

Agenda for the 2014 InternetNZ Annual General Meeting

Date: Thursday 31 July 2014
Time: 6:00 – 8:00 PM
Venue: Shed 6
Queens Wharf
Jervois Quay
Wellington

- 18:00 **Meeting opens**
 Apologies
 (MOVED: President/) "THAT the apologies be accepted".
- 18:05 **Minutes of 2013 AGM and Matters Arising**
 (MOVED: President/) "THAT the minutes of the 2013 AGM be received and adopted as a true and accurate record of the meeting."
- 18:10 **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 BDO Wellington be appointed auditor for the 2014/15 audit"
- 18:25 **InternetNZ Operational**

 CE Report
 (MOVED: President/) "THAT the report of the Chief Executive be received."

 2014/15 Budget
 (MOVED: President/) "THAT the 2014/15 Business Plan and Budget be adopted."
- 18:35 **DNCL Report**
 (MOVED: President/) "THAT the DNCL Annual Report be received."
- 18:45 **Break**
- 19:00 **NZRS Report**
 (MOVED: President/) "THAT the NZRS Annual Report be received."
- 19:10 **Information update**
 Andrew Cushen – Membership survey 2014 results
- 19:20 **Announcement of Election Results**
- 19:25 **General Business**
- 19:30 **Meeting closes**

MINUTES OF THE 2013 INTERNETNZ ANNUAL GENERAL MEETING

Status: Draft

Date: Monday 8 July 2013

Venue: Auditorium, Town Hall
Wellington

Frank March (InternetNZ President) welcomed Members and other guests, and officially opened the eighteenth AGM of InternetNZ at 7.01pm. 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 Carolyn Bates, Peter Dengate-Thrush, Gavin Adlam, Colin Jackson, Rick Shera, Nat Torkington, Donald Clark, and Joy Liddicoat.

AGM 01/13 THAT the apologies be accepted.

(President/Hamish MacEwan)
CARRIED U

2. Minutes of 2013 AGM and Matters Arising:

The minutes of the 2012 AGM were taken as read.

AGM 02/13 THAT the minutes of the 2012 AGM be received and adopted as a true and accurate record of the meeting.

(President/Dean Pemberton)
CARRIED U

3. President's Report:

The President acknowledged Michael Foley and Jonny Martin's decision not to be re-elected for Council and have thanked them for their work and contribution to Council during their term. Michael Foley has also been a member of the DNCL (Domain Name Commission Limited) Board and the President thanked him for his significant contribution to the board. He also acknowledged Joy Liddicoat's resignation as Chair of the DNCL Board and noted that Joy will still be a member of the board until the end of her term next year.

The President gave a brief summary of his report and highlighted a few key points such as the review of the InternetNZ Objects. There will be a consultation process between now and the next twelve months and any revisions to the Objects will be formally brought forward at the 2014 Annual General Meeting. There's also the review of the Governance Remuneration which has been completed this year and a recommendation has been brought forward to this meeting for the increase of the remuneration for the Board.

AGM 03/13 THAT the President's Report be received.

(President/Keith Davidson)

CARRIED U

AGM 04/13 THAT the Annual Report be received.

(President/Lance Wiggs)

CARRIED U

AGM 05/13 THAT the Audited Annual Accounts be accepted.

(President/Dean Pemberton)

CARRIED U

The President opened the floor for discussion regarding the Governance Remuneration and asked if there are any comments from the members around the recommendation of increasing the remuneration for the board. Members support the motion and no issues were raised.

AGM 06/13 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.

(President/Keith Davidson)

Abstain: Hamish MacEwan

CARRIED

4. Chief Executive's Report

The President invited Jordan Carter, who has been appointed as the new Chief Executive for InternetNZ, to speak to his report.

Jordan briefly talked about the work done by InternetNZ for 2012-2013 including hosting the Tim Berners-Lee talk in January and the Members Engagement in March, which he noted, had a better turn out compared to last year. Overall, Jordan advised that InternetNZ is in a good place.

He also highlighted that the common questions that InternetNZ had to address is 'who we are' and 'what we do'. One of the works that is being done for this year is looking into InternetNZ's identity and the discussion around this had also led to the review of the Objects.

Jordan gave a brief summary of the Business Plan for 2013-2014 which includes the review of the InternetNZ brand; discussion around memberships; and he also highlighted the external goals for the coming year.

The President thanked Jordan and acknowledged his work and for stepping up as Acting Chief Executive early in the year and congratulated him for his formal appointment to the role.

The President also thanked the staff of InternetNZ, on behalf of Council, for their work amidst the staff changes earlier this year.

AGM 07/13 THAT the report of the Chief Executive be received.

(President/Andrew McMillan)
CARRIED U

AGM 08/13 THAT the 2013/14 Business Plan and Budget be adopted.

(President/Dave Moskovitz)
CARRIED U

5. DNCL Report

The President invited Debbie Monahan (Domain Name Commissioner) to speak to her report. Some of the key points she highlighted was the Zone Transfer Policy which was amended in order to improve the security posture of .nz and provide further insight into how .nz is evolving and performing. Debbie also briefly discussed the consultation process for the second level domain .kiwi.nz which began in 30 May. Since the implementation of the .kiwi.nz domain, it has been the fourth largest in the domain name space. Dispute Resolution Service is still the popular service that people approach DNCL for, and Debbie noted that the mediators are doing a great job and that there have been a lot of issues that were resolved.

Debbie also thanked the NZRS for their on-going support to DNCL.

AGM 09/13 THAT the DNCL Annual Report be received.

(David Farrar/Alastair Thompson)
CARRIED U

7.51pm to 8.03pm – Refreshment Break

6. NZRS Report

The President invited Richard Curry (NZRS Chair) and Jay Daley (NZRS CE) to speak to their report.

Richard thanked his fellow directors on the NZRS Board for their support; Joy Liddicoat and Debbie Monahan for working closely with NZRS; and he commended Jay for his leadership.

Jay briefly discussed the increase in the budget growth and highlighted the growth of .nz for the year compared to other ccTLDs. He advised that this information is available on the NZRS's website which also includes a summary of NZRS's five strategic goals.

He also highlighted the marketing strategy for .nz and that they are meeting up with registrars and creating good relationships with them and seeking feedback as to how the Registry can help them regarding .nz domains.

A question was raised whether other registrars are using the same protocol as NZRS and Jay replied that NZRS protocol is unique to .nz only.

Jay also responded to a question raised online regarding the wholesale rate for the .nz domains and commented that the rate for the .nz domains is reviewed every year. If there are any changes, he advised that there are lot of things to consider and there is a process in place to follow. For this year, it has been decided that there will be no changes and that rate will remain the same.

