

## Agenda for the 2013 InternetNZ Annual General Meeting

**Date:** Monday 8 July 2013  
**Time:** 7:00 – 8:30 PM  
**Venue:** Auditorium  
 Wellington Town Hall  
 109 Wakefield Street, Wellington

- 19:00 **Meeting opens**  
**Apologies**  
 (MOVED: President/ ) "THAT the apologies be accepted".
- 19:05 **Minutes of 2012 AGM and Matters Arising**  
 (MOVED: President/ ) "THAT the minutes of the 2012 AGM be received and adopted as a true and accurate record of the meeting."
- 19:10 **President's Report** (on behalf of Council)  
 (MOVED: President/ ) "THAT the President's Report be received."  
  
 (MOVED: President/ ) "THAT the Annual Report be received."  
  
 (MOVED: President/ ) "THAT the Audited Annual Accounts be accepted."  
  
 (MOVED: President/ ) "THAT Councillors' remuneration be set at \$15,000 per annum from 1 July 2013, with a 100% loading for the President, a 25% loading for the Vice-President and a 10% loading for the Audit and Risk Committee Chair."
- 19:25 **InternetNZ Operational**  
  
**CE Report**  
 (MOVED: President/ ) "THAT the report of the Chief Executive be received."  
  
**2013/14 Budget**  
 (MOVED: President/ ) "THAT the 2013/14 Business Plan and Budget be adopted."
- 19:35 **DNCL Report**  
 (MOVED: / ) "THAT the DNCL Annual Report be received."
- 19:45 **Break**
- 20:00 **NZRS Report**  
 (MOVED: / ) "THAT the NRZS Annual Report be received."
- 20:10 **Information update**  
 Campbell Gardiner – Membership survey 2013 results.
- 20:20 **Announcement of Election Results**
- 20:25 **Special Presentations / General Business**
- 20:30 **Meeting closes**

Formal proceedings will be followed by refreshments.



**AGM Minutes**  
12 July 2012

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## **MINUTES OF THE 2012 INTERNETNZ ANNUAL GENERAL MEETING**

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**Status:** Draft

**Date:** Thursday 12 July 2012

**Venue:** NZ I&2, SkyCity Convention Centre  
Auckland

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Frank March (InternetNZ President) welcomed Members and other guests, and officially opened the seventeenth AGM of InternetNZ at 6.40pm. He ensured that there was a quorum of financial members and announced that voting had re-opened and would close at approximately 8.00pm. Only members who have been a financial member for at least three months are eligible to vote.

### **1. Apologies:**

Apologies were received from Vivian Chandra, Andrew McEwen Mason, Thomas Morgan, Keith Norris, Rick Shera, Dennis Viehland, Ross Young, Roger Hicks and Donna Hiser.

**AGM 01/12** THAT the apologies be accepted.  
(President/Peter Macaulay)  
**CARRIED U**

### **2. Minutes of 2011 AGM and Matters Arising:**

The minutes of the 2011 AGM were taken as read.

**AGM 02/12** THAT the minutes of the 2011 AGM be received and adopted as a true and accurate record of the meeting.  
(President/Reg Hammond)  
**CARRIED U**

### **3. President's Report:**

The President noted in his report that the inaugural NetHui has been an enormous success and exceeded expectations. The second NetHui had surpassed the first and was another great event.

The President noted the retirement of Don Christie as a Councillor and thanked him for his contribution to the Council. With Don's departure, there will then be another Councillor to be elected for a one-year term in addition to the election of two Councillors for 3-year terms.

The President also acknowledged Donna Hiser who had stepped down as a member of the NZRS Board after the AGM meeting.

**AGM 03/12** THAT the President's Report be received.

(President/Colin Jackson)

**CARRIED U**

**AGM 04/12** THAT the Annual Report be received.

(President/Don Christie)

**CARRIED U**

**AGM 05/12** THAT the Audited Annual Accounts be accepted.

(President/Don Christie)

**CARRIED U**

**AGM 06/12** THAT BDO - Wellington be appointed auditor for the ensuing year.

(President/Bruce Clement)

**CARRIED U**

#### **4. CE Report:**

The President invited Vikram Kumar to speak to his report. Vikram briefly talked about the community funding, which is also known as Grants. He noted that there will be two funding rounds for this financial year. The first round for \$100,000 is currently open and he invited anyone who has any project proposal for Internet policy or Internet legal research to apply. Details on how to apply is available on the InternetNZ website. Another funding round will occur at the end of the financial year.

Vikram noted that over four financial years, the operational budget has been static but the amount of work done by InternetNZ has increased substantially. Vikram explained that the increase in work was brought about by two major changes: (1) having external staff (contractors) to do work that cannot be done in-house, (2) diversification of functions which allowed staff supporting a single activity before, to now lead their own activity.

Paul McKitrick, as Chair of the NZ Internet Task Force (NZITF), thanked Vikram and InternetNZ for the secretariat support that was provided to NZITF.

Andy Linton and Dean Pemberton also acknowledged the work and support of InternetNZ and thanked them on behalf of the NZ Network Operators' Group (NZNOG) and the NZ IPv6 Task Force.

**AGM 07/12** THAT the report of the Chief Executive be received.

(President/Dean Pemberton)

**CARRIED U**

#### **5. 2011/2012 Budget:**

**AGM 08/12** THAT the 2012/13 Business Plan and Budget be adopted.

(President/David Farrar)

**CARRIED U**

#### **6. Information update:**

The President invited Campbell Gardiner (Communications Lead) to speak to his report on the member's survey for 2012. Campbell noted that the survey is not in any way statistically valid

but merely a reflection of opinions of those who responded to the survey. The survey was run in June 2012 and received 55 respondents, who were predominantly male and from the lower North Island.

Overall, majority of the respondents said that they are very happy with InternetNZ's performance in meeting its goals of protecting and promoting the Internet in New Zealand.

## **7. General Business:**

### **Proposed change for the Membership Privacy Policy**

The President invited discussion on Council's recent decision to "change the privacy policy for members to allow members of Council to have same access as the InternetNZ staff so that as members of Council they are entitled to know who the members are and contact them, if necessary".

Despite the announcement of change via the Members-announce mailing list, the change will not take effect in two-day's time but instead this will be put on hold until the next Council meeting. The President noted that voting cannot be done at the AGM as an appropriate motion had to have been submitted a few days prior to the meeting. But he suggested to have an open discussion around the issue and invited a small number of speakers from both sides – two speakers who are opposed and another two speakers who are in favour of the decision – so the Council can note these and consider it at the next Council meeting.

After a brief discussion, the President conducted a straw poll to have an indication as to what members think of the motion. There were more people who were in favour of the motion than those opposed. The President reiterated that the change of the privacy policy will not take effect until after the next Council meeting. The indication of members present at the AGM, noting that they are not representative of the full membership, will be considered by the Council.

### **Announcement of two new Fellows**

The President announced that Council had appointed two new Fellows to InternetNZ: Donna Hiser and Dean Pemberton.

The President announced that voting would be closed at 8.00pm and provisional results would be announced at 8.20pm.

*7.53pm to 8.03pm – Refreshment break.*

## **8. DNCL Report:**

The President invited Joy Liddicoat (DNCL Chair) and Debbie Monahan (Domain Name Commissioner) to speak to their report. Joy gave a brief overview of what DNCL is about and how it works and Debbie gave an overview of the report in more depth.

Over the last year DNCL had done three policy reviews; they have introduced the Registrant Information search service (which allows people to search the domain names registered under a registrant name); and also had the DNSSEC policy implementation. They have also developed a Security Strategy and its goal is that ".nz is a trusted and responsible ccTLD in the area of cybersecurity".

They have also refreshed the promotional material for the “.nz is our home” campaign. A new video has already been released and is now available on the Domain Name Commission’s website.

For the year ahead, Joy briefly discussed their activities for 2012-2013 which includes the marking of the 10-year anniversary of the .nz Shared Registry Services, and also working on ways to promote and raise awareness of .nz.

The President thanked Joy, Debbie and the members of the DNCL Board.

**AGM 09/12** THAT the DNCL Annual Report be received.

(President/Peter Macaulay)

**CARRIED U**

### **NZRS Report:**

The President invited Richard Curry (NZRS Chair) and Jay Daley (NZRS CE) to speak to their report. Richard briefly discussed the revenue, expenses and profits of NZRS over the last few years as well as the growth of the monthly domain name registrations for the last five years.

Richard thanked Jay and his fellow members of the NZRS Board for the job well done over the last year. He also acknowledged Donna Hiser’s retirement from the NZRS Board after being a member for nine years and thanked her for her incredible contributions to NZRS. And lastly, he thanked DNCL for working closely with NZRS. He believes that with NZRS and DNCL working together, this will improve the overall output of the group.

Jay briefly discussed NZRS’ five strategic goals which are:

- Deliver continuous domain name availability to registrars, their customers and all Internet users.
- Deliver world-class registry services that continually improve.
- Support InternetNZ through tangible contributions of income, governance and management resources, and expert knowledge.
- Develop services and technology within a long-term evolutionary framework to meet the future needs of Internet users.
- Deliver, in partnership with DNCL, a successful long-term strategy for .nz.

Donald Clark raised a question around the rise in general expenses in-line with the revenue and asked what key things were driving this. In response, Jay said that rather than a rise in revenue it is more about investments on the SRS.

The President noted that the outcome of the re-tendering of the IANA contract is a significant development which is entirely due to the influence New Zealand and InternetNZ exerts within the ICANN space and that this needs to be recognised as a great achievement. The President thanked Jay, Richard and the NZRS Board.

**AGM 10/12** THAT the NZRS Annual Report be received.

(President/Hamish MacEwan)

**CARRIED U**

## 9. Announcement of Election Results:

No vote was required for the Council President and Vice President positions as there was only one nomination received for each position. Frank March and Jamie Baddeley were re-appointed as President and Vice President respectively.

There were six nominations for three vacancies as members for the InternetNZ Council. Susi Cosimo (Returning Officer) announced the provisional election results as follows:

### Councillors:

Hamish MacEwan	– 3 year term until AGM 2015
Brenda Wallace	– 3 year term until AGM 2015
Michael Foley	– 1 year term until AGM 2013

The results were subject to sign off by an independent scrutineer and Justice of the Peace – Maureen Milburn. They were to be finalised the next day on Friday, 13 July 2012. The final results of the elections were to be published on the InternetNZ website the following week.

