

Agenda for a meeting of the InternetNZ Council
Friday 11 June 2010
Level 9 Grand Arcade Tower, 16 Willis St, Wellington

Start	Item	Person
10.00 am	Council alone time	President
11.00 am	Strategic discussion: Green ICT	Cr Neil James
11.30 am	Strategic discussion: Consulting with members	Cr Nathan Torkington
12.00 pm	Apologies Declaration of Councillor interests Agenda consideration - in committee items	President
12.05 pm	Consent agenda item Ratification of minutes – 19 March 2010 a. President's Report b. Evote ratification	President
12.15 pm	Matters arising from the minutes Outstanding action points from previous meeting	President
12.20pm	Audit and Risk Committee Report (verbal) Year end group consolidated financials - audited	Chris Streatfield
12.30pm	Lunch	
1.00 pm	Domain Name Commission Limited report Monthly report for February Monthly report for March Monthly report for April Fourth quarter report	Debbie Monahan Joy Liddicoat
1.10 pm	NZ Registry Services report Fourth quarter report Board Performance report	Jay Daley Doug Mercer
1.50 pm	External Relations report	Keith Davidson
2.00 pm	Afternoon tea	
2.15 pm	InternetNZ operational CE's report Financial report to April 2010 Grants report Group cash in excess of reserves Delegation to CE Calendar Membership update	Vikram Kumar
3.35 pm	General business	President
4.20 pm	Meeting ends	

Annotated Agenda for a meeting of the InternetNZ Council

Friday 11 June 2010

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Start	Item	Person
10.00 am	Council alone time	President
11.00 am	Strategic discussion: Green ICT	Cr Neil James
11.30 am	Strategic discussion: Consulting with members	Cr Nathan Torkington
12.00 pm	Apologies Declaration of Councillor interests Agenda consideration - in committee items	President
12.05 pm	Consent agenda item <i>THAT the minutes of the meetings held on 19 March 2010 be received and adopted as a true and correct record, AND THAT the following report be received:</i> <ul style="list-style-type: none"> a. President's Report b. Evote ratification 	President
12.15 pm	Matters arising from the minutes Outstanding action points from previous meeting	President
12.20pm	Audit and Risk Committee Report (verbal) Year end group consolidated financials – audited	Chris Streatfield
12.30pm	Lunch	
1.00 pm	Domain Name Commission Limited report Monthly report for February Monthly report for March Fourth quarter report <i>THAT</i> the DNCL February monthly report be received. <i>THAT</i> the DNCL March monthly report be received. <i>THAT</i> the DNCL April monthly report be received. <i>THAT</i> the DNCL fourth quarter report be received.	Debbie Monahan Joy Liddicoat
1.10 pm	NZ Registry Services report Fourth quarter report Board Performance report <i>THAT</i> the NZRS fourth quarter report be received.	Jay Daley Doug Mercer

1.50 pm

External Relations report

Keith Davidson

THAT the External relations report be received.

2.00 pm

Afternoon tea

2.15 pm

InternetNZ operational

Vikram Kumar

CE's report
Financial report to April 2010
Grants report
Group cash in excess of reserves
Delegation to CE
Calendar
Membership update

THAT the Chief Executive's Report be received.

THAT the financial report to 30 April 2010 be **received**.

THAT the Council **note** the decisions made by Grants Committee regarding funding requests from the "grants pool" since the last Council meeting on 19 March 2010.

THAT the Council **approves** the funding request for \$42,000 from Computer Clubhouse Trust for Network of Aotearoa Clubhouse (NOAC).

THAT the Council **approves** the funding request for \$15,241 from University of Otago to run the NZ Computer Crime and Security Survey.

THAT the Council **approves** the funding request for \$10,000 from Pacific Internet Partners to provide travel grant fellowships for the Pacific Islands ICT community.

THAT the Council **ask** the President to write to NZRS requesting:

- NZRS calculate its cash requirements taking into account relevant factors including:

- Current and projected liquidity and the NZRS Liquidity and Reserves Policies including the impact of the recently agreed reduction in the .nz wholesale fee due to be implemented from 1 July 2010.

- NZRS forecasts for growth in domain name registrations and assessment of the ongoing risks to those forecasts. The impact of loss of interest income from reduced cash holdings.

- NZRS reply to the President with the amount it holds in excess of the amount as calculated above and an explanation as to how the figures were calculated, including details of any additional considerations to those above.

- NZRS pay InternetNZ the amount it holds in excess of the amount as calculated above by way of one or more special dividends upon maturity of the term deposits in which such excess amounts are currently held.

THAT the Council **agrees** the following principles apply to the consolidated Group cash in excess of reserves that will be held by InternetNZ:

- The amount is accounted for separately from the InternetNZ operating budget as a distinct balance sheet line item.

- Funds are managed and invested in accordance with InternetNZ's Treasury Management Policy.

- Expenditure of a part or the whole of the Group cash in reserves requires an appropriate resolution from Council or members, depending upon the nature of the proposed expenditure.

THAT the Council **adopts** the amended Treasury Management Policy as appended.

THAT the Council **approves** that interest earned to 31 March 2011 on Group cash in excess of reserves held by InternetNZ be added to the grants pool.

THAT Council **passes** the following resolution:

Resolved that Vikram Kumar, Chief Executive, be authorised to commit and approve on behalf of the Society with effect from 1 February 2010:

Staff

All matters related to employees and contractors including but not limited to appointment; salaries/rates and terms; leave; reimbursement of expenses; contracts; and terminations.

Financial

Operational Expenditure

Operational expenditure within approved budget: no limit

Operational expenditure not within approved budget: \$5,000

Operational expenditure beyond the limits above shall be approved by two Council members (generally the President

and one other) prior to commitment.

Capital Expenditure

Capital expenditure within budget: \$10,000

Capital expenditure not within approved budget: \$3,000

Capital expenditure beyond the limits above shall be approved by Council prior to commitment.

Reimbursement of CE's expenses

All claims for reimbursement of expenses made by the Chief Executive shall require authorisation by the President.

Spokesperson, Representative

The Chief Executive shall be the primary spokesperson and representative on behalf of InternetNZ.

Others

All matters not specified above that are reasonably required for the smooth and efficient operations of the Society and implementation of the approved Business Plan subject to the limits imposed by the Constitution, Bylaws, and Council resolutions.

Sub-delegation

Within the scope and limits of this resolution, the Chief Executive shall be able to sub-delegate authority as required.

THAT the new members be approved.

3.35 pm

General business

President

4.20 pm

Meeting ends

InternetNZ Councillor Register of Interests

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

Honoraria

Officers and Councillors receive the following annual honoraria:

President - \$24,000

Vice President - \$11,250

Councillor - \$9,000

Officers

Name: Frank March

Position: President, InternetNZ

Term: AGM 2009 - AGM 2012

Declaration Date: 21 March 2007, updated 12 August 2009

Interests:

- Holds two .nz domain name registrations
- Member of NZ Association of Scientists
- Employed by the NZ Government (Ministry of Economic Development), consequently:
- NZ representative on the Governmental Advisory Committee of ICANN
- Member of IPv6 Steering Group and administration team
- Officer's Honorarium for InternetNZ

Name: Jamie Baddeley

Position: Vice President, InternetNZ

Term: AGM 2009 - AGM 2012

Declaration Date: 28 August 2007, updated 31 May 2010

Interests:

- Employee, FX Networks Ltd
- FX Networks are the ISP for both InternetNZ and NZRS
- Board member, ISPANZ
- Owner and Director of Viewpoint Consulting Ltd
- Viewpoint Consulting Ltd is a shareholder of FX Networks Ltd
- Registrant of vpc.co.nz, is.org.nz, internetstandards.org.nz
- Member of the New Zealand IPv6 Steering Group

- Officer's Honorarium for InternetNZ
- FX Networks is the core network provider for KAREN/REANNZ

Name: Liz Butterfield

Position: Councillor, InternetNZ

Term: AGM 2009 - AGM 2010

Declaration Date: 24 August 2007, updated 4 May 2010

Interests:

- Fellow of InternetNZ
- Managing Director Hector's World® Ltd
- Member of NetSafe Inc
- Member of OECD advisory panel on child online safety policy development
- Member of advisory panel for the Family Online Safety Institute (FOSI) GRID project

Name: Donald Clark

Position: Councillor, InternetNZ

Term: AGM 2008 - 2011

Declaration Date: 20 April 2009

Interests:

- Holds several .nz domain name registrations
- CEO of REANNZ

Name: Michael Foley

Position: Councillor, InternetNZ

Term: AGM 2009 - AGM 2012

Declaration Date: 25 August 2007, updated 4 May 2010

Interests:

- Director of Voco Limited
- Vice Chairman of TUANZ Board
- Director of Domain Name Commission Ltd
- Domain Name Commission Director's fees
- Holder of .nz domain names
- Engaged by NZ Regional Fibre Group and Flute Network consortium of Southland/Otago electricity lines companies as advisor on UFB and RBI initiatives
- Member of Advisory Group for Enternet Online Limited (EOL)
- Councillor's Honorarium for InternetNZ

Name: Neil James

Position: Councillor, InternetNZ

Term: AGM 2008 - 2010

Declaration Date: 28 August 2008

Interests:

- Deputy Chair, Advanced Network Capability Build Advisory Panel
- Member of Identity and Access Management for Education and Research (IMAGER)
- Supporting fibre development in the Dunedin region
- Fellow of NZCS
- Councillor's Honorarium for InternetNZ

Name: Hamish MacEwan

Position: Councillor, InternetNZ

Term: AGM 2009 - AGM 2012

Declaration Date: 24 August 2007; updated 21 August 2009

Interests:

- Self employed Open ICT consultant
- Works part-time as a recruitment consultant with SearchWorks
- Registrant of sundry .nz domains
- Councillor's Honorarium for InternetNZ

Name: Jonny Martin

Position: Councillor, InternetNZ

Term: AGM 2008 - AGM 2010

Declaration Date: 28 August 2007, updated 6 March 2009

Interests:

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

Name: Judith Speight

Position: Councillor, InternetNZ

Term: AGM 2009 - AGM 2010

Declaration Date: 27 August 2007, updated 2 June 2009

Interests:

- Executive Director of Accelerating Auckland Inc
- Director and shareholder of ITT WRKZ Limited
- Holder of several .nz domain name registrations
- Carers NZ Trustee
- NACCQ Councillor
- Councillor's Honorarium for InternetNZ

Name: Chris Streatfield

Term: AGM 2008 - AGM 2011

Declaration Date: 28 August 2007

Interests:

- 1 gTLD domain name and 1 .nz domain name
- Member of the Institute of Directors
- Councillor's Honorarium for InternetNZ

Name: Nathan Torkington

Term: AGM 2009 - AGM 2011

Declaration Date: 1 October 2009, updated 31 May 2010

Interests:

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

Name: Michael Wallmannsberger

Term: AGM 2008 - AGM 2011

Declaration Date: 31 July 2006, updated 4 May 2010

Interests:

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

MINUTES OF COUNCIL MEETING

- Status:** Draft
- Present:** Frank March (President), Jamie Baddeley (Vice President), Donald Clark, Michael Foley, Neil James, Hamish MacEwan, Judith Speight, Chris Streatfield, Michael Wallmannsberger, Nat Torkington, Jonny Martin.
- In Attendance:** Richard Currey (Exiting Acting INZ Chief Executive), Vikram Kumar (INZ Chief Executive), Donna Hiser (NZRS Chair), Jay Daley (NZRS Chief Executive), Joy Liddicoat (Acting DNCL Chair), Debbie Monahan (Domain Name Commissioner), Keith Davidson (External Relations), Thomas Morgan (Member), Simon Riley (Member), Sandra Glasgow (Minute Taker), Laura Turnbull (Audio).
- Meeting Opened:** *The President formally opened the meeting at 11.38am.*
-

11.38am – Donna Hiser, Jay Daley, Debbie Monahan, Thomas Morgan, and Simon Riley joined the meeting.

1. Apologies

Council received apologies from Cr Butterfield.

2. Declaration of Councillors Interests

Councillors were reminded to provide written confirmation of any changes to the register to susi@internetnz.net.nz.

3. Agenda Consideration – In Committee Items

The .nz domain name wholesale fee review and portions of Keith Davidson’s External Relations report will need to be held in committee.

11.41am – Jonathon Penney joined the meeting.

4. Guest Speaker – Jonathon Penney

The President introduced Jonathon Penney, the current Cyberlaw Fellow. Jonathon gave a brief overview of his current work, concentrating mostly on his ‘freedom to connect’ project. Cr Torkington thanked Jonathon for his work outside the University and stated it was welcome to see him taking an active role. He also suggested that Jonathon blog his work.

12.02pm – Jonathon Penney, Jay Daley and Donna Hiser left the meeting.

12.02pm – 12.34pm - Lunch break.

12.37pm – Joy Liddicoat joined the meeting.

5. Consent Agenda Item

It was noted that there was an error in the Presidents ‘Fellow Selection’ report being that the date for the AGM is one month out. The AGM will be held at the end of July, not the end of

June as noted in the report.

- RN 01/10:** THAT the minutes of the meeting held on 11 December 2009 be received and adopted as a true and correct record.
THAT the following reports be received:
- a. President's Report
 - b. Fellows selection report
 - c. Evote ratification

(President/Vice President)

CARRIED U

EVOTES

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

Evote:		For:	Abstain:
150210	President/Vice President THAT the common seal be affixed to banking documents authorising Vikram Kumar to be a signatory for InternetNZ bank accounts.	Frank March Michael Foley Michael Wallmannsberger Chris Streatfield Donald Clark Liz Butterfield Nat Torkington Hamish MacEwan Neil James Jonny Martin Judy Speight	
230210	President/Vice President THAT the common seal be affixed to the IPv6 Task Force Trust deed.	Frank March Michael Foley Nat Torkington Neil James Michael Wallmannsberger Chris Streatfield Jonny Martin Judy Speight Jamie Baddeley	Donald Clark

- RN 02/10:** THAT the e-votes be ratified.

(President/Vice President)

CARRIED U

6. Matters Arising from the Minutes

AP 01/09 – Complete.

AP 13/09 – This is ongoing and should be removed from the action point register. A decision has previously been made to continue with the current budget of \$85K but more analysis is needed on the future outcomes required. Jonathon Penney's term as the Cyberlaw Fellow ends in August and a new Fellow will not be appointed for next year. Victoria University has been advised that funding will be on hold until a review is completed and a future course of action decided.

AP 18/09 – There is now a timetable but details of budget, strategy, and annual reporting processes are yet to be added. This is a work in progress.

AP 19/09 – There has been no action on this point. Chief Executive is to review if any action is required and report to the next Council meeting.

AP 20/09 – This is now covered in the larger discussion of Council performance under general business. The President will not be producing a written role description for Council so this action point is to be removed.

AP 24/09 – Complete. Action Point to be closed.

AP 36/09 – No longer relevant. Action Point to be closed.

AP 38/09 – Complete. Action Point to be closed.

AP 40/09 – Will commence in the next financial year as there is currently no comparative historical data. Action point to remain open.

AP 41/09 – The Audit and Risk Committee is meeting in mid-April and the proposed Report Publishing Policy should be discussed then. Action point to remain open.

12.51pm – Jay Daley and Donna Hiser joined the meeting.

7. NZ Registry Services Report.

Donna Hiser spoke to the report highlighting a few important issues. She noted that the current projects are all progressing well. She also noted that the Board held a strategic planning session in November with a focus on gTLDs and the potential threat to .nz domain name growth. The move to the new premises has been important and the Board has noticed a more collaborative effort amongst the group since the move.

Donna opened the floor to questions. Cr Torkington asked if future gTLDs are also seen as an opportunity rather than just a threat. Donna confirmed that it is but further analysis is required. Cr Clark asked how the DNSSEC work is progressing. Jay answered that it is progressing as it should and that there are definite benefits in not being an early adopter, allowing for issues to be resolved first.

12.50pm – Cr Foley left the meeting.

12.57pm – Cr Foley rejoined the meeting.

Cr MacEwan enquired about the customer satisfaction survey and asked whether it was a worthwhile exercise considering NZRS only has 72 customers. It is believed that the survey was extremely beneficial in highlighting priorities; a good response was received; and customers were honest with their feedback.

RN 03/10: THAT the NZRS third quarter report be received.

(President/Vice President)

CARRIED U

8. Domain Name Commission Limited Report

Joy spoke to the report. She invited Council to engage with DNCL even outside the Council meetings if they ever had any questions. DNC policy work is continuing as normal and all other operations are on track.

Cr Clark noted that the financials show a significant overspend in the communications line. Debbie explained that this is a timing issue. By the end of the year it should even out. She explained that the decision to give staff branded clothing was not taken into account when budgeting but has been a very beneficial step to promoting .nz.

