18 July 2005

Dear Member

RE: InternetNZ Annual General Meeting – 29 July 2005

This year’s Annual General Meeting will be held at the offices of InternetNZ, Level 9, Exchange Place, 5-7 Willeston Street, Wellington, commencing at 6pm.

Please find enclosed the following for your consideration prior to the meeting:

- Agenda with proposed motions
- Minutes of the 2004 AGM
- Business Plan & Budget 2005/06
- Annual Report 2005/06 (includes 2004/05 Audited Accounts)

Electronic copies of all the enclosed papers are available on the website, at (www.internetnz.net.nz).

I would like to take this opportunity to invite you to attend this event, and be involved in decisions that will shape your society for the coming years.

Kind Regards

Peter Macaulay
Executive Director
ANNUAL GENERAL MEETING OF THE INTERNET SOCIETY OF NEW
ZEALAND INCORPORATED – FRIDAY 29 JULY 2005

AGENDA

1800 Meeting opens
Apologies
(MOVED: Chair/ ) "THAT the apologies be accepted".

1805 Minutes of 2004 AGM and Matters Arising
(MOVED: Chair/ ) "THAT the minutes of the 2004 AGM be received and
adopted as a true and accurate record of the meeting."

1810 President's Report (on behalf of Council)
(MOVED: Chair/ ) "THAT the President's Report be received."
(MOVED: Chair/ ) "THAT the Annual Report be received."

1820 Fellows Appointments

1825 Treasurer's Report
(MOVED: Treasurer/ ) "THAT the Treasurer’s report be adopted."
(MOVED: Treasurer/ ) "THAT the Audited Annual Accounts be accepted."
(MOVED: Treasurer/ ) "THAT Grant Thornton be appointed auditor for the
ensuing year."

1830 2005/06 Budget
(MOVED: Treasurer/ ) "THAT the 2005/06 Business Plan and Budget be
adopted."

1840 Executive Director Report
(MOVED: Chair/ ) "THAT the report of the Executive Director be received."

1850 DNC/NZOC Report
(MOVED: Chair NZOC/ ) "THAT the DNC/NZOC Report be received."

1900 NZRS Report
(MOVED: Chair NZRS/ ) "THAT the NRZS Annual Report be received."

1910 General Business
Pros and Cons of Hosting APRICOT 2008 – Keith Davidson

1930 Announcement of Election Results &
Vote on Constitutional Amendments

1940 Close
AGENDA

Welcome pre AGM function

Meeting opened at 6.05pm
President declared the meeting was quorate, and advised the meeting that voting for Councillors would close in approximately 15 minutes.

Apologies
Apologies were received from:
Andrew Mason
Jennifer Northover
Greg Shaw
Brian Eardley-Wilmot
Dominic Baron

Nick Wallingford
David Harris
Brendan Murray
Sue Leader
Grant Forsyth
Mark Harris

(MOVED: Chair/Secretary) "THAT the apologies be accepted".  
Carried U

Minutes of 2003 AGM and Matters Arising
Ewen McNeill noted some typographical corrections. Also Ewen had voted against one resolution, but this vote had not been recorded - confirmed by Chris Streatfield. Also noted under Executive Directors report regarding the Domainz resolution, was moved by Richard Bourne (not Chris Bourne).

(MOVED: Chair/Treasurer) "THAT the minutes of the 2003 AGM as amended be accepted as a true and accurate record of the meeting."  
Carried U

President's Report (on behalf of Council)
The President spoke to his report. Also reported that the IANA database for .nz is now correct, for the first time since 1996.

(MOVED: President/Ewen McNeil) "THAT the that University of Waikato be formally thanked for their support of the Internet over the past 15 years, and for their patience with the updating of IANA details."  
Carried U

Invited questions none
(MOVED: Chair/Richard Donaldson) "THAT the President’s Report be received."

Carried U

(MOVED: Chair/David Farrar) "THAT the Annual Report be received."

Carried U

(MOVED: Chair/Peter Dengate-Thrush) "THAT the 2004-2007 Strategic Plan be adopted."

David Farrar noted the strategic plan is not cast in stone and annual revisions will occur. Furthermore the 2006/07 figures are indicative only. Michael Sutton noted and the President concurred that tasks may be allocated to different committees in this and future years. Peter Dengate Thrush offered congratulations on the production of the plan, and suggested the motion be carried by acclamation. The President especially thanked Simon Riley and David Farrar for their efforts in preparing and consulting on the Strategic Plan.

Carried U

With applause

Frank March joined the meeting.

Fellows Appointments

The President presented the new fellows Roger Hicks and Jim Higgins with their InternetNZ Fellowship certificates. The absentee new Fellows Andy Linton and Mark Davies were also awarded, and their certificates will be presented in due course.

Voting for Councillors was declared closed.

Treasurer’s Report

The Treasurer spoke to his report. Ewen McNeill asked how investment of group funds was decided. The Treasurer responded that the INZ policy was that funds be split over three banks on rolling deposits. Ewen also asked if the depreciation on computer hardware in the accounts relates to NZRS. The Treasurer responded that it did, but may also include some depreciation from the Domainz DRS software.

Ewen McNeil also pointed out that membership fees were of a small amount of total income.
Colin Jackson offered congratulations to the Council, in setting up both the treasury policy and audit committee. Applause was received from the floor

(MOVED: Treasurer/Jonathan AhKit) "THAT the Treasurer’s report be adopted.  
Carried U

(MOVED: Treasurer/Secretary) "THAT the Audited Annual Accounts be accepted."  
Carried U

(MOVED: Treasurer/PDT) that Grant Thornton be re-appointed auditor, for the ensuing year“  
Carried U

2004/05 Budget
The Treasurer advised the meeting that the business plan and budget were outputs directly from the strategic plan, and indicated that in future the accounts will reflect the format of the strategic plans headings and cost centres.

Ewen McNeil asked why the budget indicated membership fees would double over the current years actual fees? David Farrar responded that the strategic plan included the express desire of increasing membership, and early preparations were occurring to identify and recruit greater membership. Peter Macaulay suggested that greater clarity was required as to what type of membership was desired. Joint membership schemes for the Computer Society and InternetNZ is being discussed. Frank March noted it was laudable that the aim is to double the current membership, which would further enhance the Society's credibility.

Lesley Walker suggested that when sending out invoices, INZ should include reasons for remaining a member, if membership is to be retained.

Roger Donaldson noted the interest income is double the amount of membership income and that greater membership should be perceived as highly desirable.

Peter Dengate-Thrush asked the Treasurer if there were adequate controls and safeguards for the amount of money managed by committees. The Treasurer responded that there is a new project management system which allows not only for good financial management, but also ensures projects remain focussed and
managed. Simon Riley noted that with the creation of the Executive Committee, stricter controls from financial and management processes have resulted.

Ewen McNeil foreshadowed a potential motion for General Business, that the InternetNZ reduce the membership fee to $1 per year.

Jim Higgins left the meeting reluctantly with applause at 6.57pm

(MOVED: Treasurer/David Farrar) "THAT the 2004 Business Plan and Budget be adopted."

Carried
Ewen McNeil abstained

**NZRS Report**
The President welcomed Carol Stigley, Ann Urlwin, Donna Hiser and Nick Griffin from the Registry. Carol reported to the meeting a review of the previous year's activities and some of the plans for the forthcoming year.

Liz Dengate-Thrush joined the meeting at 7.05pm

The President thanked Carol and NZRS directors and manager for attending.

**DNC/NZOC Report**
The President welcomed Frank March and Debbie Monahan to the meeting.
Frank March congratulated InternetNZ on its selection process and working practice relating to the NZOC. The past year has been a year of consolidating into a “business as usual” model for the Oversight Committee. Next year will see reviews of the Whois and Registry / Registrar / Registrant policies. In conclusion Frank paid tribute to Debbie Monahan for the excellent work she had contributed and also thanked the members of NZOC for their contribution.

(MOVED: Frank March/President) that the DNC/NZOC Report be received that the NZRS report being received.”

Carried

**Executive Director Report**
Peter Macaulay spoke to his report, introduced the new staff members, and displayed the interim website.
(MOVED: President/John Hine) "THAT the report of the Executive Director be received."