AGM 10/13 THAT the NZRS Annual Report be received.

(Dean Pemberton/Dave Lane)

CARRIED U

7. Membership Survey

Campbell was invited by the President to speak to his report around the result of the members' survey. A total of 18% of members had responded to the survey which was conducted early June. Half of the members who responded indicated that InternetNZ had met the expectations; 40% for fairly met, and the remaining 10% responded that InternetNZ did not meet the expectations.

With regards to the community building work, members responded that they are keen to actively contribute to the community work than the policy work. A large number of members view that InternetNZ is visible to the public.

Members were also given the opportunity to provide comments and one of the comments made was that there's a need for better direct engagement outside of Wellington and to have better communication with members.

8. Election Results

Campbell announced the interim results for the Council elections. There were eight nominations and 191 votes were received.

The newly elected Councillors are:

- Lance Wiggs
- Amber Craig
- Richard Wood
- Neil James

It was noted that the interim results will be reviewed and signed by an independent scrutineer and the final results will be released on Tuesday 9 July.

The President acknowledged the newly elected Councillors and thanked the other candidates that were nominated.

9. General Business

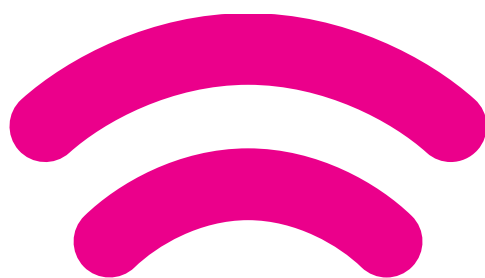
The President announced the appointment of Don Stokes as the new InternetNZ Fellow. He noted that Don was always quick to response to help with internet issues and that he well deserved to be awarded as a new InternetNZ Fellow.

The President also announced that he intends to resign from his position as President of Council. He will formally step down from the role at the 2014 AGM and thanked members for their support.

Meeting closed: There being no further business, the 2013 Annual General Meeting closed at 8.40pm

Signed as a true and correct record:

.....
Frank March, CHAIR



InternetNZ 2013-2014

Annual report

InternetNZ overview

A better world through a better Internet

InternetNZ is a voice, a helping hand and a guide to the Internet for all New Zealanders. It provides a voice for the Internet, to the government and the public; it gives a helping hand to the Internet community; and it provides a guide to those who seek knowledge, support or any other method of benefiting the Internet and its users.

InternetNZ's vision is for a better world through a better Internet. To achieve that, we promote the Internet's benefits and uses and protect its potential. We are founded on the principle of advancing an open and uncapturable Internet.

The growing importance of the Internet in people's everyday lives means that over the last twelve months we have significantly reoriented our strategic direction. The Internet is everywhere. We are a voice for the Internet's users and its potential to make life better.

InternetNZ helps foster an Internet where New Zealanders can freely express themselves online – where they can feel secure in their use of the Internet. We foster an Internet where a start-up can use the web to develop a presence and customer base for a new product, and we foster an Internet where gamers can get online and battle it out.

We work to ensure this Internet is safe, accessible and open.

The work we do is as varied as what you can find on the Internet. We enable partner organisations to work in line with our objects – for example,

supporting Internet access for groups who may miss out. We provide community funding to promote research and the discovery of ways to improve the Internet. We inform people about the Internet and explain it, to ensure it is well understood by those making decisions that help shape it.

We provide technical knowledge that you may not find in many places, and every year we bring the Internet community together at NetHui to share wisdom, talk about ideas and have discussions on the state of the Internet.

InternetNZ is the delegated manager for the .nz country code top-level domain and represents New Zealand at a global level through that role.

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

President's report



It is with mixed feelings that I write my last annual report as President. It has been an interesting and challenging five years – a period over which InternetNZ has achieved much. It is a good time to hand over the chairmanship of the

council to someone with a fresh perspective and their own sense of direction for the organisation.

When I was first elected, I noted that InternetNZ does not exist to serve its members; I pointed out that effectively we provide no services for our membership at all. What InternetNZ does do, though, is provide a platform for anyone with an interest in an open and 'uncaptureable' Internet to assist in furthering that objective. Five years later, I believe we are stronger and more able to provide that opportunity, with a highly professional team to deliver on our objectives.

In my report last year I noted that 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. I commented that 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 to foster '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.

The council and staff have spent some time this year looking carefully at our objectives as an organisation. Indeed, the outcome of this work was discussed with members at a series of consultations in March. We have not yet taken the plunge to change our Objects. But it is clear from the work we did that the focus of InternetNZ has moved over the years, from a close focus on the 'mechanisms' of the Internet itself to looking more at the needs of those who use the Internet.

This year has also seen intense activity internationally on 'governance' of the Internet. For most New Zealanders, even those with a close interest in the Internet, international Internet governance is not a great priority – our focus tends to be on more immediate domestic

issues such as broadband access and intellectual property law. But the announcement by the US Government that it intends to pass stewardship of the IANA functions over to an international multi-stakeholder-based organisation has raised the intensity of IG discussions to new levels. InternetNZ has not just contributed to those discussions, but has taken a leading role in shaping their direction, based very much on our own experience in the responsible management of the .nz top level domain name. It is critically important that we continue to maintain a balance between our global and domestic activities.

In conclusion, I would like to pay tribute to everyone who has contributed to another highly successful year for InternetNZ. It is hard to believe that it is just on a year since we appointed Jordan Carter as chief executive. I thank Jordan and his team for the great work they are doing. My thanks also go to all of InternetNZ's council and the board members of our subsidiaries, DNCL and NZRS, 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 and to me as president over the past five years.

A handwritten signature in dark ink, appearing to read 'Frank March'.

Frank March
President

Chief Executive's report



What a difference a year makes! In the twenty-fifth year since the World Wide Web was invented, and since New Zealand's first direct connection to the Internet began, we can celebrate a year of success at InternetNZ.

I'm pleased and proud to be able to present my first Annual Report as permanent chief executive of an organisation that's all about making a difference to the future New Zealanders can enjoy – all thanks to the Internet.

It has been a busy year. There are always more issues to deal with than time to do the dealing. The challenge we always face is to focus our efforts to make the biggest difference. A sharp clarity of purpose makes that job much easier.

We've made significant strides on that front. In the course of the year, the council signed off a fresh vision and mission for InternetNZ. We seek to bring about a better world through a better Internet, and our mission is to accomplish that through promoting the Internet's benefits and uses while protecting its potential.

At the core of a better Internet is the language of the previous vision: an open and uncaptureable Internet. This allows the rise of new innovations and is a fundamental contributor to human freedom and development in the digital era.

