and December's net growth at 1,050. The decrease in net growth is due to a less than average domain name growth in December, in comparison to previous years, but usual for December to show a below budget result. Actual domain name fee income for the quarter was above budget by \$53,652 (actual \$1,940,719 versus budgeted \$1,887,067).

Expenses for the quarter were \$41,660 below budget (actual \$1,230,433 versus budgeted \$1,272,093) due mainly to timing and the strong NZ dollar.

During the quarter, a dividend of \$795,000 was paid taking the total dividend paid so far to InternetNZ in the current financial year to \$3,033,920.

The company's liquidity ratio was met.

3. Other Key Strategic and Operational Activities

a) Audit and Risk

As requested by the shareholder previously, an independent review of our Business Continuity Plan was undertaken within this quarter by Kestrel Group. A summary of their findings has been reported to Council separately.

4. Service development

Our main focus in this quarter has been on the set of initiatives previously advised to InternetNZ in a confidential briefing paper. This has been reported on in detail to the group of Councillors given the task of advising our CE on business development. Progress in this quarter has been slow but we expect progress in the fourth quarter to speed up considerably.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richard Currey', written in a cursive style.

Richard Currey
Chair

Appendix 1 - Summary analysis - Revised Mid year Budget

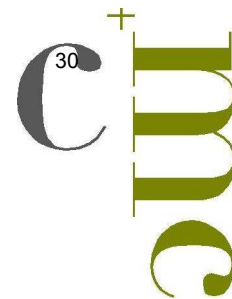
New Zealand Domain Name Registry Limited

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

	Mar-13	
	Original	Revised
	\$	\$
INCOME	7,781,157	8,001,631
DIRECT COSTS	2,787,011	2,789,329
GROSS PROFIT	4,994,146	5,212,302
OVERHEADS	1,594,887	1,588,313
OTHER COSTS	728,852	732,542
OPERATING PROFIT	2,670,407	2,891,447
NET PROFIT	2,670,407	2,891,447
INCOME TAX	0	0
PROFIT AFTER TAX	2,670,407	2,891,447
DIVIDEND ACCRUAL	-3,828,920	-3,828,920
RETAINED EARNINGS	-1,158,513	-937,473
CUMULATIVE	-1,158,513	-937,473

BUDGETED STATEMENT OF FINANCIAL POSITION

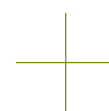
	Opening \$	Original \$	Revised Mar-13 \$
FIXED ASSETS			
Software	2,018,143	2,378,143	2,408,143
Office Equipment	128,809	153,809	153,809
Computer Hardware	890,217	1,345,217	1,345,217
Accumulated Depreciation	-2,163,111	-2,891,963	-2,893,963
	<u>874,058</u>	<u>985,206</u>	<u>1,013,206</u>
INTANGIBLE ASSETS			
TradeMarks	10,698	10,698	50,698
Accumulated Depreciation	-10,698	-10,698	-12,388
	<u>0</u>	<u>0</u>	<u>38,310</u>
CURRENT ASSETS			
Bank	7,864,329	7,267,170	7,509,469
Trade Debtors	742,209	805,163	825,574
RWT Refund Due	0	0	0
Prepayments	52,557	52,557	52,557
Interest Receivable	149,937	149,937	149,937
	<u>8,809,032</u>	<u>8,274,827</u>	<u>8,537,537</u>
CREDITORS DUE WITHIN ONE YEAR			
Trade Creditors	250,973	293,597	294,599
Other Creditors	53,627	104,439	98,599
Deferred Income	5,356,466	5,998,486	6,111,304
Holiday and Sick Leave Accrued	38,029	38,029	38,029
	<u>5,699,095</u>	<u>6,434,551</u>	<u>6,542,531</u>
NET CURRENT ASSETS	<u>3,109,937</u>	<u>1,840,276</u>	<u>1,995,006</u>
TOTAL NET ASSETS	<u><u>3,983,995</u></u>	<u><u>2,825,482</u></u>	<u><u>3,046,522</u></u>
CAPITAL & RESERVES			
Share Capital	30,000	30,000	30,000
Reserves	3,953,995	2,795,482	3,016,522
	<u>3,983,995</u>	<u>2,825,482</u>	<u>3,046,522</u>
Liquidity (incl bus dev \$400k)	125%	103%	105%
Surplus Cash over Required Liquidity	1,593,920	214,587	351,325



New Zealand Domain Name Registry Limited
Financial Statements
For the Quarter Ended 31st December 2012

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ



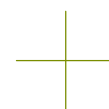
New Zealand Domain Name Registry Limited
Exclusion of Liability Statement
For the Quarter Ended 31st December 2012

We have compiled the Financial Statements comprising Statement of Financial Performance, Statement of Movements in Equity and Statement of Financial Position of New Zealand Domain Name Registry Limited for the period ended 31st December 2012.

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

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

Curtis McLean Limited
Chartered Accountants
Wellington NZ



New Zealand Domain Name Registry Limited
Statement of Financial Performance
For the Quarter Ended 31st December 2012

	This Quarter			Year to Date			Full Year	Last Year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	
Registry Fees	1,940,719	1,887,067	53,652	5,716,903	5,567,207	149,696	7,486,406	7,086,371
Less Direct Expenses								
DNC Management Fee	352,800	352,800	-	1,058,400	1,058,400	-	1,411,200	1,260,000
DNS Expenses	124,003	162,869	(38,866)	420,861	488,611	(67,750)	651,481	562,041
SRS Expenses	120,975	136,899	(15,924)	383,259	410,690	(27,431)	547,585	521,137
Other IT	62,992	43,170	19,822	153,686	133,575	20,111	176,745	172,329
Total Direct Expenses	660,770	695,738	(34,968)	2,016,206	2,091,276	(75,070)	2,787,011	2,515,507
Gross Profit	1,279,949	1,191,329	88,620	3,700,697	3,475,931	224,766	4,699,395	4,570,864
Less Other Expenses								
Depreciation & Amortisation	180,420	190,134	(9,714)	502,472	531,220	(28,748)	728,852	637,986
Overhead Expenses	389,243	386,221	3,022	1,115,776	1,208,665	(92,889)	1,594,887	1,260,104
Total Other Expenses	569,663	576,355	(6,692)	1,618,248	1,739,885	(121,637)	2,323,739	1,898,090
	710,286	614,974	95,312	2,082,449	1,736,046	346,403	2,375,656	2,672,774
Plus: Other Income								
Interest	72,794	71,595	1,199	216,331	222,721	(6,390)	294,751	347,504
Rental Lease Incentives Income	-	-	-	-	-	-	-	10,909
Net Profit Before Tax	783,080	686,569	96,511	2,298,780	1,958,767	340,013	2,670,407	3,031,187
Provision For Tax	-	-	-	-	-	-	-	-
Net Profit (Loss)	783,080	686,569	96,511	2,298,780	1,958,767	340,013	2,670,407	3,031,187

New Zealand Domain Name Registry Limited
Statement of Movements in Equity
For the Quarter Ended 31st December 2012

	This Year to Date	Last Year Full Year
Share Capital		
Opening Share Capital	30,000	30,000
	30,000	30,000
Share Capital as at 31st December 2012	30,000	30,000
Retained Earnings		
Opening Retained Earnings	3,953,994	4,247,805
Plus:		
Net Tax Paid Profit (Loss) for Year	2,298,779	3,031,188
Less:		
Dividend Declared	3,033,920	3,324,999
	3,218,853	3,953,994
Retained Earnings as at 31st December 2012	3,218,853	3,953,994
	\$3,248,853	\$3,983,994
Equity as at 31st December 2012	\$3,248,853	\$3,983,994

New Zealand Domain Name Registry Limited
Statement of Financial Position
As At 31st December 2012

	End of Quarter			End of Year		
	Actual	Budget	Variance	LY Actual	Budget	LY Actual
Equity						
Share Capital	30,000	30,000	-	30,000	30,000	30,000
Retained Earnings	3,218,853	2,878,841	340,012	3,999,608	2,795,481	3,953,995
Total Equity	3,248,853	2,908,841	340,012	4,029,608	2,825,481	3,983,995
Liabilities:						
Creditors & Accruals	283,563	381,730	(98,168)	295,765	436,066	342,629
Deferred Income - Registry Fees	5,650,802	5,829,680	(178,878)	5,330,478	5,998,486	5,356,466
Total Liabilities	5,934,365	6,211,410	(277,046)	5,626,243	6,434,552	5,699,095
Funds Employed	9,183,218	9,120,251	62,966	9,655,851	9,260,033	9,683,090
Represented By:						
Current Assets						
Funds Held	7,489,127	7,154,041	335,086	8,060,830	7,267,170	7,864,330
Debtors & Prepayments	797,628	993,372	(195,744)	755,481	1,007,657	944,702
	8,286,755	8,147,413	139,342	8,816,311	8,274,827	8,809,032
Non Current Assets						
Fixed Assets	896,463	972,838	(76,376)	839,540	985,206	874,058
Total Non Current Assets	896,463	972,838	(76,376)	839,540	985,206	874,058
Total Assets	9,183,218	9,120,251	62,966	9,655,851	9,260,033	9,683,090

New Zealand Domain Name Registry Limited
Statement of Cash Flows
For the Quarter Ended 31 December 2012

	This Quarter			Year to Date				Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Last Year (YTD)	Budget	LY Actual
Cash Flows From Operating Activities									
Cash Was Provided From:									
Registry Fees Received	2,284,737	2,344,066	-59,329	6,862,966	6,890,355	-27,389	6,315,355	9,277,275	8,193,008
Other Receipts	141,483	71,595	69,888	267,116	230,182	36,934	294,843	302,212	365,449
	2,426,220	2,415,661	10,559	7,130,082	7,120,537	9,545	6,610,198	9,579,487	8,558,457
Cash Was Distributed To:									
Payments to Suppliers and Employees	1,219,476	1,207,121	12,355	3,531,880	3,724,155	-192,275	3,261,606	4,931,267	4,258,929
Net Taxation Paid (Refunded)	0	0	0	0	0	0	7,461	0	7,461
Net Dividend Paid	795,000	795,000	0	3,033,920	3,033,920	0	2,416,666	3,828,920	3,324,999
Net GST Paid	51,427	196,459	-145,032	228,943	428,750	-199,808	219,302	530,959	310,146
	2,065,903	2,198,580	-132,677	6,794,743	7,186,825	-392,083	5,905,035	9,291,146	7,901,534
Net Cashflows from Operating	360,317	217,081	143,236	335,339	-66,288	401,628	705,163	288,341	656,922
Cash Flows from Financing Activities									
Cash was Provided From:									
Share Capital	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Cash was Distributed To:									
Repayment of Redeemable Preference Shares									-
Inland Revenue Use of Money Interest	0	0	0	0	0	0	0	0	0
Net Cash flows from Financing	0	0	0	0	0	0	0	0	-
Cash Flows from Investing Activities									
Cash was Provided From:									
Fitout Contribution	0	0	0	0	0	0	0	0	0
Cash was Distributed To:									
Purchase of Fixed Assets & Formation Expenses	156,014	241,500	-85,486	710,541	644,000	66,541	551,195	885,500	699,454
Net Cash flows from Investing Activities	-156,014	-241,500	85,486	-710,541	-644,000	-66,541	-551,195	-885,500	-699,454
Net Increase (Decrease) in Cash Held	204,303	-24,419	228,722	-375,202	-710,288	335,087	153,968	-597,159	-42,532
Plus Opening Cash Balance	7,284,824	8,534,705	-1,249,881	7,864,329	7,864,329	-0	7,906,861	7,864,329	7,906,861
Closing Cash Carried Forward	7,489,126	8,510,286	-1,021,159	7,489,126	7,154,041	335,086	8,060,829	7,267,170	7,864,329
Closing Cash Comprises									
ASB Bank Cheque Account	767,336	-	-	767,336	-	-	681,832	7,267,170	523,059
ASB Bank Call Account	368,830	-	-	368,830	-	-	161,139	0	690,936
Term Deposits	6,352,960	-	-	6,352,960	-	-	7,217,859	0	6,650,335
Total Cash Held	7,489,126	8,510,286	-1,021,160	7,489,126	7,154,041	335,086	8,060,829	7,267,170	7,864,329

Subsidiary Statements of Expectations



Paper for 22 February 2013 Council

FOR DECISION

Statement of Expectations 2013

Author: Frank March, President

Purpose of Paper: Agree Statement of Expectations 2013 for DNCL and NZRS

Context

Each year InternetNZ communicates its priorities and expectations as sole shareholder to the Boards of its subsidiaries, DNCL and NZRS. The subsidiaries subsequently provide InternetNZ with a Statement of Direction and Goals that reflect the expectations.