Debbie noted that she had a discussion regarding .bank.nz with the Bankers Association. She is not happy with the progress made and has requested concrete steps by mid-April after which it may become necessary to escalate the discussions.

RN 04/10: THAT the DNCL third quarter report be received.
THAT the DNCL November monthly report be received.
THAT the DNCL December monthly report be received.

(President/Cr Streatfield)

CARRIED U

1.15pm – Simon Riley and Thomas Morgan left the meeting.

1.16pm – Council went into committee to discuss the Domain Name Fee.

2.17pm – Council came out of committee. Vikram Kumar left the meeting.

2.18pm – Keith Davidson joined the meeting. Chris Streatfield, Nat Torkington and Donald Clark left the meeting.

9. External Relations Update

2.19pm – The meeting went into committee to receive part of the External Relations report.

2.21pm – Donald Clark and Nat Torkington rejoined the meeting.

2.27pm – Vikram Kumar rejoined the meeting.

2.30pm – Judy Speight left the meeting.

2.36pm – Judy Speight rejoined the meeting.

2.37pm – Meeting came out of committee. Thomas Morgan and Simon Riley rejoined the meeting.

Keith spoke to his report, opening the floor for questions. Vikram advised Council that from an operational perspective there are enough resources to support Keith's recommendation to apply to host an IETF meeting in Auckland in 2012.

RN 05/10: THAT InternetNZ authorises Keith Davidson to proceed with the preparation and filing of a bid to host the July 2012 IETF meeting in Auckland.

(President/Cr Streatfield)

CARRIED U

RN 06/10: THAT the External Relations Report be received.

(President/Vice President)

CARRIED U

10. Domain Name Fee Level Recommendation

RN 07/10: THAT the joint recommendation from NZRS and DNCL reducing the .nz domain fee be approved.

(President/Vice President)

CARRIED U

2.42pm – Jay Daley, Keith Davidson, Debbie Monahan, Donna Hiser and Joy Liddicoat left the meeting.

11. CE Report

Vikram Kumar and Richard Currey spoke to the report.

CE Update

Plans to hold PublicACTA have been well received. Member consultations in Auckland and Wellington were completed. The IPv6 Taskforce has now been set up as a Trust. The website is behind schedule. The information portion is complete and should be launched in about two weeks but the members' portion is still being developed.

Accounts and 2010/11 Budget

Vikram was asked how he felt about the presentation of the accounts. He confirmed that he intends to additionally provide graphical presentations to improve comprehension. Cr Streatfield asked if the INZ 2010/11 budget was going to be manageable considering it has actually decreased from that of 2009/2010 while InternetNZ has taken on additional costs, such as international travel costs from DNCL. Vikram feels that it will be tight but manageable and is in line with the drive to increase organisational effectiveness.

RN 08/10: THAT the Budget for 2010/11 be approved, subject to ratification by members at the AGM.

(President/Cr Torkington)

CARRIED U

Draft Business Plan 2010/11

Overall Council sees the business plan as a good document. Cr Clark would like to see some measurable KPI's included in the Chief Executive's performance assessment as the business plan is ultimately the performance contract between Council and the Chief Executive. The wording 'increasing organisational capability' should be re-named to 'increasing organisational effectiveness'. Cr Torkington questioned whether policy areas should include mention of international connectivity and data caps. This is part of the larger issue of affordable and reliable Internet access which will be included in the policy programme.

RN 09/10: THAT Council accept the draft business plan as an acceptable draft for management to work to pending adoption at the AGM.

(President/Cr Streatfield)

CARRIED U

Grants

RN 10/10: THAT Council approve a grant to NetSafe in the amount of \$125,000.00 excl GST per year for the next three years.

(Cr Martin/Cr Streatfield)

CARRIED U

RN 11/10: THAT Council approve a grant to IPv6 Taskforce Trust in the amount of \$70,000.00 excl GST for 2010/11.
(Cr Clark/Cr MacEwan)
CARRIED U

RN 12/10: THAT Council requests the Chief Executive to engage with 2020 Trust to further develop and finalise their funding request.
(Cr Streatfield/Cr James)
CARRIED U

CE Report received

RN 13/10: THAT the Chief Executive's Report be received.
(President/Cr Streatfield)
CARRIED U

Premises Report, Key Dates and Membership Report

The report on the move to the new premises was noted. The fitout was completed on time and within budget. Council also noted the key dates in the coming months and that the proposed date for the AGM is 29 July 2010 while that for the strategic planning day is 16 September 2010.

The membership report showing 219 members as on 10 March 2010 was noted.

RN 14/10: THAT the new members be approved.
(President/Cr Streatfield)
CARRIED U

3.24pm – Cr Clark and Cr Wallmannsberger left for the day.

3.24pm – 3.37pm – Afternoon tea break.

3.37pm – Jay Daley, Donna Hiser and Debbie Monahan rejoined the meeting.

Reserves Policy

RN 15/10: THAT Council approve the InternetNZ Reserves Policy.
(President/Cr Streatfield)
CARRIED U

Licence Fee and Capital Fund

The licence fee and Capital Fund papers were withdrawn pending a group financial strategy discussion as a result of the morning's strategic planning session.

The President asked if there would be any impact on the approved budget if the licence fee and capital fund proposals do not go through. It was confirmed that the only immediate impact anticipated is changes to projected cashflow. InternetNZ will receive the requested dividend of \$2.61 million from NZRS in 2010/2011 as budgeted. Licence fee allows for a monthly payment whereas the dividends are paid three times a year leading to uneven cashflow.

Cr Torkington asked if other mechanisms for money to go from NZRS to InternetNZ had been investigated and whether advice had been sought as to whether the licence fee model would be the most appropriate for the group. Richard advised that Curtis McLean has been consulted and that they support the licence fee model. It was noted that in order for Council to make an informed decision, papers should include options considered as well as benefits and drawbacks.

Cr Streatfield expressed his displeasure at the quality and content of the Capital Fund paper. He wanted the paper to be at a level of principles rather than operational details.

3.47pm – The Vice President left for the day.

A special Council meeting is to be called for mid-May 2010 to discuss group financial strategy. Background papers should show the 'whole picture' and a diagram on how money currently flows through the group. There is a need to develop a model and principles for the group's finances that identify the variables and 'moving parts', including the relationship between operational expenses, wholesale domain name fee, and grants pool.

AP 01/10: Vikram to suggest a date for a special Council meeting in mid-May 2010 and check availability with Councillors.

AP 02/10: Chief Executives of InternetNZ, NZRS and DNCL are to develop papers for discussion at a special Council meeting in mid-May 2010 on group financial strategy in consultation with Cr Clark.

RN 16/10: THAT Council authorises the President to send a letter to NZRS requesting a dividend of \$2.61 million for 2010/11.

(President/Cr Foley)

CARRIED U

AP 03/10: The President to send a letter to NZRS requesting a dividend of \$2.61 million for 2010/11.

4.12pm – Debbie Monahan and Judy Speight left for the day.

Video Conferencing

Video conferencing was not set up when the move to the new premises occurred as it wasn't certain what was going to be required or how it was going to be used. A proposal has now been finalised and trials have been conducted to ensure it meets the requirements. It was confirmed that remote desktop computers will be able to join video conferences and InternetNZ will provide Councillors with the software when needed.

RN 17/10: THAT Council approve the purchase and installation of the video conference solution provided by Communication Partners to a maximum spend of \$35k + GST.

(President/Cr Torkington)

CARRIED U

12. General Business.

The President is interested in developing a way to assess the performance of Council. He wants to focus on changes needed to be made and how change is implemented going forward.

It is suggested that a questionnaire be sent to Councillors to fill in. This must be a compulsory questionnaire and is yet to be decided whether it will be anonymous or not. Cr Streatfield will forward some previous questionnaires to the President as a starting point. The President will

then circulate them to Councillors for discussion and amendment of content.

AP 04/10: Cr Streatfield to send the President some previous questionnaires for assessing Board performance and gathering comments.

AP 05/10: The President to circulate the sample questionnaires to Council for input; finalise questionnaire and process; and then re-circulate for completion.

The President advised that it was Richard Currey’s last day reporting to him under the current contract. If there was any further involvement, Richard will report to the new Chief Executive. The President thanked Richard for stepping into the position of Acting Chief Executive.

RN 18/10: THAT Richard Currey be thanked for the excellent job done while in the position of Acting Chief Executive for InternetNZ.

(President/Cr Streatfield)

**CARRIED U
WITH ACCLAMATION**

Next Meeting: Special meeting in mid-May 2010, date TBC.
The next scheduled meeting is 11 June 2010.

Meeting Closed: The meeting closed at 4.20pm.

Signed as a true and correct record:

.....
Frank March, President, CHAIR

2010 Action Point Register

	Action	Who	Status	Comment
21/08/2009				
AP 19/09	Cr Clark, Cr Butterfield and Richard Currey to talk about brand clarity and report to the next Council Meeting.	CEO, Cr Butterfield, Cr Clark	Complete	Designworks presentation at Special Council Meeting in May.
12/12/2009				
AP 40/09	Financials to include a line graph showing actual closing cashflow against previous year actual and current year estimate.	CEO	Complete	Appropriate graphs for financials included.
AP 41/09	The SSU Manager is to edit the Report Publishing Policy, seek feedback from the Audit and Risk Committee and resubmit it the draft policy to Council using clearer boundaries for publishing requirements.	SSUM	Complete	This will be discussed at the Audit and Risk Committee the week prior to the June Council meeting.
19/03/2010				
AP 01/10	Vikram to suggest a date for a special Council meeting in mid-May 2010 and check availability with Councillors.	Vikram Kumar	Complete	Done, meeting held.
AP 02/10	Chief Executives of InternetNZ, NZRS and DNCL are to develop papers for discussion at a special Council meeting in mid-May 2010 on group financial strategy in consultation with Cr Clark.	Vikram Kumar, Jay Daley, Debbie Monahan.	Complete	Done, papers presented at Special Council meeting.
AP 03/10	The President to send a letter to NZRS requesting a dividend of \$2.61 million for 2010/11.	President	Complete	Letter sent.

President's Report to June 2010 Council Meeting

Author: Frank March

Status of Paper: Final

Recommendations arising:

That the President's report is received.

Paul Reynolds

All InternetNZ members will have felt shock and sadness at Paul's untimely and unexpected death. He was a great advocate for the Internet. He was not an infrastructure geek. He was a passionate, informed and effective advocate for the innovations, applications and content which, on the one hand, depend on the Internet for their very existence and, on the other, provide the basis for the Internet's overwhelming success. He was a good friend of InternetNZ and we will miss him.

Council may wish to consider an appropriate commemoration for Paul.

Activities

Council Workshop

The Council workshop on 21 May discussed in detail the InternetNZ group finances and cash flows. No new policies emerged from the workshop itself but the result has been a much clearer shared knowledge of the group, both within Council and between Council and our two subsidiaries. We will be in a very much better position in future to provide more useful reports to our members at the AGM and in membership consultation sessions.

We also had a presentation from Designworks on the image that InternetNZ wants to project externally. The major point made was that our structure could create confusion externally about what InternetNZ is about and also impacts on how the group operates internally. While we should always be open to re-examination of our operations and projected image, the general feeling was that the current structure is in fact working as intended.

Selection of new Subsidiary Board members

Three vacancies have arisen on the DNCL Board and two on the NZRS Board. Recommendations will be made to this Council meeting on how these positions should be filled.

My thanks and best wishes to David Farrar who steps down from the NZRS Board, and to Richard Currey and David Russell who are stepping down from the DNCL Board. All three have been involved with these Boards (and, in the case of Richard and David, with the NZOC) since their inauguration. I also thank Andy Linton at the end of his current term on the DNCL Board and Michael Wallmannsberger, the Council

appointee to the NZRS Board, whose current term is also up. Both Andy and Michael are available for reappointment.

The selection panel, apart from me, comprises Jamie Baddeley, Ron Hamilton (nominee of the IoD), Joy Liddicoat, as Chair of DNCL, and Doug Mercer, standing in for the Chair of NZRS. Doug and Joy assisted in the interviewing of candidates for their respective Boards. I take this opportunity to thank them all for their assistance in this important job.

Council and Chair evaluation

For the first time in some years, we are conducting a self-evaluation of the Council. The results will be discussed at this meeting. I hope that we will be able to use the results to work together more effectively and perhaps identify skills that are currently missing around the Council table and would assist members in identifying and voting for candidates in the current election process.

Internet Best Practice Awards

The results of the inaugural Australia and New Zealand Internet Best Practice Awards will be announced just before the Council meeting. The Awards are jointly sponsored by AuDA and InternetNZ. Keith Davidson and I acted as judges on behalf of our side of the Tasman. Due to the standard of entries, it was not an easy task and I extend my thanks to the folks who put forward a wide range of interesting and innovative entries. I also extend my congratulations to the winners who will be announced on 9 June.

Congratulations to Keith

Keith Davidson has been appointed as Chair of APTLD. Apart from being a great personal endorsement of Keith and his abilities this should be noted as continuing a proud tradition of InternetNZ members taking important positions in APTLD and, indeed, ex Presidents becoming Chair. (Another (previous) ex President and APTLD Chair of course went on to an even higher Chair.) InternetNZ can rightly bask in the reflected glory.

Evote Ratification

Author: Susi Cosimo

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

Evote:

1304101

President/Cr MacEwan
That the application for funding from NZCS for \$75,000 over two years be declined at the current level of participation but that reconsideration occur if the applicant is able to muster a larger group of contributors representative of the beneficiaries of this programme.

For:

Hamish MacEwan
Nathan Torkington
Liz Butterfield
Jamie Baddeley
Neil James
Chris Streatfield
Michael Wallmannsberger
Donald Clark
Judy Speight
Jonny Martin
Michael Foley

Abstain:

1304102

President/Cr MacEwan
That application from TUANZ for a grant of \$80,000 should be declined at this stage, with the proviso that InternetNZ uses its relationships and influence to encourage other potential funders of the project to consider investing. The applicant is also invited to reapply when the project and planning is more mature.

Hamish MacEwan
Nathan Torkington
Liz Butterfield
Jamie Baddeley
Neil James
Chris Streatfield
Michael Wallmannsberger
Donald Clark
Judy Speight
Jonny Martin
Michael Foley

Recommendation: THAT the e-votes be ratified.

Internet New Zealand Incorporated
Annual Report
For the Year Ended 31st March 2010

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ

Annual Report
For the Year Ended 31st March 2010

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Annual Report
For the Year Ended 31st March 2010

Financial Result

The Group Net Profit for the year, after taxation, was \$1,043,715 (2009 \$813,887).

	2010		2009	
	Parent	Group	Parent	Group
Retained Earnings as at 1 April	2,166,712	6,711,266	2,333,707	5,897,379
Net Profit (Loss) After Taxation	166,576	1,043,715	(166,995)	813,887
Retained Earnings as at 31st March	\$2,333,288	\$7,754,981	\$2,166,712	\$6,711,266

Dividend

Dividends of \$2,490,000 were received from New Zealand Domain Name Registry Limited, a wholly owned company, for the year ended 31st March 2010 (2009 \$2,112,000).