The new branding you see embodied in this report is our adjustment in visual presentation: it's a little more upbeat, a little more focused on people and just a bit fresher.

There was a good mix of both promotion and protection in the work highlighted in this report. From a successful NetHui 2013 – at which Quinn Norton challenged us to grasp a world in which everyone can publish and in which the power of existing institutions and their control on various spheres of public life is being whittled away – we soon found ourselves considering policy proposals from the government which would have seen broadband users paying more for no gains in service or speed. The Coalition for Fair Internet Pricing worked to put a stop to that, and succeeded, as set out elsewhere in this report.

During that imbroglio, proposals to update New Zealand's communications interception regime and to expand the powers of the GCSB into domestic matters passed into law. In passing this legislation, the Government missed an opportunity to develop New Zealand as a trusted and neutral centre for economic development of Internet services.

Prior to both pieces of legislation – and kicking off a debate that will roll on for years – were the revelations by Edward Snowden of the extent of mass surveillance of the Internet, led by the United States. If the Internet is to be a force for good in the world, people need to be able to trust its security and to be confident their privacy isn't being undermined by their own governments. Work to reinforce and strengthen the Internet's capacity to resist mass surveillance, to develop new privacy tools and to argue for the importance of privacy as a human right is more important than ever, in an era in which huge amounts of information flow across the border and around the world.

Across our work, besides dealing with the whole range of Internet issues, our other activity continues. We evolve and build on our ability to work with and for the whole Internet community; we continue to provide a significant package of community funding, helping develop understanding of and new applications for the Internet (with a reviewed, clearer and more rigorous approach now in place for community funding and strategic partnerships); and we celebrate our subsidiaries' work in managing the .nz domain name space, with a historic decision during the year to allow registrations direct at the second level in .nz.

So, what comes next? Many of the issues I've mentioned continue to shape the environment we face in 2014-2015. We've made our business plan clearer and more transparent, with clear goals to focus on. The incoming council will be doing strategic planning in September to lift thinking across the whole group into what we need to do over the coming years. We will start planning for an important celebration due next November: the twenty-year anniversary of InternetNZ's founding in 1995.

In leading these issues and doing this work, I would like to pay tribute to the outgoing InternetNZ council – in particular Frank March. As president and across a host of earlier roles, Frank has been a leading light in the New Zealand Internet community since before this organisation was founded. A new president will have very big shoes to fill. The council has worked together coherently and diligently, and without their vital work we would not be able to look back on a successful year. I look forward to the year ahead with a fresh council team.

Finally, my colleagues. An incredible amount of work has been done over the course of this year by a talented and hard-working mix of staff and contractors. We farewelled Susi Cosimo from the disestablished role of project and society lead; Campbell Gardiner as communications lead; and Susan Chalmers from her role as policy lead, as she journeyed back to America. We welcomed

David Cormack as communications lead and Aimee Watson as receptionist. Andrew Cushen signed on the dotted line to join in the new role of work programme director just before the end of the financial year. To all of those I have the huge privilege of working with at InternetNZ, I say thank you so much for sharing your talent and your hard work with us.

It has been a great year. Here's to a sparkling 2014/15.



Jordan Carter
Chief Executive

Work highlights

2013-2014

Community support and grants



In 2013-2014, we continued our association with long-term partners such as NetSafe and the IPv6 Task Force, and we forged stronger partnerships with Creative Commons Aotearoa NZ, the 2020 Communications Trust and AUT University.

Our work with AUT University culminated in the launch of the World Internet Project's 2013 report – a study into Internet use and habits of New Zealanders, which highlighted the digital divide, being the gap between those who can – and do – use the Internet regularly and easily, and those who do not. Our other strategic partners work in a range of areas: 2020 focusing on closing the digital divide and developing a stronger understanding of its drivers; Creative Commons being supported to share their licensing approach more widely; and NetSafe continuing with its essential work on Internet safety.

The 2013-2014 period also saw the launch of a new funding round – the Internet Research Funding Grants Round. A total of \$60,000 was available for applicants who were conducting research into the Internet. Following the award of the money, the funding process was refined, with a view to launching a new programme of distributing the nearly half million dollars that InternetNZ contributes every year to the New Zealand Internet community.

InternetNZ also awarded fellowships to the UN's Internet Governance Forum held in Bali in September last year. Applicants were asked to demonstrate how and why they would benefit most from representing New Zealand on the global stage. A total of four individuals were awarded the fellowships, and they helped make New Zealand's presence at this key event that much stronger.

The Coalition for Fair Internet Pricing



In August, the Government issued a discussion document proposing three options for setting the price of broadband access on Chorus' copper network. All three options would have boosted costs for RSPs (and, in the end, for retail consumers), compared with prices the Commerce Commission was proposing.

As a firm believer in the sanctity of the Commerce Commission's process, and as an organisation that wants the best deal for New Zealand Internet users, InternetNZ formed a coalition led by us, Consumer NZ, and TUANZ. We were joined by diverse groups such as Unite Union, the Maori Internet Society and David Farrar's KiwiBlog.

Through a successful programme of media engagement and government relations, the Coalition was able to deny the Government the option of legislating over the top of the Commerce Commission when the Government's support parties all issued releases saying they would never support the move. Since then, InternetNZ has played an important role, working with the Commerce Commission, Chorus and RSPs on a solution that is satisfactory to all parties.

Work highlights

2013-2014

Snowden revelations



In June 2013, a then-unknown NSA analyst released a trove of documents that sent shockwaves throughout the whole world as it became apparent that nation states were spying on each other, on citizens and on world leaders.

New Zealand's place in all this is unclear. There was a stoush between the technical and the local intelligence communities last year when the controversial GCSB and TICSAs Bills were passed despite widespread opposition from groups such as InternetNZ, Tech Liberty and the Auckland District Law Society. That legislation opened up the capacity of the Government Communications Security Bureau to work on domestic intelligence matters and, among other things, also required local providers to be able to unlock encryption services. The treatment of metadata in the new regime is also unclear and a further review is pending.

Most New Zealanders accept there's a role for surveillance in a free and democratic society. Tightly targeted interception and surveillance – authorised by warrants from courts independent of the intelligence community – are an inevitable part of modern life. Mass indiscriminate data collection and surveillance operations are not, and they should not become so.

InternetNZ is working out how to reflect the importance of standing up for an open and free Internet in our ongoing work. There are a wide range of views on the table. What unites us all is a simple argument: that the Internet's benefits and uses should not be compromised by mass surveillance. We can't have a better world without a better Internet. It's time to stop making the Internet worse for everyone, which is the only outcome mass surveillance achieves.