Carried U

General Business

Reporting
(MOVED: Ewen McNeill/Bill Parkin) “THAT every year, after the preparation and auditing of its annual financial statements, InternetNZ causes to be published, by display advertisement or otherwise, in at least two widely read New Zealand Internet or IT industry publications, a visual depiction of the way money received as wholesale domain names fees is spent, broken down by broad categories. Such depiction to show both the proportions of the total wholesale fee and the (rounded) dollar amounts involved. Such a publication to be made, as soon as practical, this year."

After discussion, and with the assent of the mover and seconder, an amended motion was forthcoming, “That the proposed resolution be referred to Council, with the AGM expressing its support for the principle of more transparent communications to registrants on use of domain name income this year”. 

Carried U

WSIS Presentation – Peter Dengate-Thrush updated the meeting on the current activities and process involved that will culminate in a summit in Tunis in 2005, and that the UN has been asked to create a working group to address the global issues of governance.

Membership

MOVED (Ewen McNeil/Bill Parkin) “THAT the InternetNZ Council investigate the feasibility of reducing the membership fee to $1 and report back to the membership by the 31 October 2004.”

Simon Riley asked for reasoning behind motion. Ewen McNeil replied that almost all the income for InternetNZ is coming from domain name fees and has heard from registrars that as the subscription is too high after paying their domain name fees that it was not cost effective to join.

After considerable debate, the President put the motion.

Motion Lost
Stafford Guest spoke to the meeting and brought greetings from Niue. He noted the development in the South Pacific and was pleased InternetNZ was supporting Internet Safety Group and looks forward to future support and joint initiatives.

Applause

Announcement of Election Results
The President announced the election results (in no particular order)

Michael Wallmannsberger was elected unopposed as Secretary and Chris Streatfield elected unopposed as Treasurer, both for the ensuing two years.

Elected to Council were Nick Wallingford, Grant Forsyth, Michael Sutton, Jonathan Ah Kit, Rodney Prescott and Sean Weekes.

MOVED (Peter Dengate-Thrush/Lesley Walker) “THAT thanks be extended to the Chair, and congratulations to those who had successfully been elected to Council”

Carried U
With applause

The meeting closed at 8.10pm
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Mission, Vision, Strategies

Mission

“To protect and promote the Internet in New Zealand”

Vision

“The Internet, open and uncaptureable, offering high performance and unfettered access for all”

Strategies

1. Management of .nz
   1.1. Ensure that the .nz DNS meets the needs of registrants
   1.2. Maintain a fair and competitive market for .nz registrars
   1.3. Ensure .nz is operated to industry best practice
   1.4. Maintain effective policies for the .nz space
   1.5. Promote .nz objectives internationally
   1.6. Develop and maintain effective relationships with key government and other organisations in New Zealand

2. Advocacy and Representation to Government
   2.1. InternetNZ is recognised as a respected and authoritative advocate for the internet community
   2.2. InternetNZ responds to relevant legislative and regulatory initiatives

3. Supporting Industry Best Practice and Self-Regulation
   3.1. Effective internet industry self regulation
   3.2. To foster internet industry best practices

4. Protect the Internet
   4.1. To protect the Internet and Internet users by responding to and resolving issues detrimental to the achievement of our vision, mission and objectives

5. Promote the Internet
   5.1. To promote the Internet in New Zealand
   5.2. Be Seen and Heard
   5.3. Establish and maintain strong and healthy links with sibling organisations
   5.4. Enhanced Member Interaction
   5.5. Promote responsible use of the Internet

6. NZ representation in the global Internet
   6.1. NZ Local Internet Community is represented in international Internet forums
   6.2. Support Pacific Islands Internet Development

7. Supporting volunteers, members and the organisation
   7.1. InternetNZ’s use of the Internet is recognised as excellent and best practice
   7.2. Operate as efficiently as possibly
   7.3. Investment Management
   7.4. Strategy Evolution
   7.5. Recruit and retain members
   7.6. InternetNZ to further develop funding sources other than NZRS
   7.7. Be a good employer of all InternetNZ staff
   7.8. Be a good shareholder of NZRS

8. Supporting Internet innovation and technical leadership
   8.1. Support Internet Innovation
   8.2. Enable Multicast on the NZ IPv4 and future IPv6 public network
   8.3. Support Internet Research
President’s Report

The past year has certainly been busy for InternetNZ. The general operations and policy establishment for the .nz namespace have been extremely well managed by our Registry Company and the .nz Oversight Committee, freeing Council to concentrate on our broader objectives. Our various committees, task forces and steering groups have made substantial progress on a great many projects and initiatives.

In the technical area we have made solid progress towards an ENUM trial in New Zealand, and are seeking to evolve robust policy concurrently with technical development. We recently commenced work towards furthering our understanding of Certification Authority, and continue on many other technical issues including DNSSec (DNS Security), IPv6 (IP version 6 protocol), Peering and Secure Email. We have continued to support the broader technical community to the greatest extent possible, including significant sponsorship of the 2005 NZ Network Operators’ Group (NZNOG) conference, the Asia Pacific Network Information Centre (APNIC) 2004 Fiji workshop and in conjunction with our Pacific Internet Partners (PIP) UNESCO and UNDP, the 2004 Pacific Island Chapter of the Internet Society (PICISOC) conference.

Internationally, we have continued our contributions to policy evolvement in the ccTLD environment within the Asia Pacific Top Level Domain Association (APTLD) and ICANN’s Country Code Name Supporting Organisation (ccNSO). During the year we successfully tendered for the function of APTLD Secretariat. We were unsuccessful with our bid to host the APRICOT 2007 conference for Auckland, but we were successful in bidding for the March 2006 ICANN meeting for Wellington. The Wellington ICANN meeting is scheduled for March 27 to 31, 2006. I hope many members will take advantage of this unique opportunity to observe ICANN’s inner workings. This event provides a huge opportunity for the local Internet community to engage with some of the Internet’s eminent thought leaders. Considerable effort from InternetNZ people should ensure the ICANN meeting will provide participants with a most enjoyable stay in New Zealand.

It is noteworthy to record that former InternetNZ Chairman Peter Dengate Thrush has been elected to the ICANN Board. On behalf of members, I congratulate him.

Looking inwardly, our Executive Committee, Governance & Constitution Committee and Audit Committee continue to provide robust policy and direction for the way we conduct our business in a constantly evolving environment. We continue to follow our strategic planning and business planning processes while exercising a high degree of fiscal prudence.
As a suggestion to the incoming Council and Officers, I think a most important aspect for consideration during the year is the issue of honoraria for Councillors. As our Society continues to progress and mature, we should be aware of the incredible workload we place on our elected representatives, and while I agree that the positions should remain essentially voluntary, consideration to honoraria for those people should be given, on the basis of the Society’s ability to continue to recruit and retain a Council of the highest calibre.

Within New Zealand, we continue to foster close working relationships with legislative and regulatory officials and we have enjoyed considerable and favourable impact, most particularly in the areas of anti-spam, telecommunications legislation and codes of practice. We have firmed up considerably on our relationships with our sibling organisations and, looking forward, the formation of ICTUS could lead to further harmonisation, particularly in terms of submissions on ICT issues.

Of course, our achievements are in no small way attributable to our excellent staff. My sincere thanks go to all the staff members for their respective efforts over the past year. It never ceases to surprise me that all our staff are so willing to go the extra distance in helping us all in achieving our objectives. This year’s AGM sees the end of Peter Macaulay’s term as Executive Director. As our chief of staff, Pete has done a superb job over the past three years in building a great team, and positively raising our public profile. On behalf of our membership I would like to extend our sincere thanks and best wishes for the future to Pete.

This is my final report as your President. I would like to thank members for their support and assistance over the past four years. In compiling this report, thinking of the progress of recent years, and looking at what lies ahead, I feel confident that there is a clear path forwards and considerable momentum that will lead to greater success for our Society in achieving its objectives. My special thanks to the outgoing Council, who have voluntarily given so much time and effort in their various areas of expertise.

Keith Davidson
President
Executive Director’s Report

Shaken not stirred? Sorry – shaken AND stirred please. As I write my third and final report as Executive Director, it appears that the shaking and stirring has been effective. Now it is time to move to gentle stirring.