Remuneration of Council

During the year Council received the following remuneration:

Fees Paid

Frank March - President	19,750
James Baddeley - Vice President	10,500
Liz Butterfield	750
Donald Clark	nil
Stewart Flemming	3,000
Michael Foley	9,000
Neil James	9,000
Hamish MacEwan	9,000
Jonny Martin	9,000
Peter McCaulay	8,000
Judy Speight	9,000
Chris Streatfield	9,000
Nat Torkington	5,250
Michael Wallmannsberger	9,300

\$110,550

For and on Behalf of the Council

_____ **President**

_____ **Vice President**

_____ **Date**

Internet New Zealand Incorporated
Statement of Comprehensive Income
For the Year Ended 31st March 2010

	Note	2010		2009	
		Parent	Group	Parent	Group
Registry Fees		-	6,840,284	-	6,361,318
Other Income		231,029	139,888	41,557	159,696
		<u>231,029</u>	<u>6,980,172</u>	<u>41,557</u>	<u>6,521,014</u>
Less Expenses					
Registry Services		-	1,751,221	-	1,702,246
Domain Name Commission		-	650,430	-	659,618
Public Policy		628,283	628,283	507,788	507,788
Society		1,040,260	1,040,261	987,641	965,060
Technical Leadership		191,263	191,263	99,034	99,034
Audit Fees		9,504	27,376	6,401	25,105
Employee Remuneration		593,756	1,603,189	639,771	1,494,540
Finance Cost		6,596	6,596	45,074	51,134
Depreciation & Amortisation	5,6	32,771	237,751	31,076	208,470
Rent		92,909	211,263	46,212	214,958
Loss on Disposal of Fixed Assets		-	56,533	-	-
		<u>2,595,342</u>	<u>6,404,166</u>	<u>2,362,997</u>	<u>5,927,953</u>
Surplus/(Deficit) from Operations		(2,364,313)	576,006	(2,321,440)	593,061
Plus Other Income/(Expenses)					
Dividend Income		2,490,000	-	2,112,000	-
Interest		16,294	467,709	42,445	660,396
Sundry Income		24,595	-	-	-
		<u>166,576</u>	<u>1,043,715</u>	<u>(166,995)</u>	<u>1,253,457</u>
Surplus/(Deficit) for the Year		166,576	1,043,715	(166,995)	1,253,457
Less:					
Income Tax Expense	1	-	-	-	439,570
		<u>166,576</u>	<u>1,043,715</u>	<u>(166,995)</u>	<u>813,887</u>
Profit for the Year		166,576	1,043,715	(166,995)	813,887
Other Comprehensive Income		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the Year		\$166,576	\$1,043,715	(\$166,995)	\$813,887
		<u>\$166,576</u>	<u>\$1,043,715</u>	<u>(\$166,995)</u>	<u>\$813,887</u>
Attributable to:					
Minority Interest		-	-	-	-
Internet New Zealand Incorporated		166,576	1,043,715	(166,995)	813,887
		<u>\$166,576</u>	<u>\$1,043,715</u>	<u>(\$166,995)</u>	<u>\$813,887</u>

Internet New Zealand Incorporated
Statement of Changes in Equity
For the Year Ended 31st March 2010

	Note	2010		2009	
		Parent	Group	Parent	Group
Retained Earnings					
Opening Retained Earnings		2,166,712	6,711,266	2,333,707	5,897,379
Total Comprehensive Income for the Year					
Net Profit (Loss) After Taxation		166,576	1,043,715	(166,995)	813,887
Other Comprehensive Income		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Retained Earnings as at 31st March		\$2,333,288	\$7,754,981	\$2,166,712	\$6,711,266
		<hr/>	<hr/>	<hr/>	<hr/>

Internet New Zealand Incorporated
Balance Sheet
As At 31st March 2010

	Note	2010		2009	
		Parent	Group	Parent	Group
Current Assets					
Cash and Cash Equivalents	3	1,381,851	11,523,715	1,518,686	9,983,001
Other Current Assets	4	102,420	1,066,763	104,436	1,377,158
Total Current Assets		1,484,271	12,590,478	1,623,122	11,360,159
Property, Plant & Equipment	5	375,538	649,295	67,579	339,451
Investments					
Shares in Subsidiaries	10	610,000	-	610,000	-
Hector's World Limited Loan	9	148,330	148,330	94,926	94,926
Total Investments		758,330	148,330	704,926	94,926
Intangible Assets	6	8,295	189,559	3,955	22,619
Total Assets		2,626,434	13,577,662	2,399,582	11,817,155
Less Liabilities:					
Current Liabilities					
Deferred Income - Current	12	-	3,524,629	-	3,156,877
Trade and Other Payables	7	293,146	743,155	232,870	633,841
Total Current Liabilities		293,146	4,267,784	232,870	3,790,718
Term Liabilities					
Deferred Income	12	-	1,554,897	-	1,315,171
Total Liabilities		293,146	5,822,681	232,870	5,105,889
Net Assets		\$2,333,288	\$7,754,981	\$2,166,712	\$6,711,266
Represented by:					
Total Equity		\$2,333,288	\$7,754,981	\$2,166,712	\$6,711,266

For and on Behalf of the Council

President

Vice President

Date

Internet New Zealand Incorporated
Statement of Cash Flows
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
Cash Flows From Operating Activities				
Cash was Provided From				
Net Receipts from Customers	-	7,420,211	-	6,705,928
Net GST Received	-	-	-	20,193
Receipt of Taxation	-	382,188	-	-
Interest Received	<u>15,081</u>	<u>465,896</u>	<u>55,722</u>	<u>656,048</u>
	15,081	8,268,295	55,722	7,382,169
Cash was Distributed To:				
Payments to Suppliers and Employees	2,218,691	5,870,814	2,403,160	5,742,337
Payment of Taxation	2,087	-	1,989	772,041
Net GST Paid	<u>16,068</u>	<u>25,178</u>	<u>4,934</u>	<u>-</u>
	2,236,846	5,895,992	2,410,083	6,514,378
Net Flows Operating Activities	(2,221,765)	2,372,303	(2,354,361)	867,791
Cash Flows From Investing & Financing Activities				
Cash was Provided From				
Dividend Received	2,490,000	-	2,112,000	-
Share Redemption	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2,490,000	-	2,112,000	-
Cash was Distributed To:				
Shares in Subsidiary	-	-	580,000	-
Interest Expense	-	521	-	-
Loan to Hectors World	60,000	60,000	140,000	140,000
Purchase of Fixed Assets & Intangibles	<u>345,070</u>	<u>771,068</u>	<u>41,442</u>	<u>182,686</u>
	405,070	831,589	761,422	332,686
Net Cash Flows From Investing Activities	2,084,930	(831,589)	1,350,558	(322,686)
Net Increase (Decrease) In Cash Held	(136,835)	1,540,714	(1,003,803)	545,105
Add: Opening Cash Balance	<u>1,518,686</u>	<u>9,983,001</u>	<u>2,522,489</u>	<u>9,437,896</u>
Closing Cash Carried Forward	<u>1,381,851</u>	<u>11,523,715</u>	<u>\$1,518,686</u>	<u>\$9,983,001</u>
Closing Cash Comprises				
Cash and Cash Equivalents	<u>1,381,851</u>	<u>11,523,715</u>	<u>\$1,518,686</u>	<u>\$9,983,001</u>
Total Closing Cash	<u>\$1,381,851</u>	<u>\$11,523,715</u>	<u>\$1,518,686</u>	<u>\$9,983,001</u>

Internet New Zealand Incorporated
Statement of Cash Flows (Continued)
For the Year Ended 31st March 2010

Cash Flow Reconciliation

	2010		2009	
	Parent	Group	Parent	Group
Net Profit (Loss) After Taxation	166,576	1,043,715	(166,995)	813,887
Add/(deduct) Non - cash items				
Finance Cost	6,596	6,596	45,074	45,074
Depreciation	29,289	210,330	28,848	195,713
Interest Expense	-	521	-	-
Amortisation	3,482	27,421	2,228	12,757
	39,367	244,868	76,150	253,544
Movement in working capital				
(increase)/decrease in receivables	43,164	(29,460)	(48,354)	(69,178)
(increase)/decrease in GST receivable	(16,068)	(24,190)	(4,934)	11,590
increase/(decrease) accounts payable	60,276	175,139	(131,388)	(78,054)
(increase)/decrease interest receivable	(1,213)	(1,813)	13,277	(4,348)
(increase)/decrease tax receivable	(2,087)	382,188	(1,989)	(332,471)
(increase)/decrease prepayments	(21,780)	(82,155)	21,872	25,526)
Loss on Disposal of Fixed Assets	-	56,533	-	-
increase/(decrease) deferred income	-	607,478	-	247,295
	62,292	1,083,720	(151,516)	(199,640)
Dividend Received	(2,490,000)	-	(2,112,000)	-
Net Cash Flow Operations (as per Cash Flow Statement)	<u>\$(2,221,765)</u>	<u>\$2,372,303</u>	<u>\$(2,354,361)</u>	<u>\$867,791</u>

Accounting Policies
For the Year Ended 31st March 2010

Significant Accounting Policies

Internet New Zealand Incorporated ("INZ") is a society domiciled in New Zealand. The consolidated financial statements of INZ for the year ended 31st March 2010 comprise INZ and its subsidiaries (together referred to as the "Group"). The financial statements were authorised for issue by the councillors.

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

(a) Statement of compliance

The Group financial statements have been prepared on the basis of being a public benefit entity. Adjustments have been made where appropriate to any profit orientated subsidiaries to restate accounting policies to those of a public benefit entity.

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).

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 not taken advantage of any of the Differential Reporting Exemptions.

The group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

(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

The Group has adopted the following new interpretations, revisions and amendments to NZ IFRS which are relevant to and effective for the Group's financial statements for the annual period beginning 1 April 2009:

- NZ IAS 1 Presentation of Financial Statements

Accounting Policies
For the Year Ended 31st March 2010

Adoption of NZ IAS 1 Presentation of Financial Statements (Revised 2007)

The Group has adopted NZ IAS 1 Presentation of Financial Statements (Revised) in its Financial Statements. This standard has been applied retrospectively. The adoption of the standard does not affect the financial position or profits of the Group, but gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income.

NZ IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of Comprehensive Income'.

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.

(c) Basis of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being INZ (the parent entity) and its subsidiaries as defined in NZ IAS-27 "Consolidated and Separate Financial Statements". A list of subsidiaries appears in note 10 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

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.

Accounting Policies
For the Year Ended 31st March 2010

(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.

(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.

Current tax (with respect to the the comparative year)

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Accounting Policies
For the Year Ended 31st March 2010

Current tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the current tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- differences relating to goodwill not deductible for tax purposes,
- the initial recognition of assets or liabilities that affect neither the accounting nor taxable profit,
- investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(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.

(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).

Accounting Policies
For the Year Ended 31st March 2010

(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 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 -

Leasehold Improvements	11.4 - 31.2% DV
Furniture & Fittings	11.4 - 48.0% DV
Office Equipment	9.6 - 80.4% DV or SL
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) 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.

(q) 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.

Notes To The Financial Statements
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
1. Income Tax				
Taxable Profit/(loss) from Operations	-	-	(166,995)	1,279,774
Non-Deductible Expenses	-	-	10,933	17,759
Imputation Credits Received	-	-	<u>346,746</u>	-
Taxable Profit/(Loss)	-	-	190,684	1,297,533
Income Tax at 30%	-	-	57,205	389,260
Imputation Credits Received	-	-	<u>(346,746)</u>	-
	-	-	(289,541)	389,260
Losses from previous year	-	-	(2,002,988)	(2,001,132)
Losses forfeited on charitable status	-	-	2,292,529	1,172,302
Transfer to losses to Carry Forward	-	-	-	-
	-	-	-	(439,570)

The Net Profit of the subsidiaries was taxable to the date they were granted charitable status. The entire group now has charitable status and is exempt from income tax.

Current Tax Assets and Liabilities

Current Tax Assets				
Tax refund Receivable	4,419	8,664	2,332	405,127

Current Tax Payables				
Income Tax Payable	-	-	-	13,741

2. Imputation Credit Account

Opening Balance	-	-	-	1,637,924
Plus:				
Resident Withholding Tax Paid	-	-	-	174,472
Income Tax Payments	-	-	-	<u>640,503</u>
	-	-	-	814,975
Less:				
Imputation Credits attached to Dividends Paid	-	-	-	1,040,239
Credits lost on charitable status	-	-	-	1,353,650
Income Tax Refunds Received	-	-	-	<u>59,010</u>
Closing Balance	-	-	-	-

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
3. Cash and Cash Equivalents				
Cash on Hand	400	400	400	400
Cash at Bank	1,010,937	2,463,812	3,361,772	2,490,591
Term Deposits	<u>370,514</u>	<u>9,059,503</u>	<u>156,514</u>	<u>7,492,010</u>
Total Cash and Equivalents	1,381,851	11,523,715	1,518,686	9,983,001
4. Other Current Assets				
Trade receivables	23,609	793,451	66,773	763,458
Interest Receivable	3,230	171,255	2,017	169,442
GST Receivable	43,961	-	27,893	27,893
Tax Receivable	4,419	8,664	2,332	405,127
Pre-payments	27,201	93,393	5,421	11,238
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	102,420	1,066,763	104,436	1,377,158

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

5. 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	351,643	11,953	42,256	309,387
Computer Hardware	205,389	14,707	144,320	61,068
Office Equipment	12,454	2,629	7,371	5,082
	<u>\$569,486</u>	<u>\$29,289</u>	<u>\$193,947</u>	<u>\$375,537</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	64,717	5,362	30,303	34,414
Computer Hardware	157,941	21,735	129,614	28,327
Office Equipment	9,580	1,751	4,742	4,838
	<u>\$232,238</u>	<u>\$28,848</u>	<u>\$164,659</u>	<u>\$67,579</u>

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>
Leasehold Improvements	-	3,912	-	-
Furniture & Fittings	351,643	11,953	42,256	309,387
Office Equipment	102,197	18,006	53,212	48,985
Computer Hardware	947,057	176,459	656,134	290,923
	<u>\$1,400,897</u>	<u>\$210,330</u>	<u>\$751,602</u>	<u>\$649,295</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>
Leasehold Improvements	102,091	7,116	47,117	54,974
Furniture & Fittings	64,717	5,362	30,303	34,414
Office Equipment	255,478	11,032	181,442	74,036
Computer Hardware	684,910	172,203	508,883	176,027
	<u>\$1,107,196</u>	<u>\$195,713</u>	<u>\$767,745</u>	<u>\$339,451</u>

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

6. 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	55,296	3,482	47,002	8,295

<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	47,474	2,228	43,519	3,955

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	891,597	26,183	702,995	188,602
Trademark	10,446	1,238	9,489	957
	<u>\$902,043</u>	<u>\$27,421</u>	<u>\$712,484</u>	<u>\$189,559</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	702,509	11,519	680,258	22,251
Trademark	8,619	1,238	8,251	368
	<u>\$711,128</u>	<u>\$12,757</u>	<u>\$688,509</u>	<u>\$22,619</u>

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
7. Trade and other Payables				
Trade Payables	210,356	618,270	158,989	422,414
GST Payable	-	26,923	-	79,006
Employee Benefits	33,599	97,962	73,881	118,680
Lease Incentives	49,191	-	-	-
Tax Payable	-	-	-	13,741
Other	-	-	-	-
	293,146	743,155	232,870	633,841

8. 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.

9. 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 receives dividends declared and paid by NZDNRL during the year totalling \$2,490,000 (2009 \$2,112,000).

Up to 13 November 2009 INZ and DNCL were sub-tenants of the premises occupied by NZDNRL. INZ and DNCL paid rent of \$222,182 and outgoings of \$54,497 (total \$276,679, 2009 \$141,217) to NZDNRL during the year.

Subsequent to 13 November 2009 NZDNRL and DNCL are sub-tenants of the premises leased by INZ. NZDNRL and DNCL recognised rent incentive expenses of \$12,298 and \$12,298 to INZ in the current year.

During the year, NZDNRL and DNCL made contributions of \$60,000 and \$75,000 to INZ for the office premises fit out cost.

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

Key Management Personnel

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

Liz Butterfield, an INZ councillor, is the Managing Director of Hector's World Limited that has received a loan of \$200,000 from INZ. The loan is interest free and repayable in 2013. The carrying value of the loan represents the present value of the future receivable applying amortised cost using the effective interest method.

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

10. Subsidiaries

Name of Entity	Country of Incorporation	2010	2009
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%

11. Operating Leases

	2010		2009	
	Parent	Group	Parent	Group
Less than one year	79,975	79,975	-	197,045
Between one and two years	137,100	137,100	-	-
Between three and five years	274,200	274,200	-	-
More than five years	<u>217,075</u>	<u>217,075</u>	<u>-</u>	<u>-</u>
Total	708,350	708,350	-	197,045

12. Deferred Income

The group has invoiced clients for \$5,079,526 (2009 \$4,472,048) in advance. \$3,524,629 of this is current and \$1,554,897 is non-current.

13. Contingent Liabilities and Commitments

At 31 March 2010 the Group had no contingent liabilities or commitments (2009 \$Nil).

14. Segmental Reporting

The Group operates significantly within one region being New Zealand with one predominant source of revenue. Management reporting decision making is based upon this single segment.

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

15. Standards & Interpretations to published standards that are not yet effective

At the date of authorisation of these financial statements certain new standards, amendments and interpretations to existing standards have been published but are not yet effective at balance sheet date and have not been early adopted.

The company has assessed the relevance of new standards, interpretations and amendments and has determined that the following may be relevant to its operations.

NZ IFRS 9 - *Financial Instruments: Classification and Measurement* was issued on the 12th of November 2009 and companies that do not wish to adopt early are required to apply from 1 January 2013.

NZ IFRS 9 requires an entity to classify financial assets at either amortised costs or fair value. Currently the Company is required to classify its financial assets into one of four categories: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity.

Given at present all financial assets are classified as loans and receivables and will continue to be measured at amortised cost when NZ IFRS 9 is adopted, no impact is expected from the implementation of this standard.

Monthly .nz report - for February 2010

1. Statistics

- The level of active .nz domain names increased from 384,895 to 388,557. An increase of 3,662.