Submissions

InternetNZ continued to have a prolific voice through filing submissions. We were particularly active in the Commerce Commission's review into UBA and UBCLL pricing of Copper Broadband services. InternetNZ was also part of a coalition that was instrumental in proposing successful amendments to the Harmful Digital Communications Bill that is currently before Parliament. In addition, we were a vocal contributor to the NetMundial process.

A permanent record of all our submissions is available on the website.

Workshops & public events

Member and public participation is a vital part of our policy and advocacy work. A number of workshops and events were held in 2013-2014, designed to harness and record the views and opinions of the wider community.

Technical folk gathered at the InTAC meet-up and those who fancy number attended our Internet Statistics presentation. A meeting of ICT industry NGOs was held, as were workshops on the New Media and Cyberbullying Bills, and the Parliamentary Internet Forum – a seminar series for MPs where they can learn more about the Internet – was continued, with improving turn-out.

ANZIAs 2013



InternetNZ and auDA co-hosted the fifth annual Australia and New Zealand Internet Awards in September 2013, recognising excellence in both countries' development and use of the Internet. The event was held in New Zealand for the first time, with InternetNZ playing host to the glittering affair.

MC Ben Hurley kept the crowd entertained as both sides of the Tasman enjoyed success and took home prizes.

Work highlights

2013-2014

NetHui – platform for discussion



NetHui was held in Wellington for the first time in July 2013. Over 500 members of the Internet community came together at the Wellington Town Hall to discuss how important an 'Open Internet' is.

Keynote speaker Quinn Norton challenged attendees to grasp a world in which everyone can publish, and in which the power of existing institutions and their control on various spheres of public life – from governments to schools – is being whittled away. Former Intelligence Chief Sir Bruce Ferguson enthralled the crowd with a first-hand account of the nature of surveillance in New Zealand – including an anecdote that on Friday evenings the best place to capture intelligence in New Zealand is the nearest Koru Club.

Dozens of sessions featured discussions on many of the issues faced by the Internet and those who use it, with huge amounts of discussion on security and intelligence issues, the demise of network TV and the Internet's power to change everything, from politics to music and more.

NetHui as an event is going from strength to strength. It is unquestionably the platform for discussion and continues to grow with each successive year surpassing the previous.

www.nethui.org.nz

Financial Statements 2013-2014

As an appendix to this report, there is a separate document setting out the audited Financial Statements of the InternetNZ group for the year ending 31 March 2014.

Technical assistance



The period 2013-2014 saw a number of highly publicised attacks on websites and databases. InternetNZ was at the forefront of assisting Internet users in making sure they were a) not infected and b) remained secure.

During the HeartBleed attack, InternetNZ (alongside the ITF) were the leaders in promulgating information to the media and the public on how individuals could stay safe. This is a role that InternetNZ is looking to develop further in the upcoming year.

The upcoming year

In 2014/15, InternetNZ will be utilising a new programme structure for our work in Internet issues, under the leadership of the work programme director, Andrew Cushen.

Our Internet Issues Programme has us focusing on five key areas: Internet Law & Rights; Internet Use; Internet Connectivity; Internet Governance; and Internet Technology. In doing so, we will apply a range of public and technical policy analysis techniques, develop collaborations with other likeminded organisations and assist the development of the capacity of the Internet community in New Zealand to tackle a wide range of Internet issues – from copyright, to mass surveillance, to Internet governance and IPv6 adoption.

Our purpose in doing this work is to share information and analysis with the Internet community and all New Zealanders that assists them in maximising access to the Internet and what it offers, and therefore making the most of the opportunities it provides.

InternetNZ councillors

as at 30 June 2014



President Frank March



Michael Wallmannsberger



Vice President Jamie Baddeley



Donald Clark



Hamish MacEwan



Rochelle Furneaux

InternetNZ councillors

as at 30 June 2014



Neil James



Richard Wood



Brenda Wallace



Lance Wiggs



Amber Craig



Dave Moskovitz

Level 9, Grand Arcade Tower
16 Willis Street
Wellington 6011
P.O. Box 11-881
Wellington 6142
New Zealand
Free phone: 0800 101 151
Phone: +64 4 472 1600
Fax: +64 4 495 2115
www.internetnz.net.nz

InternetNZ (Internet New Zealand Inc) is the open membership incorporated society, established to promote the Internet's benefits and uses, and protect its potential.

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.

This report can be found on InternetNZ's website.



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).



Internet New Zealand Incorporated
Annual Report
For the Year Ended 31st March 2014

Prepared By

Deloitte
Wellington **NZ**

Internet New Zealand Incorporated
Annual Report
For the Year Ended 31st March 2014

Schedule of Contents

	Page
- Annual Report	1
- Statement of Comprehensive Income	2
- Statement of Changes in Equity	3
- Statement of Financial Position	4-5
- Statement of Cashflows	6-7
- Accounting Policies	8-12
- Notes to the Financial Statements	13-18
- Independent Auditor's Report	19-20

Internet New Zealand Incorporated
Annual Report
For the Year Ended 31st March 2014

Financial Result

The Group Net Profit for the year, after taxation, was \$33,101 (2013: \$191,126).

	2014		2013	
	Group	Parent	Group	Parent
Retained Earnings as at 1 April	9,378,999	6,191,093	9,187,873	5,490,566
Net Profit (Loss) After Taxation	33,101	(615,666)	191,126	700,527
Retained Earnings as at 31st March	<u>\$9,412,100</u>	<u>\$5,575,427</u>	<u>\$9,378,999</u>	<u>\$6,191,093</u>

Dividend

Dividends of \$2,559,637 were received from New Zealand Domain Name Registry Limited, a wholly owned company, for the year ended 31st March 2014 (2013: \$3,828,920).

Remuneration of Council



During the year Council received the following remuneration:

Fees Paid

Frank March - President	27,000
Jamie Baddeley - Vice President	16,875
Neil James	14,850
Donald Clark	13,500
Hamish MacEwan	13,500
Dave Moskovitz	13,500
Michael Wallmannsberger	13,500
Lance Wiggs	13,500
Brenda Wallace	13,500
Richard Wood	10,924
Amber Craig	10,924
Nathan Torkington	9,750
Jonny Martin	2,576
Michael Foley	2,576
Rochelle Furneaux	2,500

\$178,975

For and on Behalf of the Council

 **Vice-President**
 **Councillor**
19 June 2014 Date

Internet New Zealand Incorporated
Statement of Comprehensive Income
For the Year Ended 31st March 2014