There was also one motion proposed to constitutional amendment that was passed:

*(Moved by: Donald Clark, seconded by: Frank March)*

*THAT the following be added to the InternetNZ constitution:*

### *6.9 Council Member Indemnity*

*6.9.1 Council members shall not be liable to the Society or any of its members for:*

- (a) any losses or liabilities;*
- (b) any act or acts or attempted act done in exercise of or pursuant to any power or discretion vested in them by this Constitution or any bylaws; or*
- (c) any omission or omissions or non-exercise in respect of any obligation under this Constitution, bylaws or any other obligation imposed on them by virtue of their role,*

*except losses or liabilities arising from their own dishonesty, wilful default or wilful breach of trust or negligence in the carrying out of their legal responsibilities.*

*6.9.2 Council Members, and every other person acting on behalf of the Council, shall be indemnified out of the Society's assets against all proper liabilities and expenses incurred by them in the exercise or attempted exercise of the powers and discretions vested in them and in respect of any matter or thing done or omitted to be done in any way relating to their responsibilities.*

*6.9.3 The liability of Council Members in connection with this constitution or at law, in equity, or on any other basis shall at all times be limited to the assets of the Society.*

The President congratulated all the new Councillors who have been elected.

The President thanked the unsuccessful candidates for Council for their interest and noted that once again we had a strong field of candidates for the vacancies on Council.

The President thanked Jamie Baddeley for carrying out his duties as Acting President while he was away overseas for three weeks and also for the great support he has given him personally for the last six weeks.

The President thanked Policy Advisory Group (PAG) and acknowledged the work that they do around policy development.

The President also noted Richard Wood's resignation from InternetNZ and thanked him for his work. Richard has been the lead organiser of the two NetHui Conferences.

**Meeting closed:** There being no further business, the 2012 Annual General Meeting closed at 8.40pm.

**Signed as a true and correct record:**

.....  
**Frank March, CHAIR**

# InternetNZ Annual Report 2012-2013





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InternetNZ (Internet New Zealand Inc) is the open membership incorporated society, established to promote and protect the Internet in New Zealand.

InternetNZ has overall responsibility for the .nz domain name space, and is an advocate for the interests of Internet users and domain name registrants in New Zealand and overseas.

# InternetNZ Overview

InternetNZ (Internet New Zealand Inc) is New Zealand's Internet advocacy organisation. The growing importance of the Internet in peoples' everyday lives is reflected in our mission – 'to protect and promote the Internet for New Zealand'. We envisage an open and uncaptureable Internet that drives New Zealand's social and economic development and benefits the wider community.

InternetNZ is the delegated manager for the .nz Internet country code and represents New Zealand at a global level through that role. This delegation is from the international organisation that administers the Internet naming system – ICANN.

InternetNZ is a non-profit open membership incorporated society, overseen by a Council elected by Members. We have two wholly-owned subsidiaries who ensure that .nz is run effectively and fairly – the Domain Name Commission (DNC) develops and enforces policies for the .nz domain name, and .nz Registry Services (NZRS) maintains and publishes the register of .nz names, and operates the Domain Name System for .nz.

# President's Report



*Frank March*

One of InternetNZ's principal objectives is to 'represent the common interests of the wider New Zealand Internet community'. When InternetNZ was formed in 1995 it was reasonably clear what this meant. Although Internet use was rapidly increasing in the mid-nineties, particularly private and commercial use, the 'Internet community' was to a large extent a self-defined group of technical folk and enthusiasts.

Now that voluntary Internet use is approaching 85% of New Zealanders and the 'Internet of things' is just around the corner, it is far from clear that the 'wider Internet community' is distinct from the general population.

This was driven home to me during our member engagement sessions in March. We have an increasingly diverse membership many of whom are attracted to InternetNZ as a result of NetHui. Many of our new members expect InternetNZ to address the wide range of policy issues that arise through NetHui discussions – often these extend well beyond what a small organisation can be expected to manage.

Some have expressed disappointment that we are not taking on a wider range of issues. Given the critical importance of the Internet as a driver and enabler of social and economic activity, we need to look carefully at our priorities and our policy development processes to ensure that we more effectively involve our membership.

We also need to continue foster an 'ecology' of organisations with aligned objectives so that we are effective in influencing the work that others are doing where they have greater relevant expertise and capacity. In addition, Council has set itself over the next year or so the objective of re-examining our objects as an organisation.

The calendar year started with the visit from Sir Tim Berners-Lee who spoke about the need to maintain an open Internet. He emphasised that the capacity of the Internet to adapt and change is under threat from many directions: some commercial, some from government interference and some from sheer inertia due to the overwhelming success of the Internet itself. For these reasons, our core activities and priorities will need to continue to remain focussed on the Internet itself.

I would like to pay tribute to everyone who has contributed to another highly successful year for InternetNZ. In January, we farewelled Vikram Kumar after three productive years as our Chief Executive. At the time of writing we are still in the process of recruiting a replacement. I am delighted that Jordan Carter has so ably filled the CE role in an acting capacity. I thank Jordan and his team for the great work they are doing. My thanks also go to all of InternetNZ's Council and Board members for another year of effective work.

Finally I would like to again take this opportunity to thank you, the InternetNZ members, for your support and commitment to InternetNZ during another busy year.

Frank March

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

President  
InternetNZ



*Jordan Carter*

## Chief Executive's Report

It is my pleasure and privilege as Acting Chief Executive to contribute to this year's Annual Report.

InternetNZ is a curious and important organisation. It is both the embodiment of an idea, and the provider of an important service.

The idea is deceptively simple. "The Internet is open and uncapturable," we say. An open infrastructure, developed in the 1960s and 70s with a deliberately decentralised and flexible design, the Internet has given rise to powerful forces for growth and change, and has challenged existing ways of living, working and entertaining ourselves – not always without cost.

These days the impact is global, and governments are beginning to pay much closer attention. Whether it is within New Zealand (the past year has seen proposals to legislate against harmful digital communications, and new interception legislation is under development) or in the global arena (witness governments' attempts to increase their role in Internet governance through the ITU, or the developing surveillance efforts in the United States), the Internet is front and centre stage for governments.

It's a challenging situation. As the impact of the Internet accelerates, it is bound to keep knocking into older concepts of control and of governance – of people, of ideas, of resources – that its very nature helps to undermine. The same features at the core of the Internet that collide with the old, are foundational to the new. New ideas, new services, new economic opportunities, new social connections emerge. All can flourish, evolve, die and be replaced without guardians decreeing what can and can't be permitted.

All this adds up to a picture where InternetNZ's role has to develop and grow. Governments have the power of law. It is up to those of us who understand the Internet, warts and all, to convince the State that the benefits of this innovation are greater than the costs – while being realistic about both. A wide range of other challenges to that vision abound. Our job is to be the voice of the Internet in the debates that will determine whether what we have today can be protected, and whether the innovations it allows continue to benefit all New Zealanders.

The service is our management of .nz. InternetNZ's funding base is generated by the capable management of the .nz domain name space. With our use of these funds carefully constrained by our Objects as a society and shaped by our obligations as a charity, InternetNZ has the chance to contribute to the task of keeping the Internet open and uncapturable in a wide variety of ways: by making suggestions of public and technical policy innovations, by providing some funding for community investment through grants and partnerships to aligned organisations, and by creating platforms like NetHui for people to talk through these issues themselves, and drive changes in their own organisations and communities.

Following sections of this report show just how wide the range of activity was in 2012/13. Under the leadership of Vikram Kumar for most of the year, the operating team contributed in many ways to InternetNZ's mission. It is a proud record of work, and my role in seeing through those plans for the closing part of the year was made easier by the quality of what had gone before.

Our obligation now, heading into the 2013/14 year and beyond, is to be clear about the work we are doing and to drive the best possible value from the resources that InternetNZ has access to. In doing that, we need to involve our members effectively, and reach out to the huge array of stakeholders that can help us bring our vision about – from network investors and ISPs through to community groups, other NGOs, small businesses, government departments, regulators, politicians and more.

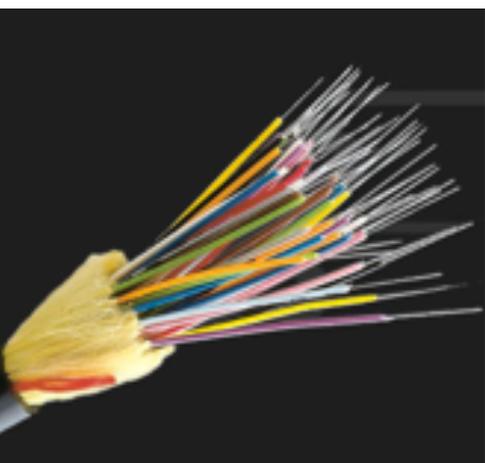
I look forward to contributing to that work as the year unfolds. I hope you do too.

Jordan Carter

A handwritten signature in black ink, appearing to read 'Jordan Carter', with a stylized, cursive script.

Chief Executive (Acting)  
InternetNZ

# Work Highlights 2012-2013



## Unconstrained Broadband & Telco Regulation:

The Government's Ultra-Fast Broadband (UFB) and Rural Broadband (RBI) rollouts hit their straps in 2012-2013 with hundreds of kilometres of fibre laid and a number of new high-speed service offerings hitting the market.

As a strong supporter of the Government's efforts to accelerate the build out of fibre-to-the-home and improve rural broadband, we maintained our important watchdog function. Our gaze remained firmly fixed on the policy frameworks and regulatory decisions underpinning these once-in-a-generation infrastructure builds, with particular scrutiny reserved for the important UBA price review, the emerging 'copper/fibre' conundrum and pending review of the country's Telco Act.

## Digital Copyright & TPP:

As the Internet continues to grow and expand its reach, issues of digital copyright remain a talking point. We are steadfast in our view that enforcement of copyright in the digital realm should strike a fair balance between users' rights and the rights of content creators.

With the Copyright (Infringing File Sharing) Amendment Bill resolving the domestic debate until a review next year kicks off, our attention in 2012-2013 turned to intellectual property-related proposals in the Trans Pacific Partnership Agreement (TPP). Despite being kept closely under wraps the proposals are understood to put at risk the Open Internet.

Not only have we maintained a visible presence at many of the TPPA negotiating rounds, we have taken the lead in forming the 'Fair Deal Coalition' - an international group that is socialising a global conversation on copyright in the TPP.





### **Submissions to Government:**

We filed no fewer than 17 formal submissions in 2012-2013, including lengthy responses on demand-side broadband, the copper local loop and the UBA price review. Other notable submissions included those relating to Vodafone's acquisition of TelstraClear, Trans-Tasman roaming and the free-up of 700MHz radio spectrum.

A permanent record of all our submissions is available at <http://internetnz.net.nz/our-work/submissions>

### **Partnerships & Grants:**

In 2012-2013, we continued our association with long-term partners NetSafe, Victoria University and the IPv6 Task Force and established new strategic partnerships with Creative Commons Aotearoa NZ, the 2020 Communications Trust and AUT University. We intend working much closer with these partners, exploring areas of mutual interest and developing closer operational ties.

2012/2013 also saw two dedicated funding rounds held – the Policy & Legal Funding Round and Community Investment Funding Round – and general grants funding was provided for an impressive range of Internet-related projects, including:

- Raising awareness of the barriers faced by blind and vision-impaired people using the Internet, and developing an Internet-enabled resource for those with cognitive disabilities.
- Facilitating New Zealand researchers to attend and present at international fora including the 9th International Workshop on Wireless Network Measurements, the IEEE International Conference on Communications and the 17th Pacific Islands Telecommunications Association Conference.
- Sponsoring conferences and events such as Girl Geek dinners, KiwiCon 6, the New Zealand Open Source Awards, NetSafe 2012 and the Australian Digital Alliance Copyright Forum.

Further information about grants can be found online at: <https://internetnz.net.nz/our-work/funding>



### **Workshops & Public Events:**

Member and public participation is a vital part of our policy and advocacy work. A slate of workshops and events were held in 2012-2013 designed to harness and record the views and opinions of the wider community.

Technical folk gathered at the InTAC meet-up and number fanciers attended our Internet Statistics presentation. A meeting of ICT industry NGOs was held, as were workshops on the New Media and Cyber Bullying Bills.

The Parliamentary Internet Forum - a seminar series for MPs where they can learn more about the Internet - was revitalised, and public lectures with global Telco consultant Martin Geddes and inventor of the WWW Sir Tim Berners-Lee helped raise our profile in the eyes of the general public.



### **NetHui – Platform for Discussion:**

Our flagship NetHui Conference is going from strength to strength. In July 2012, over 600 delegates from across the New Zealand community come together in Auckland and 150 gathered in Dunedin in September for a regional incarnation. Squarely focused on the impact of the Internet and how it is influencing and shaping our economy and our society, NetHui is unquestionably a platform for discussion. This year, NetHui is being held in Wellington and will explore the whys and wherefores of the 'Open Internet'.

[www.nethui.org.nz](http://www.nethui.org.nz)



### **ANZIAs 2012:**

InternetNZ and auDA (the Australian Domain Administration) co-held the fourth annual Australia and New Zealand Internet Awards in October 2012, recognising excellence in both countries' development and use of the Internet. Testament to the strength and vitality of the local ICT scene New Zealand organisations were strongly represented, taking out four of the six Award categories!

GNS Science's 'GeoNet Rapid' earthquake monitoring initiative won the Information category. Wellington-based Aura RedEye Security's 'RedShield' cyber-defence service won the Security & Privacy category. The 2020 Communications Trust's 'Mobile Stepping Up' initiative won the Internet Access & Digital Skills category, and an innovative English-Maori translation app from Auckland-based Hika Group won the Diversity category. The New Zealand Internet Task Force and Land Information New Zealand were Highly Commended in their respective categories.

[www.internetawards.co.nz](http://www.internetawards.co.nz)

### **Thought Leader:**

In 2012-2013, we commissioned a number of initiatives looking at technical and economic aspects of the New Zealand Internet. Exploratory work was undertaken on the potential creation of a Network Measurement Lab, and research was conducted on 'White Spaces' wireless technology. Reports from NZIER and Infometrics focused on the impact the Internet is having on the country, giving us a better understanding of how the Internet as an emerging general purpose technology is changing people and economies.

### **International Activity:**

We continued our proud tradition of engaging at the highest levels of global Internet governance throughout 2012-2013, with our staff participating in a train of ICANN and Internet Governance Forum (IGF) meetings – notably making strenuous representations concerning ITU involvement in Internet governance.

# InternetNZ Directory 2012-2013



## 1. Frank March

President 2009 – 2015  
Vice President 2007 – 2009  
Secretary 1997 – 2001  
Council 1994 – 1997, 2006 – 2007, 2009 – 2015  
InternetNZ Fellow – awarded 2001



## 2. Jamie Baddeley

Vice President 2009 – 2015  
Council 2006 – 2015



## 3. Brenda Wallace

Council 2012 – 2015



## 4. Donald Clark

Council 2008 – 2014



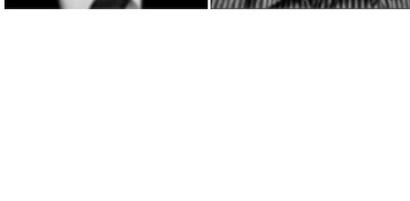
## 5. Michael Foley

Council 2007 – 2013



## 6. Neil James

Council 2008 – 2013  
InternetNZ Fellow – awarded 2001



## 7. Hamish MacEwan

Council 2007 – 2015



## 8. Jonny Martin

Council 2006 – 2013



## 9. Dave Moskovitz

Council 2010 – 2014

## 10. Nathan Torkington

Council 2009 – 2014

## 11. Michael Wallmannsberger

Council 2002 – 2003, 2008 – 2014  
Treasurer 2006 – 2008  
Secretary 2003 – 2006

## 12. Lance Wiggs

Council 2010 – 2013

**Internet New Zealand Incorporated**  
**Annual Report**  
**For the Year Ended 31st March 2013**

**Prepared By**

**Curtis McLean Limited**  
**Chartered Accountants**  
**Wellington NZ**

**Internet New Zealand Incorporated**  
**Annual Report**  
**For the Year Ended 31st March 2013**

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**Internet New Zealand Incorporated**  
**Annual Report**  
**For the Year Ended 31st March 2013**

**Financial Result**

The Group Net Profit for the year, after taxation, was \$191,126 (2012: \$614,610).

	<b>2013</b>		<b>2012</b>	
	<b>Group</b>	<b>Parent</b>	<b>Group</b>	<b>Parent</b>
Retained Earnings as at 1 April	9,187,873	5,490,566	8,573,263	4,639,914
Net Profit (Loss) After Taxation	191,126	700,527	614,610	850,651
Retained Earnings as at 31st March	\$9,378,999	\$6,191,093	\$9,187,873	\$5,490,565

**Dividend**

Dividends of \$3,828,920 were received from New Zealand Domain Name Registry Limited, a wholly owned company, for the year ended 31st March 2013 (2012: \$3,324,999).

**Remuneration of Council**

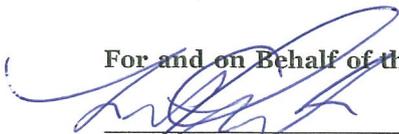
During the year Council received the following remuneration:

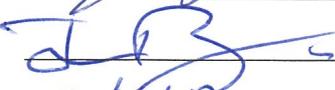
**Fees Paid**

Frank March - President	18,000
Jamie Baddeley - Vice President	11,250
Neil James	9,900
Donald Clark	9,000
Michael Foley	9,000
Hamish MacEwan	9,000
Jonny Martin	9,000
Dave Moskovitz	9,000
Nathan Torkington	9,000
Michael Wallmannsberger	9,000
Lance Wiggs	9,000
Brenda Wallace	4,943
Don Christie	4,057

**\$120,150**

**For and on Behalf of the Council**

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Vice President

14/6/13  
\_\_\_\_\_  
Date

**Internet New Zealand Incorporated**  
**Statement of Comprehensive Income**  
**For the Year Ended 31st March 2013**

	Note	2013		2012	
		Group	Parent	Group	Parent
<b>Operating Income</b>					
Registry Fees		7,703,881	-	7,086,371	-
Other Income		60,638	230,288	93,007	242,409
		7,764,519	230,288	7,179,378	242,409
<b>Less Operating Expenses</b>					
Registry Services		1,929,855	-	1,806,361	-
Domain Name Commission		533,550	-	543,581	-
Public Policy		686,819	686,819	493,367	493,367
Society		928,550	928,550	933,371	933,371
Technical Leadership		611,061	611,061	437,664	437,664
Audit Fees		19,150	5,300	26,866	10,040
Employee Remuneration		2,171,740	811,427	1,918,562	720,192
Depreciation & Amortisation	3,4	744,697	56,063	704,237	61,286
Rent		137,100	137,100	137,100	137,100
Loss on Disposal of Fixed Assets		-	-	9,213	3,553
		7,762,522	3,236,320	7,010,322	2,796,573
<b>Total Operating Expenses</b>					
<b>Surplus/(Deficit) from Operations</b>		1,997	(3,006,032)	169,056	(2,554,164)
<b>Plus Other Income/(Expenses)</b>					
Dividend Income	7	-	3,828,920	-	3,324,999
Interest		527,144	215,654	545,931	180,194
Christchurch Rebuild		(338,015)	(338,015)	(100,377)	(100,377)
		191,126	700,527	614,610	850,652
<b>Surplus for the Year</b>					
<b>Other Comprehensive Income</b>		-	-	-	-
<b>Total Comprehensive Income for the Year</b>		\$191,126	\$700,527	\$614,610	\$850,652

Total Comprehensive Income is attributable to the Members of Internet New Zealand Inc.

**Internet New Zealand Incorporated**  
**Statement of Changes in Equity**  
**For the Year Ended 31st March 2013**

	Note	2013		2012	
		Group	Parent	Group	Parent
<b>Retained Earnings</b>					
<b>Opening Retained Earnings</b>		9,187,873	5,490,566	8,573,263	4,639,914
<b>Total Comprehensive Income for the Year</b>					
Surplus for the Year		191,126	700,527	614,610	850,651
Other Comprehensive Income		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Retained Earnings as at 31st March</b>		<b>\$9,378,999</b>	<b>\$6,191,093</b>	<b>\$9,187,873</b>	<b>\$5,490,565</b>
		<hr/>	<hr/>	<hr/>	<hr/>

**Internet New Zealand Incorporated**  
**Statement of Financial Position**  
**As At 31st March 2013**

	Note	2013		2012	
		Group	Parent	Group	Parent
<b>Current Assets</b>					
Cash and Cash Equivalents	1	2,318,372	965,785	1,829,747	285,036
Other Financial Assets	1a	11,006,105	4,014,408	9,474,966	2,391,046
Trade Debtors and Other Receivables	2	1,251,117	256,473	1,112,635	155,346
<b>Total Current Assets</b>		14,575,594	5,236,666	12,417,348	2,831,428
<b>Non Current Assets</b>					
Other Financial Assets - Non Current	1a	553,735	553,735	2,092,271	2,092,271
<b>Total Non Current Assets</b>		553,735	553,735	2,092,271	2,092,271
<b>Property, Plant &amp; Equipment</b>	3	394,789	246,175	458,802	282,012
<b>Investments</b>					
Shares in Subsidiaries	8	-	610,000	-	610,000
<b>Total Investments</b>		-	610,000	-	610,000
<b>Intangible Assets</b>	4	856,502	37,670	718,324	15,579
<b>Total Assets</b>		16,380,620	6,684,246	15,686,745	5,831,290
<b>Less Liabilities:</b>					
<b>Current Liabilities</b>					
Deferred Income- Current	10	4,371,415	-	4,046,689	-
Trade Creditors and Other Payables	5	991,604	493,153	850,014	340,724
<b>Total Current Liabilities</b>		5,363,019	493,153	4,896,703	340,724
<b>Term Liabilities</b>					
Deferred Income- Non Current	10	1,638,602	-	1,602,169	-
<b>Total Liabilities</b>		7,001,621	493,153	6,498,872	340,724
<b>Net Assets</b>		\$9,378,999	\$6,191,093	\$9,187,873	\$5,490,566