InternetNZ is well positioned and equipped to make ground steadily towards the goals of the strategic plan. As always, for the secretariat in a small not-for-profit organisation, the trick of keeping momentum is managing the three-way tension of paid resource, use of volunteers, and how many projects to manage at once. That is the main course. Placed on top of a mash of ‘business as usual’ and a need to present the meal well, we have a challenge that has significant and telling differences for the manager who is used to normal commerce.

Taking the InternetNZ strategic plan down to a fine reduction, but not quite at the vision statement’s brevity, we see that InternetNZ must be able to drive along four roads at the same time.

On the first road, we need to have the respect of, and work closely with the New Zealand Government, both at elected and operational level, as a source of influence and a provider of answers, while assisting in drafting, and responding to the raft of legislative change that will occur with even the lightest of hands-on government.

While doing this, and linked tightly with the relationship with our government, InternetNZ must continue to be a strong player in the global Internet community, contributing to balanced, sensible change, while ensuring the needs of our smaller neighbours are addressed.

The third road belongs to our communities. Communities and our population at large need to be educated and guided in the ways that the Internet can benefit them and make their lives richer.

The last of the roads is the relationship with the ICT industry because without the industry new technology would never leave the laboratory. InternetNZ is a facilitator, assisting the industry to deliver innovative and accessible solutions to the New Zealand market.

How New Zealand society evolves because of Internet based changes will be, in part, shaped by the work of InternetNZ. The InternetNZ council sets the direction. The secretariat travels in the direction set by the decisions of Council. I believe that Council has set sound direction to ensure that we follow the four roads, and it is to be hoped that as new councillors and officers are elected, they will support the healthy mix of common sense and vision that has brought InternetNZ to a point where we can lock forward with confidence and back with pride.

I extend my thanks and best wishes to Keith Davidson, our president, who has been an effective and warm leader, and steps down at the 2005 AGM.
Now to look back.

The 2004–2005 year was an exciting mix of planned initiatives, unplanned interruptions, and sudden good ideas.

For InternetNZ to operate effectively we retain a small staff of four to six, a permanent team who keep track of the long running tasks and use their knowledge to handle issues as they arise. This year we have added the capability to manage and do research. We then use contractors to either fill gaps or provide specialist skills. Add to this the delicate introduction of volunteer skills and you have the mix. Almost all our projects employ the full mix.

Our core team is:

Peter Macaulay – Executive Director (until July 31, 2005)
Jordan Carter – Research and Policy Officer
Gale Blikshavn – Administration Officer
Isabel Carberry – Accounts Officer
John Vorstermans – Technical Manager (part time)
Temporary Administration Assistant

We also have long term working arrangements with:

Hilary Carlile – Project Management Mentor
Nichola Draper – Accounting System Advisor.

We also include in the team the operational input from the members of the executive committee.

As the year drew to a close, we found that the workload had reached a point where we needed another staff member to support the project management office and manage the committee support function. It would not be appropriate to appoint a permanent staff member in the final months of my tenure so we are engaging temps to fill this role until my successor is ready to start recruitment.

It is vital to keep the core team size to the sensible minimum. A real danger in not-for-profit operation is creating infrastructure for its own sake. The counterpoint is the risk of being stretched too far when a critical piece of work explodes into life. Good examples are the Telecommunication Act Review and the Commerce Commission draft determination on bitstream. The need to respond to these and other legislative bumps in the road creates a real challenge for any organisation that does not have a permanent response unit. We have been very fortunate in being able to contract at short notice highly competent, well-motivated people who see things our way. Three of those people who should be named are Jim Higgins, Kath Moran and Michael Wigley.

The bloodstream of InternetNZ is composed of initiatives. We always have several running at once. I am not willing to pin them into a particular state for the annual report, so I will simply describe each initiative and leave you to review the current state of those that interest you on the InternetNZ website, which itself is an initiative!
Project Management Office

As a small organisation with many initiatives under way, it is vital that we have the means to provide a framework for project management and to deliver timely, accurate and understandable reports on the status of each, and a summary of all work. The use of external contractors adds complexity. To meet these needs the secretariat, with support from Hilary Carlile, has developed a Project Management Office. This is defined in a handbook on our web site. All work done for InternetNZ that fits into the definition of a project will use this methodology.

Peering

InternetNZ supports the view that the operation of open and neutral peering points is a fundamental component of the Internet, and will be a key to its future health. To this end we are undertaking studies and working with experts in New Zealand and overseas to help New Zealand telcos, government and businesses to make well-reasoned decisions about their role in peering exchanges.

ENUM

ENUM is the place where the telephone meets the Internet. More importantly it will allow people to make choices about how they use both technologies in a single place. ENUM is the most important movement (rather than a technology or solution) since the Internet Protocol itself. InternetNZ is committed to supporting the introduction of ENUM in New Zealand and is leading the way. InternetNZ will bid to run the ENUM Tier One Registry, under assignment from the New Zealand government, once a decision to implement is made.

The InternetNZ Internet Code of Practice

Though most ISPs are well-behaved and operate in a clean market, it is useful to have a set of rules for them to follow, so that their customers have a clear and consistent understanding of how their service provider should behave. InternetNZ has been working on a code since 1999. In 2004 we got serious and retained Stuart Mieklejohn, who has delivered a superb draft. We expect to see this code, once adopted by the industry, develop into a series of codes covering several areas such as anti-spam and Internet cafes.

ICANNZ06

InternetNZ has been honoured by ICANN awarding us the hosting of the March 2006 ICANN meeting in Wellington. With more than 600 delegates expected, this will be one of the premier Internet industry events to be held in New Zealand. We have retained Laura Virgo of Conference Online to provide professional conference organisation skills.
Anti-Spam
The biggest and nastiest issue for the Internet is waiting for legislation in New Zealand. InternetNZ has worked closely with government and industry to deliver the framework for the new law. We continue to monitor and advise. We must develop strong international relationships to allow us to cut off spam where it sprouts.

APTD Secretariat
In January 2005, InternetNZ took over the operation of the Asia Pacific Top Level Domain Association for a two-year term. The handover went smoothly thanks to excellent support from our predecessors, TWNIC. Jordan Carter is managing the secretariat.

ISPAG
There has been no formal organisation in place to support the ISP community. InternetNZ has informally provided this support in the past. During the work on the Telecommunication Act Review, and other work with the Telecommunications Commissioner, it became clear that a formalised relationship was needed to ensure consolidation of efforts and effective communication. With the approval of the Commerce Commission and the support of a group of ISPs, InternetNZ is forming an organisation to represent all ISPs. Initially this will be known as the ISP Advisory Group. The ISPs own ISPAG, and InternetNZ provides the secretariat.

InternetNZ’s Web Presence
Cobbler’s shoes! One thing we will never be able to do is have a consensus on the look and feel of the InternetNZ web site. Our interim site is working much better than its predecessor, but has many failings, not the least of which is the huge number of missing and broken links. We are under way with the new presence, and have appointed threemonths.com to implement a Plone CMS solution. Concurrently we are reviewing our data structure and mapping existing content. We aim to provide a comprehensive and easily maintained site with stacks of useful content providing real value to members and friends.

Support for Regional Initiatives
As the Internet evolves we are seeing interesting phenomena in the growth of regional networks. In addition to the networks, we see infrastructure growing, and ICT innovation occurring in quite small communities. InternetNZ is supporting this shift by supporting the regional and national groups that are working in this area.

Parliamentary Lobby
Democracy is an animal that feeds on information. We want our elected members to be well informed about the issues we regard as important, and worthy of their serious consideration. It is not appropriate to leave them to browse randomly. To assist them, InternetNZ is working to form a parliamentary lobby group which will arrange speakers for regular meetings at parliament. It will also provide a research resource to support the Members’ of Parliament own research efforts.
ICTUS

This is to connect the ICT industry organisations to each other and to government.

Outputs: a strong common voice on points of agreement; a forum to discuss differences; and fast access to the right people to address issues. We retained Jim Higgins to set this up. The big challenge is to get ICT organisations to drop their ‘not invented here’ attitude and work with the rest of the organisations in the industry for their own and everyone else’s benefit. There has been some confusion over the role of ICTUS when compared with another pan-ICT organisation, ICTNZ. ICTUS and ICTNZ will coexist happily because ICTNZ is a ‘job and sales’ organisation with the goal of supporting New Zealand companies that develop and sell ICT products and services, and ICTUS provides a function that will save ICTNZ time and money.