		2014		2013	
	Note	Group	Parent	Group	Parent
Operating Income					
Registry Fees		8,194,983	-	7,703,881	-
Other Income		73,920	232,051	60,638	230,288
		<hr/>	<hr/>	<hr/>	<hr/>
		8,268,903	232,051	7,764,519	230,288
Less Operating Expenses					
Registry Services		2,154,118	-	1,929,855	-
Domain Name Commission		612,987	-	533,550	-
Public Policy		704,396	704,396	686,819	686,819
Society		699,284	699,284	928,550	928,550
Technical Leadership		903,618	903,618	611,061	611,061
Audit Fees		27,230	8,060	19,150	5,300
Employee Remuneration		2,796,059	1,125,450	2,171,740	811,427
Depreciation & Amortisation	3,4	751,865	49,482	744,697	56,063
Rent		155,441	155,441	137,100	137,100
Loss on Disposal of Fixed Assets		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses		8,804,998	3,645,731	7,762,522	3,236,320
Surplus/(Deficit) from Operations		(536,095)	(3,413,680)	1,997	(3,006,032)
Plus Other Income/(Expenses)					
Dividend Income	7	-	2,559,637	-	3,828,920
Interest		491,946	161,127	527,144	215,654
Investment Income		77,250	77,250	-	-
Christchurch Rebuild		-	-	(338,015)	(338,015)
		<hr/>	<hr/>	<hr/>	<hr/>
Surplus for the Year		33,101	(615,666)	191,126	700,527
Other Comprehensive Income		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total Comprehensive Income for the Year		<hr/> \$33,101 <hr/>	<hr/> (\$615,666) <hr/>	<hr/> \$191,126 <hr/>	<hr/> \$700,527 <hr/>

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 2014

	Note	2014 Group	2014 Parent	2013 Group	2013 Parent
Retained Earnings					
Opening Retained Earnings		9,378,999	6,191,093	9,187,873	5,490,566
Total Comprehensive Income for the Year					
Surplus for the Year		33,101	(615,666)	191,126	700,527
Other Comprehensive Income		-	-	-	-
Retained Earnings as at 31st March		\$9,412,100	\$5,575,427	\$9,378,999	\$6,191,093

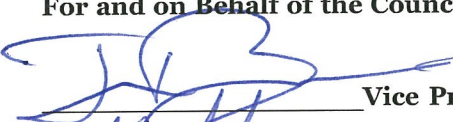
Internet New Zealand Incorporated
Statement of Financial Position
As At 31st March 2014

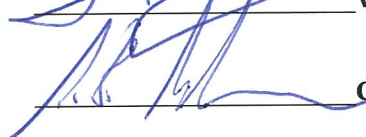
	Note	2014		2013	
		Group	Parent	Group	Parent
Current Assets					
Cash and Cash Equivalents	1	1,772,553	431,656	2,318,372	965,785
Other Financial Assets	1a	12,313,029	4,510,905	11,006,105	4,014,408
Trade Debtors and Other Receivables	2	1,335,611	195,834	1,251,117	256,473
Total Current Assets		15,421,193	5,138,395	14,575,594	5,236,666
Non Current Assets					
Other Financial Assets - Non Current	1a	-	-	553,735	553,735
Property, Plant & Equipment	3	862,570	265,399	842,182	246,175
Shares in Subsidiaries	8	-	610,000	-	610,000
Intangible Assets	4	607,059	65,456	409,109	37,670
Total Non Current Assets		1,469,629	940,855	1,805,026	1,447,580
Total Assets		16,890,822	6,079,250	16,380,620	6,684,246
Less Liabilities:					
Current Liabilities					
Deferred Income- Current	10	4,609,054	-	4,371,415	-
Trade Creditors and Other Payables	5	1,121,160	503,823	991,604	493,153
Total Current Liabilities		5,730,214	503,823	5,363,019	493,153
Term Liabilities					
Deferred Income- Non Current	10	1,748,508	-	1,638,602	-
Total Liabilities		7,478,722	503,823	7,001,621	493,153
Net Assets		\$9,412,100	\$5,575,427	\$9,378,999	\$6,191,093

Internet New Zealand Incorporated
Statement of Financial Position
As At 31st March 2014

	2014		2013	
	Group	Parent	Group	Parent
Represented by:				
Total Equity	\$9,412,100	\$5,575,427	\$9,378,999	\$6,191,093

For and on Behalf of the Council


 _____ **Vice President**


 _____ **Councillor**

19 June 2014 **Date**

Internet New Zealand Incorporated
Statement of Cash Flows
For the Year Ended 31st March 2014

	Note	2014 Group	2014 Parent	2013 Group	2013 Parent
Cash Flows From Operating Activities					
Cash was Provided From					
Net Receipts from Customers		8,551,656	311,398	8,052,311	227,305
Receipt of Taxation		7,461	-	18,418	18,418
Dividend Received		-	2,559,637	-	3,828,920
Interest Received		571,623	247,716	547,237	168,169
Net GST Received		-	7,687	14,442	-
		9,130,740	3,126,438	8,632,408	4,242,812
Cash was Distributed To:					
Payments to Suppliers and Employees		7,875,977	3,621,311	7,302,146	3,404,749
Payment of Taxation		-	-	-	-
Net GST Paid		77,189	-	30,172	30,172
		7,953,166	3,621,311	7,332,318	3,434,921
Net Flows Operating Activities		1,177,574	(494,873)	1,300,090	807,891
Cash Flows From Investing					
Cash was Provided From:					
Net Withdrawal from Other Investments		-	57,237	7,397	-
Cash was Distributed To:					
Net Investment in Other Investments		753,189	-	-	84,826
Purchase of Fixed Assets & Intangibles		970,204	96,493	818,862	42,316
		1,723,393	96,493	818,862	127,142
Net Cash Flows From Investing Activities		(1,723,393)	(39,256)	(811,465)	(127,142)
Net Increase (Decrease) In Cash and Cash Equivalents		(545,819)	(534,129)	488,625	680,749
Add: Opening Cash and Cash Equivalents		2,318,372	965,785	1,829,747	285,036
Closing Cash and Cash Equivalents	1	1,772,553	431,656	\$2,318,372	\$965,785

Internet New Zealand Incorporated
Statement of Cash Flows
For the Year Ended 31st March 2014