**Internet New Zealand Incorporated**  
**Statement of Financial Position**  
**As At 31st March 2013**

	2013		2012	
	Group	Parent	Group	Parent
<b>Represented by:</b>				
<b>Total Equity</b>	<u>\$9,378,999</u>	<u>\$6,191,093</u>	<u>\$9,187,873</u>	<u>\$5,490,566</u>

For and on Behalf of the Council

  
 \_\_\_\_\_ President

  
 \_\_\_\_\_ Vice President

14/6/13 \_\_\_\_\_ Date

**Internet New Zealand Incorporated**  
**Statement of Cash Flows**  
**For the Year Ended 31st March 2013**

	Note	2013		2012	
	Group	Parent	Group	Parent	Parent
<b>Cash Flows From Operating Activities</b>					
<b>Cash was Provided From</b>					
Net Receipts from Customers		8,052,311	227,305	7,443,303	243,813
Receipt of Taxation		18,418	18,418	4,245	-
Dividend Received		-	3,828,920	-	3,324,999
Interest Received		547,237	168,169	550,894	163,922
Net GST Received		<u>14,442</u>	<u>-</u>	<u>6,658</u>	<u>7,131</u>
		<b>8,632,408</b>	<b>4,242,812</b>	<b>8,005,100</b>	<b>3,739,865</b>
<b>Cash was Distributed To:</b>					
Payments to Suppliers and Employees		7,302,146	3,404,749	6,424,452	2,871,593
Payment of Taxation		-	-	18,252	10,791
Net GST Paid		<u>30,172</u>	<u>30,172</u>	<u>-</u>	<u>-</u>
		<b>7,332,318</b>	<b>3,434,921</b>	<b>6,442,704</b>	<b>2,882,384</b>
<b>Net Flows Operating Activities</b>		<b>1,300,090</b>	<b>807,891</b>	<b>1,562,396</b>	<b>857,481</b>
<b>Cash Flows From Investing</b>					
<b>Cash was Provided From:</b>					
Net Withdrawal from Term Deposits		7,397	-	-	-
<b>Cash was Distributed To:</b>					
Net Investment in Term Deposits		-	84,826	610,588	1,034,927
Purchase of Fixed Assets & Intangibles		<u>818,862</u>	<u>42,316</u>	<u>713,996</u>	<u>44,180</u>
		<b>818,862</b>	<b>127,142</b>	<b>1,324,584</b>	<b>1,079,107</b>
<b>Net Cash Flows From Investing Activities</b>		<b>(811,465)</b>	<b>(127,142)</b>	<b>(1,324,584)</b>	<b>(1,079,107)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>		<b>488,625</b>	<b>680,749</b>	<b>237,812</b>	<b>(221,626)</b>
<b>Add: Opening Cash and Cash Equivalents</b>		<u>1,829,747</u>	<u>285,036</u>	<u>1,591,935</u>	<u>506,662</u>
<b>Closing Cash and Cash Equivalents</b>	<b>1</b>	<u><b>2,318,372</b></u>	<u><b>\$965,785</b></u>	<u><b>\$1,829,747</b></u>	<u><b>\$285,036</b></u>

**Internet New Zealand Incorporated**  
**Statement of Cash Flows**  
**For the Year Ended 31st March 2013**

**Operating Activity Cash Flow Reconciliation**

	<b>2013</b>		<b>2012</b>	
	<b>Group</b>	<b>Parent</b>	<b>Group</b>	<b>Parent</b>
Surplus/(Deficit) for the Year	191,126	700,526	614,610	850,651
<b>Add/(deduct) Non - cash items</b>				
Depreciation	167,741	48,154	257,809	56,679
Amortisation	<u>576,956</u>	<u>7,909</u>	<u>446,428</u>	<u>4,607</u>
	744,697	56,063	704,237	61,286
<b>Movement in working capital</b>				
(increase)/decrease in receivables	(73,367)	(2,983)	65,295	1,404
(increase)/decrease in GST receivable	(15,730)	(30,172)	6,658	7,131
increase/(decrease) accounts payable	127,148	152,429	6,607	(20,063)
(increase)/decrease interest receivable	20,093	(47,485)	4,963	(16,272)
(increase)/decrease tax receivable	18,418	18,418	(14,007)	(10,791)
(increase)/decrease prepayments	(73,454)	(38,905)	(35,506)	(15,865)
increase/(decrease) deferred income	<u>361,159</u>	<u>-</u>	<u>209,539</u>	<u>-</u>
	364,267	51,302	243,549	(54,456)
<b>Net Cash Flow from Operating Activities</b>	<u><b>\$1,300,090</b></u>	<u><b>\$807,891</b></u>	<u><b>\$1,562,396</b></u>	<u><b>\$857,481</b></u>

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2013**

**Significant Accounting Policies**

These financial statements comprise the consolidated financial statements of Internet New Zealand Incorporated ("INZ") for the year ended 31 March 2013. INZ is an incorporated society registered under the Incorporated Societies Act 1908 and domiciled in New Zealand.

The consolidated financial statements of INZ 31st March 2013 comprise INZ and its subsidiaries (together referred to as the "Group"). The financial statements were authorised for issue by the Councillors on 14 June 2013.

The principal activity of INZ is to keep the Internet open and uncaptureable, protecting and promoting the Internet for New Zealand.

INZ is a Public Benefit Entity as the primary objective is to provide goods or services for the community rather than for a financial return.

**(a) Statement of compliance**

These financial statements are prepared in compliance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) complying with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for Public Benefit reporting entities applying differential reporting exemptions.

The Group qualifies for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Group has taken advantage of all Differential Reporting Exemptions, except NZ IAS 7 Statement of Cash Flows.

**(b) Basis of preparation**

**Presentation Currency**

The financial statements are presented in New Zealand dollars. They are prepared on a historical cost basis except for investments which are stated at their fair value.

**Use of estimates and judgements**

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Changes to Accounting Policies**

There has been no significant change in accounting policies in the current reporting period.

**Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been consistently applied by Group entities.

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2013**

**(c) Basis of Consolidation**

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent has power to control the financial reporting and operating policies so as to obtain benefits from its activities (defined as "subsidiaries"). The financial statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

In preparing the consolidated financial statements, all interentity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

**(d) Employee entitlements**

The provisions for employee entitlements to wages, salaries, annual leave and long service leave payments represent the amount for which there is a present obligation to pay resulting from employees' services provided up to balance date.

**(e) Financial assets**

Financial assets consist of cash, deposits and receivables. Upon recognition financial assets are recognised at fair value. Subsequent to initial recognition financial assets are classified as loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are restated at amortised cost using the effective interest rate method.

**(f) Financial instruments issued by the company**

**Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

**Interest and dividends**

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**(g) Foreign currency**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2013**

**(h) Goods and Services Tax**

All amounts are shown exclusive of Goods and Services Tax (GST) except for trade debtors, receivables and payables that are stated inclusive of GST.

**(i) Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at a fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at a fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(j) Income Tax**

The Group was registered as a charity under the Charities Act 2005 and therefore exempt from income tax under Section CW41 & CW42 of the Income Tax Act 2007 effective from when it was granted charitable status.

Internet New Zealand Inc is registered as a charity in terms of the Charities Act 2005 with effect from 30 June 2008. The wholly owned subsidiaries, New Zealand Domain Name Registry Limited and Domain Name Commission Limited were registered as charities in terms of the Charities Act 2005 with effect from 19 August 2008 and 10 October 2008 respectively.

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2013**

**(k) Intangible assets**

**Trademarks**

Trademarks are finite life tangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 7 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

**Software**

Software is a finite life intangible asset and is recorded at cost less accumulated amortisation. Amortisation is charged on a diminishing value basis over the estimated useful life. Amortisation is charged to the Statement of Comprehensive Income. The principal rates used to calculate amortisation are -

Software            48.0 - 60.0% DV

**(l) Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(m) Payables**

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

**(n) Property, plant and equipment**

**(i) Owned assets**

Items of property, plant and equipment are stated at cost as deemed cost less accumulated depreciation and impairment losses, see accounting policy (i).

**(ii) Leased assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses, see accounting policy (n). Lease payments are accounted for as described in accounting policy (l).

**Internet New Zealand Incorporated**  
**Accounting Policies**  
**For the Year Ended 31st March 2013**

**(iii) Subsequent costs**

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income an expense as incurred.

**(iv) Depreciation**

Depreciation is charged on a diminishing value or straight line basis on all property, plant and equipment over the estimated useful life. Depreciation is charged to the Statement of Comprehensive Income. The principal rates used to calculate depreciation are -

Furniture & Fittings	10.0 - 48.0% DV
Office Equipment	15.6 - 80.4% DV
Computer Hardware	31.2 - 80.4% DV

**(o) Provisions**

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**(p) Expense Recognition**

Expenses are recognised when expenses are incurred.

Grant expenditure is recognised when approved by Council.

**(q) Revenue recognition**

**Rendering of services**

Revenue from a contract to provide services is recognised when the services are performed.

**Dividend and interest revenue**

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(r) Capital Management**

The Group's capital is accumulated surpluses from trading. The Group manages its revenue, expenses, assets and liabilities prudently in order that the objectives of the ultimate charitable group are met. The Group has no external third party imposed capital management requirements.

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

	2013		2012	
	Group	Parent	Group	Parent
<b>1. Cash and Cash Equivalents</b>				
Cash on Hand	400	400	400	400
Cash at Banks	<u>2,317,972</u>	<u>965,385</u>	<u>1,829,347</u>	<u>284,636</u>
Total Cash and Equivalents	<b>2,318,372</b>	<b>965,785</b>	<b>1,829,747</b>	<b>285,036</b>

**1a. Other Financial Assets**

The parent and the group have funds invested in Term Deposits classified as:

Other Financial Assets	11,006,105	4,014,408	9,474,966	2,391,046
Other Financial Assets - Non Current	<u>553,735</u>	<u>553,735</u>	<u>2,092,271</u>	<u>2,092,271</u>
Total Other Financial Assets	<b>11,559,840</b>	<b>4,568,143</b>	<b>11,567,237</b>	<b>4,483,317</b>

The total funds of \$13,878,212 held by the Group at 31 March 2013 comprised:

New Zealand Domain Name Registry Limited Deferred Income	\$6,010,017
New Zealand Domain Name Registry Limited Retained Income	\$1,413,849
Domain Name Commission Limited Retained Income	\$920,418
Internet New Zealand Incorporated Retained Income	\$5,533,928

The total retained income of \$7,868,195 represents funds held but not yet spent.

**2. Trade Debtors and Other Receivables**

Trade receivables	808,115	2,983	734,748	-
Interest Receivable	198,814	114,025	218,907	66,540
GST Receivable	73,596	73,596	43,424	43,424
Tax Receivable	7,461	-	25,879	18,418
Pre-payments	<u>163,131</u>	<u>65,869</u>	<u>89,677</u>	<u>26,964</u>
Total	<b>1,251,117</b>	<b>256,473</b>	<b>1,112,635</b>	<b>155,346</b>

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

### 3. Property, Plant & Equipment

#### Parent

The following gives details of the cost or valuation of assets and depreciation written off to date:

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Depreciation For Year</u>	<u>Accumulated Depreciation</u>	<u>Book Value This Year</u>
Furniture & Fittings	371,929	32,397	148,167	223,762
Computer Hardware	225,025	13,062	207,293	17,732
Office Equipment	19,603	2,695	14,922	4,681
	<u>\$616,557</u>	<u>\$48,154</u>	<u>\$370,382</u>	<u>\$246,175</u>
<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Depreciation For Year</u>	<u>Accumulated Depreciation</u>	<u>Book Value Last Year</u>
Furniture & Fittings	371,929	35,220	115,770	256,159
Computer Hardware	214,031	18,693	194,231	19,800
Office Equipment	18,282	2,766	12,227	6,054
	<u>\$604,242</u>	<u>\$56,679</u>	<u>\$322,228</u>	<u>\$282,013</u>

During the year there were fixed asset additions as follows:

Furniture & Fittings	\$Nil	(2012 \$23,154)
Computer Hardware	\$10,995	(2012 \$5,281)
Office Equipment	\$1,321	(2012 \$3,450)

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

**Group**

<b><u>This Year</u></b>	<b><u>Cost or Valuation</u></b>	<b><u>Depreciation For Year</u></b>	<b><u>Accumulated Depreciation</u></b>	<b><u>Book Value This Year</u></b>
Furniture & Fittings	371,929	32,397	148,167	223,762
Office Equipment	225,637	39,197	111,197	114,440
Computer Hardware	1,125,862	96,147	1,069,275	56,587
	<b><u>\$1,723,428</u></b>	<b><u>\$167,741</u></b>	<b><u>\$1,328,639</u></b>	<b><u>\$394,789</u></b>

<b><u>Last Year</u></b>	<b><u>Cost or Valuation</u></b>	<b><u>Depreciation For Year</u></b>	<b><u>Accumulated Depreciation</u></b>	<b><u>Book Value Last Year</u></b>
Furniture & Fittings	371,929	35,220	115,770	256,159
Office Equipment	160,396	28,493	78,752	81,644
Computer Hardware	1,104,248	194,096	983,249	120,999
	<b><u>\$1,636,573</u></b>	<b><u>\$257,809</u></b>	<b><u>\$1,177,771</u></b>	<b><u>\$458,802</u></b>

During the year there were fixed asset additions as follows:

Furniture & Fittings	\$Nil	(2012	\$23,154)
Computer Hardware	\$31,761	(2012	\$19,358)
Office Equipment	\$73,279	(2012	\$46,242)

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

#### 4. Intangible Assets

##### Parent

The following gives details of the cost or valuation of assets and amortisation written off to date:

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value This Year</u>
Software	102,147	7,909	64,477	37,670
	<u>72,147</u>	<u>4,607</u>	<u>56,568</u>	<u>15,579</u>

During the year there were additions of \$30,000 (2012: \$15,857)

##### Group

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value This Year</u>
Software	2,801,727	576,956	1,945,225	856,502
Trademark	10,698	-	10,698	-
	<u>\$2,812,425</u>	<u>\$576,956</u>	<u>\$1,955,923</u>	<u>\$856,502</u>

<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value Last Year</u>
Software	2,090,290	446,428	1,371,966	718,324
Trademark	10,698	-	10,698	-
	<u>\$2,100,988</u>	<u>\$446,428</u>	<u>\$1,382,664</u>	<u>\$718,324</u>

During the year there were additions of \$698,702 (2012 \$634,447). The bulk of software purchased in 2013 relates to New Zealand Domain Name Registry Limited's continued updating and reinvestment in its core registry systems in line with its expected investment plan.

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

	2013		2012	
	Group	Parent	Group	Parent
<b>5. Trade Creditors and other Payables</b>				
Trade Payables	748,995	408,134	627,391	246,155
GST Payable	76,526	-	62,083	-
Employee Benefits	129,190	48,126	109,365	43,394
Lease Incentives	<u>36,893</u>	<u>36,893</u>	<u>51,175</u>	<u>51,175</u>
	<b>991,604</b>	<b>493,153</b>	<b>850,014</b>	<b>340,724</b>

**6. Financial Instruments**

**Credit Risk**

Financial instruments which potentially subject the parent and group to credit risk consist principally of bank balances and accounts receivable.

The parent and group has a credit policy which is used to manage this exposure to credit risk. As part of this policy limits on exposures with counter parties have been set and are monitored on a regular basis.

The parent and group performs credit evaluations on all customers requiring credit and does not require collateral. The parent and group further minimises its credit exposure by limiting the amount of surplus funds placed with any one financial institution at any one time.

**7. Related Party Disclosures**

**Transactions between Subsidiaries**

Internet New Zealand Incorporated (INZ) owns 100% of New Zealand Domain Name Registry Limited (NZDNRL) and Domain Name Commission Limited (DNCL).

INZ received dividends declared and paid by NZDNRL during the year totaling \$3,828,920 (2012: \$3,324,999).

NZDNRL and DNCL paid management fees to INZ during the year of \$78,480 and \$123,540 respectively (2012: \$78,480 and \$122,040).

**Other Related Parties**

Frank March, Donald Clark and Don Christie were all on the Council of INZ during the year. They had a trading relationship with the Parent or Group as follows:

Council approved payment of \$10,000 to Frank March for his role as acting Chief Executive in January 2013.

Donald Clark is a Director of 1 through 8 Limited that provides consulting services. During the year INZ paid 1 Through 8 Limited \$13,726 for services (2012: \$42,734). Group \$13,726 (2012:\$42,734).

Don Christie is a Director of Catalyst IT Limited that provides IT services. During the year INZ paid \$15,130 for sponsorship of the NZ Open Source Awards and website hosting and maintenance services (2012: \$6,580). The Group paid a total of \$1,126,583 to Catalyst IT Limited for IT Services (2012: \$1,259,012).

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

**Key Management Personnel**

The Company has a related party relationship with its directors and executive officers.

Except as stated above there are no other related party transactions.

**8. Subsidiaries**

Name of Entity	Country of Incorporation	2013	2012
Parent Entity			
Internet New Zealand Incorporated	New Zealand		
Subsidiaries			
New Zealand Domain Name Registry Limited	New Zealand	100%	100%
Domain Name Commission Limited	New Zealand	100%	100%

**9. Operating Leases**

	2013		2012	
	Group	Parent	Group	Parent
Less than one year	137,100	137,100	137,100	137,100
Between one and two years	137,100	137,100	137,100	137,100
Between three and five years	<u>79,975</u>	<u>79,975</u>	<u>217,075</u>	<u>217,075</u>
Total	<b>354,175</b>	<b>354,175</b>	<b>491,275</b>	<b>491,275</b>

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

**10. Deferred Income**

The group through subsidiary NZDNRL has invoiced clients for \$6,010,017 (2012 \$5,648,858) in advance.

**11. Contingent Liabilities and Commitments**

At 31 March 2013 the Group had no contingent liabilities or commitments (2012: \$Nil).

**12. Hector's World Limited Loan**

A gross undiscounted loan of \$200,000 was advanced to Hector's World Limited, in the 2010 financial year (2013 Nil), repayable to Internet New Zealand Incorporated ("INZ") upon demand by INZ but not prior to 31 July 2013.

The loan was interest free unless demanded by INZ. The loan agreement provided for an interest rate not exceeding 5% above the 90 day Bank Bill Buy Rate.

The loan was provided for in full in the year to 31 March 2011, and continues to be fully impaired, as the financial position of Hector's World Limited indicates the company does not have the financial resources to meet repayment. If future evidence becomes available that the financial position has improved an adjustment to impairment will be made to reverse this loss in a subsequent reporting period.

**13. Events Subsequent to Balance Date**

No events occurred subsequent to balance date that would have had a material effect on the financial statements (2012 Nil).

**Internet New Zealand Incorporated**  
**Notes To The Financial Statements**  
**For the Year Ended 31st March 2013**

**14. Prior Period Adjustment**

The below adjustment was made to deferred income and retained earnings of the Group as at 1 April 2011 which has a flow on effect to retained earnings as at 1 April 2012.

<b>Retained Earnings Adjustment</b>	<b>1-Apr-12</b>	<b>1-Apr-11</b>
Opening Retained Earnings - prior to adjustment	9,480,265	8,865,655
Adjustment to Deferred Income	<u>292,392</u>	<u>292,392</u>
Net Decrease in Retained Earnings	292,392	292,392
Opening Retained Earnings - after adjustment	<u>9,187,873</u>	<u>8,573,263</u>
	<b>1-Apr-2012</b>	
<b>Deferred Income Adjustment</b>	<b>Current</b>	<b>Non Current</b>
Deferred Income - prior to adjustment	3,809,086	1,547,380
Adjustment to Deferred Income	<u>237,603</u>	<u>54,789</u>
Deferred Income - after adjustment	<u>4,046,689</u>	<u>1,602,169</u>

The Group's revenue accounting policy is to recognise revenue over the period the service is provided. This policy has been refined and whereas in the past revenue was spread on a monthly basis, revenue is now spread on a daily basis. As on a daily spread revenue is recognised slightly later, this refinement has resulted in an increase in deferred income.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Members of Internet New Zealand Incorporated**

**Report on the Financial Statements**

We have audited the financial statements of Internet New Zealand Incorporated and group on pages 2 to 20, which comprise the consolidated and separate statements of financial position as at 31 March 2013, and the consolidated and separate statements of changes in equity, and statements of comprehensive income (single statement approach), and statements of cash flow's for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the Constitution of Internet New Zealand Incorporated. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Council's Responsibility for the Financial Statements**

The Council are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in Internet New Zealand Incorporated or any of its subsidiaries.