The InternetNZ Interoperability Laboratory

Arising from the successful NZ Trade & Enterprise Interop Initiative, the Interop Lab will provide a neutral ‘playground’ for telcos and suppliers to test the ability of the products and services to connect effectively. It will also test consumer issues such as virus detection and firewalls. Longer term, the Interop Lab will help select the subsets of global standards that best suit the Internet in New Zealand. The Interop Lab will be based at Canterbury University.

Conclusion

Two and a half years is not a long time but it is enough to change the direction of an organisation. Our team has done that.

One of the big issues facing a manager is when to go. It is not quite like a sports star who is starting to go down hill. It is more like an artist deciding when a sculpture has had enough bits chipped away to make it ‘finished’. Many senior managers stay too long. This is evidenced by the fact that most have to be asked to leave. That is why I chose to work at InternetNZ for a fixed term. I could successfully stay longer, but for how long? Now is good.

After stepping down I intend to stay involved with the society in whatever voluntary roles the society sees I can be useful in. So I am not saying goodbye.

Some people talk about ‘raising the bar’ as being one of the goals of management. While supporting the view that we need to keep raising the bar, the role of management is to provide a ramp to allow their team to clear a higher bar than they could on their own. I hope I have created a ramp for InternetNZ.

Pete Macaulay
Executive Director
Strategy Reports

This section of the report covers the seven key strategic themes of InternetNZ’s work, and provides a brief outline of activity in each area during the report period. The eighth area, the management of the .nz country code Top Level Domain, is reported in the Annual Report of the Domain Name Commissioner.

Advocacy & Representation to Government

This area of activity is where InternetNZ makes a significant impact on policy-making at a central government level. Relations with government are close enough to make InternetNZ an effective voice in government, while at the same time we retain a clearly independent perspective.

Cyberlaw Fellowship

Since 2002 InternetNZ has sponsored a fellowship in Cyber Law at Victoria University of Wellington. Though the fellowship is presently unfilled, an appointment will be made when a suitable candidate can be found. The recipient will teach at the University’s Law School and conduct research on topics agreed with InternetNZ.

Submissions to Government

A key area of work this year has been responding to the government’s implementation review of the Telecommunications Act 2001. InternetNZ retained Michael Wigley, of Wigley Law, and Kath Moran (formerly of ITANZ) over the New Year period to research and write an excellent submission and, later, a cross-submission, responding to the review.

The quality of the submissions and the response from around the industry marks a new level of engagement for InternetNZ in the telecommunications regulatory space. Significant resources were applied to this work because opening up broadband Internet access is a key part of our mission. Follow-up work will continue by engaging with regulatory issues as they emerge.

Other issues

Work is progressing in developing a Parliamentary Internet Caucus. This will be a bipartisan group of MPs to convene around regular speaking slots and share information about Internet issues among parliamentarians. By doing so we should help improve the knowledge base MPs have when they deal with law affecting the Internet.
Supporting Industry Best Practice & Self Regulation

Internet Code of Practice

Developing an Internet Code of Practice has been an InternetNZ project for some time. In the past year a major research and consultation project to get the Code happening led to the creation of a draft. There appears to be broad agreement that self-regulation on this front is better than a regulatory solution, and so work to refine and implement the Code continues. Once implemented, we expect to see Code signatories largely meeting the costs of the Code’s operation.

Protecting the Internet

Activity in this area is about securing the New Zealand Internet from threats, and taking advantage of opportunities that emerge across the rapidly-changing industry.

Anti-Spam Campaign

This campaign began in the middle of 2004 and has come to the point where Government is drafting anti-spam legislation. InternetNZ continues to engage with Government in the development of this legislation, and progress is expected before the end of 2005.

Internet Patents

InternetNZ continues to provide funding to a patent monitoring service, where members can be notified of/view Internet-related patent applications.

ENUM

The convergence of telephone numbering and the Internet is best seen in ENUM – a technology which enters public telephone numbers into the domain name system, potentially allowing a single point of contact for all electronic communications a person may need. InternetNZ is working towards being part of a trial of the technology, and has commissioned prototype work on privacy aspects of the technology.

Netsafe – the Internet Safety Group

InternetNZ is a sponsor of Netsafe – the Internet Safety Group, because their activities contribute to achieving our own objectives and goals. Our Auckland office is also co-located with Netsafe in a useful CBD location.
Promoting the Internet

In promoting the use and development of the Internet, we aim to ensure that the broadest range of people are aware of the things they can do online, and to help promote the development of better services for New Zealanders.

Interoperability

Ensuring that different providers’ systems can work with each other is the aim of the Interoperability Laboratory that InternetNZ is helping establish at the University of Canterbury. This follows earlier work on Interoperability, part-funded by NZ Trade & Enterprise.

Other items

Other activities under this area of work include InternetNZ’s membership of the Next Generation Internet consortium; communications activities designed to highlight critical internet issues (including responsible Internet usage) and our own activities; and the redevelopment of InternetNZ’s web presence.

Supporting Internet innovation and technical leadership

A key area of work, and one of the most visible contributions InternetNZ makes in this area is through on-going sponsorship of the NZNOG conferences – the New Zealand Network Operators’ Group.

As well as sponsoring the event itself, InternetNZ has in the past supported the attendance of technical people from Pacific Island countries who can benefit from the learning and contacts gained at the conference.

Other initiatives this year have included looking at IPv6 implementation, the development of multicasting capability for New Zealand, and on-going engagement with the technical community through InternetNZ’s Technical Committee.
Supporting volunteers and members

This workstream is about the support the Secretariat provides to the Council and committees of InternetNZ.

Staffing, committee support, membership support, resources for Council meetings, professional fees and advice, stationery and so on all form part of this area of work. Staffing resources have been expanded with the appointment of a full time Research and Policy Officer in December 2004; other support services are regularly reviewed and updated.

In the year ahead it is likely there will be a stronger focus on expanding InternetNZ’s membership, including improved communications and recruitment material for use in situations where potential members can be found. Day to day oversight of most activities in this area lies with the Executive Committee.

New Zealand in the global Internet

Much of InternetNZ’s international work is conducted in the interests of the .nz country code Top Level Domain (ccTLD) and, as such, responsibility for it is spread between InternetNZ’s general budgets and the .nz Oversight Committee’s funds.

Aside from meeting core responsibilities by participating in the ICANN system of technical coordination and the regional ccTLD organisation, APTLD, InternetNZ also travels to attend APRICOT (Asia Pacific Regional Internet Conference on Operational Technologies) and other relevant meetings such as the annual general meeting of APNIC. The intention is to ensure New Zealand’s interests are protected in these international forums and to keep up to date with the latest international developments so they can benefit New Zealand.

To further contribute internationally, InternetNZ lodged a bid to operate the APTLD Secretariat for the 2005/6 period. This bid was successful, and we took over the activities of the Secretariat from our Taiwan-based predecessors TWNIC on 5 January 2005.

Other international activity includes InternetNZ’s on-going support for Pacific Island engagement with the Internet, through support for PICNET and a range of other initiatives.

A major initiative in the coming year will be the holding of an ICANN Meeting in Wellington, in March 2006. This will give InternetNZ the opportunity to showcase its engagement with ICANN, and bring a major conference with Internet policymakers from around the world to New Zealand for the first time.

Activity in this area is well supported by the International Affairs Committee.
Introducing the Council

Keith Davidson
President 2001 – 2005
Council 1998 – 2005

David Farrar
Vice President 2003 – 2005
Secretary 2001 – 2003

Michael Wallmannsberger
Secretary 2003 – 2006

Chris Streatfield
Treasurer 2002 – 2006
Council 2001 – 2006

Jonathan Ah Kit
2002 – 2006

Rodney Prescott
2004 – 2005
1996 – 1998

Grant Forsyth
2002 – 2006

Simon Riley
2001 – 2005

David Harris
2003 – 2005

Michael Sutton
2002 – 2006

Brendan Murray
2003 – 2005

Nick Wallingford
2002 – 2006

Jennifer Northover

Sean Weekes
2004 – 2006
Committees, Staff and Fellows

Senior Staff

Peter Macaulay
Executive Director

Debbie Monahan
Domain Name Commissioner

Fellows of the Society

Nevil Brownlee
Rex Croft
Dr John Hine
John Houlker
Neil James
Dr Frank March
Richard Naylor

Standing Committees

Executive Committee

President (Keith Davidson – Chair)
Vice President (David Farrar – Deputy Chair)
Secretary (Michael Wallmannsberger)
Treasurer (Chris Streatfield)
Simon Riley
Executive Director (ex officio)

.nz Oversight Committee

Frank March – Chair (2002-2006)
Colin Jackson – Deputy Chair (2002-2005)
President (Keith Davidson)
Richard Currey (2002-2006)
Roger Hicks (2002-2005)
Jennifer Northover (2002-2005)
David Russell (2002-2006)

Legal & Regulatory Committee

David Farrar – Chair
Grant Forsyth – Deputy Chair
Peter Dengate Thrush
David Harris
Rick Shera
Chris Streatfield
Sean Weekes
President (ex officio)
Executive Director (ex officio)

Audit Committee

Treasurer – Chair
Michael Sutton
Nick Wallingford

Technical Committee

Brendan Murray – Chair
David Harris
Bill Parkin
Rodney Prescott
Simon Riley
Don Stokes
Michael Sutton
Nick Wallingford
President (ex officio)
Executive Director (ex officio)

Governance & Constitutional Committee

Chris Streatfield – Chair
Michael Wallmannsberger – Deputy Chair
Jordan Carter
David Farrar
David Moskovitz
Rick Shera
President (ex officio)
Executive Director (ex officio)

International Affairs Committee

Peter Dengate Thrush – Chair
Jennifer Northover – Deputy Chair
David Farrar
Grant Forsyth
Frank March (NZOC Chair – ex officio)
President (ex officio)
Executive Director (ex officio)
Domain Name Commissioner (ex officio)
General Manager NZRS (ex officio)
Task Forces & Working Groups

Anti-Spam Task Force
David Farrar – Chair
David Harris – Deputy Chair
Rick Shera
Simon Lyall
Grant Forsyth
Steve Sherman
Lesley Walker
Simon Lyall
Jonathan Ah Kit
Richard Bourne
President (ex officio)
Executive Director (ex officio)

Registrant Advisory Group
Tim John
Mark Mackay
Peter Mancer
Lee Miller
Peter Mott
Craig St George

Patent Advisory Group
Jim Higgins – Chair
David Farrar
Russell Holland
Richard Shearer
Robert Hunt
Carl McNeil
Chris Auld
Barry Hellberg
John Terry
President (ex officio)
Executive Director (ex officio)

Domain Name Dispute Resolution Working Group
Rick Shera – Chair
David Zanetti
David Farrar
Peter Dengate Thrush
Judge David Harvey
Sarah Mehrtens
Damien Broadley
President (ex officio)

ICANNZ06 Task Force
Keith Davidson – Chair
David Farrar
Grant Forsyth
Peter Dengate-Thrush
Jennifer Northover
Chris Streatfield
Executive Director (ex officio)

ENUM Task Force
Michael Sutton – Chair
David Farrar
Grant Forsyth
Rodney Prescott
Chris Streatfield
Chair, Technical (ex officio)
Chair, Legal & Regulatory (ex officio)
President (ex officio)
Executive Director (ex officio)

WHOIS Working Group
David Russell – Chair
Glenda Buschl
Colin Jackson
Mark Nissen
Don Stokes
President (Keith Davidson – ex officio)
Jennifer Northover (Councillor – ex officio)
Nick Griffin (NZRS General Manager – ex officio)
The Internet in NZ

Internet Access

Source: Nielsen//Net Ratings

Home Internet broadband* access

* Broadband is defined by the rating company as 256K or greater speed

Source: Nielsen//Net Ratings
Activities done – last four weeks by all New Zealanders

- Sent/Received Email
- Played Indiv/Multi Player Games
- Downloaded Software
- Listened To Music
- Listened To Radio Stations
- Downloaded Music
- Watched Television/Movies
- Internet Banking
- Entered On-line Competition
- General Surfing
- Read NZ Electronic Newspaper
- Read International Electronic Paper
- Accessed Info On Product/Service
- Accessed News/Current Affairs
- Accessed Information On Sports
- Accessed Information On Travel
- Accessed Information On Entertainment
- Accessed Info Finance Loan Mortg
- Accessed Telecom Yellow Pages
- Accessed Telecom White Pages
- Accessed Srt Directory Eg. Wise
- Visited NZ On-line Shopping Site
- Visited O/Seas On-line Shop Site
- Education Research
- General Research e.g., Health
- Other

Source: Nielsen/Net Ratings

New Zealand Internet sites

<table>
<thead>
<tr>
<th>Rank</th>
<th>Site</th>
<th>Publisher</th>
<th>Unique</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>xtramsn.co.nz</td>
<td>XtraMSN</td>
<td>1,829,136</td>
</tr>
<tr>
<td>2</td>
<td>trademe.co.nz</td>
<td>Trade Me</td>
<td>1,668,113</td>
</tr>
<tr>
<td>3</td>
<td>xtra.co.nz</td>
<td>XtraMSN</td>
<td>638,466</td>
</tr>
<tr>
<td>4</td>
<td>nzherald.co.nz</td>
<td>APN Holdings NZ Ltd</td>
<td>461,596</td>
</tr>
<tr>
<td>5</td>
<td>airnewzealand.co.nz</td>
<td>Air New Zealand</td>
<td>410,093</td>
</tr>
<tr>
<td>6</td>
<td>whitepages.co.nz</td>
<td>Telecom Directories</td>
<td>398,998</td>
</tr>
<tr>
<td>7</td>
<td>westpac.co.nz</td>
<td>Westpac Banking Corporation (NZ division)</td>
<td>374,431</td>
</tr>
<tr>
<td>8</td>
<td>stuff.co.nz</td>
<td>Fairfax New Zealand Ltd</td>
<td>374,082</td>
</tr>
<tr>
<td>9</td>
<td>asbbank.co.nz</td>
<td>ASB Bank Limited</td>
<td>341,873</td>
</tr>
<tr>
<td>10</td>
<td>telecom.co.nz</td>
<td>Telecom NZ Ltd</td>
<td>304,892</td>
</tr>
<tr>
<td>11</td>
<td>yellowpages.co.nz</td>
<td>Telecom Directories</td>
<td>297,684</td>
</tr>
<tr>
<td>12</td>
<td>tvnz.co.nz</td>
<td>TVNZ</td>
<td>289,309</td>
</tr>
<tr>
<td>13</td>
<td>nzdating.com</td>
<td>New Zealand City Ltd</td>
<td>278,492</td>
</tr>
<tr>
<td>14</td>
<td>nzcity.co.nz</td>
<td>New Zealand City Ltd</td>
<td>227,510</td>
</tr>
<tr>
<td>15</td>
<td>virtualsuper12.co.nz</td>
<td>NZRFU</td>
<td>193,551</td>
</tr>
<tr>
<td>16</td>
<td>oldfriends.co.nz</td>
<td>Trade Me</td>
<td>187,781</td>
</tr>
<tr>
<td>17</td>
<td>wise.co.nz</td>
<td>APN Holdings NZ Ltd</td>
<td>183,325</td>
</tr>
<tr>
<td>18</td>
<td>vodafone.co.nz</td>
<td>Vodafone Group</td>
<td>176,610</td>
</tr>
<tr>
<td>19</td>
<td>seek.co.nz</td>
<td>Seek</td>
<td>176,236</td>
</tr>
<tr>
<td>20</td>
<td>findsomeone.co.nz</td>
<td>Trade Me</td>
<td>176,079</td>
</tr>
</tbody>
</table>

Source: Nielsen/Net Ratings
Treasurer’s Report

This has been a busy year for InternetNZ. The Society continues to reap the benefits of last year’s sale of Domainz, which boosted the capital base of the Society. This base continues to give us a very sound financial position, and by subsidising our on-going activities from capital has allowed a very reasonable dividend policy to be applied to our subsidiary, NZRS, while ensuring that we can successfully undertake activities towards our strategic goals.

The Audit Committee, in its second year, has had no major issues brought to its attention, which is a very satisfactory situation.

On the financial front the office of the Domain Name Commissioner has contained costs to below the budget for the third year in succession. On the Society side we came in very slightly under-budget, despite taking on seven new un-budgeted project activities during the year. Two of these projects will see considerably increased financial activity in the coming year, ENUM with the potential for a trial, and the ICANN international meeting taking place in Wellington in March 2006.

Developing on last year’s experience, the Society has operated as a manager of externally funded projects in a range of areas, and these have been successfully managed by and large. The development of quality reporting standards on our projects began last year and these continue to be steadily implemented.

There have been some personnel changes in the office and some new procedures have been put in place, and existing procedures consolidated. With the second year of use of the strategic plan and consequent business plan, the account structures have now been consolidated to allow for direct reporting against the eight identified strategic areas.

Along with NZRS we have started the process of examining the requirements of the new International Financial Reporting Standards and the implications of these on our accounting procedures. The Standards come into force on 1 January 2007 but there is considerable lead time required to enable compliance.

Overall the Society’s finances are in a solid position with a substantial part of the capital in interest-bearing accounts.

I would like to take this opportunity to thank our external accountant, Bruce Stormer of Mason King, who has been extremely helpful over the year and our auditors, Grant Thornton for their help and professional advice.

Chris Streatfield
Treasurer
Auditor's Report

Chartered Accountants
& Business Advisers

Audit Report
To the Members and Stakeholders of The Internet Society of New Zealand Incorporated.

We have audited the attached financial report on pages 1 to 10. The financial report provides information about the past financial performance of the Internet Society of New Zealand Incorporated (Society and Group) and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies on pages 5 to 6.

Council's Responsibilities
The Council of the Society is responsible for the preparation of a financial report which fairly reflects the financial position of the Society and Group as at 31 March 2005 and the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities
It is our responsibility to express an independent opinion on the financial report presented by the Council.

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial report; and
- whether the accounting policies are appropriate to the Society and Group’s circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Other than in our capacity as auditors we have no relationship with, or interests in, the Society and Group.

Unqualified Opinion
We have obtained all the information and explanations we have required.

In our opinion the financial report on pages 1 to 10 fairly reflects the financial position of the Society and Group as at 31 March 2005 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 17 June 2005 and our unqualified opinion is expressed as at that date.

Grant Thornton
Wellington

Grant Thornton
Wellington

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Associated offices in Auckland, Christchurch, Dunedin, Whangarei.

An independent member of Grant Thornton New Zealand, a member of Grant Thornton International.
## Financial Statements

The Internet Society of New Zealand

### Statement of Financial Performance

For The Year Ended 31 March 2005

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2005 Twelve Months Parent</th>
<th>2005 Twelve Months Group</th>
<th>2004 Twelve Months Parent</th>
<th>2004 Twelve Months Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Operating Revenue</td>
<td>1,404,474</td>
<td>4,266,481</td>
<td>1,337,257</td>
<td>4,373,856</td>
</tr>
<tr>
<td>3</td>
<td>Operating Surplus / (Deficit) Before Taxation</td>
<td>(316,406)</td>
<td>934,032</td>
<td>(36,569)</td>
<td>560,905</td>
</tr>
<tr>
<td>16</td>
<td>Gain on Sale of Domainz Limited</td>
<td>(31,758)</td>
<td>(31,758)</td>
<td>1,583,007</td>
<td>1,142,081</td>
</tr>
<tr>
<td>1(h),6</td>
<td>Taxation (expense) / benefit</td>
<td>0</td>
<td>418,014</td>
<td>0</td>
<td>464,515</td>
</tr>
<tr>
<td>7</td>
<td>Operating Surplus / (Deficit) After Taxation</td>
<td>(348,164)</td>
<td>484,260</td>
<td>1,546,438</td>
<td>1,238,471</td>
</tr>
<tr>
<td></td>
<td>Net Surplus / (Deficit)</td>
<td>(348,164)</td>
<td>484,260</td>
<td>1,546,438</td>
<td>1,238,471</td>
</tr>
</tbody>
</table>

The above must be read in conjunction with the notes to and forming part of the financial statements.
The Internet Society of New Zealand  
Statement of Movements in Equity  
For The Year Ended 31 March 2005

<table>
<thead>
<tr>
<th></th>
<th>2005 Twelve Months</th>
<th>2004 Twelve Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Parent $</td>
<td>Group $</td>
</tr>
<tr>
<td>Opening Equity</td>
<td>3,344,792</td>
<td>4,075,769</td>
</tr>
<tr>
<td>Net Surplus / (Deficit)</td>
<td>(348,164)</td>
<td>484,260</td>
</tr>
<tr>
<td>Closing Equity</td>
<td>2,996,628</td>
<td>4,560,029</td>
</tr>
</tbody>
</table>

The above must be read in conjunction with the notes to and forming part of the financial statements.
# The Internet Society of New Zealand
## Statement of Financial Position
### As At 31 March 2005

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### Current Assets
- **Cash & Bank**
  - **1(e),15,16**
  - 2005: 2,710,854
  - 2004: 6,066,755
  - Note: 2,768,013
  - Group: 4,938,912
- **Receivables**
  - **1(d),1(e),15**
  - 2005: 82,595
  - 2004: 564,678
  - Note: 291,745
  - Group: 573,102
- **Income Tax**
  - **1(h),6**
  - 2005: 344
  - 2004: 178,537
  - Note: 69
  - Group: 25,189

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### Non-Current Assets
- **Fixed Assets**
  - **1(b),1(c),8**
  - 2005: 62,126
  - 2004: 383,023
  - Note: 57,835
  - Group: 523,933
- **Shares in Subsidiaries**
  - **1(a)**
  - 2005: 430,000
  - 2004: 0
  - Note: 430,000
  - Group: 0
- **Intangibles**
  - **1(g)**
  - 2005: 0
  - 2004: 5,319
  - Note: 0
  - Group: 6,556

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### Total Assets
- **2,793,793**
- **6,809,970**
- **2,059,827**
- **5,537,203**

### Current Liabilities
- **Employee Entitlements**
  - **1(f),9**
  - 2005: 37,097
  - 2004: 37,097
  - Note: 21,207
  - Group: 21,207
- **Accounts Payable**
  - **251,110**
  - **438,826**
  - **173,059**
  - **292,674**
- **Fees Received in Advance**
  - **1,083**
  - **2,162,360**
  - **8,604**
  - **1,678,042**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### Net Assets
- **2,996,628**
- **4,560,029**
- **3,344,792**
- **4,075,769**

### Equity
- **Retained Earnings**
  - **2,996,628**
  - **4,560,029**
  - **3,344,792**
  - **4,075,769**

---

**Treasurer**

**D. P. Farrar**

Treasurer

Vice President

Date

Date

---

The above must be read in conjunction with the notes to and forming part of the financial statements.
1. Introduction

This is InternetNZ’s second formal business plan. It should be read in conjunction with the Strategic Plan for InternetNZ whose goals and strategies are summarised below:

1. Management of .nz
   1.1. Ensure that the .nz DNS meets the needs of registrants.
   1.2. Maintain a fair and competitive market for .nz registrars.
   1.3. Ensure .nz is operated to industry best practice.
   1.4. Maintain effective policies for the .nz space.
   1.5. Promote .nz objectives internationally.
   1.6. Develop and maintain effective relationships with key government and other organisations in New Zealand.

2. Advocacy and Representation to Government
   2.1. InternetNZ is recognised as a respected and authoritative advocate for the Internet community.
   2.2. InternetNZ responds to relevant legislative and regulatory initiatives.

3. Supporting Industry Best-Practice and Self-Regulation
   3.2. To foster internet industry best practice.

4. Protect the Internet
   4.1. To protect the Internet and Internet users by responding to and resolving issues detrimental to the achievement of our vision, mission and objectives.

5. Promote the Internet
   5.1. To promote the Internet in New Zealand.
   5.2. Be seen and heard.
   5.3. Establish and maintain strong and healthy links with sibling organisations.
   5.4. Enhanced member interaction.
   5.5. Promote responsible use of the Internet.

6. NZ representation in the global Internet
   6.1. NZ Local Internet Community is represented in international Internet forums.
   6.2. Support Pacific Islands Internet development.

7. Supporting volunteers, members and the organisation
   7.1. InternetNZ’s use of the Internet is recognised as excellent and best practice.
   7.2. Operate as efficiently as possibly.
   7.3. Investment management.
   7.4. Strategy evolution.
   7.5. Recruit and retain members.
   7.6. InternetNZ to further develop funding sources other than NZRS.
   7.7. Be a good employer of all InternetNZ staff.
   7.8. Be a good shareholder of NZRS.

8. Supporting volunteers, members and the organisation
   8.2. Enable Multicast on the NZ IPv4 and future IPv6 public network.
   8.3. Support Internet Research.

It should be noted that only the 2005/06 budget is finalised and that the budgets for the two outlying years are indicative to allow a longer term view of the likely direction, but these will be subject to revision and adoption each year.
### 2. Strategy 1 – Management of .nz

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
<th>2007/08 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operate the Office of the DNC – Personnel Costs</td>
<td>1.1, 1.2, 1.3, 1.4, 1.6</td>
<td>299,600</td>
<td></td>
<td>311,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DNC Office Costs</td>
<td>1.1, 1.2, 1.3, 1.4, 1.6</td>
<td>86,500</td>
<td></td>
<td>90,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DNC Professional Services</td>
<td>1.1, 1.2, 1.3, 1.4</td>
<td>179,000</td>
<td></td>
<td>142,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DNC Communications</td>
<td>1.6</td>
<td>29,500</td>
<td></td>
<td>27,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZOC &amp; Others Cmtes</td>
<td>1.1, 1.2, 1.3, 1.4, 1.6</td>
<td>47,500</td>
<td></td>
<td>167,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registrar Activities</td>
<td>1.2</td>
<td>35,000</td>
<td></td>
<td>13,100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>.nz related Fees &amp; Meetings</td>
<td>6.1, 1.1, 1.5</td>
<td>152,500</td>
<td></td>
<td>152,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td></td>
<td>829,600</td>
<td>704,000</td>
<td>914,000</td>
<td>914,000</td>
<td>914,000</td>
</tr>
<tr>
<td>Income – DNC Fee</td>
<td></td>
<td>838,400</td>
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</table>

Please note that all direct .nz costs are funded out of the DNC Fee paid by NZRS. This budget is approved by the .nz Oversight Committee to whom the Council has delegated governance responsibility.
3. Strategy 2 - Advocacy and Representation to Government

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
<th>2007/08 Budget</th>
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<td>13,000</td>
<td>125,000</td>
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</tr>
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</table>

**Cyberlaw Fellowship**
This is for sponsorship of the InternetNZ Fellowship in Cyberlaw at the Victoria University of Wellington, as agreed in 2002. As no Fellow was appointed in 2004/05 no costs have yet been incurred. It is assumed that from the second year onwards a co-sponsor will be located which will cover around half the cost.

**Research for Parliamentary Submissions**
This is to allow the Legal & Regulatory Committee to commission professional external assistance for important submissions to Parliament and Government, rather than relying on volunteers only. An example is the review of the Telecommunications Act which required external professional support.

**Parliamentary Internet Caucus**
InternetNZ has proposed, similar to the UK, a Parliamentary Internet Caucus of interested MPs on a bipartisan basis. InternetNZ is provide logistical support and speakers as required.

**Legal & Regulatory Committee**
This is to cover the teleconference and travel costs for meetings of the Committee.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
<th>2007/08 Budget</th>
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<tr>
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<td>40,000</td>
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</table>

**Internet Code of Practice**

It is assumed that most of the work on the code will be completed by 31 March 2004. By leading the project in-house, the costs are less than budgeted.

Once it has been established, we assume there will be some ongoing costs of a complaints board type body which could be half funded by INZ and half funded by signatories.

**Develop Best Practice Statements**

Provision for work in this area, after code is developed.
## 5. Strategy 4 - Protect the Internet

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
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<tr>
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<td>83,500</td>
<td>195,000</td>
<td>85,000</td>
<td>60,000</td>
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</tbody>
</table>

**Anti-Spam Campaign**
This is to cover ongoing of education, seminars, conferences, submissions on legislation, helping set up government agency.

**Internet Patents**
This is to cover the $300 per month cost of the *ipwatch* website which will allow members (and to a limited degree the public) to view and be notified of Internet-related patent applications.

**Enum**
In 2004/05 it was estimated Enum activity will continue to be mainly consultation, workshops and influencing policy. The 2005/06 budget has been increased from a net $50,000 to a net $100,000 as specific activities and costs are now better known. It is also now assumed that any funding from telcos will go through a separate steering group, rather than through INZ.

**Internet Safety Group**
The Internet Safety Group ([http://www.netsafe.org.nz/](http://www.netsafe.org.nz/)) is a very important sibling organisation of InternetNZ, and many of its activities fall within INZ’s objectives and goals.

On top of existing support from staff, we propose contributions of $60,000 over three years to the ISG as a general sponsorship. Applications for specific initiatives will be considered out of the general projects budget.
### 6. Strategy 5 - Promote the Internet

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
<th>2007/08 Budget</th>
</tr>
</thead>
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<td>242,500</td>
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</tbody>
</table>

**Interoperability**
INZ expects to recover some costs incurred in setting up the interoperability laboratory, but not to incur significant further expenditure.

**Next Generation Internet**
To cover the cost of annual membership of NGI-NZ.

**Responsible Internet Usage**
$20,000 is proposed to cover a campaign to promote responsible Internet usage, with an expectation that sponsorship would meet half the costs of the campaign.

**Communications Plan**
$7,500 every second year for external advice in putting together a strategic communications plan for InternetNZ.

**Communications**
INZ website $65,000
AGM $7,500
Advertising $5,000
Annual report $10,000
Technical Services $35,000
Members Meetings/Consult $30,000
Comms Materials $60,000

**Outreach Committee**
As Outreach is a component of all activities, this Committee has been abolished.
7. Strategy 6 - NZ in the global Internet

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
<th>2007/08 Budget</th>
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<tbody>
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<td>56,000</td>
<td>105,000</td>
<td>65,000</td>
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</table>

**Non .nz Int Travel**
This is to cover the cost of attending meetings not related to .nz – primarily the AGM of APNIC and associated APRICOT meetings.

**APTLD Secretariat**
Provision for direct (non staffing costs) of hosting the Secretariat for two years.

**International Committee**
This is to cover the teleconference and travel costs for meetings of the Committee.

**Pacific Support**
Intended for assisting Internet development in the Pacific through training, grants, travel etc. It is expected that some of the costs will be met by Government grant.

**ICANN 2006 Meeting**
Hosting the March 2006 ICANN Meeting in Wellington.

**WSIS Consultation**
The Nov 2005 WSIS Meeting may make key decision on Internet Governance. Provision for attendance at WSIS and/or preparatory meetings is desirable, along with funds for preparing submissions.
8. Strategy 7 - Supporting volunteers, members and the organisation

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
<th>2007/08 Budget</th>
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<tbody>
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</table>

**Volunteer Support - Council**
$25,000 to cover travel to six Council meetings a year, $41,500 to cover honoraria, ($22,500 President, $5,000 other Officers and $4,000 other member of Exec Cmte) and $5,000 for officers’ travel.

**Volunteer Support – Other Committees**
$10,000 to cover teleconference and travel costs for meetings of the Executive Committee and $3,000 each for the Governance/Constitutional and Audit Committees.

**Staffing**
Includes $7,000 staff training and $10,000 staff travel. Covers ED, Office Administrator, Research/Policy Officer and 1/3 of Receptionist.

**Office Expenses**
Bank Charges $1,500, Cleaning $1,000, Comp Consumables $5,000, Conferences $5,000, Depreciation $25,000, Domain Names $2,000, General $12,000, Insurance $15,000, Power $3,000, Postage $1,000, Printing $10,000, Rent $20,000, and Telecommunications $20,000.

**Professional Fees & Advice**
This covers accountancy, audit and legal fees.

**Planning & Consultation**
To cover costs of workshops and professional facilitation

**Membership Campaign**
This is now covered under the Communications Plan and Materials.
9. **Strategy 8 - Supporting Internet Innovation and Technical Leadership**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Related Goals</th>
<th>2004/05 Budget</th>
<th>2004/05 Projected</th>
<th>2005/06 Budget</th>
<th>2006/07 Budget</th>
<th>2007/08 Budget</th>
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<td>75,500</td>
<td>85,500</td>
<td>85,500</td>
</tr>
<tr>
<td>Deficit</td>
<td></td>
<td>53,000</td>
<td>34,500</td>
<td>96,000</td>
<td>86,000</td>
<td>76,000</td>
</tr>
</tbody>
</table>

**NZNOG**
Budget provision to allow for sponsorship and support of network operators technical conferences such as NZNOG.

**DNSSEC**
It is assumed that any future costs will be met by NZRS.

**IPV6**
To cover costs of an IPv6 Taskforce to help coordinate NZ’s introduction of IPv6 and associated activities like the IPv6 testing at WIX.

**Multicast**
For education, testing and other activities relating to Multicasting.

**Technical Committee**
This is to cover the teleconference and travel costs for meetings of the Committee.

**Technical Scholarships and Grants**
To help promote technical innovation in New Zealand, grants and/or scholarships for Internet-related technical projects.

**Subsidise NZ attendance to international technical forums**
To allow New Zealanders, where appropriate, to attend relevant technical for a such as IETF face-to-face meetings.

**Innovation Fund**
For worthy technical projects.
10. Overall Budget

In looking at the overall budget, it is important to note that currently InternetNZ has considerable surplus funds of around $3 million. It was decided in 2003 to run a deficit for up to three years, with the expectation of break even budgets in 2007/08

As at 31 March 2005, current net assets were around $2.8 million.

Council set a dividend policy in late 2003 for NZRS as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>$240,000</td>
</tr>
<tr>
<td>2005/06</td>
<td>$400,000</td>
</tr>
<tr>
<td>2006/07</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

However due to confusion over the timing of the accrual and the payment the $240,000 had to be recognised as income for 2003/04. Hence the timings now are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003/04</td>
<td>$240,000</td>
</tr>
<tr>
<td>2004/05</td>
<td>$400,000</td>
</tr>
<tr>
<td>2005/06</td>
<td>$500,000</td>
</tr>
<tr>
<td>2006/07</td>
<td>$850,000</td>
</tr>
<tr>
<td>2007/08</td>
<td>$1,042,500</td>
</tr>
</tbody>
</table>

The amounts for the last two years and indicative only, and will be finalised with next year's plan.

The dividends were deliberately set at levels significantly lower than expected expenditure for INZ to allow the .nz fee to be reduced (a 12.5% reduction took effect from 1 July 2004), knowing this would lower the funds held by InternetNZ over three years. It is expected that in 2007/08, dividends from NZRS would be broadly in line with expenditure, taking into account other income. Also, it was projected that at all times InternetNZ would retain at least $1 million net current assets, which is a healthy level of reserves. However this does include around $600,000 of tagged reserves for DNC operations.
As one can see, it is forecast the net current assets will stay well in excess of $1 million and from 2007 onwards there will be a balanced budget. The net current assets do not include the $430,000 capital of NZRS or the NZRS reserves.

Below are the overall budgets for each of the three years. They show the activity in each strategic area, the level of general dividend from NZRS, and the amount allocated to general projects which can be allocated during the year by way of application to Council, recognising that experience has shown that not all activities can be known a year out.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Income</th>
<th>Expenditure</th>
<th>Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$914,000</td>
<td>$914,000</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>$125,000</td>
<td>$40,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>3</td>
<td>$195,000</td>
<td>$195,000</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>$277,500</td>
<td>$242,500</td>
<td>$35,000</td>
</tr>
<tr>
<td>5</td>
<td>$355,000</td>
<td>$105,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>6</td>
<td>$628,500</td>
<td>$483,500</td>
<td>$145,000</td>
</tr>
<tr>
<td>7</td>
<td>$75,500</td>
<td>$75,500</td>
<td>-</td>
</tr>
<tr>
<td>General Project Budget</td>
<td>$100,000</td>
<td>$100,000</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$1,844,000</td>
<td>$2,710,500</td>
<td>-$866,500</td>
</tr>
</tbody>
</table>

2005/06 Funding

- $500,000, 18%
- $914,000, 34%
- $866,500, 32%
- $180,000, 7%
- $250,000, 9%

- Dividend
- DNC Fee
- Other
- Reserves
- ICANN Fee/Spons
<table>
<thead>
<tr>
<th>2006/07</th>
<th>Income</th>
<th>Expenditure</th>
<th>Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Income - Dividends</td>
<td>850,000</td>
<td></td>
<td>850,000</td>
</tr>
<tr>
<td>Strategy 1</td>
<td>$914,000</td>
<td>$914,000</td>
<td>-</td>
</tr>
<tr>
<td>Strategy 2</td>
<td>$40,000</td>
<td>$130,000</td>
<td>$90,000</td>
</tr>
<tr>
<td>Strategy 3</td>
<td>$10,000</td>
<td>$20,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Strategy 4</td>
<td>-</td>
<td>$85,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Strategy 5</td>
<td>-</td>
<td>$147,500</td>
<td>$147,500</td>
</tr>
<tr>
<td>Strategy 6</td>
<td>-</td>
<td>$65,000</td>
<td>$55,000</td>
</tr>
<tr>
<td>Strategy 7</td>
<td>$130,000</td>
<td>$624,500</td>
<td>$494,500</td>
</tr>
<tr>
<td>Strategy 8</td>
<td>-</td>
<td>$85,500</td>
<td>$85,500</td>
</tr>
<tr>
<td>General Project Budget</td>
<td></td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,984,000</strong></td>
<td><strong>$2,171,500</strong></td>
<td><strong>-$227,500</strong></td>
</tr>
</tbody>
</table>

**2006/07 Funding**

- **$914,000**, 43%
- **$850,000**, 39%
- **$180,000**, 8%
- **$227,500**, 10%
- **$85,500**, Other
- **$65,000**, Reserves
- **$147,500**, DNC Fee
- **$130,000**, Dividend
The 2007/08 budget does not include any provision for hosting Apricot 2008 as it has not yet been decided if InternetNZ will bid for this.
Here are the three years' budgets side-by-side.

<table>
<thead>
<tr>
<th></th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Income - Dividends</td>
<td>$500,000</td>
<td>$850,000</td>
<td>$1,042,500</td>
</tr>
<tr>
<td>Strategy 1</td>
<td>$125,000</td>
<td>- $90,000</td>
<td>- $90,000</td>
</tr>
<tr>
<td>Strategy 2</td>
<td>- $40,000</td>
<td>- $10,000</td>
<td>- $10,000</td>
</tr>
<tr>
<td>Strategy 3</td>
<td>- $195,000</td>
<td>- $85,000</td>
<td>- $60,000</td>
</tr>
<tr>
<td>Strategy 4</td>
<td>- $242,500</td>
<td>- $147,500</td>
<td>- $132,500</td>
</tr>
<tr>
<td>Strategy 5</td>
<td>- $105,000</td>
<td>- $65,000</td>
<td>- $55,000</td>
</tr>
<tr>
<td>Strategy 6</td>
<td>- $483,500</td>
<td>- $494,500</td>
<td>- $509,500</td>
</tr>
<tr>
<td>Strategy 7</td>
<td>- $75,500</td>
<td>- $85,500</td>
<td>- $85,500</td>
</tr>
<tr>
<td>General Project Budget</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

**Total Surplus/Deficit**

- $855,500  - $227,500  $0

The deficit in each area should more properly be considered the net investment it is proposed and forecast InternetNZ will undertake in each of the eight strategic areas.

As mentioned above, the members approved last year a strategy of funding some activities from our reserves from 2004/05 to 2006/07. The 2006/07 year reflects a moderate deficit of 12% of overall income, and the 2007/08 year has the dividend automatically adjusted to the level needed to fund projected activities.

Overall the broad fiscal parameters seem satisfactory to Council in that the .nz domain name wholesale fee was reduced last year, the level of reserves remains high and is predicted to stay well in excess of $1 million.

David Farrar
Vice-President
For the Council