Operating Activity Cash Flow Reconciliation

	Group	2014 Parent	Group	2013 Parent
Surplus/(Deficit) for the Year	33,101	(615,666)	191,126	700,526
Add/(deduct) Non - cash items				
Depreciation	409,307	45,598	432,535	48,154
Amortisation	<u>342,558</u>	<u>3,884</u>	<u>312,162</u>	<u>7,909</u>
	751,865	49,482	744,697	56,063
Movement in working capital				
(increase)/decrease in receivables	(142,042)	2,097	(73,367)	(2,983)
(increase)/decrease in GST receivable	(77,189)	7,687	(15,730)	(30,172)
increase/(decrease) accounts payable	191,298	(12,463)	127,148	152,429
(increase)/decrease interest receivable	79,677	86,589	20,093	(47,485)
(increase)/decrease tax receivable	7,461	-	18,418	18,418
(increase)/decrease prepayments	(14,142)	(12,599)	(73,454)	(38,905)
increase/(decrease) deferred income	<u>347,545</u>	<u>-</u>	<u>361,159</u>	<u>-</u>
	392,608	71,311	364,267	51,302
Net Cash Flow from Operating Activities	<u>\$1,177,574</u>	<u>(\$494,873)</u>	<u>\$1,300,090</u>	<u>\$807,891</u>

Internet New Zealand Incorporated
Accounting Policies
For the Year Ended 31st March 2014

Significant Accounting Policies

These financial statements comprise the consolidated financial statements of Internet New Zealand Incorporated ("INZ") for the year ended 31 March 2014. 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 2014 comprise INZ and its subsidiaries (together referred to as the "Group").

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 2014

(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 2014

(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 2014

(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).

(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 as an expense as incurred.

Internet New Zealand Incorporated
Accounting Policies
For the Year Ended 31st March 2014

(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	39.0 - 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.

(s) Investments

Investments in unlisted products and managed funds are accounted for at market value.

Investment Income

Dividend and interest income from unlisted products and managed funds are recognised in the Statement of Comprehensive Income as income to the extent that it is probable that economic benefits will flow to the entity and the income can be readily measured.

Net realised and unrealised gains and losses are recognised in the Statement of Comprehensive Income in the period in which they occur. Unrealised gains and losses are treated as other comprehensive income items.

Internet New Zealand Incorporated
Notes To The Financial Statements
For the Year Ended 31st March 2014

	2014		2013	
	Group	Parent	Group	Parent
1. Cash and Cash Equivalents				
Cash on Hand	400	400	400	400
Cash at Banks	<u>1,772,153</u>	<u>431,256</u>	<u>2,317,972</u>	<u>965,385</u>
Total Cash and Equivalents	1,772,553	431,656	2,318,372	965,785

1a. Other Financial Assets

The parent and the group have funds invested in other investments classified as:

Other Financial Assets	12,313,029	4,510,906	11,006,105	4,014,408
Other Financial Assets - Non Current	<u>-</u>	<u>-</u>	<u>553,735</u>	<u>553,735</u>
Total Other Financial Assets	12,313,029	4,510,906	11,559,840	4,568,143

The total funds of \$14,085,582 held by the Group at 31 March 2014 comprised:

New Zealand Domain Name Registry Limited Deferred Income	\$6,357,562
New Zealand Domain Name Registry Limited Retained Income	\$1,742,010
Domain Name Commission Limited Retained Income	\$1,043,448
Internet New Zealand Incorporated Retained Income	\$4,942,562

The total retained income of \$7,728,020 represents funds held but not yet spent.

2. Trade Debtors and Other Receivables

Trade receivables	950,157	886	808,115	2,983
Interest Receivable	119,137	27,436	198,814	114,025
GST Receivable	65,909	65,909	73,596	73,596
Tax Receivable	-	-	7,461	-
Pre-payments	<u>200,408</u>	<u>101,603</u>	<u>163,131</u>	<u>65,869</u>
Total	1,335,611	195,834	1,251,117	256,473

Internet New Zealand Incorporated
Notes To The Financial Statements
For the Year Ended 31st March 2014

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	419,955	30,726	178,893	241,062
Computer Hardware	236,003	12,146	219,439	16,564
Office Equipment	25,422	2,726	17,649	7,773
	<u>\$681,380</u>	<u>\$45,598</u>	<u>\$415,981</u>	<u>\$265,399</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	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>

During the year there were fixed asset additions as follows:

Furniture & Fittings	\$48,026	(2013 \$Nil)
Computer Hardware	\$10,978	(2013 \$10,995)
Office Equipment	\$5,819	(2013 \$1,321)

Internet New Zealand Incorporated
Notes To The Financial Statements
For the Year Ended 31st March 2014

Group

<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	419,955	30,726	178,893	241,062
Office Equipment	361,909	51,677	162,875	199,034
Computer Hardware	2,052,400	326,136	1,629,926	422,474
	<u>\$2,834,264</u>	<u>\$408,539</u>	<u>\$1,971,694</u>	<u>\$862,570</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	32,397	148,167	223,762
Office Equipment	225,637	39,197	111,197	114,440
Computer Hardware	1,807,770	360,941	1,303,790	503,980
	<u>\$2,405,336</u>	<u>\$432,535</u>	<u>\$1,563,154</u>	<u>\$842,182</u>

During the year there were fixed asset additions as follows:

Furniture & Fittings	\$48,026	(2013	\$Nil)
Office Equipment	\$136,272	(2013	\$73,279)
Computer Hardware	\$244,630	(2013	\$31,761)

Internet New Zealand Incorporated
Notes To The Financial Statements
For the Year Ended 31st March 2014

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	133,816	3,884	68,361	65,456
	<hr/>	<hr/>	<hr/>	<hr/>
<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	102,147	7,909	64,477	37,670
	<hr/>	<hr/>	<hr/>	<hr/>

During the year there were additions of \$31,669 (2013: \$30,000)

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	2,661,095	343,326	2,054,036	607,059
Trademark	10,698	-	10,698	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$2,671,793</u>	<u>\$343,326</u>	<u>\$2,064,734</u>	<u>\$607,059</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	2,119,819	312,162	1,710,710	409,109
Trademark	10,698	-	10,698	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$2,130,517</u>	<u>\$312,162</u>	<u>\$1,721,408</u>	<u>\$409,109</u>

During the year there were additions of \$541,276 (2013 \$698,702). The bulk of software purchased in 2014 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 2014

	2014		2013	
	Group	Parent	Group	Parent
5. Trade Creditors and other Payables				
Trade Payables	940,154	433,749	748,995	408,134
GST Payable	(8,351)	-	76,526	-
Employee Benefits	166,745	47,462	129,190	48,126
Lease Incentives	<u>22,612</u>	<u>22,612</u>	<u>36,893</u>	<u>36,893</u>
	1,121,160	503,823	991,604	493,153

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 \$2,559,637 (2013: \$3,828,920).

NZDNRL and DNCL paid management fees to INZ during the year of \$75,051 and \$127,080 respectively (2013: \$78,480 and \$123,540).

Other Related Parties

Dave Moskovitz (Council Member) is a Trustee of Pacific Internet Partnership (PIP), during the year INZ sponsored PIP \$10,000.

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.