	31 Jan 10	28 Feb 10	Creates	Renewal	Net Change
.ac	1,721	1,739	32	325	18
.co	332,459	335,799	7021	59,440	3,340
.cri	15	15	0	4	-
.geek	945	942	17	191	-3
.gen	1,241	1,249	17	301	8
.govt	1,024	1,033	9	945	9
.health	97	100	3	0	3
.iwi	70	68	0	13	-2
.maori	562	581	16	96	19
.mil	21	21	0	3	-
.net	21,639	21,724	385	4,076	85
.org	22,128	22,309	389	4,061	181
.parliament	7	7	0	7	-
.school	2,966	2,970	18	1,195	4
Total	384,895	388,557	7,907	70,657	3,662
Growth over previous month	2,931 0.8%	3,662 0.94%			

Registry Performance

- SRS % Availability and Performance**

Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10
99.99	99.95	99.95	100	100	99.58	99.98	100	99.91	100	100	100

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	As per SLA	February 2010	Av last 12 months
Domain Details Query	<0.50	0.03	0.04
Domain Update	<0.80	0.24	0.31
Domain Create	<0.80	0.25	0.36
Get Message	<0.50	0.04	0.04
WHOIS	<0.50	0.10	0.10
UDAI Valid Query	<0.50	0.11	0.13

▪ **DNS % Availability and Performance**

Server	% Availability											
	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10
NS1	100	100	100	100	100	100	100	100	100	100	100	100
NS2	100	100	100	100	100	100	100	100	100	100	100	100
NS3	100	100	100	100	100	100	100	100	100	100	100	100
NS4	100	100	100	100	100	100	100	100	100	100	100	100
NS5	100	100	100	100	100	100	100	100	100	100	100	100
NS6	100	100	100	100	100	100	100	100	100	100	100	100
NS7	100	100	100	100	100	100	100	100	100	100	100	100

Performance Stress Testing

Measurements are in milliseconds.

	UDP	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	TCP	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10
NS1	<5	0.04	0.05	0.05	0.05	0.05	0.05	<50	0.15	0.16	0.16	0.16	0.16	0.16
NS2a	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.15	0.16	0.16	0.16	0.16	0.16
NS2b	<5	0.04	0.04	0.05	0.05	0.05	0.05	<50	0.15	0.15	0.16	0.16	0.16	0.16
NS3a	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.15	0.16	0.16	0.16	0.16	0.16
NS3b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.15	0.16	0.16	0.16	0.16	0.16

SRS Zone Pushes

These figures show the average time taken from the point that the first Primary begins the zone push to the time that the last of the secondary's acknowledges that it is up to date.

Measurement	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10
Average Time (sec)	54	41	42	46	29	25	24

2. .nz Policies and Procedures

- There were no current consultations over February. Work continues on the Additional Search Functionality and the Second Level Domains Policy review which will both be agenda items for the next DNCL Board meeting in April.

3. Registrar Authorisation and Connection

Registrars authorised	73
Registrars connected	71

Number authorised during the month: Nil

Number de-authorised during the month: Nil

Number connected during the month: Nil

4. Other .nz matters

- There was a meeting of the Registrar Advisory Group (RAG). Items on the agenda included the implementation process for the .nz IDNs, DNSSEC and EPP updates. The minutes of the meeting are online at http://dnc.org.nz/content/RAG_Meeting_Minutes_110210.html.

5. Dispute Resolution Service

As of the end of February, there were three disputes progressing through the DRS, with three valid complaints received during the month. These figures are about average for February.

Three domain names were transferred as the result of two expert decisions. The expert dealing with one of these complaints noted that it involved two domain names with two separate complainants, one complainant for each of the domain names, with one of them nominated 'lead complainant'. As the registrant was the same for each domain name, it is permissible under the DRS Policy but the Expert raised the point of it essentially being like two different complaints as the rights asserted for each domain name were different.

There are plans to review the DRS starting later this year so this matter may be one that is raised as part of that review.

6. DNC Office

- Development work on the application forms for IDN .nz domain names during the sunrise period is nearly complete. Testing has been undertaken and the Sunrise Period is set to commence early April.

Joy Liddicoat
Chair, DNCL

Council
InternetNZ

Monthly .nz report – for March 2010

1. Statistics

- The level of active .nz domain names increased from 388,557 to 393,494. An increase of 4,937.

A table showing net growth over the last 12 months is shown in Appendix 1.

	28 Feb 10	31 Mar 10	Creates	Renewal	Net Change
.ac	1,739	1746	26	327	7
.co	335,799	340,200	8,578	62,837	4,401
.cri	15	15	0	3	-
.geek	942	952	16	215	10
.gen	1,249	1287	55	309	38
.govt	1,033	1035	4	956	2
.health	100	105	5	0	5
.iwi	68	70	0	15	2
.maori	581	582	10	97	1
.mil	21	23	2	3	2
.net	21,724	21,936	511	4,376	212
.org	22,309	22,547	490	4,259	238
.parliament	7	7	0	7	-
.school	2,970	2,989	27	1,296	19
Total	388,557	393,494	9,724	74,700	4,937
Growth over previous month	3,662 0.94%	4,937 1.3%			

Registry Performance

- SRS % Availability and Performance**

Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
99.95	99.95	100	100	99.58	99.98	100	99.91	100	100	100	100

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	As per SLA	March 2010	Av last 12 months
Domain Details Query	<0.50	0.04	0.04
Domain Update	<0.80	0.36	0.31
Domain Create	<0.80	0.33	0.35
Get Message	<0.50	0.06	0.04
WHOIS	<0.50	0.17	0.11
UDAI Valid Query	<0.50	0.23	0.13

▪ **DNS % Availability and Performance**

Server	% Availability											
	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
NS1	100	100	100	100	100	100	100	100	100	100	100	100
NS2	100	100	100	100	100	100	100	100	100	100	100	100
NS3	100	100	100	100	100	100	100	100	100	100	100	100
NS4	100	100	100	100	100	100	100	100	100	100	100	100
NS5	100	100	100	100	100	100	100	100	100	100	100	100
NS6	100	100	100	100	100	100	100	100	100	100	100	100
NS7	100	100	100	100	100	100	100	100	100	100	100	100

Performance Stress Testing

The figures are derived from the 'stress testing' of the name servers. 1201 UDP and 121 TCP transactions are used. Measurements are in milliseconds.

	UDP	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	TCP	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
NS1	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16
NS2a	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16
NS2b	<5	0.04	0.05	0.05	0.05	0.05	0.05	<50	0.15	0.16	0.16	0.16	0.16	0.16
NS3a	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.15
NS3b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16

SRS Zone Pushes

These figures show the average time taken from the point that the first Primary begins the zone push to the time that the last of the secondary's acknowledges that it is up to date.

Measurement	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10
Average Time (sec)	41	42	46	29	25	24	27

2. .nz Policies and Procedures

- A review of three policies commenced. The three policies being reviewed are the Process on de-authorisation of a registrar, Transfer to another registrar and the Roles and responsibilities policies. The consultation outline is online at <http://www.dnc.org.nz/march10-reviews> and as submissions are received they will be published on that page. Submissions close on 21 June 2010.

3. Registrar Authorisation and Connection

Registrars authorised	74
Registrars connected	71

Number authorised during the month: One – Monaghan Consultants, UK

Number de-authorised during the month: Nil

Number connected during the month: Nil

4. Other .nz matters

- Forms and online help are finalised and ready for the start of the IDN Sunrise period on 6 April 2010. Applications forms are at <http://dnc.org.nz/idn-forms> with links to information (<http://dnc.org.nz/story/nz-domain-names-macrons>) and a FAQ section (<http://dnc.org.nz/story/faq-idns>).

5. Dispute Resolution Service

As of the end of March there were thirteen disputes progressing through the DRS, with ten valid complaints received during the month. These figures are about average for March. One dispute was settled pre-mediation, one referred to an Expert, and one to informal mediation.

One party contacted the office with concerns about the cost of referring a dispute to an Expert. They also wanted the domain name to be automatically transferred to the Complainant should the Respondent fail to respond. They were advised that the DRS would be coming up for review towards the end of the year and that they would have an opportunity to suggest changes at that time.

6. DNC Office

- As noted above, work is complete on the documentation and forms for the IDN Sunrise period.
- The DNC attended the APTLD meeting in Kuala Lumpur and the ICANN meeting in Nairobi. A joint travel report by the DNC and Keith Davidson is enclosed in Appendix 3.

Joy Liddicoat
Chair, DNCL

Appendix 1

	30 Apr 2009	31 May 2009	30 Jun 2009	31 Jul 2009	31 Aug 2009	30 Sept 2009	31 Oct 2009	30 Nov 2009	31 Dec 2009	31 Jan 2010	28 Feb 2010	31 Mar 2010	Creates Mar 2010	Renewals Mar 2010	Net Change Feb/Mar 2010
.ac	1,639	1,651	1,650	1,676	1,691	1,703	1,716	1,718	1,713	1,721	1,739	1746	26	327	7
.co	306,376	308,959	312,424	315,703	319,397	322,888	325,743	328,098	329,928	332,459	335,799	340,200	8,578	62,837	4,401
.cri	15	15	15	15	15	15	15	15	15	15	15	15	0	3	-
.geek	867	868	877	887	905	912	926	935	941	945	942	952	16	215	10
.gen	1,202	1,213	1,216	1,219	1,236	1,239	1,242	1,244	1,247	1,241	1,249	1287	55	309	38
.govt	988	990	992	996	1,000	1,005	1,014	1,019	1,021	1,024	1,033	1035	4	956	2
.health	0	0	3	4	4	45	74	87	97	97	100	105	5	0	5
.iwi	68	69	69	69	69	69	69	70	70	70	68	70	0	15	2
.maori	539	550	560	568	565	569	567	566	554	562	581	582	10	97	1
.mil	20	20	21	21	22	22	22	21	21	21	21	23	2	3	2
.net	20,451	20,499	20,613	20,774	20,931	21,127	21,268	21,414	21,437	21,639	21,724	21,936	511	4,376	212
.org	20,746	20,844	21,017	21,192	21,321	21,565	21,738	21,872	21,959	22,128	22,309	22,547	490	4,259	238
.parliament	6	6	6	7	7	7	7	7	7	7	7	7	0	7	-
.school	2,862	2,875	2,886	2,900	2,921	2,933	2,940	2,949	2,954	2,966	2,970	2,989	27	1,296	19
Total	355,779	358,559	362,349	366,031	370,084	374,099	377,341	380,015	381,964	384,895	388,557	393,494	9,724	74,700	4,937
Growth over previous month	2,349	2,780	3,790	3,682	4,053	4,015	3,242	2,674	1,949	2,931	3,662	4,937			
variance against budget#	349	780	1,790	1,682	2,053	2,015	1,242	674	-51	931	1,662	2,937			

#For 2008/09 FY budget was 4,500 net growth per month, from 1 April 09 budget is 2,000

INTERNATIONAL TRAVEL REPORT – MARCH 2010

APTLD, Kuala Lumpur and ICANN, Nairobi

APTLD Kuala Lumpur 1-2 March 2010

As for all APTLD meetings, the first presentations given were by the local hosts outlining ICT developments in Malaysia as well as the work being done by the .my registry. It was interesting that points noted by the Malaysians bore similarities to some of the experiences in New Zealand. These included growth in the .my register at around 12% for the year still being positive but not being as high as previously with the level of registrations remaining high but there being a higher level of deletions which contributed to the overall result.

Other items on the agenda included updates on Conficker, new gTLDs, IPv6 and IDN ccTLD Fast Track. A lot of this had been covered previously so there was a lack of new content in the meeting with the overall result being a rather weak meeting in respect of content.

This Kuala Lumpur APTLD meeting was held as part of the larger APRICOT conference. The APTLD AGM also followed at the conclusion of the meeting. Constitutional changes were approved, budgets and plans approved and board members elected. Subsequent to the meeting, Keith Davidson was confirmed as Chair of APTLD so an excellent result for .nz.

In respect of the quality of the meeting, this reflects an issue within APTLD over recent times with the absence of a General Manager. The lack of a GM, together with a new Secretariat, contributed to a meeting that didn't have a particular cohesive topic and which was relatively light on the presentations given. Despite this, the value in meeting up with other ccTLD managers from with the Asia Pacific area was as useful as usual during the social functions.

A copy of the agenda, presentations and communiqué can be seen at <http://aptld.org/kualalumpur2010/index.htm>.

On the Sunday prior to the APTLD meeting, there was an AP* meeting which encompasses a number of different Asia/Pacific organisations including APTLD, APNIC, APRALO (At Large) and ISOC. Keith attended this and provided the APTLD update to the meeting. One of the items discussed was a Regional Internet Governance Forum (IGF) which is scheduled for 14-16 June 2010. It is hoped that this meeting will lead to inputs into the main IGF from an Asian perspective.

ICANN Nairobi 7-12 March 2020

DNSSEC and Security in general were key topics at the 37th ICANN meeting in Nairobi. A full agenda can be downloaded at <http://nbo.icann.org/>. Links are also available from that home page to the transcripts and a number of the presentations given.

In respect of Security comments, by far the most controversial was that from the ICANN President and CEO, Rod Beckstrom, who in speaking to the GAC commented that the DNS was under more attack than ever, is fragile and vulnerable and could stop at any time. A number of the constituencies expressed concern about these comments, considering them alarmist and incorrect. The ccNSO responded to the comments with a letter to Rod which can be read at <http://www.icann.org/correspondence/disspain-to-beckstrom-11mar10-en.pdf>.

It is widely considered that Rod's comments were linked to the ICANN proposal for a DNS-CERT. This has been put out for public comment but from what has so far been submitted (<http://forum.icann.org/lists/dns-cert-proposal/index.html>) and from talking to people at the meeting, there is not a lot of support for this in its current form. Many of the concerns relate to the operational role that ICANN is looking to take on and also the lack of consultation or consideration of other entities already involved in DNS Security matters such as DNS-OARC.

Presentations on DNSSEC included those as part of the ccNSO Tech Day, a session as part of the main ccNSO meeting and a workshop in the general ICANN meeting.

Those as part of the ccNSO Tech Day included:

- An IANA update on the progress in signing the root (<http://nbo.icann.org/meetings/nairobi2010/presentation-ccnso-tech-day-davies-08mar10-en.pdf>)
- A Nominet presentation on issues relating to rolling over the Key Signing Key and options to avoid cost and complexity (<https://nbo.icann.org/meetings/nairobi2010/presentation-rollover-and-die-08mar10-en.pdf>)
- NIC - Internet Costa Rica presentation on the costs of DNSSEC (<http://nbo.icann.org/meetings/nairobi2010/presentation-ccnso-tech-day-espinoza-08mar10-en.pdf>)
- Research by .cz on cache poisoning and how it is important to implement DNSSEC to protect DNS (<https://nbo.icann.org/meetings/nairobi2010/presentation-dnssec-dns-attacks-in-cz-08mar10-en.pdf>)

These presentations were complemented by a session in the main ccNSO meeting on DNSSEC. There, three ccTLDs spoke about their experiences with a particular focus on the role of registrars and educating them. The focus of the DNSSEC Workshop at the ICANN meeting was more technical/operational discussing such matters as transfers and key rollovers and DNSSEC tools such as Open-DNSSEC (<http://nbo.icann.org/node/8924>).

There are currently four ccTLDs moving along the IDN Fast Track process. There are two stages to the Fast Track - String Evaluation and Delegation Evaluation. Four ccTLDs have passed the first step and had their String approved. They are Russia, Egypt, Saudi Arabia and the United Arab Emirates. It is expected that there will be more applications under this process.

It is now seven years since the ccNSO was created in 2003. It is currently being reviewed in a three step process to evaluate the effectiveness of the ccNSO and

identify any required changes in operation or structure. The first step was a factual assessment with a survey being undertaken of ccTLDs, both members and non-members. This will be followed by a Strategic and Operational Diagnostic before Recommendations are developed.

The majority of respondents to the survey indicated general satisfaction with the current performance, structure etc of the ccNSO though there have been some minor suggestions put forward. It is planned to have the recommendations following the review prior to the Brussels ICANN meeting in late June.

Work continues on the new gTLD process but there are no final decisions, nor a final version of the application process with the Draft Applicant Guidebook (DAG) v4 not yet released for comment. The Board did vote not to proceed with the proposed Expression of Interest proposal considering that it would in effect function as a de facto application launch. Progress on work in this area can be monitored through <http://www.icann.org/en/topics/new-gtlds/related-en.htm>.

General Observation

This meeting showed some level of dissatisfaction with the ICANN CEO due to the nature of comments he made, for example the security of the DNS as outlined earlier. In addition to that, however, he also questioned various ccTLD representatives going to the microphone at the ccNSO meeting about their level of contributions to ICANN, introduced prayers to the opening ceremony, and stated information on the percentage of money ICANN received from North America which was totally out of context. The most serious were about the DNS security but Rod's ongoing insistence with ICANN's DNS-CERT proposal may lead to further conflict with the ccTLD community if the submissions received are not heeded.

Joint report from
Keith Davidson and Debbie Monahan

Council
InternetNZ

Monthly .nz report – for April 2010

1. Statistics

- The level of active .nz domain names increased from 393,494 to 396,661. An increase of 3,167.

	31 Mar 10	30 April 10	Creates	Renewal	Net Change
.ac	1746	1752	23	314	6
.co	340,200	343,095	7338	61844	2895
.cri	15	14	0	3	-1
.geek	952	963	20	201	11
.gen	1287	1293	20	299	6
.govt	1035	1041	6	962	6
.health	105	106	1	0	1
.iwi	70	70	0	13	-
.maori	582	581	13	76	-1
.mil	23	23	0	3	-
.net	21,936	22,070	448	4274	134
.org	22,547	22,654	393	4221	107
.parliament	7	7	0	7	-
.school	2,989	2992	22	1243	3
Total	393,494	396,661	8,284	73,460	3167
Growth over previous month	4,937 1.3%	3,167 0.8%			

Registry Performance

- SRS % Availability and Performance**

May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
99.95	100	100	99.58	99.98	100	99.91	100	100	100	100	100

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	<i>As per SLA</i>	<i>April 2010</i>	<i>Av last 12 months</i>
Domain Details Query	<0.50	0.03	0.04
Domain Update	<0.80	0.22	0.31
Domain Create	<0.80	0.24	0.35
Get Message	<0.50	0.03	0.04
WHOIS	<0.50	0.09	0.11
UDAI Valid Query	<0.50	0.11	0.13

▪ **DNS % Availability and Performance**

Server	% Availability											
	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
NS1	100	100	100	100	100	100	100	100	100	100	100	100
NS2	100	100	100	100	100	100	100	100	100	100	100	100
NS3	100	100	100	100	100	100	100	100	100	100	100	100
NS4	100	100	100	100	100	100	100	100	100	100	100	100
NS5	100	100	100	100	100	100	100	100	100	100	100	100
NS6	100	100	100	100	100	100	100	100	100	100	100	100
NS7	100	100	100	100	100	100	100	100	100	100	100	100

Performance Stress Testing

The figures are derived from the 'stress testing' of the name servers. 1201 UDP and 121 TCP transactions are used. Measurements are in milliseconds.

	UDP	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	TCP	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
NS1	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16
NS2a	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.15
NS2b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.15
NS3a	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.15	0.15
NS3b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16

The measurements are taken by running the programme on the individual servers.

SRS Zone Pushes

These figures show the average time taken from the point that the first Primary begins the zone push to the time that the last of the secondary's acknowledges that it is up to date.

Measurement	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
-------------	--------	--------	--------	--------	--------	--------	--------

Measurement	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
Average Time (sec)	42	46	29	25	24	27	42

2. .nz Policies and Procedures

- A review of three policies commenced in March and continued over April, closing on 21 June 2010. The three policies being reviewed are the Process on de-authorisation of a registrar, Transfer to another registrar and the Roles and responsibilities policies. The consultation outline, and any submissions received, can be seen online at <http://www.dnc.org.nz/april10-reviews>. As at the time of writing this report, no submissions had been received.

3. Registrar Authorisation and Connection

Registrars authorised	74
Registrars connected	71

Number authorised during the month: Nil

Number de-authorised during the month: Nil

Number connected during the month: Nil

4. Other .nz matters

- The IDN Sunrise period started on 6 April 2010. From now until the start of July, registrants are able to pre-register for IDN variants of their current .nz domain names. Applications forms are at <http://dnc.org.nz/idn-forms> with links to information (<http://dnc.org.nz/story/nz-domain-names-macrons>) and a FAQ section (<http://dnc.org.nz/story/faq-idns>). The characters ā, ē, ī, ō and ū are able to be used in .nz names for the sunrise applications, and from later in July 2010 for all .nz domain names.
- There was a meeting of the DNCL Board on Friday 9 April, followed by a strategy day. Minutes of the Board meeting are online at http://dnc.org.nz/content//Minutes_9_April_2010.html.
- Approval was granted for release of the .nz zone file to The National Library of New Zealand. They will be using the zone file to assist them in planning their harvest of .nz to ensure a manageable load on servers during the harvest.

5. Compliance and Security

- The work on the DNSSEC policy development is ongoing with the first round of public consultation planned for around July.
- Information Security Interest Group (ISIG) ISIG is a monthly meeting of security professionals. DNCL arranged for NZRS to give a technical presentation on DNSSEC in Wellington. The invitation was extended to NZNOG, resulting in a large turnout with standing room only. Following positive feedback the Auckland ISIG chapter has requested the same presentation.

- The NZITF facilitated a Botnet Forensics Training course providing a hands-on experience on how botnets are created, detected and mitigated. Team Cymru delivered the two-day course for 20 attendees. The training was run on a cost recovery basis and was well assisted by the InternetNZ SSU.

6. Dispute Resolution Service

- As of the end of April, there were fourteen disputes progressing through the DRS, with two valid complaints received during the month. These figures are about average for April. One dispute was settled pre-mediation and one through mediation. Five disputes were sent to mediation and two referred to Experts. Two Expert decisions were received to transfer domain names.

7. DNC Office

- The DNC, together with the NZRS CEO, attended the Registration Infrastructure Security Group (RISG) meeting in Washington. This group has recently been incorporated and this meeting was to set the work plan for the group, a discussion on expanding the membership and working on documents for the sharing of information amongst the members. Normally RISG would arrange face-to-face meetings around the ICANN meeting but very few Americans attended the ICANN in Nairobi so this meeting was arranged instead. There are two groups within RISG - the legal working group (which the DNC participates in) and the technical working group which the NZRS CEO contributes to. Work from the meeting is ongoing.

Joy Liddicoat
Chair, DNCL

May 2010

Dr Frank March
 President
 InternetNZ
 P O Box 11881
 WELLINGTON

Dear Frank

Fourth Quarter 2009-2010 .nz report

This report summarises the key results for the fourth quarter 2009/10 financial year. It includes information provided in the three monthly reports (January, February and March), plus financial information. There is nothing in this report that is confidential.

1. Statistics

- Over the quarter, .nz domain names have increased from 381,964 to 393,494, a net increase of 11,530 or 3.0%.

	As at 1 Jan 10	As at 31 Jan 10	As at 28 Feb 10	As at 31 Mar 10	Net Change over qtr
.ac	1,713	1,721	1,739	1746	33
.co	329,928	332,459	335,799	340,200	10,272
.cri	15	15	15	15	0
.geek	941	945	942	952	11
.gen	1,247	1,241	1,249	1,287	40
.govt	1,021	1,024	1,033	1,035	14
.health	97	97	100	105	8
.iwi	70	70	68	70	0
.maori	554	562	581	582	28
.mil	21	21	21	23	2
.net	21,437	21,639	21,724	21,936	499
.org	21,959	22,128	22,309	22,547	588
.parliament	7	7	7	7	0
.school	2,954	2,966	2,970	2,989	35
Total	381,964	384,895	388,557	393,494	11,530
Net Growth		2,931 0.8%	3,662 0.9%	4,937 1.3%	

2. Registry Performance

- SLA targets achieved for October, November and December
- SRS availability over the quarter was January 100%, February 100% and March 100%.
- DNS availability over the quarter was 100% for each of the three months

3. *.nz Policies and Procedures*

- A review of three policies commenced. The three policies being reviewed are the Process on de-authorisation of a registrar, Transfer to another registrar and the Roles and responsibilities policies. The consultation outline is online at <http://www.dnc.org.nz/march10-reviews> and as submissions are received they will be published on that page. Submissions close on 21 June 2010.
- Consultation closed on the review of the Second Level Domains Policy. Three submissions were published at <http://www.dnc.org.nz/2LD-review09>. The Board considered these at its April meeting.

4. *Registrars*

- At the end of March 2010 there were 74 authorised Registrars with 71 of these connected to the production system and offering services to registrants.
- There was a meeting of the Registrar Advisory Group (RAG). Items on the agenda included the implementation process for the .nz IDNs, DNSSEC and EPP updates.

5. *Other Key Activities*

- Forms and online help were finalised, ready for the start of the IDN Sunrise period on 6 April 2010. Applications forms are at <http://dnc.org.nz/idn-forms> with links to information (<http://dnc.org.nz/story/nz-domain-names-macrons>) and a FAQ section (<http://dnc.org.nz/story/faq-idns>).
- The DNC attended the APTLD meeting in Kuala Lumpur and the ICANN meeting in Nairobi.

6. *Documents published*

- Minutes of the Registrar Advisory Group meeting were published - http://dnc.org.nz/content/RAG_Meeting_Minutes_110210.html.

7. *Planned activities next quarter*

- Continue work on the possibility of additional search functionality for .nz domain names. It is possible a further consultation paper will be developed.
- Continue the IDN Sunrise Registrations through the DNC website.
- Continue policy reviews for the Roles and Responsibilities, Process on de-authorisation of a Registrar and Transfer to Another Registrar policies.
- First Board meeting of 2010, in conjunction with a strategy meeting.

8. *Financial*

The Comprehensive Income Statement for DNCL for the year ended 31 March 2009 is below. These have not yet been finally approved by the auditor. Full accounts will be provided to InternetNZ following auditor and Board signoff. The financial result for the year reflects that forecast during the year after the unbudgeted contribution towards the new office fit out.

Statement of Comprehensive Income
For the Year Ended 31st March 2010

	Note	2010 \$	2009 \$
Income			
Authorisation Fees		15,000	9,985
DRS Complaint Fees		28,800	43,300
Management Fees		1,150,380	1,095,600
Sundry Income		59	-
		<hr/>	<hr/>
Total Fees Received		1,194,239	1,148,885
Less Expenses			
Audit Fees		5,451	6,000
Board Expenses		12,996	23,792
Communications		116,637	62,572
Depreciation	2	1,420	219
Directors Fees		54,000	54,000
Dispute Resolution Service		95,629	114,836
DNC Registrar Activities		20,871	9,067
International Memberships and Conferences		167,322	216,190
Office and Administration		294,377	144,976
Personnel and Staff	12	484,769	424,214
Professional Services		82,194	106,609
		<hr/>	<hr/>
Total Expenses		1,335,666	1,162,475
Surplus/(Deficit) from Operations		(141,427)	(13,590)
Plus Other Income/(Expenses)			
Interest Revenue		18,327	39,459
		<hr/>	<hr/>
Surplus/(Deficit) for the Year		(123,100)	25,869
Less: Provision for Tax	1	-	28,413
		<hr/>	<hr/>
Profit/(Loss) for the Year		(123,100)	(2,544)
Other Comprehensive Income			
		<hr/>	<hr/>
Total Comprehensive Income for the Year		(\$123,100)	(\$2,544)
		<hr/>	<hr/>
Attributable to:			
Minority Interest		-	-
Domain Name Commission Limited		(123,100)	(2,544)
		<hr/>	<hr/>
		(\$123,100)	(\$2,544)

9. Board recommendation

This report outlines activities in the final quarter of the financial year.

Together with the three previous quarterly reports, it shows that DNCL has undertaken what was planned over the year particularly in respect to policy reviews and the awareness of .nz campaign. The Board of DNCL **recommends** that the Council of InternetNZ receives this report.

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

Yours sincerely

Joy Liddicoat
Chair, DNCL

28 May 2010

Frank March
President
InternetNZ
PO Box 11 881
Wellington

Dear Frank

Re: 4th Quarter 2009 - 2010 Report

We enclose our fourth quarterly report of the 2009 - 2010 year, the quarter ended 31st March 2010. The report, which I submit on behalf of the Board, consists of the summarised management accounts and a commentary on financial, operational, and strategic issues in relation to the company's performance. There is nothing in the report that we regard as confidential.

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

1. Financial

Enclosed are Statements of:

- Financial performance; and
- Financial position

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

The net profit before tax of \$1,022,491 for the quarter was 48% above the budgeted \$691,684.

Domain name growth was above budget for the quarter (actual 11,530 versus budgeted 6,000). January's net growth at 2,931, February's net growth at 3,662 and March's net growth at 4,937 were all above the 2,000 per month budgeted for 2009 - 2010. Actual domain name fee income for the quarter was above budget (actual \$1,789,152 versus budgeted \$1,697,390).

As at 31st March 2010, the company's funds in bank and on deposit totalled \$9,502,001, above the budgeted \$8,584,496. Pre-paid domain name fees (deferred income) were also above budget at the end of the quarter (actual of \$5,079,526 against the budgeted \$4,665,504), reflecting the above budget domain name growth.

The company's internally-imposed liquidity ratio was amply met.

2. Operational

a) Registrars

At the end of the quarter there were 72 authorised registrars in production.

b) System availability

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

	SLA %	Jan 10	Feb 10	Mar 10
SRS	99.90%	100	100	100
DNS	100%	100	100	100
Whois	99.90%	100	100	100

c) Domain name growth

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

	31 Jan 2010	28 Feb 2010	31 Mar 2010
.ac	1,721	1,739	1746
.bank	0	0	0
.co	332,459	335,799	340,200
.cri	15	15	15
.geek	945	942	952
.gen	1,241	1,249	1287
.govt	1,024	1,033	1035
.health	97	100	105
.iwi	70	68	70
.maori	562	581	582
.mil	21	21	23
.net	21,639	21,724	21,936
.org	22,128	22,309	22,547
.parliament	7	7	7
.school	2,966	2,970	2,989
Total	384,895	388,557	393,494
Growth over previous month	2,931	3,662	4,937
Variance against budget	931	1,662	2,937

3. Other Key Strategic and Operational Activities

a) Project programme

During this quarter we successfully implemented the changes required to support Internationalised Domain Names (IDN). This service goes live for Māori language week in July 2010.

Work on the Shared Registry System continues with some major projects:

- The implementation of EPP. This is a major addition to the SRS, requiring some fundamental changes ‘under the hood’ to the design of SRS. Work on this continues with implementation due for the end of winter 2010.
- A major review of SRS. As reported in our last quarterly report, we have kicked off a major review of the SRS to ensure that future changes can be made easily and quickly, that any design flaws that are worked around can be corrected and to ensure the technology choices are still appropriate in the current technical landscape.
- Planning for DNSSEC is almost complete and implementation should begin soon. DNSSEC is the most technically challenging work that we have ever engaged in and all precautions are being taken to ensure that we get it right.

On the infrastructure side, we can report the following:

- We have commissioned the specialist traffic cleaning service used to protect us from Distributed Denial of Service attacks.
- The private connection between our two SRS clusters has been brought up and database synchronisation made more reliable as a result.
- Changes that we commissioned to the AMP monitoring network managed by Waikato University have been implemented and our AMP monitors upgraded.

b) Strategic planning

NZRS Board and staff held a successful company strategic planning day in late March 2010. We conducted a thorough review of our operational structure with specific consideration of our reliance on outsourcing and have concluded that no changes are currently required.

We also looked at our branding and how that intersects with InternetNZ and will be developing our thoughts in that area further over the coming months.

Our primary output was a strategy for the development of our DNS services over the next two years pursuing the objective of greater resilience and stability.

c) Budget/Fee setting process and timetable

During the quarter, together with DNCL, we recommended a reduction in the .nz wholesale fee from \$1.50 per month per domain to \$1.25 per month per domain, that was accepted by Council

During this quarter the board agreed a new Reserves Policy that complements our Liquidity Policy and this was also presented to Council at the March 2010 meeting.

d) Customer Satisfaction Survey

Our biennial customer satisfaction survey was completed in the fourth quarter and the full results, excluding identifying comments, have been published on our web site. As with previous surveys our customers have indicated a high level of satisfaction with us at 91% and with 85% regarding us as better than any other registry they deal with.

This time around we extended the methodology used for our survey to include satisfaction-importance gap analysis, which gives us high quality information to use in planning service improvements and the SRS development plan.

e) International participation

Our CE was unable to attend the March ICANN and APTLD but other international participation continued as planned. Our CTO, Dave Baker, attended the concurrent APNIC/APTLD/APRICOT meetings where plans for DNSSEC were a major topic of discussion.

Our DNS specialist, Sebastian Castro, attended a DNS Security, Stability and Resilience symposium by invitation only where the focus of discussion was on instrumentation and analysis of DNS traffic. Sebastian also attended a DNS-OARC conference, which is the leading conference for analysis of DNS threats and mitigations.

During this quarter ICANN issued several proposals for consultation and our CE was involved in producing our response to the DNS-CERT proposal.

f) Support of InternetNZ policy work

Our CE has supported InternetNZ in the response to the consultation from the Telecommunications Carriers Forum (TCF) on the future of numbering administration.

4. Outlook: Strategic Issues and Key Operational Activities

Key activities for the first quarter of the 2010 - 2011 financial year include:

a) Project programme

- Continuing development of EPP.
- Continuing the full review of SRS.
- Procurement and installation of a new beta-testing cluster.
- First steps in implementing EPP

- Installation of a new time server network.
- A complete revamp of the web interface and command line interfaces we provide for registrars. The command line interface was only ever provided as a sample tool but we have learnt through our satisfaction survey that it is well used in production and registrars would like to see significant improvements. Accordingly we have moved it up the list of priorities.
- We will be implementing a new web site, moving to the same open source platform that InternetNZ uses. Initially there will be minimum functionality changes but over time we will be significantly increasing the data and analysis of our DNS service that we publish, and the private information made available to registrars on their interactions with us.

b) Business Development

Our CE will continue to present to interested parties on ENUM and the potential benefits to NZ if it were to be introduced.

5. Board Recommendation

The Board of NZRS recommends that the Council of InternetNZ receives this report.

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

Yours sincerely



Donna Hiser
Chairman



New Zealand Domain Name Registry Limited
Financial Statements
For the Quarter Ended 31st March 2010

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ





New Zealand Domain Name Registry Limited
Exclusion of Liability Statement
For the Quarter Ended 31st March 2010

We have compiled the Financial Statements comprising Statement of Financial Performance, Statement of Movements in Equity and Statement of Financial Position of New Zealand Domain Name Registry Limited for the period ended 31st March 2010.

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

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

Curtis McLean Limited
Chartered Accountants
Wellington NZ





New Zealand Domain Name Registry Limited
Statement of Financial Performance
For the Quarter Ended 31st March 2010

	This Quarter			Year to Date			Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Last Year
Registry Fees	1,789,152	1,697,390	91,762	6,840,218	6,635,102	205,116	6,635,102	6,361,318
Less Direct Expenses								
DNC Management Fee	287,595	287,595	-	1,150,380	1,150,380	-	1,150,380	1,095,600
DNS Expenses	132,956	142,890	(9,934)	553,688	552,860	828	552,860	340,748
SRS Expenses	102,677	152,250	(49,573)	463,105	609,110	(146,005)	609,110	469,005
Other IT	13,535	25,750	(12,215)	58,816	131,650	(72,834)	131,650	73,080
TBSR	(153,700)	35,000	(188,700)	28,007	265,000	(236,993)	265,000	153,456
Total Direct Expenses	383,063	643,485	(260,422)	2,253,996	2,709,000	(455,004)	2,709,000	2,131,889
Gross Profit	1,406,089	1,053,905	352,184	4,586,222	3,926,102	660,120	3,926,102	4,229,429
Less Other Expenses								
Depreciation & Amortisation	79,562	69,791	9,771	205,941	217,059	(11,118)	217,059	177,175
Overhead Expenses	330,891	418,084	(87,194)	1,493,240	1,459,253	33,987	1,459,253	1,324,173
ICANN Sponsorship	-	-	-	1,000	-	1,000	-	-
Total Other Expenses	410,453	487,875	(77,423)	1,700,181	1,676,312	23,869	1,676,312	1,501,348
	995,636	566,030	429,607	2,886,041	2,249,790	636,251	2,249,790	2,728,081
Plus: Other Income								
Interest	(2,818)	85,145	(87,963)	432,740	334,654	98,086	334,654	578,492
Rent Received	27,147	34,932	(7,785)	149,307	139,728	9,579	139,728	162,881
Tenants Share of Expenses	2,524	5,577	(3,053)	36,203	22,308	13,895	22,308	43,190
Net Profit Before Tax	1,022,489	691,684	330,806	3,504,291	2,746,480	757,811	2,746,480	3,512,644

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement



New Zealand Domain Name Registry Limited
Statement of Financial Performance
For the Quarter Ended 31st March 2010

	This Quarter			Year to Date			Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Last Year
Net Profit Before Tax	1,022,491	691,684	330,807	3,504,292	2,746,480	757,812	2,746,480	3,512,644
Less: Interest Expense	-	-	-	521	-	521	-	6,060
	<u>1,022,491</u>	<u>691,684</u>	<u>330,807</u>	<u>3,503,771</u>	<u>2,746,480</u>	<u>757,291</u>	<u>2,746,480</u>	<u>3,506,584</u>
Provision For Tax	-	-	-	-	-	-	-	411,157
Net Profit (Loss)	<u>1,022,491</u>	<u>691,684</u>	<u>330,807</u>	<u>3,503,771</u>	<u>2,746,480</u>	<u>757,291</u>	<u>2,746,480</u>	<u>3,095,427</u>

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement



New Zealand Domain Name Registry Limited
Statement of Movements in Equity
For the Quarter Ended 31st March 2010

	This Year to Date	Last Year Full Year
Share Capital		
Opening Share Capital	30,000	30,000
	<hr/>	<hr/>
Share Capital as at 31st March 2010	30,000	30,000
Retained Earnings		
Opening Retained Earnings	4,547,096	3,563,670
Plus:		
Net Tax Paid Profit (Loss) for Year	3,503,771	3,095,426
Less:		
Dividend Declared	<hr/> 2,490,000	<hr/> 2,112,000
Retained Earnings as at 31st March 2010	5,560,867	4,547,096
	<hr/>	<hr/>
Equity as at 31st March 2010	<hr/> \$5,590,867	<hr/> \$4,577,096

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement





New Zealand Domain Name Registry Limited
Statement of Financial Position
As At 31st March 2010

	Actual	End of Quarter Budget	Variance	LY Actual	End of Year Budget	LY Actual
Equity						
Share Capital	30,000	30,000	-	30,000	30,000	30,000
Retained Earnings	5,560,867	5,098,757	462,110	4,547,096	5,098,757	4,547,097
Total Equity	5,590,867	5,128,757	462,110	4,577,096	5,128,757	4,577,097
Liabilities:						
Creditors & Accruals	345,763	412,619	(66,856)	235,640	412,619	235,639
Deferred Income - Registry Fees	5,079,526	4,665,504	414,022	4,472,048	4,665,504	4,472,048
Rent in Advance	-	-	-	-	-	-
Total Liabilities	5,425,289	5,078,123	347,166	4,707,688	5,078,123	4,707,687
Funds Employed	11,016,156	10,206,880	809,276	9,284,784	10,206,880	9,284,784
Represented By:						
Current Assets						
Funds Held	9,502,001	8,584,496	917,505	7,721,958	8,584,496	7,721,958
Debtors & Prepayments	1,012,774	847,946	164,828	869,928	847,946	869,928
Provision For Tax	533	256,395	(255,862)	402,795	256,395	402,795
	10,515,308	9,688,837	826,471	8,994,681	9,688,837	8,994,681
Non Current Assets						
Fixed Assets	499,891	518,043	(18,152)	289,735	518,043	289,735
Intangible Assets	957	-	957	368	-	368
Total Non Current Assets	500,848	518,043	(17,195)	290,103	518,043	290,103
Total Assets	11,016,156	10,206,880	809,276	9,284,784	10,206,880	9,284,784

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement



Keith Davidson – External Relationships
Report to InternetNZ Council Meeting of 11 June 2010

International Activities

1. International Meetings

A consolidated summary report from Debbie and I is included elsewhere in the Council papers and I would be happy to answer any questions arising from that report.

Following on from the APTLD Annual Meeting, Councillors may wish to note that I was elected Chair of APTLD for the forthcoming year. Following an arduous appointments panel process, Ms Jian Zhang from China was appointed APTLD General Manager and commenced in that role in early May.

The next ICANN meeting is scheduled for Brussels from 20 -25 June, and the next APTLD meeting is being held immediately following ICANN, in Sri Lanka on 23 & 24 June. I will be attending the Asia Pacific regional Internet Governance Forum in Hong Kong on 15 & 16 June as part of my attendances at this round of meetings.

The main themes for me through this round of meetings includes:

- Our concerns at some changes of directions by ICANN including DNS-CERT concept, ccTLD funding of ICANN, and ICANN's new Affirmation of Commitments to the US Government.
- Our support for ICANN and the regional Internet registries as being the appropriate custodians for the administration of the Internet's critical resources of unique identifiers.
- Continuing progress on the deployment of IDN's
- Security and stability of the DNS
- IPv6 deployment and IPv4 exhaustion
- Progress reports from the ICANN ccTLD Delegation – Redlegation Working Group which I chair.

I have recently also attended the ISOC Advisory Council meetings on line, and am participating in the organizing committee for the AP Regional IGF meeting.

2. IETF Hosting Bid

I am still actively involved in discussions with ISOC and the IETF regarding our bid to host the July 2012 IETF meeting in NZ.

3. Oceania / Pacific Sub-Regional IGF

Due to a number of difficulties in scheduling and timing it has not been possible to find a date in 2010 to facilitate a Pacific based IGF meeting. There is however a Pacific Islands ICT Ministerial Meeting in Tonga on 18 June, with the Pacific Digital Strategy and many other Internet governance themes on the agenda. As this conflicts with my attendance at the APIGF in Hong Kong, InternetNZ has made arrangements with Don Hollander to either attend, or remotely participate in this meeting with the view of proposing a Pacific IGF for 2011. The Pacific Island Chapter of ISOC also have their annual meeting scheduled for 14 - 17 September in Vanuatu, at which time I will be attending the main IGF meeting in Lithuania, so again Don has been contracted to attend this meeting to promote the Pacific IGF concept. Andy Linton is attending the PacNOG meeting in Tahiti in late June, and will also propose this concept at that meeting, and I will do likewise at the PacNOG meeting in November. If we are able to enthuse the various stakeholders at these various regional events during the rest of 2010, it should sow the seeds for a successful Pacific IGF for 2011.

4. Future International Meetings

My scheduled international meetings for the remainder of the current financial year include the following trips:

- IGF Lithuania {14 - 17 September 2010
- APTLD Jordan { September 2010
- CENTR Brussels { October 2010
- ITU Plenipotentiary Mexico { October 2010

- PACNOG, Fiji November 2010

- ICANN Colombia 5 - 12 December 2010

- APTLD, APAN, APRICOT, HK Feb . Mar 2011

5. Australia / New Zealand Best Practice Awards

These awards were designed to encourage greater understanding of the IGF objectives, and primarily organised by auDA, with InternetNZ as the co-sponsoring organization. A good number of high quality entries were received for the 4 categories of the competition, giving Frank March and I, as the two NZ judges, some real headaches in selecting our winners. The winners will be announced on 9 June, and it was pleasing to see a NZ winner amongst the 4 categories,

Local Activities

With the significant workload of international issues since the last Council meeting, I have not had much opportunity to participate in many local activities, with the exception of ongoing participation in the IPv6 Steering Group, and with the Liz Dengate Thrush Foundation, to which I have recently been appointed as Trustee.

Keith Davidson
2 June 2010

CE's Report

Author: Vikram Kumar

Purpose of Paper: Report on progress since last Council meeting on 19 March 2010

Operational progress

- Submissions:

Date	To	Subject
30 March	Ministry of Economic Development	Digital enforcement section of ACTA
13 April	ICANN	Global DNS-CERT business case
14 April	ICANN	Proposed initiatives for improved DNS security, stability and resilience
30 April	Department of Internal Affairs	Digital Child Exploitation Filtering System Code of Practice
27 May	Commerce Commission, TCF, NAD, and MED	Numbering allocation
4 June	Law Commission	Review of the Privacy Act

- We organised PublicACTA <http://publicacta.org.nz/>, a grassroots conference in April that produced the Wellington Declaration. Over 9,000 people from around the world have signed this Declaration.

- Workshop involving government agencies, bidders and consultants to explore issues around Layer 1/Layer 2, network architecture, and business models for the Ultrafast Broadband Network (UFB).

- Media statement on Telecom separation and variations to their Undertakings.
- Public seminars in Auckland and Wellington on the Copyright (Infringing File Sharing Amendment) Bill, to assist with submissions to the Select Committee.
- Media statement reiterating opposition to software patents.
- IPv6 Survey planning and continued support to Task Force.
- Refreshed INZ website launched.
- Video conferencing facilities installed.

Business Plan strategic priorities progress

1. Improving member engagement
 - o Survey of members' interests and expertise completed. Results are available at <http://internetnz.net.nz/news/blog/2010/member-survey-highlights-policy-interests>.
 - o Secure section of website providing self-service launched.
2. Reaching out to the wider community
 - o Begun to document partner relationships.
 - o Initial discussions on effectively reaching out to the wider community commenced.
3. Telling the InternetNZ story better
 - o Used tactical opportunities, such as PublicACTA and the Copyright Seminars, to provide a better understanding of InternetNZ's goals and activities.
 - o Initial discussion at special Council meeting on Group vision and brand.
4. Increasing organisational effectiveness
 - o Review of expenditure in progress.
5. High quality policy advice
 - o Initial focus on building better and stronger relationships with decision makers.

Personnel

Keith Davidson's contract for external relationships has been extended by one year to 31 July 2011.

Recommendation: *that the Chief Executive's Report be **received**.*

Financial Report

Author: Vikram Kumar

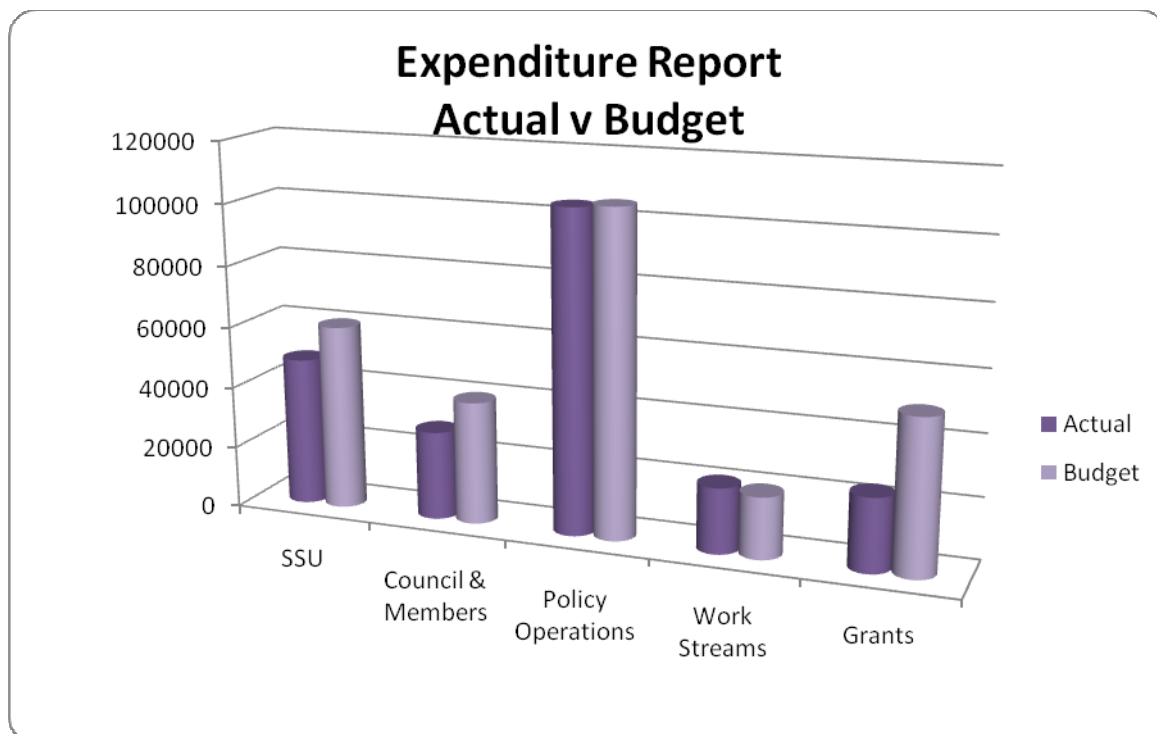
Purpose of Paper: Report on financial performance of InternetNZ to April 2010

Summary

Condensed Expenditure Report Actual v Budget As of 30 April 2010

	YTD Actual	YTD Budget	Variance
SSU	48,317	60,309	11,991
Council & Members	28,812	39,933	11,121
Policy Operations	104,279	105,268	989
Work Streams	21,272	20,000	(1,272)
Grants	23,905	50,000	26,095
Total	226,585	275,510	48,924

Note: the above information is expenditure only. There is no income factored into the calculations

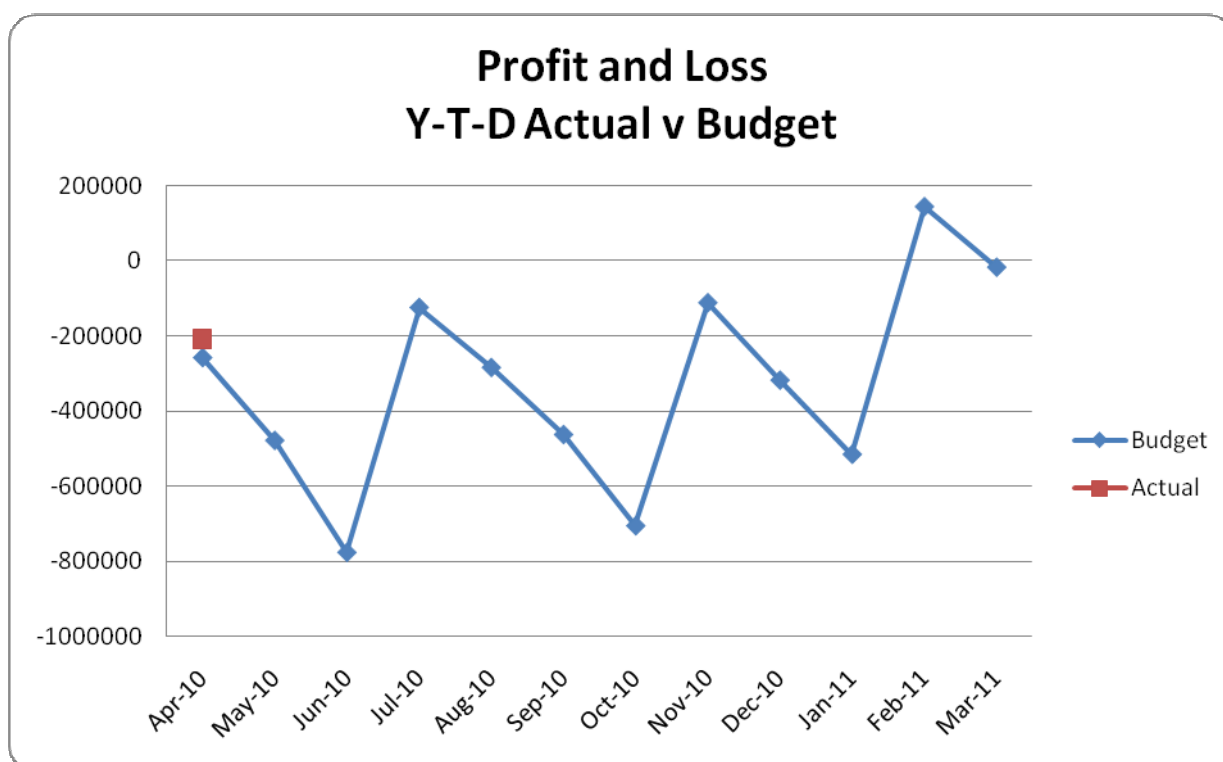


Expenditure Variances

- In April 2010 InternetNZ made a loss of \$207,699 against a budgeted loss of \$258,593. This reflects an under-spend of \$50,894. For the most part, the under-spend was on account of timing of expenditure rather than a lower than budgeted expenditure.
- The major variances against budget were:
 - Sponsorship/grants were under-spent by \$26,095 due to World Internet Project sponsorship being budgeted for April 2010 but not paid. This is a timing issue and will even out when the bill comes in.
 - Honoraria are below budget by \$6,438 due to two Councillors declining honoraria payments.
 - National travel is above budget by \$7,939 due to Councillors travelling for the March Council meeting and various other travel requirements such as those needed for the Public ACTA conferences.
 - International travel is above budget by \$3,848 due mainly to Keith Davidson's travel to London via Hong Kong in April. This is a timing issue and will even out.

Forecasted Major Changes to Budget

There are currently no known major changes to the budget expected.



Recommendation: that the financial report to 30 April 2010 be **received**.

InternetNZ
Profit and Loss Statement
As of 30 April 2010

	<u>Apr 10</u>	<u>Budget</u>	<u>Variance</u>
Income			
500 · Operating Income			
530 · SSU Recharge	16,667	16,667	0
542 · Membership - Corporate	0	0	0
546 · Membership - Individual	0	0	0
Total 500 · Operating Income	<u>16,667</u>	<u>16,667</u>	<u>0</u>
570 · Sundry Income	527	0	527
580 · Investment Income			
583 · Dividends	0	0	0
586 · Interest	1,693	250	1,443
Total 580 · Investment Income	<u>1,693</u>	<u>250</u>	<u>1,443</u>
Total Income	18,886	16,917	1,969
Expense			
600 · Remuneration			
601 · ACC Levy	0	536	-536
625 · Miscellaneous Staff Costs	0	1,012	-1,012
630 · Recruitment	0	1,250	-1,250
635 · Staff Training	0	2,000	-2,000
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Cont	1,975	440	1,535
651 · Wages & Salaries - Other	58,227	62,784	-4,557
Total 651 · Wages & Salaries	<u>60,201</u>	<u>63,224</u>	<u>-3,023</u>
653 · Wages - Casual & Temporary	0	413	-413
654 · Wages - Contractors	11,230	15,180	-3,950
655 · Contracted Technical Services	4,190	3,333	857
Total 600 · Remuneration	<u>75,621</u>	<u>86,948</u>	<u>-11,327</u>
800 · Operating Expenses			
801 · Accountancy Fees	6,720	5,000	1,720
805 · Advertising & Marketing	180	333	-153
808 · Audit Fees	0	0	0
809 · Bank Charges	87	188	-101
811 · Conferences	8,578	10,000	-1,422
813 · Consultants	0	1,670	-1,670

816 · Depreciation	4,160	4,167	-7
817 · Domain Names	381	333	48
818 · Entertainment	1,970	1,583	386
820 · General Office Expenses	1,072	7,750	-6,678
822 · Governance Training	0	0	0
824 · Honoraria	26,813	33,250	-6,438
826 · Legal Fees	21,272	21,246	26
829 · Meeting Costs	5,312	7,163	-1,851
835 · Postages & Couriers	215	337	-122
851 · Repairs and Maintenance	899	1,250	-351
853 · R & M - Software	975	1,440	-465
855 · Printing & Stationery	1,240	1,667	-426
857 · Sponsorship	23,750	50,000	-26,250
860 · Subscriptions	1,590	1,917	-327
870 · Telecommunications	6,032	7,667	-1,635
872 · Travel & Accom - International	15,022	11,174	3,848
873 · Travel & Accom - National	15,302	7,363	7,939
885 · Web Site Updates & Hosting	7,619	9,500	-1,881
899 · Workstream Budget	<u>0</u>	<u>0</u>	<u>0</u>
Total 800 · Operating Expenses	149,188	184,998	-35,810
900 · Overheads			
915 · Cleaning Costs	0	1,000	-1,000
933 · Electricity	1,155	1,800	-645
950 · Insurance	620	663	-43
975 · Rent Paid	0	0	0
980 · Security	0	100	-100
989 · Sundry Expenses	<u>0</u>	<u>0</u>	<u>0</u>
Total 900 · Overheads	<u>1,775</u>	<u>3,563</u>	<u>-1,788</u>
Total Expense	<u>226,584</u>	<u>275,509</u>	<u>-48,925</u>
Net Income	<u><u>-207,698</u></u>	<u><u>-258,593</u></u>	<u><u>50,894</u></u>

InternetNZ
CASH FLOW FORECAST

	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Total
	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Act/Proj.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RECEIPTS													
Invoiced Sales	21,117	23,103	18,749	18,750	22,125	18,749	19,782	19,782	19,780	19,782	19,782	19,780	241,281
Sundry	5,011	149	0	0	0	0	0	0	0	0	0	0	5,160
Dividends	0	0	0	870,000	0	0	0	870,000	0	0	870,000	0	2,610,000
Interest Received	1,693	2,660	2,322	2,802	3,256	2,815	2,387	2,932	3,374	2,787	3,381	3,968	34,377
Office Equipment	59,425	0	0	0	0	0	0	0	0	0	0	0	59,425
Prepayments	620	0	0	0	0	0	0	0	0	0	0	0	620
Accruals	57,497	0	0	0	0	0	0	0	0	0	0	0	57,497
GST	2,177	0	74,072	0	46,051	0	24,073	0	46,447	0	31,844	0	224,664
	147,540	25,912	95,143	891,552	71,432	21,564	46,242	892,714	69,601	22,569	925,007	23,748	3,233,024
PAYMENTS													
Invoiced Costs	277,500	60,266	189,238	276,711	187,553	124,552	145,647	220,179	253,279	173,125	163,280	179,873	2,251,203
ACC Levies	0	0	0	0	0	0	3,015	0	0	0	0	0	3,015
Salary & Wages	44,316	47,786	47,785	47,786	47,786	47,786	47,786	47,786	47,785	47,786	47,786	47,786	569,960
Computer Hardware	16,294	0	0	0	0	0	0	0	0	0	0	0	16,294
Furniture & Fittings	8,659	0	0	0	0	0	0	0	0	0	0	0	8,659
Software	29,791	0	0	0	0	0	0	0	0	0	0	0	29,791
Asset Suspense	4,680	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	59,680
Sundry Payables	58,732	0	0	0	0	0	0	0	0	0	0	0	58,732
RWT Paid	5,063	0	0	0	0	0	0	0	0	0	0	0	5,063
PAYE	18,035	23,379	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	191,414
	463,070	136,431	257,023	344,497	255,339	192,338	216,448	287,965	321,064	240,911	231,066	247,659	3,193,811
NET CASH FLOW	-315,530	-110,519	-161,880	547,055	-183,907	-170,774	-170,206	604,749	-251,463	-218,342	693,941	-223,911	39,213
OPENING BANK	1,381,851	1,066,321	955,802	793,922	1,340,977	1,157,070	986,296	816,090	1,420,839	1,169,376	951,034	1,644,975	1,381,851
CLOSING BANK	1,066,321	955,802	793,922	1,340,977	1,157,070	986,296	816,090	1,420,839	1,169,376	951,034	1,644,975	1,421,064	1,421,064

Grants

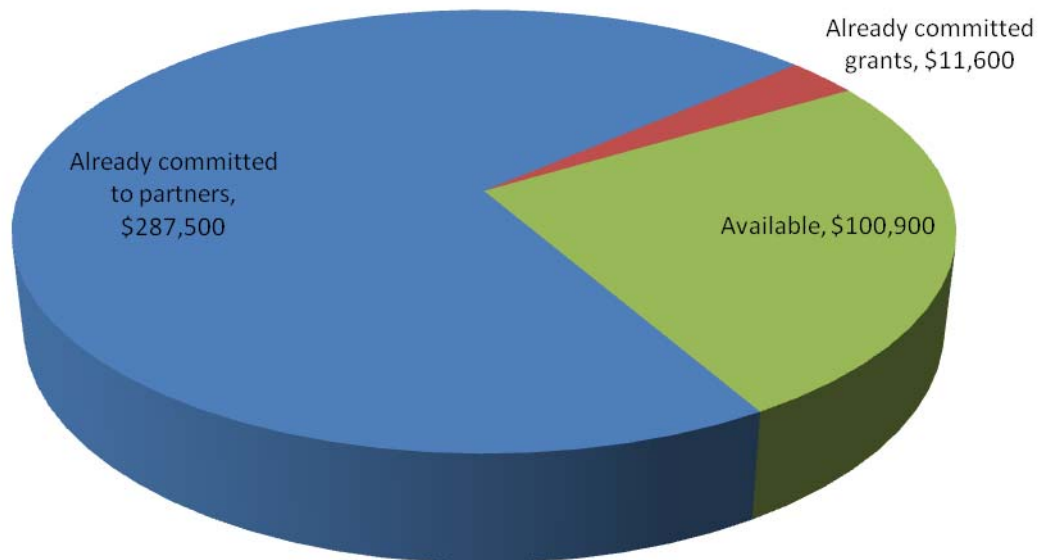
Author: Vikram Kumar

Purpose of Paper: Inform Council on decisions made by Grants Committee. Recommend decisions on applications for amounts over \$5,000.

Decisions made by Grants Committee since last Council meeting on 19 March 2010

Applicant	Amount Requested	Purpose	Decision	Amount Approved
Springtimesoft Ltd.	\$3,500	Tutorials at PACNOG, PaciNet	declined	-
Unlimited Potential	\$600	Sponsor UPLoad 2010	approved	\$600
Andy Linton	\$1,500	Instructor at PacNOG workshops	approved	\$1,500
Tech Hui	\$4,500	Catering costs of free IT conference for secondary school students	approved	\$500
Tancred Group Ltd.	\$4,999.99	Visit World Expo to seek ideas for Internet service development in NZ	declined	-
Marylebone Consulting Ltd	\$4,000	Run a routing workshop, June 2010	approved	\$4,000
BWX Productions / NZ World Summit Awards	\$5,000	Website update, run NZ chapter of World Summit Awards	approved	\$5,000

Taking into account the above decisions (but not those below), the current status of the \$400,000 “grants pool” for 2010/11 is:



Applications for Council decision

The three applications for Council decision are summarised below. Details of each are attached.

Computer Clubhouse Trust

Date received	7 May 2010
Amount requested	\$42,000
Purpose	Fund Network of Aotearoa Clubhouse (NOAC)
Grants Committee recommendation	<p>Noting that the funding will be operating expenditure to cover administrative overheads, approve request for \$42,000 based on:</p> <ul style="list-style-type: none"> • Thorough and strong business case highlighting high benefits with low risks • Strong, proven track record • There will be several other sponsors, funding sources • The funding is leveraged in that it acts as an enabler for the organisation to acquire capital funding • Good governance arrangements

University of Otago

Date received	19 May 2010
Amount requested	\$15,241
Purpose	Run NZ Computer Crime and Security Survey
Grants Committee recommendation	<p>Council approve request for \$15,241 based on:</p> <ul style="list-style-type: none">• Confirmation from NZ Internet Task Force of the survey's value• There is value from an ongoing longitudinal survey of security practitioners• Strong, proven track record• Well aligned with InternetNZ's goals <p>InternetNZ will recommend that Dr Wolfe approach other interested stakeholders in the first instance to fund the ongoing annual costs of about \$10,500.</p>

Pacific Internet Partners

Date received	3 June 2010
Amount requested	\$10,000
Purpose	Travel grant fellowships to assist appropriate candidates attend various technical and Internet governance fora in the next 7 months
Grants Committee recommendation	<p>Council approve request for \$10,000 based on:</p> <ul style="list-style-type: none">• Track record of delivering value• .asia will match InternetNZ's funding

Recommendations:

1. That the Council **note** the decisions made by Grants Committee regarding funding requests from the "grants pool" since the last Council meeting on 19 March 2010.
2. That the Council **approves** the funding request for \$42,000 from Computer Clubhouse Trust for Network of Aotearoa Clubhouse (NOAC).
3. That the Council **approves** the funding request for \$15,241 from University of Otago to run the NZ Computer Crime and Security Survey.
4. That the Council **approves** the funding request for \$10,000 from Pacific Internet Partners to provide travel grant fellowships for the Pacific Islands ICT community.

Details of Funding Applications

Computer Clubhouse Trust

Submitted on 07/05/2010 - 1:27pm

Submitted by anonymous user: [210.48.105.242]

Name of applying organisation: Computer Clubhouse Trust

Legal status of applicant: Charitable Trust

Company/society/trust registration number: Companies office 1534358 charities commission CC25792:

Name of contact person: Mike Usmar

Email address: mike@computerclubhouse.org.nz

Physical and postal addresses, other contact info:

National Training Centre - 51 Othello Drive Clover Park, Manukau City

P.O.Box 280023 Flat Bush 2160 Manukau City

Names and contact information for all shareholders/trustees/principals:

Sir Stephen Tindall - Kairangi

Sir Barry Curtis - Kairangi

Max Purdy - Chairperson

Haami Chapman – Kaitiaki

Ann Milne - Board Secretay

John Blackham Trustee and Director of Strategy

Filemoni Timoteo - Chairperson - NOAC National Council

Number of fulltime staff employed: 5

GST registered: 88-754-085

Financial year end balance date: 31/03/2010

Purpose of funding:

Overview of your organisation

The Computer Clubhouse provides a creative and safe community based learning environment, supporting thousands of young people & their families with skills development, motivation and experience to stay at school, succeed in their careers, contribute to their communities, and to lead outstanding lives.

Unique to the Clubhouse is young people work with volunteer industry mentors to explore their own ideas, develop vocational skills, and build self-confidence through the use of state-of-the art technology and an award winning learning model.

A Computer Clubhouse is a vibrant environment, with elements of an artist's studio, inventor's workshop, TV newsroom, architects' office, robotics lab, and music studio. Each Clubhouse is located in the heart of underserved communities, providing immediate access to resources, technology and people normally not available in such communities.

Activities are guided by current educational research showing that adolescents learn most effectively when engaged in designing projects, working collaboratively, and when given the opportunity to manage projects from beginning to end.

The Clubhouse provides young people with the opportunity to gain work place experience and access to Clubhouse scholarships, breaking down barriers for youth in underserved communities to participate in higher learning opportunities.

The Clubhouse fosters a learning community both here in New Zealand and across the globe through a connected network of Clubhouses in 23 countries in over 123 communities worldwide.

The Flagship project in New Zealand opened in 2005 in Otara, Manukau City. The Flagship consists of a purpose built Computer Clubhouse, its own broadband fibre network, free community wide wireless network serving over 5500 residents, and provision of low cost laptops to support a 24/7 connected learning community of young people and mentors.

In March 19th 2010 the Flagship launched “Network of Aotearoa Clubhouses” (NOAC) which is a newly formed national organisation under the Computer Clubhouse Trust that will oversee and support the roll out of new Computer Clubhouses across underserved communities here in New Zealand.

This opening coincides with the opening of four new Clubhouses in;

- Hamilton
- Whakatane
- Wanganui
- Naenae

and in the two years from July 2010 a major focus of new Clubhouses is planned for the Auckland and Northland region, and a further 6 new sites have completed due diligence to this regards

NOAC is the regional cluster of New Zealand based Computer Clubhouses.

Based out of the NZ Flagship Computer Clubhouse, NOAC’s purpose is to create a platform of practical work areas to support, at a local level the work of each NZ based Computer Clubhouse. Such a partnership is strengthened by cooperation, economies of scale, brand development and an emergent learning community (national mentoring and sharing of ideas).

Key performance objectives of NOAC include

- Support productive implementation, planning, training, deployment and retention of Computer Clubhouse sites in New Zealand.
- Linking New Zealand Computer Clubhouses to national, local funding and sponsorship streams to affect both deployment and long-term operational expenditure of each NZ Computer Clubhouse.
- Promote the Computer Clubhouse brand through a quality marketing and public relations campaign and grow local donor acquisition and support.
- Provide national youth programmes to build and enhance an in-state Computer Clubhouse learning community, and promote a strong cultural expression from and by Computer Clubhouse youth
- To research the in-state outcomes of Computer Clubhouses in New Zealand, publish, lobby and promote the Computer Clubhouse learning model and elicit support from numerous fronts

Core values of NOAC

- A community knows best about its own circumstances, and given quality tools and a productive environment are a solution to community, whanau and personal transformation. The Computer Clubhouse learning model is one of these tools targeted for youth in underserved communities
- Key behaviours and commitments to NOAC members are;
 - o Cultural pluralism and identity
 - o Planning
 - o Fun
 - o Knowledge that we are all learners and teachers (tuakana/teina)
 - o Whanaungatanga – a focus on the development of relationships based on mutual trust. We will

grow and share together, and do no harm to our community or partners

- o Critical thinking and action for social justice
- People empower technology not the other way round
- Learning is a social experience
- Technology should be fully integrated both in infrastructure and praxis – be fit for purpose and the very best solution available
- We pursue cutting edged technology and apply a philosophy of “next practice” as opposed to best practice
- We are all content makers, from concept, design, to sharing. If this process is owned and is relevant it is a catalysts to life long learning & development
- NOAC will focus on underserved communities; a bottom up grassroots approach to community development is effective for a nations transformation

Aligns to which specific INZ objectives:

2.9 To promote widely and generally available access to the Internet

2.10 To liaise with other organisations, NZ Government, and the general public for coordination, collaboration, and education in effecting the above objects

Amount of funding sought from INZ: \$42,000

Total budget of the project: \$273,520.00

Proportion of project income anticipated from sponsorship:

Identity of other key sponsors:

Microsoft NZ

HP

Municipal Authorities

J B Were Good Sachs

Vector

ICONZ

Intel

MAYA

Adobe

What other parties have been approached to assist:

NZ Lottery Commission

Identify risks for this project:

Top Level Deployment R/M

(1) Slack over-run in Clubhouse deployments

(2) Access and cost of Fibre backhaul

Measurement for success for project:

THE RATIONALE

Phase Two draws together the different activities that have enabled Clubhouse 274 to become such a success story, both in the community and further afield. In this phase it will be important to have a common purpose centred on community and our young people. Kretzmann and McKnight (1993) identify five steps toward whole community mobilisation:

1. Asset-mapping - Mapping completely the capacities and assets of individuals, citizens' associations and local institutions,
2. Building internal relationships - Building relationships among local assets for mutually beneficial problem solving within the community,
3. Asset-mobilisation - Mobilising the community's assets fully for economic development and information sharing purposes,

4. Building a vision - Convening as broadly representative a group as possible for the purposes of building a community vision and plan, and
5. Establishing external connections - Leveraging activities, investments and resources from outside the community to support asset-based, locally defined development.

THE PARTNERSHIPS

Phase Two will maintain valuable partnerships already developed with local schools and their communities, with technical, business, government, and philanthropic agencies, trusts and individuals. The support and commitment of these groups have been crucial in our journey to date and will continue to be so.

We will also need to extend our partnerships to seek support for our developing and expanding needs. These will include:

- A tertiary partner. Discussions are under way with Te Whare Wananga o Aotearoa to develop a reciprocal relationship to share expertise and programmes
- The NOAC communities
- Social Enterprise – external connections – for funding and support
- Business partners to support Clubhouse business activity and revenue strands
- Research partner/s

THE NEXT THREE YEARS

Detailed year by year planning for the three strands of Phase two will be outlined in the Clubhouse Trust's Strategic Plan 2009 to 2011. An overview of each of the three strands in this phase below outlines our expectations over the next three years:

I. CLUBHOUSE 274 AND THE OTARA COMMUNITY

The best practices of community building see community members as active change agents. In Phase One the catalyst for community participation in Clubhouse 274 has been through the empowerment of Clubhouse members who are students at Otara local schools. It is expected that our young people will continue this role.

In Phase Two a number of developments will now enable us to engage families in shaping the expansion of the Clubhouse into the local community:

- The staged rollout of individual laptops for students
- The activation of the community wireless network to all students' homes
- A community awareness campaign –bringing community into the Clubhouse and taking the Clubhouse into the community
- Mapping the assets of the community in two stages:
 - o General - identifying all the associations, institutions (e.g., libraries, schools, etc.), and businesses within a specified radius to obtain local information of potential benefit to residents that would eventually be made available through the network
 - o Specific - the formal and informal skills of residents (voluntary through surveys), as well as a more detailed mapping of a targeted sample of the organizations, institutions, and businesses previously identified
- Some of this information will already exist in other community forums.
- Students and Clubhouse members could manage this process
- The information gained will give direction to supports and initiatives the Clubhouse can then offer.
- Further development of social networking site, "The Haps" as a forum for all of the information about and produced by the Clubhouse – including students' work, community profiles and services, a community newspaper, events calendar, email etc aimed at addressing some of the identified barriers. The Haps provides the vehicle for publication of community developed content.
- A Learning Community (online and face to face): Connecting community to Clubhouse daytime and/or evening courses e.g.:
 - o KaumatuaNet – elders with Clubhouse member mentors

- o A reciprocal partnership with Te Whare Wananga o Awanuiarangi may mean we can offer credentialed courses connecting community to qualifications

Research shows that culture plays a significant role in an individual's level of engagement with technology (Hooper, 1998), and that the social setting plays a significant role in how a community makes use of technology (Shaw, 1995). Sociocultural constructionism (Pinkett, 2000) is important therefore as the theory, which underpins our approach, and is our point of difference from other initiatives. Our long experience in the Otara community draws heavily on these established networks as well as on traditional and trusted ways of learning and knowing for Maori and Pasifika peoples.

2. THE WIDER COMMUNITY: Improved productivity

The Network of Aotearoa Clubhouses (NOAC) is the collaboration and working partnership of New Zealand based licensed Computer Clubhouses. Its purpose is to create a platform of practical work areas to support, at a local level; the work of each NZ based Computer Clubhouse. Such a partnership is strengthened by cooperation, economies of scale, brand development and an emergent learning community (mentoring and sharing of ideas).

Key performance objectives of NOAC include:

- Supporting productive implementation, planning, training and deployment of new Computer Clubhouse sites in New Zealand
- Linking the deployment of new Computer Clubhouses to national funding and sponsorship streams
- Providing national youth programmes to Computer Clubhouses to build and enhance learning communities, and promoting a strong cultural expression from and by Computer Clubhouse youth
- Researching the outcomes of Computer Clubhouses in New Zealand, publishing, lobbying and promoting the Computer Clubhouse learning model and eliciting support from numerous sources

NOAC will focus on underserved communities; a bottom-up grassroots approach to community development is effective for a nation's transformation.

As the flagship Clubhouse in New Zealand, Clubhouse 274 is able to share models for, and approaches to; Clubhouse venues, programmes, youth engagement, leadership, training/mentoring, governance, funding and lobbying, marketing and research. This is a valuable resource to other NZ communities as well as underserved communities in the Pacific.

THE OUTCOMES/EXPECTATIONS

This project seeks to increase community social and cultural capital through the integration of a community technology and community-building initiative in a low-income community and its surrounding environs.

- To facilitate meaningful higher learning and career pathways for youth in under served communities in New Zealand
- To support the development of a local community engaged in learning through ICT
- To establish greater levels of empowerment and self-sufficiency among residents of our local community Computer Clubhouses
- To create connections between residents, local organisations, community businesses, and other community members.
- To enable the wider community and extended whanau to be the creators and producers of their own information and content on the Internet.
- To establish Clubhouse 274 as a model for other communities across the country

Expected community outcomes

- Social: Expanded local social networks

- Cultural: Community content and practice that is relevant to participants' cultural norms
- Information access: Heightened awareness of community resources
- Knowledge and resources: participants are better informed about local issues and there is an improved communication and information flow.
- Technological fluency:
 - o Participants desire to use technology in a variety of creative ways
 - o Participants making the greatest progress in technological fluency are receiving some form of ongoing support for continuous learning.
- Attitude and perception:
 - o Participants have cultivated a renewed confidence in themselves and their ability to learn
 - o Improved capacity and passion to give back and participate in community growth

Expected youth outcomes

- Clubhouse membership grows and is maintained
- Young people have confidence in their abilities and knowledge
- Young people are empowered drivers of their own learning
- There is greater engagement in learning through ICT
- Higher number of students attaining NCEA levels
- Higher number of students going onto tertiary training
- Youth acquiring a 21st skill base that matches NZ's emergent economy
- Young people are able to locate their learning experience within their cultural experience and knowledge
- Young people can learn and work collaboratively and develop relationships of trust
- Reliability (work ethic)

To achieve these outcomes we have established two work areas;

1. Network of Aotearoa Clubhouse (NOAC) Statement of work This has three key foci
 - a. National Youth and learning community development
 - b. National Training
 - c. National Resource Development
2. Independent research and local aggregation of youth outcomes and metrics

Contacts for referees from previous sponsors/funders:

Brenda Frist - Nextspace -09 571-4104

Jame Rowe - Manukau City Council 09 262-5191

What further information can you provide in support of your application:

By the end of 2012, Computer Clubhouse New Zealand will be serving just over 35,000 young people and their families in underserved communities across the country. Our mission is simple:

- Engage young people early, keep them at school and provide them with the very best technology right within their own communities
- Create meaningful higher learning and career pathways for young people through mentoring and scholarships
- Provide a world class-learning model that connects young people to a national and global network of learners, innovators and inspirational leaders.

The success of the Computer Clubhouse here in New Zealand to-date can be summed up in one word "Partnership" - a strong collective of private and public partners that have pulled together to ensure that thousands of young New Zealanders have a brighter future.

With Clubhouses opening up throughout the country over the coming months the Network of Aotearoa Clubhouses aims to bring together these partnership on a national level to better serve the work of Clubhouses at a local level. We are raising investment into the capacity building of the

national organisation at this time to achieve this objective

Responses to questions asked by InternetNZ:

1. Clarification that funding is for NOAC or expanding the network of local Computer Clubhouses?

NOAC has been established under (a) terms of reference AND (b) a two year statement of work – both documents are attached, In the Statement of Work there are three main roles NOAC plays (1) Events to support the NZ Clubhouse learning Community which includes NZ Teen Summit, Regional Conference, Scholarship programmes etc (2) Professional Development for new and current Clubhouse Coordinators (3) Resource Development that both supports current and new Clubhouses coming on line – in the coming year there are only two new Clubhouses planned to open (Auckland region)

[Note: NOAC Terms of Reference and Statement of Work Deliverables are commercial in confidence and therefore not attached.]

2. Further information about the funding amount: how was the figure of \$42,000 arrived at? Who else have you approached for this? What are the alternatives if InternetNZ is unable to provide any funding or only a part of the requested amount?

Attached is the 2010/11 draft projections detailing both the expenditure and confirmed income – we run projections out to 24 months and programmes are brought online or deferred when we have confirmation of funding commitments as a standard business operating practice

[Note: projections are commercial in confidence and therefore not attached.]

3. Has there been a costs vs. benefits analysis for the NOAC? Are there any reports about NOAC's performance and contribution?

NOAC as a Business Unit in its own right began Jan 2010 – and launched open for business by the Prime Minister in March 2010, it is a very new venture and any significant analysis in terms of its current work programme are some what premature.

NOAC is guided by the following attributes however

- Provide a national organisation which is “lite” in terms of its overheads
- Be able to operate economies of scale across all 3 work area's that are beyond the capability of just one clubhouse (i.e. a collaborative approach)
- Be able to hand on the knowledge and learning established from the Flagship programme to other communities – The Clubhouse Flagship in Otara has under-gone robust evaluation as a proof of concept, that is replicable in other communities (see attached evaluation) and ongoing longitudinal research undertaken by SRI International (Stanford) on the Flagship Clubhouse and all new Clubhouses brought online here in New Zealand (see <http://www.computerclubhouse.org.nz/staticpages/index.php?page=impact> and <http://www.computerclubhouse.org/content/our-impact-around-world>) will continue to monitor and evaluate the impact of NOAC and the Clubhouse community in New Zealand

University of Otago

Submitted on 19/05/2010 - 4:02pm

Submitted by anonymous user: [139.80.119.152]

Name of applying organisation: University of Otago

Legal status of applicant: Employee – University of Otago

Company/society/trust registration number: N/A

Name of contact person: Dr. Henry B. Wolfe

Email address: hwolfe@infoscience.otago.ac.nz

Physical and postal addresses, other contact info:

Dr. Henry B. Wolfe

Associate Professor

Computer Forensics & Security

Information Science Department

Otago School of Business

University of Otago

60 Clyde Street

P.O. Box 56

Dunedin 9054

New Zealand

Phone: (+64 3) 479-8141

Fax: (+64 3) 479-8311

Email: hwolfe@infoscience.otago.ac.nz

Names and contact information for all shareholders/trustees/principals:

Mr. Spike Quinn – Principal

82 Dunrobin Street

Waverley

Dunedin

Phone: 027 454-5484

Email: squinn@infoscience.otago.ac.nz

Mr. Dax Roberts – Principal

Email: droberts@infoscience.otago.ac.nz

Number of fulltime staff employed: N/A

GST registered: 11-163-831

Financial year end balance date: 31/12/2010

Purpose of funding:

Prepare, distribute, collect data, analyze results, write,
and publish the New Zealand Computer Crime and
Security Survey – ISSN: 1177-4207.

Aligns to which specific INZ objectives:

1. To develop, maintain and disseminate standards for the Internet and its associated technologies and applications.
2. To develop effective administrative processes for the

operation of the Internet in New Zealand.

3. To promote education and conduct research related to the Internet.
4. To represent the common interests of the wider NZ Internet community

Amount of funding sought from INZ: \$15,241

Total budget of the project: \$15,241

Proportion of project income anticipated from sponsorship: \$100%

Identity of other key sponsors:

N/A – no other financial sponsors

What other parties have been approached to assist: None

Identify risks for this project:

None – The lead individual involved has already successfully produced three of these annual survey reports (2005, 2006, and 2007). This project continues this process and brings the data gathered and published up to date. The other individual involved is in a position to take over if the lead person were, for whatever reason, become unable to perform his tasks.

Measurement for success for project:

Publication of the next finished New Zealand Computer Crime and Security Survey report (ISSN: 177-4207)

Contacts for referees from previous sponsors/funders:

The Government Communications Security Bureau's Center for Critical Infrastructure Protection has provided funding in the past.

Dr. H. B. Wolfe (as above) has privately underwritten the cost of publication in the past as well.

What further information can you provide in support of your application:

The budget for this project is generated using the University of Otago model (that takes into account various overheads at the rate of 103% plus GST).

Dr. Wolfe has reduced his direct participation to the minimum allowable amount in order to reduce the overall cost of the project.

Direct quotes were obtained from the University for hardware, software, survey physical production, and postage. The cost summary follows:

Hardware:	4,000
Software:	354
Phone Calls to Survey participants:	500
Survey Delivery & Return:	1,252
Salaries for Spike Quinn & