

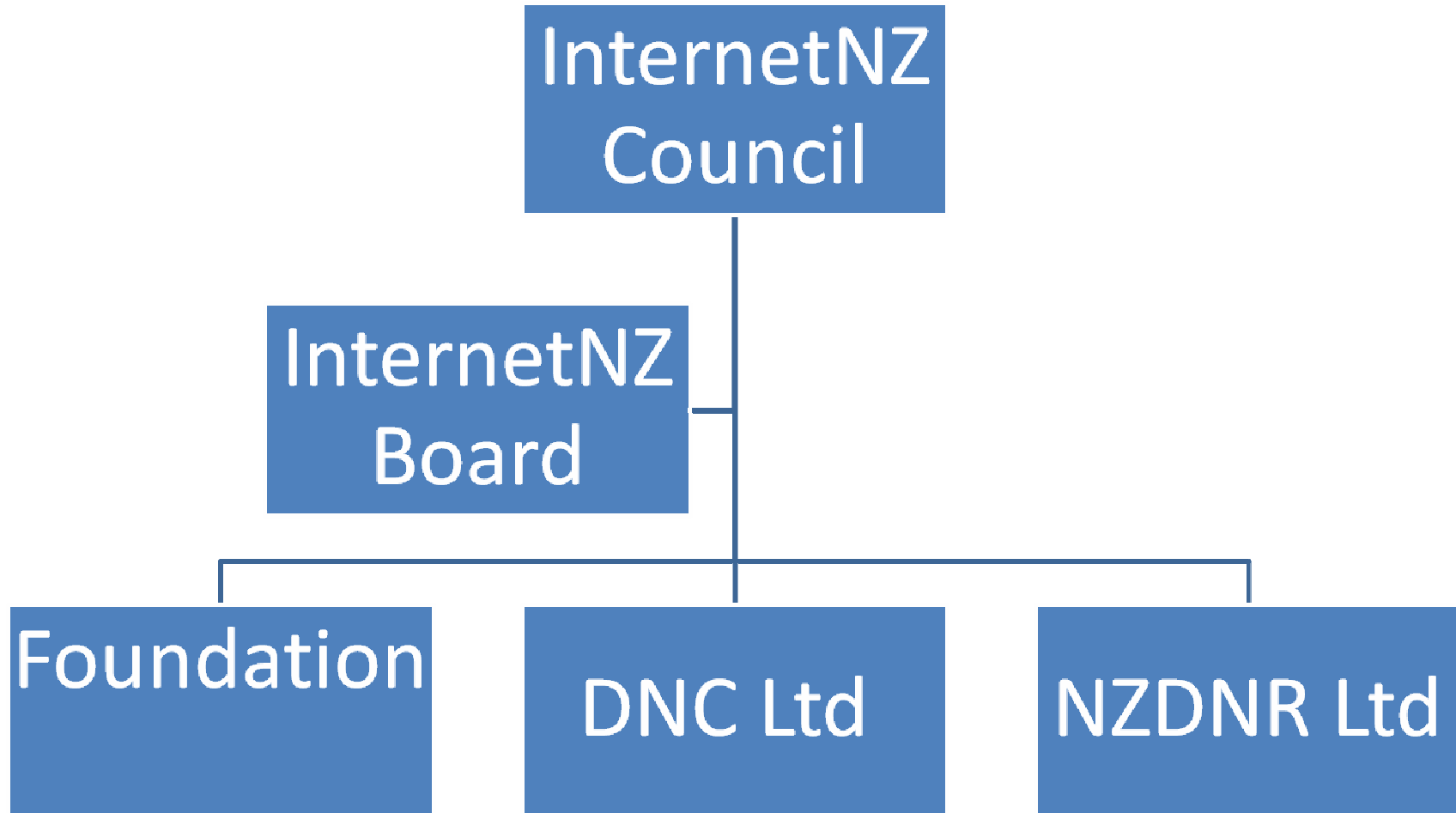
InternetNZ

Implementation of the Westlake
Report Recommendations

Background

- Westlake Consulting engaged to undertake a full structural review of the InternetNZ Group (6 – 8 month process involving wide consultation and iterations of structural options)
- The report proposed the four unit organisational model
- Council received the Westlake Report in June 2007 and resolved to seek a mandate from members to progress the changes
- Key changes endorsed at the AGM

Structure Overview



InternetNZ Council

- Peak governance body of an Incorporated Society with related, but diverse, operations
- Role will be to provide quality governance and strategic leadership
- Day-to-day work will be carried out by the business units

InternetNZ Council – Functions

- Developing vision, mission and top-level strategy
- Agreeing top-level policies
- Approving long-term strategy for .nz domain name space and key policies
- Approving changes to .nz position on international issues
- Approving the monthly fee charged by the registry to register a domain name
- Appointing directors of the InternetNZ Board, DNC Ltd and NZDNR Ltd and trustees of the Foundation

Functions (contd)

- Appointing the chairs of the boards
- Approving formal delegations to the boards
- Developing annual Statements of Expectations for each business unit
- Approving strategic plans, business plans and budgets
- Monitoring the boards
- Representing members' interests

InternetNZ Council

- Role descriptions for
 - Council member
 - President
 - Vice-President
- Code of Ethics and Proper Practice
- Conflicts of Interest

Planning Cycle

- Annual cycle
- Council develops Statement of Expectations for each business unit to guide planning
- Each business unit submits Statement of Direction and Goals (3 year outlook)
- Council considers and consolidates
- Member consultation
- Finalise plans and budgets

Reporting Cycle

- Quarterly reporting throughout the year
- Annual reports first to Council, then to the AGM
- Continue to have auditing of the group rather than individual auditing

Policy Accountabilities

- Council
 - sets long term strategy and strategic policy priorities
 - approves the Society's top-level policies
 - sets the key principles for public policy development process
- DNC Ltd
 - approves operational policies for .nz management

Policy Accountabilities(contd)

- InternetNZ Board
 - governance and oversight of all other policy and advocacy functions and approval of policies
- InternetNZ Office
 - develops policy and submissions
 - manages consultation processes
 - provides a forum for exchange of information and analysis
 - monitors policy and legislation implementation

Policy Principles

- Consistent with long term strategy set by the Council
- Policy development process must be open and transparent
- Input from members and others
- Quality assurance/peer review
- Regular evaluation

Nominations and Appointments

- Key principles
 - Council appoints all boards
 - five directors on each board
 - four independent directors and one Council member
 - standard appointment process
 - Nominations Committee
- Specific principles applying to Council members
- Term of appointment – three years
- Maximum term – three consecutive three year terms

Nominations Committee

- Standing Committee of Council
- Standing members will be President and one other Council member
- Two other members
 - chair of the relevant board
 - independent, experienced governance practitioner
- Recommends appointments to Council

Appointments- Transition Issues

- NZDNR Ltd have a tenure policy that is different – new appointments/ reappointments to be under the new policy
- NZOC currently has 6 independent members and one ex-officio position for President
- Propose no retrospective application of maximum term limit for current NZDNR Board and NZOC members

Remuneration

Key principles

- consistent process across all boards
- Council approves but input from boards
- regular review of fee levels
- President and Chairs 100% loading
- Vice-President 25% loading
- committee chairs 10% loading
- generally fees are cumulative where multiple roles
- continue to use Crown entity model for fee-setting

Shared Services Approach

- Centralised administrative functions
- Service level agreements
- Most benefit if all four business units participate
- Doesn't delegate accountability
- Need business unit managers to investigate
- Board administrator required to support Council

Communications with Members

- Potential loss of touch with members and issues stated as a concern
- Members have multiple opportunities to participate depending on their interests and skills
- Consultation on public policy and strategic issues
- Regular newsletter to members

InternetNZ Board

- Oversight committee to oversee the policy and advocacy affairs of the Society
- “Board” of five directors – four independent, one Council member
- Oversees the Executive Director
- InternetNZ Office
 - advocacy and public policy
 - promoting and fostering technical development and innovation
 - international representation
 - project committees (“Tiger teams”)

InternetNZ Board - Authorities

- Approval of public policy and legislative submissions
- Delegations table

Domain Name Commission Ltd

- Not-for-profit company to undertake administration of .nz with InternetNZ as sole shareholder
- Not a sub-delegation but an authorisation to administer. If DNC Ltd is wound up, authorisation would revert to InternetNZ and would not be an asset to onsell
- Board of five directors – four independent, one Council member
- Key activities are the same as NZOC but additional responsibilities from company structure
- Board acts in a fiduciary capacity for InternetNZ
- In effect a "twin" to NZDNR Ltd

DNC Ltd - Authorities

InternetNZ will retain decision-making for .nz on:

- The long term strategy for the .nz domain name space
- The monthly fee charged by the registry to register a domain name
- The policy framework underlying the allocation and use of domain names in .nz
- The key principles that underpin .nz policy, namely
 - The “first to register” principle
 - Safeguarding registrant’s rights
 - Having a competitive but stable market for registrars with low entry requirements
- Changes to the .nz position on international issues
- Major transactions
- Other governance issues

DNC Ltd – Authorities (contd)

The Domain Name Commission Ltd will have authority to

- Approve operational policies for the management of .nz
- Authorise and deauthorise a registrar
- Review the registry's performance
- Approve technical changes to the register and DNS (following consultation)
- Initiate reviews of specific areas and appoint third parties to assist
- Appoint the Domain Name Commissioner
- Approve participation at international meetings and select the participants at these
- Publish reports on .nz
- Issue press releases on .nz issues

DNC Ltd – Other delegations

Standard range of delegations that one would expect in a wholly owned subsidiary

DNC Ltd – Reporting to InternetNZ

Two types of reporting

- Governance reporting to the shareholder
- Operational reporting on the stewardship of .nz

Governance

- Business plan (informed by the annual Statement of Expectations from INZ)
- Annual report
- Quarterly reporting

Operational

- Monthly reporting
- Information that is relevant to the sound stewardship of .nz

Implementation Issues

- Consultation required with
 - staff
 - NZDNR Ltd and NZOC
 - members
- Feedback to be consolidated and considered by Structural Review Adv Group
- Report back and final decisions at the December Council meeting