Internet New Zealand Incorporated
Notes To The Financial Statements
For the Year Ended 31st March 2014

Employee Remuneration

Salary Range	Number of Staff Across the Group
\$101,000 - \$200,000	Five
\$201,000 - \$300,000	Two

During the year seven employees received remuneration greater than \$100,000.

8. Subsidiaries

Name of Entity	Country of Incorporation	2014	2013
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

	2014		2013	
	Group	Parent	Group	Parent
Less than one year	240,977	240,977	137,100	137,100
Between one and two years	169,280	169,280	137,100	137,100
Between three and five years	<u>30,394</u>	<u>30,394</u>	<u>79,975</u>	<u>79,975</u>
Total	440,651	440,651	354,175	354,175

10. Deferred Income

The group through subsidiary NZDNRL has invoiced clients for \$6,357,562 (2013 \$6,010,017) in advance.

11. Contingent Liabilities and Commitments

At 31 March 2014 the Group had no contingent liabilities or commitments (2013: \$Nil).

12. Events Subsequent to Balance Date

No events occurred subsequent to balance date that would have had a material effect on the financial statements (2013 \$Nil).

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 18, which comprise the consolidated and separate statements of financial position as at 31 March 2014, and the consolidated and separate statements of changes in equity, and the consolidated and separate statements of comprehensive income 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 18, present fairly, in all material respects, the consolidated and separate financial position of Internet New Zealand Incorporated and Group as at 31 March 2014, 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.

BDO Wellington

**BDO Wellington
19 June 2014
50 Customhouse Quay
Wellington
New Zealand**



Business Plan Summary 2014-2015

24 July 2014

Our focus in 2014/15: Summary

InternetNZ's vision is of a better world through a better Internet. A better Internet is one that is more open and uncaptureable; more affordable; more available; more useable.

In bringing that vision about, we promote the Internet's benefits and uses, and we protect its potential.

Through our work on Internet issues, our community funding programme, our community engagement work including support of platforms for debate like NetHui and through the operation of the .nz domain¹, we strive to achieve our (charitable) purpose:

[T]o maintain and extend the availability of the Internet and its associated technologies and applications in New Zealand, both as an end in itself and as means of enabling organisations, professionals and individuals to more effectively collaborate, cooperate, communicate and innovate in their respective fields of interest.

Highlights from this year's Business Plan include the following:

- An Internet Issues Work Programme that will see us operating across Internet Governance, Use, Access, Technology and Law and Rights.
- Enhanced Community Funding and Engagement programmes that will increase InternetNZ's contribution to the New Zealand Internet Community and provide InternetNZ with greater exposure and profile in this Community as a platform to deliver our purpose.
- Improved organisational effectiveness and efficiency, through improving the organisational culture and capacity to deliver effectively.
- A new brand framework, utilising this to increase the profile of InternetNZ in the eyes of our key stakeholders, the domestic and international Internet Community, and users of the Internet to enable us to better deliver our purpose.

Jordan Carter
Chief Executive

July 2014

NOTE: The full version of this Business Plan is available on our website:

<https://internetnz.net.nz/content/business-plan>

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

Our goals and Priorities

1: Internet Issues Programme

Goal	<i>InternetNZ is the known by its actions and deliverables, and is looked to as a leader of both considered thought and careful action in furthering a better world through a better Internet.</i>
Measures	<ol style="list-style-type: none">1. InternetNZ is called upon by the media as a trusted authority on Internet Issues2. Success in advancing positions taken on various issues, to the benefit of the open Internet3. Delivery of each of the Issues Portfolios below

2014/15 Top Priorities

1. Develop a statement of important issues for release during the 2014 General Election campaign to provide InternetNZ's perspective on Internet Policy issues.
2. Inform New Zealand voters interested in Internet Issues about our perspective on these, so they have the opportunity to make informed choices in Election 2014.

A: Internet Law & Rights Portfolio

Goal	<i>New Zealand's legal system is tangibly improved in respect of how it promotes and protects people's rights in the online environment.</i>
Measures	<ol style="list-style-type: none">1. Current proposed legislation and debates on "Internet Rights" reflect these as "Human Rights on the Internet", rather than as a separate construct.2. Submission process concluded on Harmful Digital Communications and community of interest on this matter fostered3. InternetNZ takes a leading position on the Net Neutrality debate in New Zealand in accordance with the NZ market structure and legislative landscape4. InternetNZ takes a leading position on State Surveillance on the Internet, advocating for the right for New Zealanders to be able to use the Internet without having their privacy violated.

2014/15 Top Priorities

1. Net neutrality – clarify the NZ-centric viewpoint on net neutrality, and seek to establish a leadership position on how the appropriate protections need to be built into NZ law and regulation and commercial operations
2. State surveillance – articulate, develop and deliver a programme of work that preserves New Zealander's right to privacy over the internet.

B: Internet Use Portfolio

Goal	<i>For InternetNZ to be acknowledged as an authority in understanding how and why New Zealanders use the Internet, and effectively argue for and implements programmes that encourage uptake and usage of the Internet in New Zealand</i>
-------------	---

Measures	<ol style="list-style-type: none"> 1. New Internet Research commissioned, publicised and recognised as high quality 2. Mechanism for delivery of insights in collaboration with the Internet Community developed and deployed 3. Developing measures for better and more use happening as a result of 1 & 2
-----------------	--

2014/15 Top Priorities

1. Commission new research into uptake and use in New Zealand, preferably in a manner that allows for comparison internationally – likely to be in partnership with the Web Index
2. Process and methodology developed with Community Funding and Engagement Programmes to best target those to common Internet Use goals.

C: Internet Connectivity Portfolio

Goal	<i>A process for the development of a 2020 policy and regulatory landscape is set at both a central and local government level, while the short term interests of consumers in viable copper services are protected to ensure widespread, competitive and affordable Internet access in New Zealand.</i>
Measures	<ol style="list-style-type: none"> 1. Copper FPP process resolves with the consumer interest protected 2. Clarity on the process to be used to develop a 2020 policy and regulatory landscape

2014/15 Top Priorities

1. Lead a process of discussion and development within the industry to assist MBIE in developing a coherent and Internet and consumer-friendly regulatory model for New Zealand.

D: Internet Governance Portfolio

Goal	<i>We effectively contributes to Internet Governance processes regionally and globally.</i>
Measures	<ol style="list-style-type: none"> 1. Local multistakeholder model developed by furthering collaboration with the five “key constituencies” and effectively discussing and collaborating with them 2. Reflect New Zealand Internet governance debates in wider forums and reflect those wider debates in New Zealand forums 3. Group International Strategy and Plan are fully developed and signed off by Council in October 2014

2014/15 Top Priorities

1. Support ICANN's evolution in the post-NTIA era, including through a workable structural separation of the IANA functions
2. Implement process changes and relevant tools for better collaboration and information sharing regarding Internet Governance work across the group.

E: Internet Technology Portfolio

Goal	<i>To ensure that we are a leading supporter of the technical development of the Internet in New Zealand by developing and sharing robust analysis of key technical challenges.</i>
Measures	<ol style="list-style-type: none">1. Successful InTAC conference held as judged by participant feedback2. Publication of technical analysis on issues related to transformations in the business year3. Feedback from the New Zealand technical community is largely supportive of InternetNZ's stances and activities4. We are represented and engaged at IETF and RIR policy and protocol standards development fora

2014/15 Top Priorities

1. Undertake an evaluation of the RealMe system, including a review of alternatives, and determine whether and how this could be more widely implemented, in collaboration with DIA if appropriate and available.
2. Undertake or commission research into possible CSIRT models for NZ. This should include collaboration with PacCERT where possible.

2: Community Engagement

Goal	<i>Develop and share understanding of, and support, the New Zealand Internet Community.</i>
Measures	<ol style="list-style-type: none">1. New Zealand Internet Community "map" (i.e. directory and understanding of interrelationships) developed and published.2. All InternetNZ work includes a 'community' check, with a focus on supporting and ensuring community engagement, as appropriate.3. InternetNZ engages with and supports a range of community existing processes and platforms.

2014/15 Top Priorities

1. NetHui14
2. NetHui South

3: Community Funding

Goal	<i>Maximise the impact in New Zealand of the community funding programme, including telling the story better so more people are aware of this work.</i>
Measures	<ol style="list-style-type: none">1. Create and implement a process to measure the Community Funding: understand baseline and changes of who, what and how is funded.2. Process to understand impact of funding, including benefits and results, developed and implemented to demonstrate the public benefit of InternetNZ funding.3. Perceptions of stakeholders, internal and external, on components of community funding understood.4. A plan implemented to communicate the beneficial and important role of Community Funding with the wider community and that Community

	Funding applicants and recipient have a clear understanding of process as.
--	--

2014/15 Top Priorities

1. Communications plans developed and implemented for Community Funding, including for each Partnership and Community Grants.
2. Implement funding rounds:
 - a. June/July: Community Projects and Conference Attendance
 - b. Nov/Dec: Special Canterbury Funding Round
 - c. Dec/Jan: Internet Research and Conference Attendance
3. New Partnerships for 2015 onwards identified, negotiated and agreed with Council and in accordance with InternetNZ's charitable obligations to benefit the public.

4: Our New Identity

Goal	<i>To develop and live up to our new identity in all that we do.</i>
Measures	<ol style="list-style-type: none"> 1. Brand refresh adopted and implemented 2. New website rolled out successfully, and other online presences updated accordingly 3. Increased identity recognition measured among stakeholders and the public. 4. Develop and articulate a core story, encompassing our vision, mission and objects that will provide a clear understanding of who we are, and what we do across the InternetNZ Group, with all constituent parts of the organisation understanding how they contribute to this vision.

2014/15 Top Priorities

1. New brand identity developed, signed off and implemented across InternetNZ activities and presences
2. New website developed, signed off and implemented
3. New "core story" for InternetNZ developed, signed off and used whenever appropriate to explain who we are, what we do and why we do it and representing our mission and objects.

5: Improved Organisational Performance

Goal	<i>Our members, the Council and the public at large can clearly see what we do as an organisation so they can hold us to account for measurable performance in all our work;</i>
Measures	<ol style="list-style-type: none"> 1. New processes introduced that allow for clear management of staff and contractor priorities, goals and objective 2. New quarterly activity reporting to members and the community introduced 3. Planning and accountability documents clear about the outcomes sought and the measures of success of these

2014/15 Top Priorities

1. Develop and implement good performance management, measurement and analysis frameworks that over time provide the information to continuously improve performance (both objective and subjective)
2. Identify barriers/incentives to working efficiently and effectively across the InternetNZ group and within the internal InternetNZ operating team and develop strategies to address those barriers/incentives.
3. Develop and implement new reporting framework on progress made on the business plan, with this reporting done on a quarterly basis.

Core Operations

Our staff perform a wide range of core operations that relate to the basic operation of the organisation and are often simply described as “Business As Usual”.

The focus to date on Business Planning has singled out some related areas in Work Area 5 where improvements in performance are sought, but that does not convey the full range of the work done in this area.

To assist with proper execution of this work, and to allow for the team to be held accountable, we will be analysing and preparing plans on the same basis from the 2015/16 year on. If resources allow, we will present a half-year plan from 1 Oct 2014.

Governance and Members

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

In 2014/15, governance activities anticipated include the following:

- Consideration of the way financial resources flow across the InternetNZ group.
- Development of a group-wide strategy through the Strategic Planning process.
- Development and implementation of a clear Policy Development Process for the Council.
- Maintenance of InternetNZ's ownership interests in its two subsidiary companies, Domain Name Commission Ltd and New Zealand Domain Name Registry Ltd (trading as NZRS).

These sit alongside the normal workload of six ordinary Council meetings each year, setting strategy for the Chief Executive and the operational team to execute.

Members have a wide array of roles in the organisation, including discussing issues through the Policy Advisory Group, participating in democratic processes to elect Council, and annual rounds of engagement on strategic direction and work planning. This role will be the focus of review and improvement as the year progresses, but specific plans are not in place.

Budget Summary

The Budget that backs this Business Plan up was presented separately to Council at its meeting on 4 June 2014, and can be found on the website². In summary and for quick reference, the allocation of resources is as follows:

Summary		Change over last year		
Areas of Work	2013/14	2014/15	Amount	%
	Approved	Proposed		
Internet Issues	944	871	-73	-8%
Community Funding	450	621	171	38%
Community Engagement	170	195	25	15%
Our Identity	67	40	-27	-40%
Improved Performance	0	35	35	0%
International Event	200	200	0	0%
Core Operations	1395	1473	78	6%
Members & Council	304	327	23	8%
Total \$000s	3530	3762	232	7%

Note: the numbers in this summary include roll-overs from the 2013/14 Budget as approved by Council, and so are slightly higher than those in the full Budget linked below.

Conclusion

We are excited to present this summary of the 2014/15 Business Plan. It is a high quality plan that will make a marked contribution to advancing InternetNZ's vision and mission during the 2014/15 year, and establish a solid basis for our ongoing development and future success as an organisation.

Jordan Carter
Chief Executive

² See paper at: https://internetnz.net.nz/system/files/meetings/03d_2014-03-24-final-2014-2015-budget_v2_-_jtc.pdf