Statement of Expectations 2013

Statement of Expectations for the financial year 2013/14 for DNCL and NZRS have been developed by the President in discussion with the Boards of the subsidiaries. The proposed drafts are attached. They are based on revisions to the 2012/13 Statements that are intended to reflect the Council's views as discussed in January.

Given the pending review of the contracts with the subsidiaries and the pending development of InternetNZ strategy, changes to the content and structure of these documents, or inclusions of future group strategy or strategic expectations are not required at this time.

Recommendations

That Council **agree** the attached Statement of Expectations for the financial year 2013/14 for DNCL and NZRS, and direct the President to write to the boards of each with this information.

Frank March
President

Statement of Expectations for Domain Name Commission Limited [2013]

1 Background

This statement sets out the InternetNZ expectations for Domain Name Commission Ltd (DNCL) for the financial year 2013-2014 and is intended to assist DNCL in its strategic and business planning.

2 Strategic Goals

DNCL is expected to continue to meet its strategic goals, namely to:

1. Manage the operation of the .nz domain name space and the agreements and policies that underpin it.
2. Monitor activity in the .nz domain name space and where necessary, regulate its use.
3. Represent the .nz domain name space at international fora.
4. Make a tangible contribution to the achievement of InternetNZ's vision, mission and strategic goals.

DNCL is expected to annually review its strategic goals, using the group strategy process to seek feedback from the rest of the group.

3 Working with the Chief Executives of InternetNZ and NZRS

In order to ensure the InternetNZ Group functions effectively overall, it is essential for the three Chief Executives to understand each other's thinking, concerns and priorities. The DNCL Chief Executive is expected to attend meetings convened to discuss common group interests.

4 Financial Management

DNCL is expected to:

1. adopt sound organisational and financial management practices so as to safeguard and enhance InternetNZ's investment in the company;
2. operate within the financial and operational scope of its business plan as reported to InternetNZ while meeting the financial requirements specified in the Operating Agreement with InternetNZ;
3. provide InternetNZ with meaningful output and financial information reporting against the Statement of Direction and Goals (including changes to plans and priorities) to facilitate the monitoring of the organisation's performance;

5 InternetNZ Group Strategy

DNCL is expected to contribute to the group strategy process and to proactively contribute to the achievement of the group strategic priorities in coordination with InternetNZ. The following priorities have been identified for the 2013-2014 financial year:

- **Leadership:** To be a leader by example: continue to be recognised as delivering the world's best practise in the Internet community, including in the management of dot nz.
- **Universality:** Open and uncapturable, universal access to the Internet for all parts of society. Digital access as a 'human right'.
- **Doing it well:** Promote effective societal, economic and cultural use of the Internet.
- **Multi-stakeholder Governance:** NZ Government trusts our multi-stakeholder approach to Internet governance, backed up by a strong ecosystem.

InternetNZ expects DNCL will:

- Prioritise the review of registrants directly registering domain names at the dot nz second level, and
- Proactively develop and implement steps to strengthen the public perception and value proposition of dot nz, in particular in relation to generic Top Level Domains.

DNCL is expected to work with the New Zealand Domain Name Registry Limited to develop a comprehensive, rolling three year strategy for dot nz and present this to InternetNZ annually at the time of reviewing the domain name fee.

InternetNZ expects DNCL to contribute to the group shared risks register and to the agreed mitigation of the identified risks.

6 Statement of Direction and Goals

DNCL is expected to provide a Statement of Direction and Goals, for the financial year 2013-14 that includes:

a draft three year budget for the financial years 2013-14, 2014-15 and 2015-16, subject to adjustments for 2012-13 year end results and any change in the domain name fee agreed by InternetNZ;

1. an outline of the environmental factors that feed into DNCL strategic planning;
2. an outline of the key priorities that DNCL has identified through its strategic planning;
3. an outline of the key deliverables that DNCL has identified through its business planning.

7 General Expectations

InternetNZ has a set of general expectations that DNCL will:

1. continue to maintain a high standard of corporate governance;
2. timely reporting of critical operating and financial risks to InternetNZ ("no surprises");

3. ensure that there are effective and productive day-to-day working relationships with all other InternetNZ organisations and actively explore and implement ways to achieve greater co-operation and collaboration with these organisations to the benefit of the wider internet community;
4. operate in accordance with InternetNZ's core values – openness and transparency, leadership, ethical behaviour and stewardship.

Statement of Expectations for New Zealand Domain Name Registry Limited trading as .nz Registry Services (NZRS) [2012]

1 Background

This statement sets out the InternetNZ expectations for New Zealand Domain Name Registry trading as .nz Registry Services (NZRS) for the financial year 2013-14 and is intended to assist NZRS in its strategic and business planning.

2 Strategic Goals

NZRS is expected to continue to meet its strategic goals, namely to:

1. Deliver continuous domain name availability to registrars, their customers and all Internet users.
2. Deliver world-class registry services that continually improve.
3. Make a tangible contribution to the achievement of InternetNZ's vision, mission and strategic goals.
4. Develop NZRS services and technology within a long-term evolutionary framework to meet the future needs of Internet users.
5. Deliver, in partnership with DNCL, a successful long-term strategy for .nz.

NZRS is expected to annually review its strategic goals, using the group strategy process to seek feedback from the rest of the group.

3 Working with the Chief Executives of InternetNZ and DNCL

In order to ensure the InternetNZ Group functions effectively overall, it is essential for the three Chief Executives to understand each other's thinking, concerns and priorities. The NZRS Chief Executive is expected to attend meetings convened to discuss common group interests.

4 Financial Management

NZRS is expected to:

1. adopt sound organisational and financial management practices so as to safeguard and enhance InternetNZ's investment in the company;
2. operate within the financial and operational scope of its business plan as reported to InternetNZ while meeting the requirements of the NZRS Reserves Policy and NZRS Liquidity Policy;

3. provide InternetNZ with meaningful output and financial information reporting against the Statement of Direction and Goals (including changes to plans and priorities) to facilitate the monitoring of the organisation's performance;
4. return cash in excess of the reserves identified in the NZRS Reserves Policy to the shareholder, when appropriately satisfied of the solvency of NZRS and that it remains a going concern.

5 InternetNZ Group Strategy

NZRS is expected to contribute to the group strategy process and to proactively contribute to the achievement of the group strategic priorities in coordination with InternetNZ. The following priorities have been identified for the 2013-14 financial year:

- **Leadership:** To be a leader by example: continue to be recognised as delivering the world's best practise in the Internet community, including in the management of dot nz.
- **Universality:** Open and uncapturable, universal access to the Internet for all parts of society. Digital access as a 'human right'.
- **Doing it well:** Promote effective societal, economic and cultural use of the Internet.
- **Multi-stakeholder Governance:** NZ Government trusts our multi-stakeholder approach to Internet governance, backed up by a strong ecosystem.

NZRS is expected to contribute to business development opportunities in line with the group business development policy and to work with InternetNZ on broadening the understanding of shareholder expectations and requirements for business development.

NZRS is expected to work with the Domain Name Commission Ltd. to develop a comprehensive, rolling three year strategy for dot nz and present this to InternetNZ annually at the time of reviewing the domain name fee.

NZRS is expected to proactively develop and implement steps to strengthen the registrar perception and value proposition of dot nz, in particular in relation to generic Top Level Domains.

InternetNZ expects NZRS to contribute to the group shared risk register and to the agreed mitigation of the identified risks.

6 Statement of Direction and Goals

NZRS is expected to provide a Statement of Direction and Goals, for the financial year 2013-14 that includes:

1. a draft three year budget for the financial years 2013-14, 2014-15 and 2015-16, subject to adjustments for 2012-13 year end results and any change in the domain name fee agreed by InternetNZ;
2. an outline of the environmental factors that feed into NZRS strategic planning;
3. an outline of the key priorities that NZRS has identified through its strategic planning;
4. an outline of the key deliverables that NZRS has identified through its business planning.



7 General Expectations



InternetNZ has a set of general expectations that NZRS will:


1. continue to maintain a high standard of corporate governance;
2. adopt a sound risk management strategy for all areas of its activities, including the timely reporting of critical operating and financial risks to InternetNZ (“no surprises”);
3. ensure that there are effective and productive day-to-day working relationships with all other InternetNZ organisations and actively explore and implement ways to achieve greater co-operation and collaboration with these organisations to the benefit of the wider internet community;
4. operate in accordance with InternetNZ’s core values – openness and transparency, leadership, ethical behaviour and stewardship.

2013/14 InternetNZ business plan and budget

Strategic Partnership – Activity Update: February 2013

<p>Computers in Homes (CiH)</p>	 <p>We have published our half-year “results” report for CiH. Copies will be available for Councillors on 22 February.</p> <p>The report contains success stories from each regional programme and results from the rejuvenation surveys, carried out after 12 months after graduation as well as an update on progress with the 2012-13 (July – June) programme.</p> <p>The programme continues to deliver expected results with 26% of participants enrolling in further education or training within 12 months of graduating and 17% enhancing their job situation (gaining a job or a promotion). Of particular note is the finding that a further 23% of other adults in the same household as the CiH programme participant were also able to improve their work situation. This demonstrates a strong flow-on effect to other household members, who get support from the CiH participant to upskill themselves and enhance their employment opportunities.</p> <p>The 2012-13 programme for a total of 1500 families is running slightly ahead of schedule with 776 families already graduated by the end of December 2012. Our Automatic Payment option for internet connections is also working well – we are now achieving a 65% connection rate at the time of graduation compared to only 38% for the same period last year.</p> <p>We continue to have concerns about whether Government will renew the Digital Literacy and Connection fund that currently supports the CiH programme. The initial 3-year contract comes to an end in June 2013. We are working hard with stakeholder Ministers to secure a Budget commitment to continue the programme.</p> <p>We have secured one positive CiH partnership with a Whanau Ora Collective and this has resulted in an additional 46 families being supported. We plan to engage with other collectives to achieve similar outcomes.</p> <p>Website: www.computersinhomes.org.nz</p>
<p>Stepping UP</p>	 <p>During 2012, a total of 1391 digital steps were completed by 526 people. There is clearly strong ongoing community demand for bite-sized digital literacy training (each digital step is a 2.5 hour module).</p> <p>The successful Hutt Libraries pilot Stepping UP programme has now been adopted by Hutt City for delivery on an ongoing basis. Starting on 18 February 2013, basic Stepping UP modules are being delivered in five Hutt libraries (Stokes Valley, Taita, Naenae, Wainuiomata and War Memorial Library). 100 registrations had already been received within one week of advertising the courses.</p> <p>Kapiti District Council has also decided to offer the programme to the Kapiti community through their libraries, starting in May 2013.</p>

	<p>DORA, our mobile digital learning centre, developed with funding from InternetNZ, is being well received in Christchurch. For the next three months, DORA will be used 3 days a week for scheduled Stepping UP classes. She will be parked up at the old supermarket carpark at Aranui, at Waltham School and Rowley School. DORA has also been booked for The Council's Children's Day to be held at Hagley Park on 3 March and for a special "programming for girls" course in New Brighton.</p> <p>Website: www.steppingup.org.nz</p>
<p>KiwiSkills</p>	<p>For the calendar year ending 31 December 2012 a total of 2116 modules were assessed. This resulted in 416 certificates being awarded, including 156 Full ICDL (International Computer Driving Licence) certificates (candidates complete 7 modules), 203 Start ICDL certificates (candidates complete 4 modules) and 53 e-Citizen certificates.</p> <p>We welcomed the announcement by the Hon Steven Joyce, the Minister for Tertiary Education, Skills and Employment, on 20 December that digital literacy is to be added as and education priority area for ACE (Adult and Community Education) – funded schools. (http://www.national.org.nz/Article.aspx?articleId=40111). We are following up with the 21 schools involved to offer the KiwiSkills programme as a way of responding to this direction.</p> <p>Website: www.kiwiskills.org.nz</p> 
<p>Living Heritage</p>	 <p>We are pleased that Ellen Strickland is able to attend the WSIS + 10 event at UNESCO Headquarters in Paris, 25-27 February 2013. As previously reported, we have made a Living Heritage submission for a World Summit Award publication to be launched at WSIS + 10. Ellen has agreed to represent us at the launch of the publication.</p> <p>Website: www.livingheritage.org.nz</p>
<p>Community Wireless Hubs</p>	<p>We have engaged Douglas Harré from Core Education to assist us with the community wireless hub stocktake, jointly funded with InternetNZ. Douglas has had extensive experience with ICT in schools as a manager in the Ministry of Education for nearly a decade. We expect this work to be completed by the end of March.</p> <p>Meanwhile our own community wireless hub project in Kaingaroa Village, using WiMax technologies, was formally commissioned on 7 February. There have been delays in connecting to the Chorus RBI fibre and the service has been temporarily commissioned using the school's frame relay connection. We are investigating further to find out why it is taking so long to commission the RBI fibre connection – it is now over 2 months since a request was initiated.</p>

<p>Come to Your Census</p>	 <p>Tuesday 5 March 2013 is Census Day. We have re-launched the campaign we originally developed for the cancelled 2011 Census – <i>Come to Your Census</i>. Our goal is to encourage up to 600 centres with internet access (Community Access Sites) to be open on Census Day for members of their communities to complete their census forms online. As at 8 February, we already have 162 sites registered. This includes libraries, schools, community centres, citizens advice bureau, private training establishments, tertiary education organisations and marae.</p> <p>Website: www.cometoyourcensus.org.nz</p>
<p>Digital Literacy</p>	<p>We are delighted that Nikki Kaye has been appointed as an Associate Education Minister responsible for e-learning and digital literacy. The report of the Education and Science Select Committee’s Inquiry into 21st Century learning was released in December http://www.nikkikaye.co.nz/2013/01/18/education-and-science-committee-reports-on-inquiry-into-21st-century/. We presented to the Select Committee and are pleased that information we provided and views expressed have been included in the final report.</p>
<p>Strategic Partnership</p>	<p>We appreciate the positive response by the Council to our joint 2020/InternetNZ proposal for advancing our strategic partnership. We acknowledge the issues raised by the Council concerning the level and intended use of funding. The Chair of 2020 is responding to these issues in a separate communication.</p>

**COUNCIL PAPER**

22 February 2013

FOR DECISION

2013 ANZIAs

Purpose:

This paper provides Council with preliminary information relating to the 2013 ANZIAs – being hosted this year by InternetNZ and held in Wellington. It seeks permission in principle to host the event with an indicative budget limit of \$100,000.

Background:

The Australia and New Zealand Internet Awards (ANZIAs) is an annual event celebrating the achievements of organisations, businesses and individuals that have made significant contributions to the development and use of the Internet in Australia and New Zealand.

A collaboration between InternetNZ and auDA, the ANZIAs have been held since 2009. The Awards have grown in reputation and attract an increasing number and quality of entries each year.

More information at www.internetawards.co.nz

auDA has hosted the Award dinner since its inception, shouldering the lion's share of costs and organising duties.

Proposal:

This year, the ANZIAs are to be held in Wellington, the evening before a dedicated two-day Australia / New Zealand IGF event targeted at both countries' political communities.

Date: the evening of either 26 September **or** 15 October 2013 has been identified as suitable for the ANZIAs. These dates nicely skirt a number of already-scheduled international Internet governance and Parliamentary events, including the Asia Pacific rIGF, the Australian Federal election, the Bali IGF and ICANN.

Venue: the following Wellington venues have been identified as suitable places to hold the Awards. These are, in order of preference:

1. Te Papa Museum - Marae (*only available 15 October*)
2. Massey University – Great Hall

3. Intercontinental Hotel – Lambton Room
4. Amora Hotel – Ballroom

Te Papa Marae is first-preference as it will provide the ANZIAs with a uniquely New Zealand flavour, and nicely reflect our country's indigenous culture. This is in stark contrast to the previously-held ANZIAs which have had a more 'corporate' theme.

Ballpark costs:

Note: the following costs are indicative-only and assume no sponsorship. InternetNZ can expect a contribution from auDA, but that conversation is yet to be had. The event's nature does not support broader sponsorship.

Outline budget

Item	Indicative cost
Venue, catering and AV	c.\$25k – \$35k
Event theming	\$5k
Keynote speaker & professional MC	\$10k
Travel and accommodation	\$10k
Branding / advertising	\$10k
Printing and materials	\$5k
Trophies	\$2k
Prize money	\$15k (AUD)
Photographer / videographer	\$2k
Total estimated cost	\$97,500

Recommendations:

That Council **approve** InternetNZ hosting the ANZIAs in Wellington in 2013, subject to an acceptable date being found that coincides with the ANZIGF.

That Council **approve** a budget limit of \$100,000 (gross) for the 2013 ANZIAs, to be funded from the budget line proposed to Council for hosting major events.

Jordan Carter

Chief Executive (Acting)

15 February 2013

Paper prepared by: Campbell Gardiner, Communications Lead

Chief Executive's Report



Chief Executive's Report

Author: Jordan Carter

Purpose of paper: Report on InternetNZ operations to 15 Feb 2013

Introduction

This report conveys critical risks or other risks Council should be aware of, my priorities in the three weeks since I started in the role, my priorities for the period through to the end of March, and an update on operating activity since the December 2012 Council meeting. As always, feedback from Councillors or members on the content of this report is very welcome.

Critical Risks / Other Risks

There are no critical risks to advise the Council of as at the date of this report. Slow progression of strategic partnership matters may cause concern for some proposed partners. Staff will mitigate this in the manner set out in another paper.

Initial priorities in role

Since my appointment began on 28 January, my main priority has been to get my feet under the desk, establish lines of communication with the Council, and beginning to critically reflect and analyse on InternetNZ's current situation.

I have been focused on the following issues:

- Contributing to the successful execution of the Tim Berners-Lee visit
- Development of the strategic and business planning framework, and the substantive content of strategic planning
- Preparation of a set of Budget decisions and draft Business Plan for the 2013/14 year
- Developing relationships with staff and contractors, internal Group stakeholders and selected external stakeholders
- Meeting with and establishing a formal in-role relationship with key government officials & regulators, including MBIE, DIA and the Commerce Commission
- Initial planning for membership engagement events in March
- Some immediately pressing staffing matters
- Understanding the situation of the operating team in the wake of the past few months
- Participating in the Innovation Partnership and KiwiFoo.

My priority in managing the operating team has been to establish and convey a sense of momentum and clarity around roles once the immediate focus of the Tim Berners-Lee visit was done.

Priorities to end of March

For the six weeks from 15 February to end March, the key things the team will be working on include:

- Preparation for membership engagement in March
- Internet governance engagement in Paris (WSIS+10)
- Planning for NetHui in July, and the ANZIAs/ANZIGF later in the year
- Business and work planning for 2013/14
- Reflecting on ways to increase the “bang for buck” of the resources we deploy – financial, people and intellectual

The following are the areas I intend to focus on in particular (working with relevant staff leads and contractors as appropriate).

I welcome feedback as to whether you believe other matters are priorities that aren't included here.

- One on one conversations with all Council members
- Developing a coherent framework for InternetNZ community funding, and finalising proposals for the 2013/14 period.
- Finalising 2013/14 Budget and Business Plan with Council after membership engagement
- Ongoing stakeholder outreach and relationship building
- Bringing the investment strategy matter to a conclusion
- Developing ideas as to how we may advance work on the economic impact of the Internet
- Conducting annual staff appraisals and remuneration reviews
- Preparation for a staff & contractors team retreat to develop the 2013/14 Work Plan
- Attendance and participation at APRICOT 2013, including a bilateral meeting with ISOC's leadership team; and attendance & participation at the Australian Digital Alliance's copyright forum in Canberra
- A meeting with AUDA to progress the Australia-NZ Internet Governance Forum and the ANZIAs in 2013

Other things I intend to progress if time allows include:

- Evaluating the overall posture of InternetNZ's communications effort, including the nature of the brand.
- Developing a coherent International engagement strategy to work through with Council at its next meeting
- Evaluating InternetNZ's presence in Auckland and options for collaboration with other organisations to strengthen our understanding of that region

- Understanding and clearing the backlog of outstanding Council actions
- Understanding and responding to the Council's need for support and engagement from the CE and operating team
- Developing initial thinking on a road-map for a new permanent CE – how their induction can best be structured

Operating Activity Summary since December 2012

In addition to the update provided to you in January, up until 15 February 2013 the following matters have been progressed by the team or are in prospect in the near future:

Telecommunications regulatory

- Submission to the Commerce Commission on their draft determination for UBA pricing post 2014.
- Meetings with ComCom , Telecom, Chorus, MBIE and others.
- Review of Chorus' and other UBA submissions.

Technical policy

- RPKI position planning. Background research into RPKI and its impact on takedowns. Monitoring RPKI panel in Baku.
- Development of InternetNZ response to APNIC prop-105 and prop-106 to be presented at APRICOT 2013 meeting.
- Engagement with process leading to the inaugural APNIC Public Policy Advisory Committee meeting at APRICOT 2013.
- Start of scope re GeoBlocking. Reframing as an openness issue around the transparency of the data used to determine geographic locations of IP addresses.

Events

- Tim Berners-Lee visit. Highly-successful, with positive feedback from members and the wider community. Excellent associated media coverage.
- Participation in KiwiFoo.
- Participation in Webstock.
- Participation in the first Digital Rights Camp.
- Organising and attending NZNOG – January.
- ANZIAs 2013. To be held in Wellington. Date TBC but likely 26 September. Staff exploring logistical arrangements.
- ANZ IGF. Being scoped to coincide with the ANZIAs in NZ.
- NetHui 2013. To be held in Wellington at the Town Hall 8-10 July. Work is in full swing and an ongoing priority. International keynote has been reconfirmed and staff have had an initial meeting re programme.
- Members consult meetings to be held in March 13th Dunedin, 14th Christchurch, 18th Auckland and 19th Wellington (venues TBC).

Trans Pacific Partnership

- We helped bring stakeholders together during December's Auckland round of negotiations. Highlights included the Fair Deal event, tours and luncheon for negotiators, and a presentation on limitations and exceptions to copyright in the online environment.
- Ongoing monitoring in the lead-up to the Singapore round. Nobody from the operating team will be attending the Singapore round.

Parliamentary Internet Forum

- We are working to establish a seminar series for parliamentarians with cross-party support. The series will address Internet policy issues and is educative in nature.

Grants Funding

- Community Investment Funding Round – Eol phase now closed. Shortlisting underway.
- A tracking framework for grants reporting is being implemented.

International

- Continuing international outreach into International Internet Governance processes.
- Attendance at ITU WCIT in Dubai; ISOC Board retreat in Miami (Keith).
- ICANN's ccNSO working group continues its work on a Framework of Interpretation of policies and guidelines relating to the delegation and redelegation of ccTLDs.
- ICANN consultations of note include the IANA function contract on aspects of KPIs for delegations and redelegations of ccTLDs.
- APTLD will meet in Singapore later this month, and Keith will step down from the APTLD board and vice presidency at that meeting.

Other

- Website IA / Accessibility Project – proposals received. Partner selection underway.
- IPv6 - CIO Leaders' Luncheon – preparations underway. Date is 16 April in Auckland.
- Down to the Wire – work has begun on the 2011 content update (with Heyday).
- Development of a framework for strategic partnerships.
- Media commentary relating to: the Mega site, the Commerce Commission pricing of copper broadband services, the TPP, Tim Berners-Lee, Telecom Yahoo!/Xtra security breach.

Jordan Carter
Chief Executive (Acting)
 14 February 2013



Financial Report: Q3 2012/13 (to 31 December 2012)

Author: Jordan Carter, Chief Executive (Acting)

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

Dear Councillors,

The format of this quarterly financial report is slightly changed so that it gives a broader understanding of the Society's finances. The following three sections of this report are presented:

- A commentary
- A summary table and chart showing major income/expenditure categories to date against budget
- Recommendations arising from this report

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

- A - The profit and loss statement
- B - A chart showing net income, actual against budget
- C - The balance sheet
- D - Information about the spread of assets across institutions
- E - A chart showing cash in bank, actual against forecast
- F - The cashflow forecast to March 2013.

Commentary to the Accounts

As at December 2012, InternetNZ made a loss of \$498,909 against a budgeted loss of \$607,779, reflecting a variance of \$108,871. Income is below budget by \$153,617 and expenditure by \$262,488, year to-date.

The expected outcome in March 2013 on a P&L basis (based on very rough initial projections) is income of \$3.694m, expenditure of \$2.886m and an overall profit of \$808,000. At 31 March 2012 we held \$1.746m of cash (excluding group cash in excess of reserves). After adjustments¹, we expect that cash (excluding group cash in excess of reserves) at 31 March 2013 will be \$1.830m.

¹ The following adjustments need to be considered when reconciling the opening cash on hand with profit and closing cash: depreciation \$55k, interest receipted current year taken up last financial year \$44k, capitalisation of assets purchased \$15k, reversal of year end adjustment for extra days salary \$8k, and the transfer of \$800k to "group cash in excess of reserves".

Income variances

Earlier in 2012/13, there was a mis-classification of dividend income. Essentially the wash-over dividend payment from NZRS for the 2011/12 year was classified as separate from operating income. Instead, the payment should have been recognised as operating income. This changed classification will be presented in the fourth quarter financial report, unless Council disagrees with this approach.

The consequence of this change will be a rise in income in ordinary dividends as against that currently reported (of \$1.194m), and a decline in special dividends as against previous reports of the same amount. This will flow through to classifications of reserves. The details will be presented next quarter.

For the avoidance of doubt, the operational team treats all dividend payments from NZRS – the regular three payments plus any additional dividend paid in the following year – as operating income. How InternetNZ categorises its cash holdings is a separate question.

Expenditure variances

Major areas of difference are:

- Remuneration under budget by 15k. This is expected to go over budget by approx. \$150k by year end, due to the increased demand for contractors with the resignation of the Chief Executive.
- Operating costs are 116k under budget, across accountancy, consultants, general office expenses, meeting costs, telecommunications, international & national travel and workstreams. Over time these should come into line with budgeted figures.
- Sponsorship expenditure is under budget by 132k due to the budget being based on actual expenditure from last year, timing will rectify this.

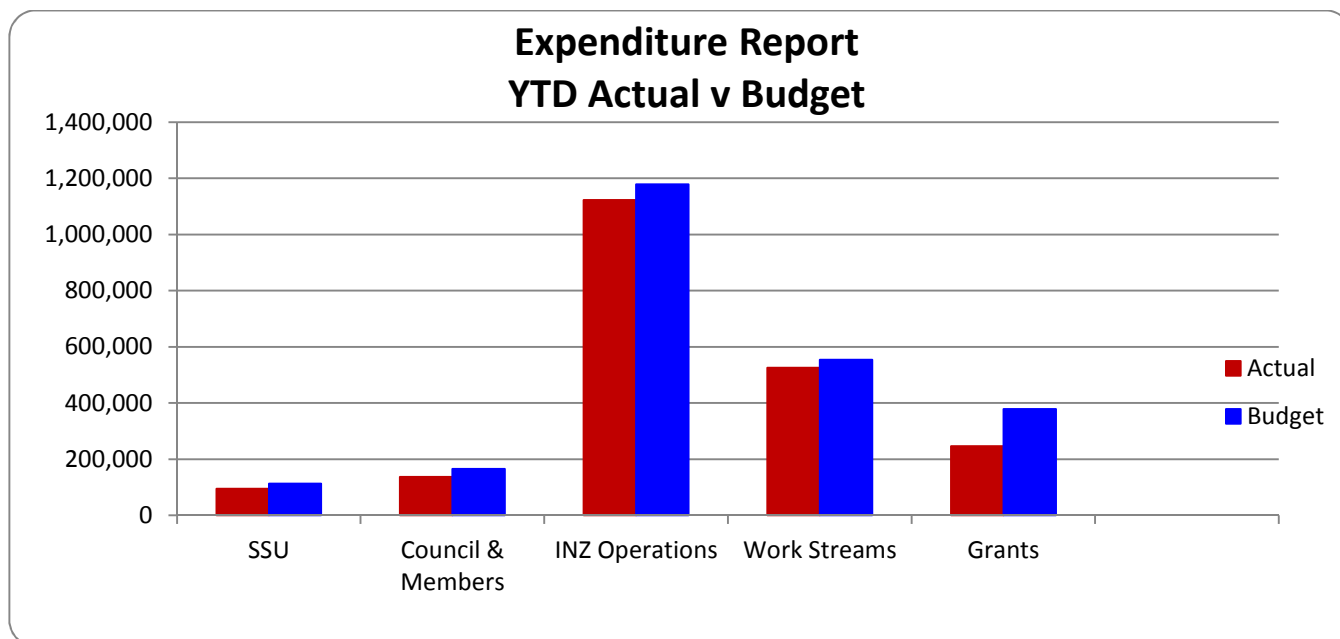
Other Expected Major Budget Variances

Other than the dividend mis-classification reported in the June financials, and the expected increase in remuneration costs, there are currently no other known major budget variances expected.

Condensed Income and Expenditure Report Actual v Budget As at 31 December 2012

	YTD Actual \$	YTD Budget \$	Variance \$
Income – total	1,628,690	1,782,307	-153,617
Expenditure			
SSU	*95,131	*112,505	-17,374
Council & Members	136,668	165,695	-29,027
INZ Operations	1,122,824	1,179,370	-56,546
Work Streams	526,108	553,766	-27,658
Grants	246,867	378,750	-131,883
Expenditure - total	2,127,598	2,390,086	-262,488
Net Income	-498,908	-607,779	108,871

* Disestablished in May, consolidated into INZ Operations from 1 June



Recommendations

I recommend:

- A) That Council receive the 2012/13 third quarter financial report from the Chief Executive.
- B) That Council note the pending reclassification of dividends discussed in the report.

Jordan Carter

Chief Executive (Acting)

14 February 2013

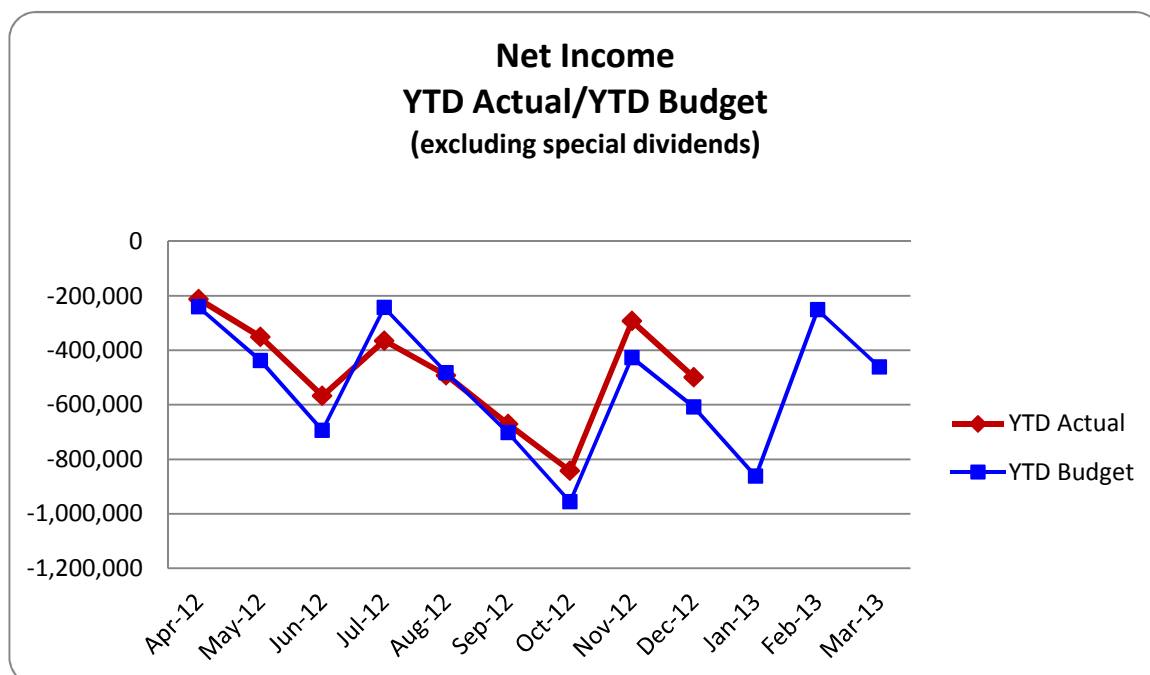
Attachment A

InternetNZ
Profit and Loss Statement
As at 31 December 2012

	<u>Apr - Dec 12</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
500 · Operating Income			
530 · SSU Recharge	151,515.00	151,517.00	-2.00
542 · Membership - Corporate	4,200.00	4,500.00	-300.00
546 · Membership - Individual	<u>4,337.51</u>	<u>4,290.00</u>	<u>47.51</u>
Total 500 · Operating Income	160,052.51	160,307.00	-254.49
580 · Investment Income			
583 · Dividends	1,440,000.00	1,600,000.00	-160,000.00
586 · Interest	<u>28,637.50</u>	<u>22,000.00</u>	<u>6,637.50</u>
Total 580 · Investment Income	<u>1,468,637.50</u>	<u>1,622,000.00</u>	<u>-153,362.50</u>
Total Income	1,628,690.01	1,782,307.00	-153,616.99
Expense			
600 · Remuneration			
601 · ACC Levy	2,248.32	6,500.00	-4,251.68
625 · Miscellaneous Staff Costs	339.52	3,000.00	-2,660.48
630 · Recruitment	9,047.52	15,500.00	-6,452.48
635 · Staff Training	11,260.93	13,999.00	-2,738.07
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Cont	11,590.20	18,312.00	-6,721.80
651 · Wages & Salaries - Other	<u>464,784.02</u>	<u>510,279.00</u>	<u>-45,494.98</u>
Total 651 · Wages & Salaries	476,374.22	528,591.00	-52,216.78
653 · Wages - Casual & Temporary	10,350.19	5,750.00	4,600.19
654 · Wages - Contractors	256,184.33	203,251.00	52,933.33
655 · Contracted Technical Services	<u>26,082.07</u>	<u>30,001.00</u>	<u>-3,918.93</u>
Total 600 · Remuneration	791,887.10	806,592.00	-14,704.90
800 · Operating Expenses			
801 · Accountancy Fees	7,171.25	18,000.00	-10,828.75
805 · Advertising & Marketing	10,180.93	9,749.00	431.93
808 · Audit Fees	1,000.00	0.00	1,000.00
809 · Bank Charges	972.40	1,201.00	-228.60
811 · Conferences	6,465.99	7,935.00	-1,469.01
813 · Consultants	6,664.60	11,989.00	-5,324.40
816 · Depreciation	45,000.00	45,000.00	0.00
817 · Domain Names	331.95	790.00	-458.05
820 · General Office Expenses	15,864.84	37,441.00	-21,576.16
822 · Governance Training	9,820.44	10,125.00	-304.56
824 · Honoraria	70,587.50	70,587.50	0.00
826 · Legal Fees	29,958.36	15,816.00	14,142.36

829 - Meeting Costs	16,468.59	36,324.00	-19,855.41
835 - Postages & Couriers	2,245.28	3,000.00	-754.72
851 - Repairs and Maintenance	5,453.53	5,999.00	-545.47
853 - R & M - Software	1,227.00	750.00	477.00
855 - Printing & Stationery	14,282.45	15,845.00	-1,562.55
860 - Subscriptions	16,939.13	21,550.00	-4,610.87
870 - Telecommunications	42,268.47	59,999.00	-17,730.53
872 - Travel & Accom - International	78,998.04	95,000.00	-16,001.96
873 - Travel & Accom - National	44,962.82	48,506.00	-3,543.18
885 - Web Site Updates & Hosting	6,279.34	5,999.00	280.34
Total 899 - Workstream	526,107.78	553,766.00	-27,658.22
Total 800 - Operating Expenses	959,250.69	1,075,371.50	-116,120.81
900 - Overheads			
915 - Cleaning Costs	7,832.91	8,249.00	-416.09
933 - Electricity	10,678.17	10,499.00	179.17
950 - Insurance	7,462.71	6,900.00	562.71
975 - Rent Paid	102,825.00	102,825.00	0.00
980 - Security	794.99	900.00	-105.01
Total 900 - Overheads	129,593.78	129,373.00	220.78
995 - Other Expenditure			
857 - Sponsorship	246,867.09	378,750.00	-131,882.91
Total 995 - Other Expenditure	246,867.09	378,750.00	-131,882.91
Total Expense	2,127,598.66	2,390,086.50	-262,487.84
Net Ordinary Income	-498,908.65	-607,779.50	108,870.85
Other Income/Expense			
Other Income			
1000 - Special Dividends			
1001 - Special Dividends Received	1,593,920.00	1,277,631.00	316,289.00
1010 - Special Dividends - Interest	11,434.61	2,000.00	9,434.61
Total 1000 - Special Dividends	1,605,354.61	1,279,631.00	325,723.61
Total Other Income	1,605,354.61	1,279,631.00	325,723.61
Other Expense			
1900 - Special Dividend Exp-Overhead			
1935 - Specl Div-Christchurch Funding	332,014.54	460,000.00	-127,985.46
Total 1900 - Special Dividend Exp-Overhead	332,014.54	460,000.00	-127,985.46
Total Other Expense	332,014.54	460,000.00	-127,985.46
Net Other Income	1,273,340.07	819,631.00	453,709.07
	774,431.42	211,851.50	562,579.92

Attachment B



Attachment C

**InternetNZ
Balance Sheet
As at 31 December 2012**

	Dec 31, 12
ASSETS	
Current Assets	
Cheque/Savings/Term Deposits	
Total Cheque/Savings/	1,558,774.82
Term Deposits-Special Dividends	
Total - Term Deposits-Special Dividends	3,947,935.53
Petty Cash	400.00
Total Cash	5,507,110.35
Other Current Assets	47,937.36
Total Other Current Assets	47,937.36
Total Current Assets	5,555,047.71
Fixed Assets	
Total Fixed Assets	261,566.89
Other Assets	
Ordinary Share Capital	30,000.00
Shares in DNCL	580,000.00
Loan - Hectors World Ltd	162,243.93
Impairment Prov Hector's World	-162,244.00
Total Other Assets	609,999.93
TOTAL ASSETS	6,426,614.53
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Total Accounts Payable	114,092.91
Other Current Liabilities	
Accruals	33,009.07
Lease Incentives	51,174.54
Tax Payable	-52,268.83
Payroll Liabilities	15,609.86
Total Other Current Liabilities	47,524.64
Total Current Liabilities	161,617.55
Total Liabilities	161,617.55
Equity	
Retained Earnings	5,490,565.56
Net Income	774,431.42
Total Equity	6,264,996.98
TOTAL LIABILITIES & EQUITY	6,426,614.53

Attachment D: Spread of assets across institutions

Special Dividend Investment Information

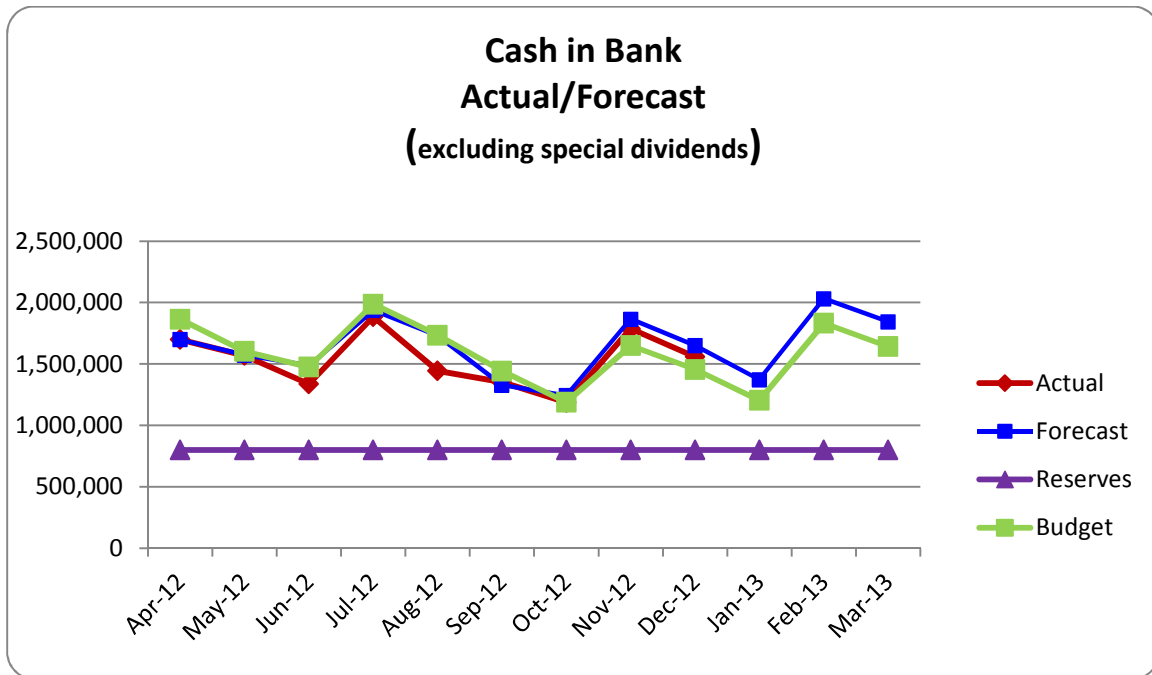
Date	Bank	Term	Amount
20/10/2010	ASB	24 months	394,901
15/04/2011	BNZ	12 months	414,121
07/11/2011	Kiwibank	24 months	621,909
02/12/2011	Kiwibank	24 months	250,000
16/01/2012	National	18 months	154,934
26/01/2012	National	12 months	554,071
25/05/2012	Westpac	12 months	400,000
27/07/2012	ANZ	12 months	100,000
27/07/2012	Westpac	6 months	250,000
30/07/2012	ASB	12 months	600,000
30/07/2012	Kiwibank	9 months	128,000
23/08/2012	BNZ	18 months	80,000
Total \$			3,947,936

Note that \$332,000 of special dividend funds were paid out to the rebuilding of Christchurch in April 2012.

InternetNZ Reserves Investment Information

Date	Bank	Term	Amount
07/02/2012	ANZ	12 months	181,390
27/07/2012	Westpac	119 days	247,128
25/08/2012	BNZ	6 months	541,812
Total \$			970,330

Attachment E – Cash in Bank actual compared with forecast

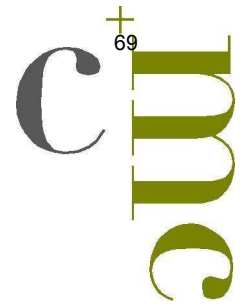


**F -
InternetNZ
Cash Flow Forecast**

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Total
RECEIPTS	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj	Proj	Proj	Actual
Invoiced Sales	709	26,982	36,540	23,858	27,287	12,945	40,657	18,747	28,317	6,052	20,393	20,391	262,878
Special Dividends	0	400,000	0	1,193,920	0	0	0	0	0	0	0	0	1,593,920
Sundry	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Dividends Interest	1,899	0	2,028	2,159	86	4,875	0	0	0	0	33,000	0	44,047
Dividends	0	0	0	645,000	0	0	0	795,000	0	0	800,000	0	2,240,000
Interest	0	386	0	0	0	666	0	0	0	0	500	10,000	11,552
Interest Received	325	3,863	896	3,043	13,432	0	335	4,338	1,742	2,509	2,546	3,119	36,148
Special Dividend Term Deposits	641,718	0	0	0	0	0	0	0	0	0	0	0	641,718
Sundry Payables	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Receivable	0	1,758	2,534	0	30,652	0	0	0	0	0	0	0	34,944
RWT Received	0	0	0	0	0	0	4,420	0	13,998	0	0	0	18,418
GST	0	42,211	0	91,990	0	78,054	36,303	3,833	0	0	76,255	0	328,646
	644,651	475,200	41,998	1,959,970	71,457	96,540	81,715	821,918	44,057	8,561	932,694	33,510	5,212,271
PAYMENTS													
Invoiced Costs	652,608	152,685	222,094	396,425	247,280	134,902	195,171	165,451	217,949	114,328	213,338	168,106	2,880,337
ACC Levies	0	0	0	0	0	2,585	0	0	0	0	0	0	2,585
Salary & Wages	32,313	37,678	35,454	51,793	32,720	35,309	39,998	40,518	40,479	56,399	40,901	40,901	484,463
Special Dividend Term Deposits	0	400,000	0	950,001	208,086	4,872	0	0	0	0	0	0	1,562,959
Sundry Payables	0	0	0	0	2,184	0	3,290	0	0	0	0	0	5,474
Prepayments	0	0	0	0	0	0	0	0	0	0	0	0	0
RWT	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYE	5,741	15,461	12,401	13,562	21,623	11,361	7,974	16,869	12,535	25,066	18,491	12,812	173,896
GST	668	0	4,069	0	379	0	0	0	24	0	0	0	5,140
	691,330	605,824	274,018	1,411,781	512,272	189,029	246,433	222,838	270,987	195,793	272,730	221,819	5,114,854
NET CASH FLOW	-46,679	-130,624	-232,020	548,189	-440,815	-92,489	-164,718	599,080	-226,930	-187,232	659,964	-188,309	97,417
OPENING BANK	1,746,181	1,699,502	1,568,878	1,336,858	1,885,047	1,444,232	1,351,743	1,187,025	1,786,105	1,559,175	1,371,943	2,031,907	1,746,181
CLOSING BANK	1,699,502	1,568,878	1,336,858	1,885,047	1,444,232	1,351,743	1,187,025	1,786,105	1,559,175	1,371,943	2,031,907	1,843,598	1,843,598

Bank Account Balances as per BS	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
NBNZ Savings	26,217	527,434	278,330	703,635	314,892	235,558	35,892	700,974	502,579			
NBNZ Current	211,455	17,630	34,714	27,635	61,752	48,597	83,545	114,361	85,826			
ANZ	181,390	181,390	181,390	181,390	181,390	181,390	181,390	181,390	181,390			
BNZ 150 Day Term	100,000	0	0	0	0	0	0	0	0			
BNZ Term Deposit	500,000	500,000	500,000	500,000	541,812	541,812	541,812	541,812	541,812			
Kiwibank Working Account	40	40	40	128,040	40	40	40	40	40			
National Bank Term Deposit	0	0	0	0	0	0	0	0	0			
ASB 90 Day	0	0	0	0	0	0	0	0	0			
Westpac	680,000	341,984	341,984	343,947	343,947	343,947	343,947	247,128	247,128			
Petty Cash	400	400	400	400	400	400	400	400	400			
	1,699,502	1,568,878	1,336,858	1,885,047	1,444,232	1,351,743	1,187,025	1,786,105	1,559,175	0	0	0

Group Financials



**Internet New Zealand
Consolidated Financial Statements
For the Quarter Ended 31 December 2012**

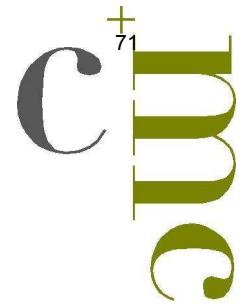




**Internet New Zealand
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For the Quarter Ended 31 December 2012**

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**Internet New Zealand
Exclusion of Liability Statement
For the Quarter Ended 31 December 2012**

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

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

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

Curtis McLean Limited
Chartered Accountants
Wellington
7-Feb-13



**Internet New Zealand
Consolidated Income Statement
For the Quarter Ended 31 December 2012**

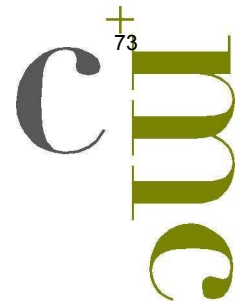
	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	1,948,115	5,755,441	50,901	160,053	1,940,719	5,716,903	359,800	1,088,400
Other Income	0	370	0	0	0	0	0	370
Dividends Received	0	0	795,000	3,033,920	0	0	0	0
Interest Received	80,194	264,674	6,415	40,072	72,794	216,331	985	8,271
Total Income	2,028,309	6,020,485	852,316	3,234,045	2,013,513	5,933,234	360,785	1,097,041
Less Expenses								
Direct Expenses	307,970	957,806	0	0	660,770	2,016,206	0	0
Other Expenses	1,528,084	4,840,648	680,538	2,459,614	569,663	1,618,245	328,388	914,304
Total Expenses	1,836,054	5,798,454	680,538	2,459,614	1,230,433	3,634,451	328,388	914,304
Net Profit (Loss) Before Tax	192,255	222,031	171,778	774,431	783,080	2,298,783	32,397	182,737
Less Provision for Tax	0	0	0	0	0	0	0	0
Net Profit (Loss) After Tax	192,255	222,031	171,778	774,431	783,080	2,298,783	32,397	182,737

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. SSU Fees paid by NZRS and DNCL to INZ
2. The DNCL fee paid by NZRS to DNCL
3. The dividend paid by NZRS to INZ

The Group year to date net profit is \$3,033,920 (quarter \$795,000) less than the sum of the individual entities due to the dividend received by INZ from NZRS being removed from income while the payment by NZRS shows under their statement of movements in equity on page 3.



**Internet New Zealand
Statement of Movements in Equity
For the Quarter Ended 31 December 2012**

	Group		INZ		NZRS		DNCL	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	9,510,039	9,480,263	6,093,218	5,490,565	3,230,777	3,953,994	186,044	35,704
Plus:								
Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	192,255	222,031	171,778	774,431	783,080	2,298,783	32,397	182,737
Less:								
Dividend Paid	0	0	0	0	795,000	3,033,920	0	0
Closing Equity	9,702,294	9,702,294	6,264,996	6,264,996	3,248,857	3,248,857	798,441	798,441



**Internet New Zealand
Balance Sheet
As at 31 December 2012**

	Group	INZ	NZRS	DNCL
Current Assets				
Cash and Cash Equivalents	13,869,301	5,507,110	7,489,127	873,064
Other Current Assets	861,252	47,938	797,628	15,686
Total Current Assets	14,730,553	5,555,048	8,286,755	888,750
Property, Equipment & Software	1,173,088	261,567	896,463	15,058
Intangible Assets	0	0	0	0
Investments				
Shares and Loans	0	610,000	0	0
Total Assets	15,903,641	6,426,615	9,183,218	903,808
Less Liabilities:				
Deferred Income	5,650,802	0	5,650,802	0
Trade and Other Payables	550,545	161,619	283,559	105,367
Total Liabilities	6,201,347	161,619	5,934,361	105,367
Net Book Value of Assets	9,702,294	6,264,996	3,248,857	798,441
Represented By:				
Total Equity	9,702,294	6,264,996	3,248,857	798,441





**Internet New Zealand
Statement of Cashflows
For the Quarter Ended 31 December 2012**

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	1,808,058	6,050,147
Interest Received	80,194	264,674
Total Received	1,888,252	6,314,821
Cash was distributed to:		
Payments to Suppliers and Employees	1,279,548	5,299,070
Total Payments	1,279,548	5,299,070
Net Flows From Operating Activities	608,704	1,015,751
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	133,296	543,434
Advance to Hector's World	0	0
Net Cash Flows From Investing & Financing Activities	(133,296)	(543,434)
Net Increase Decrease in Cash & Cash Equivalents	475,408	472,317
Plus Opening Cash	13,393,893	13,396,984
Closing Cash Carried Forward	13,869,301	13,869,301
Closing Cash Comprises		
Cash & Cash Equivalents	13,869,301	13,869,301
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	192,255	222,031
Plus (Less) non cash items		
Depreciation	195,420	547,472
Subtotal	387,675	769,503
Movement in Working Capital		
(increase) decrease in receivables	319,610	251,383
increase (decrease) in payables	41,476	(299,471)
increase (decrease) in deferred income	(140,057)	294,336
Net Cash Flows From operations	608,704	1,015,751



Grants Committee



Community Funding

Author: Susi Cosimo on behalf of Grants Committee

Purpose of Paper: Information on community funding decisions

Decisions made by the Grants Committee since last Council meeting

Amount Requested	Applicant	Purpose	Decision	Amount Approved
\$3,700	Te Rapakau Pacific Trust	Obtain Internet service	declined	
\$2,697.75	Sidney Tsang	Part fund travel to Belgium to present work on Online Auction Fraud	approved	\$2,698
\$3,000	Erika Anne Kruidenier	Fundraise money to go on a Humanities trip to Europe	declined	
\$3,000	Kothar Esau	Work in Vietnam teaching children how to speak English	declined	
\$1,000	Victoria University of Wellington	Part fund Alex Clark to present research in Vancouver conference	declined	
\$5,000	Sexual Abuse Survivors Trust	Website Update and Dynamic Development	declined	
\$19,000	Prema Charitable Trust t/a Kawai Purapura	Part fund web support for 2013 Voices of Sacred Earth Conference	declined	
\$10,000	GNAT Ltd	A sponsor of 2013 Kiwi Foo Camp	declined	

Amount Requested	Applicant	Purpose	Decision	Amount Approved
\$10,000	New Zealand Network Operators Group	Sponsorship of the NZNOG 2013 conference	approved	
\$4,900	University of Auckland	To fund travel for Aniket Mahanti to the 9th International Workshop on Wireless Network Measurements (WinMee)	approved	
\$5,000	GNAT Ltd	A sponsor of 2013 Kiwi Foo Camp	declined	
\$4,000	Australian Digital Alliance	Sponsorship of annual Australian Digital Alliance copyright forum	approved	
\$500	Rebecca Wilson	To help fund Rebecca Wilson's nursing degree	declined	
\$3,249	Rotorua Elim Christian Trust	To carpet the classroom of their after school and holiday program	declined	
\$5,000	KidZ WorkZ Ministries	To run community based free programmes and provide food parcels to needy families	declined	
\$5,000	New Zealand Olympiad in Informatics Inc	To attend the International Olympiad in Informatics in Brisbane	approved	
\$3,200	Marylebone Consulting Limited	Travel costs for Jamie Horrell to present at the Middle East Network Operators Group meeting	approved	
\$20,000	WaterSafe Auckland Inc.	To build an online platform of resources to support water safety education	declined	
\$3,500	The New Zealand Maori Internet Society	To complete research around online Maori language usage	approved	
\$3,000	For The Victims of Bullies Trust	To hold educational seminars on bullying/cyber bullying	pending	
\$5,000	Girl Geek Dinners Auckland	Funding for Girl Geek dinners	pending	

Budget for 2012/13 financial year:	\$500,000
Balance of budget left:	\$143,870

Recommendation

That Council **note** the decisions made regarding community funding requests since the October Council meeting.

Membership update



MEMBERSHIP REPORT
13 February 2013

FOR DECISION

INTERNETNZ MEMBERSHIP REPORT

Status: Final

Author: Maria Reyes

2012-13

	February 2013	January 2012	November 2012	October 2012
Fellows:	23	23	23	23
Individual:	242	237	228	218
Professional Individual:	71	69	69	68
Small Organisation:	27	26	26	26
Large Organisation:	7	7	7	7
Total Membership:	370	362	353	342

2011-12

	February 2012	January 2011	November 2011	October 2011
Fellows:	21	N/A	21	21
Individual:	193	N/A	187	183
Professional Individual:	61	N/A	58	57
Small Organisation:	27	N/A	27	26
Large Organisation:	8	N/A	8	8
Total Membership:	310	N/A	301	295

Recommendation: THAT the new members be approved.

Consent agenda items

Declaration of Councillor Interests



REGISTER OF INTERESTS

12 February 2013

FOR INFORMATION

INTERNETNZ COUNCILLOR REGISTER OF INTERESTS

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

Officers and Councillors receive the following annual honoraria:

Honoraria

President - \$18,000

Vice President - \$11,250

Councillor - \$9,000

Name: Frank March

Position: President, InternetNZ

Term: AGM 2012 - AGM 2015

Declaration Date: 21 March 2007, updated 25 July 2011

Interests:

- Holds two .nz domain name registrations
- Member of NZ Association of Scientists
- Employed by the NZ Government (Ministry of Economic Development), consequently:
- NZ representative on the Governmental Advisory Committee of ICANN
- Technical advisor to the Trans Pacific Partnership negotiators for the Telecommunications and Ecommerce Chapters
- Member of IPv6 Steering Group and administration team
- Member of the Institute of Directors
- Officer's Honorarium for InternetNZ

Name: Jamie Baddeley

Position: Vice President, InternetNZ

Term: AGM 2012 - AGM 2015

Declaration Date: 28 August 2007, updated 17 October 2011

Interests:

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

Name: Donald Clark

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2014

Declaration Date: 20 April 2009, updated 18 August 2012

Interests:

- Holds several .nz domain name registrations
- Contracted by InternetNZ to support New Zealand IPv6 Task Force
- Councillor's Honorarium for InternetNZ
- Submitter and funder of application for the .kiwi.nz 2LD

Name: Michael Foley

Position: Councillor, InternetNZ

Term: AGM 2012 - AGM 2013

Declaration Date: 25 August 2007, updated 27 September 2011

Interests:

- Director of Voco Limited
- Director of Domain Name Commission Ltd
- Domain Name Commission Director's fees
- Holder of .nz domain names
- Member of Advisory Group for Enternet Online Limited (EOL)
- Councillor's Honorarium for InternetNZ

Name: Neil James

Position: Councillor, InternetNZ

Term: AGM 2010 - AGM 2013

Declaration Date: 28 August 2008, updated 22 November 2011

Interests:

- Member of Identity and Access Management for Education and Research (IMAGER)
- Supporting fibre development in the Dunedin region
- Fellow of NZCS
- Councillor's Honorarium for InternetNZ

Name: Hamish MacEwan

Position: Councillor, InternetNZ

Term: AGM 2012 - AGM 2015

Declaration Date: 24 August 2007; updated 27 September 2011

Interests:

- Self-employed Open ICT consultant
- Registrant of sundry .nz domains
- Contracted by Catalyst IT Ltd
- Councillor's Honorarium for InternetNZ

Name: Brenda Wallace

Position: Councillor, InternetNZ

Term: AGM 2012 - AGM 2015

Interests:

- Full time contractor at Weta Digital
- Member of Green Party of Aotearoa New Zealand
- A gazillion .nz domain names
- Organiser of Girl Geek Dinners Wellington
- Trustee for One Laptop per Child New Zealand.

Name: Jonny Martin

Position: Councillor, InternetNZ

Term: AGM 2010 - AGM 2013

Declaration Date: 28 August 2007, updated 6 March 2009

Interests:

- Employee of Packet Clearing House
- Shareholder of FX Networks Ltd
- Director of the Asia Pacific Internet Association (APIA)
- Member of NZNOG and APRICOT organising committees
- Holds a number of .nz and .net domain names
- Councillor's Honorarium for InternetNZ

Name: Nat Torkington

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2014

Declaration Date: 1 October 2009, updated 17 October 2011

Interests:

- Kiwi Foo Conference organiser
- Member of the advisory board to the Government Information Systems group within the Department of Internal Affairs
- Member of the Industry Advisory Board of the Auckland Bioengineering Institute
- Founder of Open New Zealand
- Sits on the Library Information Advisory Commission
- Blogger for O'Reilly Media
- Past consultant for Telecom New Zealand on innovation, and may continue to do so in the future
- Advisor to the American cloud computing startup Opscode
- Advisor to Spotlight Reports, NZ-based web startup
- Director, Silverstripe
- Director, He Hononga Software Ltd.
- .nz, .com, .org, .cn, .us, .me domain registrant
- Advisor to PHP Fog
- Advisor to 77 Pieces
- Director, GNAT Limited
- Councillor's Honorarium for InternetNZ

Name: Michael Wallmannsberger

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2014

Declaration Date: 31 July 2006, updated 7 January 2011

Interests:

- Employee of ASB Bank Limited
- Member of the New Zealand Labour Party.
- .nz domain name registrant
- Member of the Standards Council
- Shareholder/Director, Wallmannsberger Ltd
- Director of .nz Registry Services
- Councillor's Honorarium for InternetNZ

Name: Lance Wiggs

Position: Councillor, InternetNZ

Term: AGM 2010 - AGM 2013

Declaration Date: 9 August 2010, updated 28 June 2012

Interests:

- Beneficiary shareholder of Pacific Fibre Limited
- Owner and director of LanceWiggs Consulting
- Director and shareholder in several NZ companies operating online and which are owners of several .co.nz domain names
- Director of Cadimage Group Limited and associated companies
- Director of Powerkiwi Limited
- Director of Safeplus Limited
- Director of News Crowd Limited
- Director of Define Instruments Limited
- Director of Lingopal Limited (Australia)
- Director of Pocketsmith Limited
- Director of 200 Square Limited
- Better By Design coach for NZTE
- Shareholder and advisor to Valuecruncher Limited
- Shareholder and advisor to Authentic Tours Limited
- Member of the Institute of Directors
- Shareholder and advisor to Vend Limited
- Councillor's Honorarium for InternetNZ
- Member of NZCS / Institute of IT Professionals

Name: Dave Moskovitz

Position: Councillor, InternetNZ

Term: AGM 2011 - AGM 2014

Declaration Date: 9 August 2010

Interests:

- Registrant of .nz, .com, .org domains
- **Board memberships:**
- Think Tank Consulting Limited (Chair)
- WebFund Limited (Chair)
- Golden Ticket Limited (Chair)
- WebFund Golden Ticket Holdings Limited
- WebFund Smartshow Holdings Limited
- **Shareholdings (all of the above, plus):**
- Ponoko Limited
- Celsias Limited
- 8interactive Limited
- Numerous publicly listed companies
- Admin Innovations Limited (through WebFund)
- DIYFather Limited (through WebFund)
- Smartshow Limited (through WebFund)
- **Non-profit Leadership:**
- Trustee, Think Tank Charitable Trust
- Board member, AngelHQ Establishment Board
- Treasurer, Wellington Progressive Jewish Congregation
- Councillor, Wellington Regional Jewish Council
- Co-Chair, Wellington Council of Christians and Jews
- **Other memberships:**
- New Zealand Open Source Society
- Institute of Directors in New Zealand
- Springboard
- Royal Society
- Councillor's Honorarium for InternetNZ

**Minutes of the last meetings:
22 January 2013**



MINUTES OF COUNCIL MEETING

Status:	Draft
Present:	Frank March (President), Jamie Baddeley (Vice President), Donald Clark, Michael Foley, Neil James, Hamish MacEwan, Jonny Martin (<i>video</i>), Dave Moskovitz, Nat Torkington (<i>audio</i>), Brenda Wallace, Michael Wallmannsberger, Lance Wiggs
In Attendance:	Susi Cosimo, Jordan Carter, Susan Chalmers, Ellen Strickland, Maria Reyes (minute taker), Debbie Monahan (Domain Name Commissioner), Andy Linton (DNCL Board member), Richard Currey (NZRS Chair), Jay Daley (NZRS CE), Cherry Gordon (InternetNZ member)
Meeting Opened:	The President formally opened the meeting at 2:20pm

The President noted that during the Council-only session in the morning, the Council has approved the appointment of Jordan Carter as Acting Chief Executive for InternetNZ, effective Monday 28 January.

I. Consent agenda item

The President noted that the consent agenda for this meeting includes the consent agenda items from the December Council meeting.

- RN 01/13:** THAT the minutes of the meeting held on 26 October 2012 be received and adopted as a true and correct record, and THAT the following reports are received:
- a. Ratification of minutes: 26 October 2012
 - b. President's report
 - d. Evote ratification

(President / Vice President)
CARRIED U

Evotes

There have been nine evotes conducted since the last Council meeting on 26 October 2012.

Evote:		For:	Against:	Abstain:
17102012	THAT the application from 2020 Communications Trust for \$6,000 to fund "the school as a community wifi hub" project as outlined in the submitted project scope be approved.	Donald Clark Michael Wallmannsberger Neil James Dave Moskovitz Nathan Torkington Michael Foley Jamie Baddeley Lance Wiggs Brenda Wallace Hamish MacEwan Frank March Jonny Martin		
24102012	That the World Internet Project New Zealand project be provided one-off funding of \$25,000.	Nathan Torkington Neil James Dave Moskovitz Michael Foley Hamish MacEwan Brenda Wallace Michael Wallmannsberger Frank March Jonny Martin Jamie Baddeley		Donald Clark
27112012	THAT the grants request from Prema Charitable Trust trading as Kawai Purapura for \$19,000 to support their conferences and festivals be declined.	Michael Foley Lance Wiggs Nathan Torkington Dave Moskovitz Neil James Michael Wallmannsberger Jonny Martin Frank March Donald Clark Jamie Baddeley Brenda Wallace Hamish MacEwan		
10122012	THAT the application from the New Zealand Network Operators Group for \$10,000 to provide assistance to the New Zealand Network Operators Group annual conference in January 2013 be approved.	Dave Moskovitz Nathan Torkington Hamish MacEwan Neil James Michael Foley Donald Clark Lance Wiggs Brenda Wallace Michael Wallmannsberger Frank March Jonny Martin		Jamie Baddeley

101220122	THAT Council receives the CE's Report (7 December 2012).	Dave Moskovitz Brenda Wallace Donald Clark Jonny Martin Michael Foley Jamie Baddeley Frank March Michael Wallmannsberger Hamish MacEwan Lance Wiggs Neil James Nathan Torkington		
13122012	THAT Council agrees the process and key dates for the End of 2012/13 Year Funding Round.	Lance Wiggs Donald Clark Nathan Torkington Michael Foley Michael Wallmannsberger Jonny Martin Jamie Baddeley Dave Moskovitz Hamish MacEwan Frank March Neil James Brenda Wallace		
14122012	THAT Council agrees that the \$46,500 remaining unallocated from the Policy & Legal Funding Round be returned to the general Community Funding budget.	Jamie Baddeley Jonny Martin Nathan Torkington Frank March Michael Foley Dave Moskovitz Neil James Hamish MacEwan Brenda Wallace		
19122012	THAT the revised application from GNAT Limited for \$5,000 to sponsor the 2013 Kiwi Foo Camp be approved. [Split vote – the chair's casting vote was against, the vote was not carried.]	Michael Wallmannsberger Frank March Michael Foley Neil James	Hamish MacEwan Brenda Wallace Jamie Baddeley Jonny Martin	Dave Moskovitz Donald Clark Nathan Torkington Lance Wiggs

10012013	<p>THAT the proposal to invite Sir Tim Berners-Lee to visit New Zealand 29 to 31 January as an extension to his visit to Australia be approved. It is expected that a serious attempt will be made to recoup 50% of the \$80,000 cost without significantly compromising our message. The visit forms part of our policy development programme, is primarily about value of an open Internet, and open government/linked data is subsidiary to that. It forms part of a process for engagement with MPs and other target groups.</p>	<p>Nathan Torkington Michael Foley Michael Wallmannsberger Hamish MacEwan Frank March Neil James Brenda Wallace Jonny Martin Jamie Baddeley</p>	<p>Dave Moskovitz Donald Clark Lance Wiggs</p>	
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2. Subsidiary Statement of Expectations

The President mentioned that with the appointment and recruitment of a new Chief Executive for InternetNZ, this might affect the Statement of Expectations. Council as well as the CEs and Board of each subsidiary will be consulted, where appropriate within the next week or so.

The President asked DNCL and NZRS if they have any further comments or if there is anything that they would like to change in the current draft of the Statement of Expectations. Both NZRS and DNCL advised that they have nothing to add at this time.

There was a brief discussion around NZRS's financial management for the "return cash in excess of the reserves identified in the NZRS Reserves Policy to the shareholder". Richard Currey advised that NZRS are more than happy to have a session on NZRS finances.

The President advised that the nature of the change in the Subsidiary Statement of Expectations will be to emphasise the need for cooperation and collaboration between the subsidiaries and that the feedback from NZRS and DNCL Boards is critical in getting the language right.

Once changes have been made, the updated draft of the Statement of Expectations will be circulated to the subsidiaries for review and comments and will also be discussed at the February Council meeting.

AP 01/13: CE/President to send the updated draft of the Statement of Expectations to DNCL and NZRS for review/comments and final draft to be discussed at the February Council meeting.

Andy Linton, Debbie Monahan, Richard Currey, & Jay Daley left the meeting at 2:40pm.

3. Update on the Strategy and Business Planning Approach

Briefing on Sir Tim Berners-Lee's visit

The President invited Ellen Strickland to give an update on Sir Tim Berners-Lee's visit to Wellington.

Since the approval of Council to proceed with this event, Ellen advised that a media release has been sent out on 16 January regarding Sir Tim's lecture which is going to be held at Te Papa on 30th January. DIA has agreed to be a main sponsor for the event and other sponsors who agreed to be involved are Google, Catalyst IT and Chorus. The focus of the lecture is on the

social, economic and innovation opportunities of the Internet and explaining why the Internet needs openness to deliver these opportunities.

A question was raised whether there will be a live streaming for the lecture and Ellen advised that this is still under discussion. Ellen also advised that the lecture will be recorded but whether this can be released publicly is still being confirmed with the overseas organisers.

Ellen mentioned that one of the points that InternetNZ are working on is linking this event to NetHui 2013, this would be a good opportunity to help create understanding for both public and policy-makers on what it means to have an open Internet.

The public tickets for the lecture have been sold out but a few extra tickets will be released on Wednesday 23 January. Once the extra tickets are sold out, a waitlist will be in place until the day of the lecture. It was noted that the reason why the tickets were sold for free is because part of the terms & conditions in the contract signed is that we cannot charge for the tickets for the lecture or for any events related to Sir Tim's visit.

Ellen and Campbell has also been working on the media plan and their aim is to have an in-depth pieces on having one major print, radio and TV feature regarding Sir Tim's visit.

Ellen distributed a copy of the programme run sheet of all activities & events for 30th January but the draft programme is considered as confidential at this stage since some of these events are still to be confirmed by Sir Tim himself.

A powhiri will be held early morning at Te Papa Marae and so far, around 60 people are on the invite list including Council, representatives from each sponsors, as well as MPs who have been involved in the Parliamentary Internet Forum.

At the moment, there is a provisional plan, which is subject for confirmation later in the week, for the Prime Minister to host a meeting with Sir Tim and will invite a roundtable of other Ministers from relevant areas.

Ellen left the meeting at 2:52pm.

Operating Activity Report

The President invited Jordan Carter to give an overview of the Operating Activity Report.

Jordan advised that the Strategic Framework which was a joint paper prepared by Vikram and Cr MacEwan did not get much discussion at the December Council meeting. He aims to have a work plan for 2013-14 at the February Council meeting that is consistent and builds on the 2012-13 work plans, and can then be raised for discussion with the members in March as per the Strategic Framework that Vikram and Cr MacEwan had drafted.

Cr Baddeley raised a question on whether the timetable for the Community Funding, which Campbell and Ellen were seeking some decision at the December Council meeting, has been impacted by the Sir Tim Berners-Lee activities. Jordan responded that he will check with Campbell and mentioned that there will be a meeting between him, Campbell and Ellen next week to sort out the decisions and find out where the process is at on the Grant applications.

Jordan was asked on how we would handle his role as Acting Chief Executive for InternetNZ and what could he bring back to the business plan & strategic plan. He replied that in the absence of complexity of the context (e.g. Vikram had his ideas on how things will be rolled out), he will try to work with the Council by having a session at the February Council meeting to see if they agree with the focus that is being proposed and that business-as-usual will carry on in the meantime.

Update on policy work

It was noted that Susan Chalmers is currently the spokesperson for InternetNZ and that although she has this responsibility, she has the authority to delegate this role to others (such as Andy Linton and Dean Pemberton) to speak on behalf of InternetNZ on technical issues which seems to be more appropriate.

Susan has been working with a number of MPs (Nikki Kaye, Clare Curran, and Gareth Hughes) to look at having a series of seminar this year which will focus on educating MPs on Internet issues to better enable them to understand what is at stake and how to legislate. These forums will be for MPs only and the topics for the forums are under discussion with the MPs.

InternetNZ is also looking into the potential legislative intervention by the government with regards to Commerce Commission's copper broadband pricing. A review is being done around this and the team agrees that the key message should explain why it is important to maintain an independent regulator.

Susan is also preparing for the next TPP negotiation which is going to be held in Singapore next month. In the international venues, Susan advised that InternetNZ should start focusing on issues on Cloud protectionism and e-commerce, which may be on the table at Singapore. She is also working with The President, Keith, Jordan, and Ellen in looking at developing a long-term strategy plan for our approach to Internet governance matters.

The team are also doing some reflection on how to reform the Policy Advisory Group (PAG) and maybe introduce some changes that would allow InternetNZ to better capture some of the inputs from the members and have them participating more in the policy development process.

A question was raised regarding Megaupload and Susan advised that InternetNZ has made it clear that we are completely neutral with the company itself and that we have no opinion on the legality or the morality of the site. InternetNZ's interest is to maintain a watching brief of one of the most important cases that has ever occurred in internet policy. It is crucial that we follow this case closely because it has so many different implications in our Internet policies.

A question was raised whether there are enough resources to do all this work and Jordan advised that in terms of intellectual resources which InternetNZ needs to do it is fine, but in terms of the likelihood of things getting done there is more pressure around this.

4. 2013/14 InternetNZ budget

The President highlighted the changes in the operational budget caused by the forecast in cash flow for 2013-16 which shows that it has fallen below reserves by June 2014 but it is anticipated that as things gets resolved this will disappear and will remain above the reserves.

Cr Clark suggested that the President ask Jordan (Acting CE) to engage with the Audit and Risk Committee to see if any of the policies on liquidity can be adjusted or amended slightly to enable this to happen.

The President advised that the budgets will be discussed further at the February Council meeting.

5. Grants Report

The President highlighted that around \$100,000 in unallocated funds, previously allocated for the Christchurch Funding Round, was never used and proposed to carry these funds over to the new financial year. There is also an unallocated fund of \$46,500 which was for the Policy Legal Funding Round but was not taken up, so Council had voted (via e-vote) to have this returned to the Community Funding budget.

It was noted that there are still pending decisions for the 2020 Trust's recommendations. Cr James advised that it would be preferable to have something in writing for the Strategic Partnership between InternetNZ and 2020 Trust. Cr Moskovitz made a comment that the 2020 Trust are doing some brilliant work and that they deserve InternetNZ's support. But he did raise a concern that there was a lack of consultation between 2020 Trust and Council about the appropriate level of funding that can be provided.

The President mentioned that he had a meeting with Helen Hennessey of the Association of Public Library Manager (APLM) who are looking at the possibility of extending the Aotearoa People's Network. The President advised that this might be something that InternetNZ can be involved in. Cr Torkington advised that he can introduce Jordan to the National Library who runs APLM.

AP 02/13: Cr Torkington to arrange a meeting for Jordan with the relevant staff at National Library regarding the APLM project.

6. Resolutions

RN 02/13 THAT Council approves the new members.

(President / Cr MacEwan)

CARRIED U

RN 03/13 THAT Council approves the appointment of Jordan Carter as InternetNZ Acting Chief Executive until end of May or until a successful handover to a new Chief Executive has been accomplished, commencing Monday 28 January.

(President / Vice President)

CARRIED U

RN 04/13 THAT a committee of five be appointed – Chaired by the Vice President with The President, Cr Wallace, Cr Wiggs, and Cr Martin – to manage the process for the recruitment of the new Chief Executive and be obliged to read and participate.

RN 05/13 THAT Council have all the information available to the committee at the same time.

RN 06/13 THAT Council be required to authorise all the key decisions, including release of any public information (e.g. Position Descriptions, Adverts, Long-list, Short-list)

RN 07/13 THAT the Committee assess how process support may be best handled – in house, contractor, recruitment firm.

RN 08/13 THAT Council have an engagement opportunity with any short-listed candidates – exact process details to be firmed up, but can include direct, coffees, etc.

(Cr Clark / Cr MacEwan)

CARRIED U

AP 03/13: The President to send the revised timeline for the recruitment of the Chief Executive (as modified from the discussion at the Council-alone time) to Council for comments and feedback.

RN 09/13 THAT Council authorises the payment of \$10,000 ex-gratia to The President for a recent additional duties and transitional matters for the organisation.

(Vice President / Cr Wiggs)

CARRIED U

7. Other Business

Remuneration Review

Cr Wallmannsberger raised a question on the clarity around the process by which the Council makes the decision for the remuneration review.

The President advised that the only minuted notes that was found around the President's remuneration is that it will be a 200% on top of the standard Council remuneration and there were no other minuted decisions found around this.

Cr Wiggs suggested having a three-person Remuneration Committee to oversee the process in reviewing Council's remuneration.

The President advised that he had commissioned a report from Ron Hamilton regarding the session with Council last December and this will be tabled at the February Council meeting.

Roundtable feedback on the meeting

Feedback from Council regarding the meeting:

- Good discussions from Council but some of the conversations were going in circles before coming to a conclusion.
- A decision needs to be made around the Strategic Partnership with 2020 Trust.
- There wasn't enough preparation prior to the meeting but the discussions went well.
- Positive feedback on Jordan's appointment as Acting Chief Executive.

Next Meeting: The next scheduled Council meeting is 22 February 2013.

Meeting Closed: The meeting closed at 4.15pm

Signed as a true and correct record:

Frank March, CHAIR

Action Point Register

	Action	Who	Status	Due by	Comment
December 2011					
AP 65/11	The President to commence the process for a review of Director's remuneration and provide an update at the February October Council meeting.	President	In progress	December Council meeting	The President advised that Ron Hamilton has agreed to complete the Director's remuneration review. The President intends to initiate this by next week and he will be in touch with the Councillors regarding the review. The aim is to have any changes in the remuneration to take effect after the next AGM.
AP 67/11	InternetNZ to consider becoming a member of the Maori Internet Society and encourage the Maori Internet Society to become a member of InternetNZ.	InternetNZ	In progress	May 2013 Council meeting	The Action Point is to be marked as ' for review in one year (May 2013) '.
August 2012					
AP 12/12	Vikram to make provisions in the budget on for bidding for international meetings on a multi-year cycle and forward the options to Council for consideration.	CE	In progress	February 2013 Council meeting	To be included in 2013/14 budget.
December 2011					
AP 01/13	CE/President to send the updated draft of the Statement of Expectations to DNCL and NZRS for review/comments and final draft to be discussed at the February Council meeting.	CE President	Complete	February 2013 Council meeting	Included in papers
AP 02/13	Cr Torkington to arrange a meeting for Jordan with the relevant staff at National Library	Cr Torkington	In progress	February 2013 Council meeting	
AP 03/13	The President to send the revised timeline for the recruitment of the Chief Executive (as modified from the discussion at the Council-alone time) to Council for comments and feedback.	President	In progress	February 2013 Council meeting	

E-vote ratification



EVOTE RATIFICATION
13 February 2013

EVOTE RATIFICATION

Author: Maria Reyes

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

Evote:		For:	Against:	Abstain:
170120131	<p>THAT the following reports/papers be received:</p> <ol style="list-style-type: none"> 1. DNCL 2nd Quarter Report noting that the DNCL board have approved their Business Continuity Plan. 2. Joint DNCL and NZRS .nz 2nd Quarter Report. 3. NZRS 2nd Quarter Report. 4. The letter from NZRS regarding the results of an independent review of their Business Continuity Plan. 	Donald Clark Neil James Hamish MacEwan Michael Foley Dave Moskovitz Frank March Michael Wallmannsberger Jamie Baddeley Lance Wiggs Brenda Wallace Jonny Martin Nathan Torkington		
170120132	<p>THAT the second quarter consolidated financial statements be received.</p>	Donald Clark Neil James Hamish MacEwan Michael Foley Dave Moskovitz Frank March Michael Wallmannsberger Jamie Baddeley Lance Wiggs Brenda Wallace Jonny Martin Nathan Torkington		
170120133	<p>THAT the following reports be noted:</p> <p>Financial report to 30 September 2012. Financial report to 31 October 2012.</p>	Donald Clark Neil James Hamish MacEwan Michael Foley Dave Moskovitz Frank March Michael Wallmannsberger Jamie Baddeley Lance Wiggs Brenda Wallace Jonny Martin Nathan Torkington		

28012013	THAT the 2013 InternetNZ AGM be held on Monday 8 July.	Nathan Torkington Donald Clark Frank March Brenda Wallace Neil James Dave Moskovitz Michael Foley Jonny Martin Hamish MacEwan Jamie Baddeley Lance Wiggs Michael Wallmannsberger		
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Recommendation: THAT the e-votes be ratified.

Events Matrix

Events Matrix (For Council's Information)

MONTH	InternetNZ	Relevant NZ Conference & Events	International Conference & Events
2013			
JANUARY	<p>Council Meeting 22 Jan</p> <p>Sir Tim Berners-Lee visit 30 Jan</p>	<p>NZNOG Wellington 21-25 Jan</p>	
FEBRUARY	<p>Council Meeting 22 Feb</p>	<p>KiwiFoo Camp Auckland 8-10 Feb</p> <p>Webstock Wellington 11-15 Feb</p>	
MARCH	<p>Members' Consults Chch, AKL, WLG 13-18 March</p> <p>Parliamentary Internet Forum 19 March</p> <p>SRS 10 Years functions AKL, WLG 20-21 March</p>	<p>Telecommunications & Broadband Summit Auckland 12-13 March</p>	<p>APRICOT Singapore 19 Feb - 1 March</p> <p>WSIS +10 UNESCO, Paris 28 Feb - 1 March</p> <p>CeBit Germany 8 - 10 Mar</p> <p>CeBit Sydney 28 - 30 Mar</p>
APRIL	[Potential Internet Economy round-table]	<p>IPv6 CIO Luncheon 16 April</p>	<p>ICANN Meeting Beijing, China 6-14 April</p> <p>Pacific IGF (TENTATIVE / TBC)</p> <p>PITA AGM Apia (TENTATIVE / TBC)</p>
MAY	<p>Council Meeting 10 May</p>	<p>FutureGov Conference Wellington 28 May</p>	<p>WTFP / ITU / WSIS+10 Geneva 11-19 May</p>
JUNE			

Events Matrix (For Council's Information)

MONTH	InternetNZ	Relevant NZ Conference & Events	International Conference & Events
2013			
JULY	NetHui Wellington 8-10 July	AGM Wellington 8 July	ICANN Meeting Durban, South Africa 12-19 July ACCC Regulatory Conference Brisbane, Australia 25-26 July
AUGUST	Council Meeting 2 Aug		ISOC Board Meeting Berlin 2 - 4 Aug APNIC 36 last 2 weeks Aug (TBC)
SEPTEMBER			Asia-Pacific IGF Seoul, Korea 4-6 September
OCTOBER	Council Meeting 18 October		Global IGF, Bali 22-25 October (Unconfirmed)
NOVEMBER			ICANN Meeting Buenos Aires, Argentina 17-21 Nov ISOC Board Montevideo 22-25 Nov
DECEMBER	Council Meeting 13 Dec		



ADMIN PAPER
FOR INFORMATION

COUNCIL MINUTE TERMINOLOGY

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