### Opinion

In our opinion, the financial statements on pages 2 to 20, present fairly, in all material respects, the financial position of Internet New Zealand Incorporated and group as at 31 March 2013, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

A handwritten signature in blue ink, appearing to read 'BDO Wellington'.

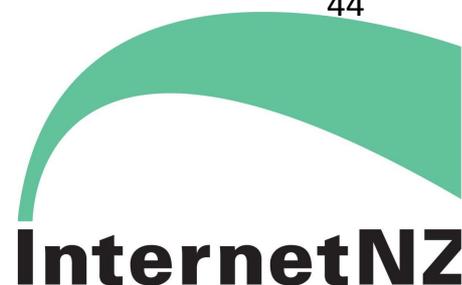
**BDO Wellington**

**14 June 2013**

**50 Customhouse Quay**

**Wellington**

**New Zealand**



**InternetNZ**

## **Governance Remuneration Review**

### **Report to Members**

**June 2013**

Council recently reviewed the fees payable to Councillors and to directors of the subsidiary company (NZRS and DNCL) boards. Council recognises that governance remuneration is an important and sensitive topic.

#### **Why we reviewed fees**

The fees paid to Council members have not changed since mid-2008. NZRS directors' fees have not changed since the beginning of 2007. DNCL fees were adjusted in 2010 to be equal to the fees paid to NZRS directors. Feedback from the NZRS and DNCL board chairs highlighted some concern about the equity of directors fees and the boards' ability to attract the calibre and standard of independent directors that the companies require. Some Councillors increasingly felt that Council remuneration had fallen well behind the level of remuneration that would be paid for other similar work, and for the demands reasonably and properly placed upon Councillors.

#### **Independent review**

In light of Councillors' own interest in the fees they are paid, Council commissioned an independent review of governance remuneration from specialist governance consultancy The Boardroom Practice Limited (TBPL). TBPL told us that the process of reviewing the fees had not been as straightforward as they had envisaged. Council was not surprised, having already grappled with some of the complexity. There is no avoiding that settling on a figure for any form of remuneration involves a degree of judgement and could be arbitrary. That is why Council sought independent advice and ultimately adopted the figures proposed by TBPL. The result, however, must also stand the scrutiny of our own judgement (and it does), which is why Council thought it important to set out a clear rationale for its remuneration decisions.

#### **Why pay anything at all?**

Council thought about this. There are (recently, at least) plenty of people willing to stand for Council, no member derives their primary income—their means of living—from InternetNZ and Council members are in their roles primarily because they have a passion for and commitment to the values and philosophy of the open Internet, as we should expect. One line of argument says, on this basis, Councillors should be paid nothing at all.

Council also thought about why anyone, generally, gets paid. Organisations pay to:

- Attract and retain the right people to do what the organisation needs;

- To incentivise and enable people to provide appropriate attention to the job versus their competing priorities;
- To create an obligation to perform work well and to take on reputation and legal risk; and
- To provide reward for the effort of work and income to live.

Following a similar argument, we could equally pay less for staff and contractors. However, we would not be able to attract and retain the type of people that we need to make InternetNZ succeed and it would not be fair to the people who work for us. We would not pay less for a staff member who is committed to and passionate about the Internet and InternetNZ—if anything, we would pay more. Most people who are Councillors or are likely to become Councillors earn a living either through employment or a portfolio of business and consulting activity and directorships. There is a tangible cost to most people associated with the time that they spend engaged in governance activity at InternetNZ.

The focus on recent corporate collapses, notably finance companies, has highlighted the standard of competence and diligence that is expected of governing boards. Council thinks this high standard is no less than organisations deserve. Taking on a governance role is an important job and it should be treated as such when it comes to remuneration.

### **Fair pay**

Having established that governance roles should be remunerated, a single central principle then applies: *fair pay*. If only it was that simple.

There are external benchmarks and comparison points for governance remuneration, although these are imperfect and the comparisons are sometimes complex. Some reference to the market and to remuneration frameworks is an important aspect of fairness but only one aspect. Government frameworks for remuneration, for example, have recently been driven by Government's overriding desire to show fiscal restraint and balance the books. Arguably, InternetNZ's overriding needs are different: above all else, we need to strive for value, effectiveness and to be able to do the right thing, which requires broad community representation and a mandate that is achieved in part through our governance arrangements.

Council arrived at several principles that are important to consider when establishing what is *fair pay* for governance roles:

- We expect that Council members are primarily motivated by their commitment to the objectives of the Society. The purpose of remuneration is to enable Council members to do their job well and to fairly compensate them for their effort, diligence and skill but not to provide a share in InternetNZ's wealth (i.e. to profit) as that wealth properly belongs to the advancement of the Society's objectives.
- DNCL and NZRS directors' remuneration should be sufficient to attract candidates with appropriate business and governance skills and experience to the roles.

- Pay needs to be fair both in terms of the time required to perform the role of Councillor or director and also the obligations and duties that officeholders (in particular company directors) have. The legal standards (and sanctions) for company directors are more onerous than for society officeholders. However, InternetNZ expects Council to provide a similarly high standard of governance notwithstanding fewer legal sanctions.
- Remuneration should have some relativity to prevailing market remuneration and to standards and frameworks, to the extent that they are relevant. TBPL assessed this relativity for Council and suggested remuneration figures at the lower-quartile to median of the reference ranges in light of the first principle above and because we are a not-for-profit, public benefit organisation.
- There has to be a return of value to the organisation on remuneration paid. In other words, pay has to be fair to the Society too. That also means it has to be affordable.
- Subject to the principles above, *fair pay* also involves regularly reviewing and adjusting remuneration to protect the real value of remuneration against the effects of inflation.

There is an aspect of recommending to pay yourself that is just a bit embarrassing. However, Councillors have a duty to do what is in the best interests of the organisation and those interests could not be served by allowing a situation to arise where the governance of the organisation was selected only from a small pool of people whose private wealth enabled them to do the job for free or one where governance members were unable to devote sufficient time to the serious tasks at hand. This is also why ICANN recently, after years of grappling with this issue, began paying its directors.

## Outcome and recommendation

The outcome of the review is embodied in these two recommendations:

- that the remuneration paid to subsidiary board members be increased from \$14,400 per annum to \$19,500 per annum; and
- that the remuneration paid to Council members be increased from \$9,000 per annum to \$15,000 per annum.

The recommendation regarding subsidiary remuneration was adopted by Council on 10 May 2013.

The recommendation for Councillors is the business of the 2013 Annual General Meeting, for members to make a decision on.

Loadings are applied to these figures for the President, Vice-president, board chairs and, in some cases, audit and risk chairs.

The adjustment to Council remuneration is provided for in the budget submitted to this meeting for approval by members, and would take effect from 1 July 2013 if agreed.

Council asks members to support the proposed business plan and budget.

Having thoroughly considered these issues, the present Council also recommends that future Councils review governance remuneration each year and consider making a small adjustment to fee levels to account for inflation.

This Council considers that the cost and complexity of engaging an independent reviewer in the process of making such decisions is not justified. However, it would make sense for future Councils to continue to monitor the relativity of governance remuneration to the market and relevant guidelines and to engage an independent reviewer to assist with this task once in, say, every three years.

#### **InternetNZ Council**

Adopted by e-vote on 17 June 2013.



# Draft Business Plan 2013-2014

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**Draft for Annual General Meeting  
18 June 2013**

## Key planned activities in 2013/14

InternetNZ's vision is that the Internet is open and uncapturable. In bringing that vision about, we work to protect and promote the Internet for New Zealand.

We work in four main areas: we manage the .nz top level domain<sup>1</sup>; we do public and technical policy work; we provide platforms for debate so people can shape the Internet's future; and we provide community funding through grants and partnerships with others.

The strategic goals that focus our work are set out on Page 7 of this Plan. Highlights from this year's Business Plan include the following:

- Producing NetHui
- Producing NetHui*South* (venue to be confirmed)
- Further research on the economic impact of the Internet
- Strengthened technical policy capacity and involvement in regional Internet numbering institutions & policy debates
- Work with central government agencies to help the public service understand & make best use of the Internet
- Hosting the Australia and New Zealand Internet Awards (ANZIAs)
- Bring into being a "State of the Internet" report published annually
- Involvement in the review of the Telecommunications Act and the TSO
- Contributing to policy debates around online security, including legislation on interception and responding to harmful digital communications
- A focus on building networks and collaborating with others to achieve our goals
- Support the Fair Deal coalition and help it go global (TPP issues)
- Development of the Parliamentary Internet Forum
- A strong focus on better information sharing and linkages among academic researchers on Internet issues
- Supporting faster adoption of IPv6
- Participation in global Internet Governance institutions
- More opportunities for members to be involved
- Refreshing InternetNZ's website and how we explain who we are

This necessarily partial list is emblematic of the full range of work set out in this draft Business Plan. For further information on planned work, please see the following pages of this Plan.

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<sup>1</sup> Through our subsidiaries Domain Name Commission Ltd (<http://dnc.org.nz>) and NZ Registry Services (<http://nzrs.net.nz>).

## A. Introduction

This draft Business Plan sets out the work that InternetNZ is planning to tackle this year. It was adopted as a consultation draft by Council in May 2013, based on work done by the operating team following strategic decisions made by Council in March 2013. Input from InternetNZ members at meetings around the country in March was part of the first draft, and elements of feedback received in a public consultation round in May have been incorporated in this final draft.

The Plan is organised in three main sections:

**Section B** sets out the main approaches InternetNZ takes to its work – policy development, community funding and support, and provision of platforms for debate. It also discusses how the operating team prioritises its work.

**Section C** sets out the higher level, strategic goals InternetNZ is pursuing this year.

**Section D** sets out for each goal the transformations we think will help bring that goal about, and then sets out the planned work for each goal.

Subsequent sections provide a brief outline of governance work and a high-level summary of how the budget adopted by Council in March applies to the different forms of work the organisation undertakes.

This version of the Plan incorporates much feedback from the consultation round in May and June 2013. A wide range of feedback was received. Not all of it has been incorporated due to time limitations, but all of it has been considered – and will shape the 2014/15 planning cycle.

Many thanks to all those who provided input.

This document aims to be digestible rather than comprehensive. It gives an overview of the planned work, but InternetNZ's environment is sometimes fast-changing, and flexibility is always required.

Jordan Carter  
Chief Executive (Acting)

18 June 2013

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## B. How InternetNZ goes about its work

InternetNZ's vision is that the Internet is open and uncapturable. There is a vast array of stakeholders that could challenge that vision or create barriers to its realisation. The implication of this is that, much of the time, InternetNZ is seeking to influence others to pursue its vision and its Objects – there are not many situations where we can significantly control the outcomes we seek to bring about.

The three main approaches we generally employ are to develop and share **policy** – both technical and public policy – to shape debates and drive change in line with our vision; to develop **community** through collaboration, developing networks, building partnerships and providing funding; and to be a **platform** for debate and discussion of the Internet, in a manner which makes a reality of multistakeholder Internet governance (the notion that everyone affected by decisions about how the Internet works should have a say in making those decisions).

Sub-sections below explain some more detail of our approach but, in reality, they are strongly interlinked. The important point to bear in mind is the combined impact rather than singling out particular ways of doing work.

### Policy

In achieving the Objects of InternetNZ, a significant area of work is contributing and leading policy debates. Given the global reach of the Internet, this work occurs both within and with specific emphasis to New Zealand, and offshore, as well as in the service of New Zealand's ability to use the Internet.

Our approach to policy is to advance ideas and practices that will protect and promote the Internet, where our objective is to ensure that the Internet itself remains open and uncapturable: a vehicle for human creativity and innovation that opens up opportunities for all and spreads benefits to many.

In doing policy work, we take the following broad approach:

- We are **principled** - our policy principles are public and developed with our membership and with stakeholders, so that everyone can see our likely approach to specific issues.
- We are **open** – we seek input from all affected stakeholders when we are considering our stance on an issue, and will engage with those that share our views as well as those who do not.
- We aim for **quality** – InternetNZ policy positions are well thought through and credible, not reactive or off the cuff.

### Community

Building the community of organisations and individuals that support InternetNZ in its work is a priority. Our Objects are very broad, and our Mission and Vision find reflections in other organisations. It is therefore natural for InternetNZ to collaborate with others – both in its day to day work, through cooperating with others, and through more formal or sometimes transactional relationships.

Where funding is involved, there are four broad approaches:

1. **Strategic Partnerships:** long term relationships with organisations that help advance InternetNZ's objects, which often include a funding element. These are agreed by Council after being negotiated by the operational team. Current partnerships are with NetSafe, 2020 Communications Trust, Creative Commons Aotearoa NZ, and AUT.
2. **Grants:** funds made available in response to ad-hoc applications. Funding can only be given to projects that advance InternetNZ's objects. These are agreed by the Grants Committee (if under \$5k) or by the Council if for larger sums.
3. **Funding rounds:** rounds of grants with a common theme and closing date, where applications are ranked against each other and tested against the purpose of the round and against InternetNZ objects. Decisions are made by the Council on a recommendation from the Grants Committee.
4. **Sponsorship:** funds made available to organisations to achieve a specified objective of InternetNZ's or to offer support. Decisions generally made by the operational team.

These four approaches fall under what might be called "Community Investment". They developed in an ad-hoc fashion over a number of years. The Council decided in March 2013 to kick off a full review of how InternetNZ does community funding. That review is in progress and is expected to be completed by the middle of the year. It may lead to changes in the approach to funding, and will at the least lead to clearer information for prospective funding recipients about what is available and how they can apply. While the review is under way, the general grants pool is limited to \$50,000. In respect of Strategic Partnerships, only commitments for a maximum period to March 2014 will be entered into.

5. **Network and collaboration building:** not all the community building InternetNZ is involved with requires funding. For instance, work is under way to bring together researchers at academic institutions that look at Internet issues to help join up research and make sure gaps are covered. The communities that meet at NetHui sometimes require additional support. InternetNZ's own membership forms a community that the organisation supports and nurtures. In all areas where InternetNZ is engaged in supporting network and collaboration development it is in the service of seeing our Objects promoted and achieved.

## **Platform**

As an organisation that considers the whole Internet, InternetNZ has a focus on bringing together broad coalitions and groups of stakeholders to help understand the Internet's impact and to support its ongoing development. Multistakeholder governance of the Internet requires such platforms to exist: people need the chance to share their views and see where agreement – and disagreement – is to be found. We provide a range of different platforms:

**NetHui** – an open event held each July, NetHui brings together the widest range of those interested in or affected by the Internet. 2013 is the third year for NetHui. By providing an open platform for discussion, and seeking out community leadership and input into the topics discussed, this event is unlike any other that occurs in the New Zealand Internet environment. It is the national Internet Governance Forum in effect, feeding into regional and global instances of the IGF form.

**NetHui South** – or similar – a regional take on NetHui, delivered in Dunedin late in 2012 and slated for Christchurch (subject to confirmation) in 2013. This event works with the local community to deliver an experience that matches the needs, interests and concerns of Internet stakeholders in the place it is held. We anticipate that if 2013 happens in Christchurch, then reconstruction and recovery from the Canterbury Earthquakes and the role of the Internet in developing resilient communities will be part of the focus.

**Specific one-off events** – InternetNZ organises ad hoc events to explore current issues or showcase speakers. Recent examples include:

- Hosting Tim Berners-Lee, the inventor of the World Wide Web, in Wellington (January 2013)
- Workshops on the government’s proposed harmful online communications reforms (September 2012)
- Activity around the Trans-Pacific Partnership negotiations (December 2012)

Events further in the past include the highly successful PublicACTA conference in 2010, and the “R versus the Internet” seminar that brought together media, judicial and technology stakeholders to discuss issues of mutual concern.

In 2013/14 we will continue to produce accessible, relevant events that respond to what is happening to or on the Internet.

**Internal platforms** – InternetNZ itself, as a membership-based organisation, has traditionally provided monthly Policy Advisory Group meetings during which members discuss public and technical policy issues. As noted below, the staff are currently examining alternative ways to better engage the Policy Advisory Group, including trialling a working group method. There is also a general email list for people to discuss issues; and the InternetNZ blog allows discussion on issues of the day.

### **Prioritisation**

In general, the operational team proposes to focus on goals 2-4, being the main outwardly focused goals for the organisation.

That said, goal 7 (being acknowledged as a high performing organisation) is important, as it provides the foundation to be able to effectively pursue all other goals and to build InternetNZ’s profile and reputation as an effective organisation.

The priorities set out in Section D are explained as follows:

<b>Category</b>	<b>Explanation</b>
A	Priority – will be completed during the 2013/14 year
B	Expected to be completed / advanced on current resources in the 2013/14 year
C	Will be advanced if possible given inevitable needs to react to external events
D	Unlikely to be progressed, shared for completeness in this version of the Plan

The “New/BAU” column highlights new streams of work or activity (“New”), compared with activity that was under way before the start of the 2013/14 year (“BAU”).

## C. Goals

The following medium-term goals were adopted by Council in March 2013. They form the strategic framework in which this Business Plan has been developed. The timeframe for these goals is either ongoing, or in the 2-3 year window – but the Plan sets out what will happen to advance the goals in the twelve months to April 2014.

1. Be a guardian of .nz.
2. Protect and promote the open Internet through multi-stakeholder Internet governance (in New Zealand and globally).
3. Drive universal access to, and accessibility of, the Internet.
4. Catalyse New Zealanders' ability to make use of the social, cultural, economic and environmental gains that can arise through the Internet's use.
5. Encourage adoption of best practice and leading technology in New Zealand's Internet services and architecture.
6. Collect and disseminate information related to the Internet and inter-networking in New Zealand.
7. Be recognised as a high-performing organisation with the resources and ideas to deliver on the vision and mission.
8. Expand the role of and engagement with members.
9. Stronger relationships with strategic partners, new communities of interest and the wider Internet ecosystem.

The first goal is delegated to the Domain Name Commission Ltd and NZ Registry Services, who manage and operate the .nz top level domain as wholly owned subsidiaries of InternetNZ.

The strategy for this area is under development. InternetNZ actively manages its ownership interest in these two subsidiaries, which manage .nz on InternetNZ's behalf and in line with InternetNZ's objects.

All of these goals, and the broader Mission and Vision of InternetNZ, will be assessed through a formal strategic planning process that commences in September 2013. They can best be characterised as an evolution of last year's approach, in the knowledge that a full reassessment is pending.

## D. Work to realise InternetNZ's goals

### Outwardly focused goals

#### A note on “transformations”

To help plan our activity, for each of the strategic goals the operating team has proposed changes of state or transformations that, if brought about, would help bring the goal closer to realisation. The left hand column sets out the current state of affairs; the right hand column shows the desired state. The actions that are explained below each goal are intended to help that change happen.

#### What do the Priority and New/BAU columns mean?

Priority A activities are expected to be completed/progressed in the current year with this being achievable given current resources. Priority B activities are hoped for achievement but are at risk from resource contention or urgent unplanned reactive work. Priority C activities are mentioned to give a sense of the desired breadth of work, and to provide other options where proposed priorities aren't agreed by Council. The final column indicates whether the activity is one the operational team already does or is new.

	Current state	→	Desired state
<b>Goal 2: Protect and promote the Internet through multistakeholder Internet Governance</b>			
2.1	Debate on Internet Governance is largely framed by governments and the ITU	→	Debate on Internet Governance is largely framed by Internet stakeholders.
2.2	NZ Government is an ally of the open Internet	→	NZ Government is a principled ally of the open Internet
2.3	Shallow multistakeholderism is evident in the Internet Governance world	→	Multistakeholderism is firmly embedded in the Internet Governance world

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	New/BAU
2A	Gain and maintain representation on the Internet Governance Forum Multistakeholder Advisory Group and participate in global, regional and trans-Tasman Internet Governance Fora.	2.1, 2.3	A	New
2B	Maintain appropriate involvement within the ICANN At Large constituency	2.1, 2.3	B	BAU
2C	Promote best practice across all Internet Governance institutions InternetNZ participates in	2.1-2.3	B	BAU
2D	Map the Internet Governance ecosystem and understand clearly InternetNZ's role in it	2.3	B	New
2E	Complete review of International Strategy and develop principles for international engagement	2.1-2.3	B	New

2F	Develop relationships across NZ Govt to impart the importance of the Open Internet and thereby contribute to NZ's official position on Internet Governance issues in international fora, such as the World Telecommunication Policy Forum and other International Telecommunication Union meetings.	2.2	B	BAU
2G	Assess InternetNZ's own use of "multistakeholder" approaches and develop these further	2.3	B	New
2H	Parliamentary Internet Forum – continue to develop and grow this new institution	2.1, 2.2, 3.3	A	BAU
2I	Consider joining W3C to participate in web standards debates e.g. DRM in HTML5	2.3	D	New
2J	Create a New Zealand working group to contribute to the Internet and Jurisdiction project.	2.1, 2.3	D	New
2K	Develop an easily understood explanation of what "multistakeholderism" means	2.1-2.3	A	New

<b>Goal 3: Drive universal access to the Internet</b>				
3.1	Growing take-up of Internet access across New Zealand	→	Complete take-up of Internet access across New Zealand	
3.2	Patches of digital exclusion	→	Complete digital inclusion	
3.3	Policy sometimes understands the Internet	→	Policy generally understands the Internet	
3.4	Access regulation is telco-focused	→	Access regulation is Internet-focused	
3.5	NZ mainly dependent on one trans-Pacific cable	→	NZ international connectivity is resilient	

To help bring these transformations about, the following main activities are planned:

	<b>Activity</b>	<b>Transformation/s</b>	<b>Priority</b>	<b>New/BAU</b>
3A	Contribute to solving any barriers to UFB and RBI uptake	3.1, 3.2	A	New
3B	Use the review of the TSO to generate debate on what level of broadband Universal Service might be needed	3.1, 3.2	B	New
3C	Develop a map or analysis of drivers of / evidence of digital exclusion and options for solving this, perhaps in partnership with the 20/20 Trust	3.2	C	New
3D	Develop working groups and input as needed to help respond to new legislative proposals	3.3, 3.4	B	BAU
3E	Shape the review of the Telecommunications Act so it supports the development of an efficient, competitive market – which will aid the spread of affordable high speed broadband	3.3, 3.4	A	BAU
3F	Working with partners, assess network resilience options for NZ's international connectivity.	3.5	D	New

### Goal 4: Catalyse gains from the Internet

4.1	NZ is missing out on prospective gains from widespread Internet use	→	NZ is benefiting from more gains from widespread Internet use
4.2	Public services: use of the Internet is variable	→	Public services: use of the Internet is high and rising
4.3	Economic benefits of Internet use are unclear	→	Economic benefits of Internet use are widely understood
4.4	No particular sectoral focus in benefits analysis	→	Choose some relevant sectors for focus of benefits analysis

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	New/BAU
4A	Complete review of Community Investment to include some focus on shared gains of the Internet.	4.1-4.3	A	BAU
4B	Seek to understand and share emblematic stories of gains available from fibre uptake	4.1	C	New
4C	Work with central Government agencies to create an Unconference focused on helping the public sector develop better use of the Internet (could focus on best practice sharing, or IPv6 diffusion)	4.2	B	New
4D	Develop the 2012 studies on the economic impact of the Internet and follow up with further research	4.3	B	BAU+
4E	Partner with other interested organisations to share stories and conduct analysis	4.1, 4.3, 4.4	C	BAU

### Goal 5: Better adoption of new Internet technologies & best practice

5.1	IPv6 adoption satisfactory in New Zealand	→	IPv6 adoption good in New Zealand
5.2	Best practices shared in a patchy way	→	Best practices widely shared
5.3	UFB / RBI architecture telecommunications-led	→	UFB / RBI architecture Internet-led
5.4	Technical ecosystem partly developed	→	Technical ecosystem well-supported

To help bring these transformations about, the following main activities are planned:

	Activity	Transformation/s	Priority	New/BAU
5A	Continue supporting the IPv6 Task Force	5.1	B	BAU
5B	Explore possibility of a new whole-of-government policy re IPv6 use	5.1	A	New

5C	Conduct an assessment of operator-focused best practice use and diffusion in the New Zealand Internet	5.2	A	New
5D	Continue supporting NZNOG as a community, and expand relationships with other technical bodies as appropriate	5.2	B	BAU
5E	Run INTAC (Internet Technical Architecture Conference)	5.2, 5.3	A	BAU
5F	Identify and resolve any gaps in Internet focused architecture or standards in RBI/UFB environment	5.3	A	New
5G	Continue developing our understanding of the technical ecosystem in New Zealand and how we can contribute to supporting its growth and depth.	5.4	B	New

<b>Goal 6: Greater sharing of information about the Internet</b>				
6.1	Information about the NZ Internet is dispersed and hard to find	→	Information about the NZ Internet is available through InternetNZ	
6.2	InternetNZ stances on issues internally available	→	InternetNZ stances on issues publicly available and easily accessible	
6.3	Information we provide is sometimes audience-specific	→	Information we provide is often audience-specific	

To help bring these transformations about, the following main activities are planned:

	<b>Activity</b>	<b>Transformation/s</b>	<b>Priority</b>	<b>New/BAU</b>
6A	Develop and seek sector support for an annual “State of the Internet” report	6.1	A	New
6B	Prepare an FAQ for the InternetNZ website that answers common queries and points to commonly requested sources of information, and additional info on our views and on the sector.	6.1, 6.3	A	New
6C	Use the opportunity provided by the website information architecture review to develop new content that helps achieve the transformation	6.1-6.3	B	New
6D	Develop a new Policy Development Process that includes how we share and advance information and ideas as part of the broader work we do	6.2, 6.3	A	New
6E	Broaden the general communications effort to include more audience-specific or audience-friendly versions of, for example, policy submissions	6.3	B	BAU

## Operationally focused Goals

<b>Goal 7: A recognised high-performing organisation</b>			
7.1	Focus of operation is sometimes internal, detail-centric	→	Focus of operation is mostly external, big picture-centric
7.2	Tends towards reacting to others' imperatives	→	Tends towards proactive leadership based on the Objects
7.3	Stakeholders not clear on purpose, variable views of performance	→	Stakeholders clear on purpose, see organisation as high-performing
7.4	Brand and identity is not clear	→	Brand and identity is clear
7.5	Charitable status is not clearly understood internally	→	Charitable status is clearly understood internally
7.6	Systems, processes and policies poorly defined and shared	→	Systems, processes and policies clearly defined and shared
7.7	Respective roles of governance and operations unclear	→	Respective roles of governance and operations clear

To help bring these transformations about, the following main activities are planned:

	<b>Activity</b>	<b>Transformation/s</b>	<b>Priority</b>	<b>New/BAU</b>
7A	Improved internal organisation & culture to deliver outward focus	7.1, 7.2	A	New
7B	Review InternetNZ's identity, purpose and brand to bring clarity	7.3-7.5	A	New
7C	Develop internal systems and processes, implement these and review mid 2014	7.6	B	New
7D	Stakeholder analysis and research to improve understanding of perceptions (with 7B)	7.3	A	BAU
7E	Proactive outreach to key stakeholders about InternetNZ role	7.3	B	BAU
7F	Operations team training & discussion on respective roles of operations and governance	7.7	A	New
7G	Ongoing governance training for Council and relevant staff	7.7	B	BAU

<b>Goal 8: Members</b>			
8.1	Unclear reasons to join	→	Clear reasons to join
8.2	Some understanding of member needs	→	Good understanding of member needs
8.3	Limited involvement with work	→	Wide involvement with work

To help bring these transformations about, the following main activities are planned:

	<b>Activity</b>	<b>Transformation/s</b>	<b>Priority</b>	<b>New/BAU</b>
8A	Initiate discussion with Council about membership model into the future	8.1-8.3	A	New
8B	Clarify and improve explanation of what people want to join InternetNZ for	8.1	B	New
8C	Conduct revised version of annual Membership survey	8.2	B	BAU

<b>Goal 9: Stronger relationships with key partners</b>				
9.1	Stakeholder engagement unstructured	→	Stakeholder engagement comprehensive & strategic	
9.2	Individually owned	→	Organisationally owned	
9.3	Partly managed	→	Fully managed	

To help bring these transformations about, the following main activities are planned:

	<b>Activity</b>	<b>Transformation/s</b>	<b>Priority</b>	<b>New/BAU</b>
9A	Map InternetNZ stakeholders and develop a strategic framework for our relationships with them	9.1	A	New
9B	Develop better systems to maintain information about stakeholders and contacts	9.2	A	New
9C	Ensure all key stakeholder relationships are with multiple people in each organisation	9.2	B	BAU
9D	Effective management of all key relationships – more planning, more reflection	9.3	B	BAU
9E	Make individuals responsible for management of relationships with named key stakeholders	9.3	B	New

## **E. Governance**

InternetNZ is governed by a Council of twelve members, elected by and from the Membership and comprising a President, Vice President and ten Councillors.

In 2013/14, governance activities anticipated include the following:

- Employment of a Chief Executive
- Review of InternetNZ Objects
- Identity review
- Review of community funding
- Strategic Planning process (including .nz strategy and international strategy)
- Evaluation of group policy needs

These projects sit alongside the normal workload of five ordinary Council meetings each year, monitoring the work of the Chief Executive and the operational team.

## F. Summary Budget for 2013/14

The 2013/14 Budget was adopted by the InternetNZ Council at its meeting in March 2013.

\$ 000s	Budget 2012/13	Proposed Budget 2013/14
<b>Community</b>		
Community Investment	500	<b>500</b>
<b>Platform</b>		
NetHui	120	<b>120</b>
Major Event Hosting	0	<b>200</b>
<b>Policy</b>		
Work Streams	500	<b>587</b>
International Transition	0	<b>180</b>
<b>Operating</b>		
Council/Members	217	<b>304</b>
INZ Operations	1,525	<b>1,589</b>
<b>TOTAL</b>	<b>2,862</b>	<b>3,480</b>

**Notes:** The proposed operational budget for financial year 2013/14 is \$3.480 million. This includes new provisions as follows:

- A provision of \$200k each year for the hosting of a major event or events (in 2013/14, the ANZIAs and an associated Internet Governance event);
- A new provision of \$180k in 2013/14 and 2014/15 for funding increased international presence to allow for transition in personnel;
- In the INZ Operations line, increased provision of \$120k for salary and contractors, related to anticipated changes in the staffing profile and the expenses of the Chief Executive transition, less reclassification of \$62k of contractor expenses into the Work Streams/NetHui line (to properly align contractor expenses with the Work Stream-related work that they do); and
- In the Work Streams/NetHui line, the above-mentioned \$62k reclassification of contractor costs from the INZ Operations line, and an additional \$25k for the identity review project, resulting in an increase of \$87k.
- Council/Members budget is net of interest earned on reserves. Similarly, the INZ Operations expenditure is net of re-charge for common services to our subsidiaries, NZRS and DNCL. Council's budget includes a proposed increase in remuneration, and an increase for members meetings.
- The proposed capital budget is \$116,000 (current financial year: \$31,000). This is made up of computers (\$16,000) and web-site development (\$100,000).
- All amounts are exclusive of GST.
- InternetNZ's major source of funding is dividend from NZRS.

The detailed budget is set out in a paper from the 22 March 2013 Council meeting, available on the InternetNZ website<sup>2</sup>. This summary shows a different final result due to post-March decisions on workstream funding and on Councillor remuneration provision.

<sup>2</sup> See Council papers set at <https://internetnz.net.nz/meetings/Council-Meetings/22-March-2013>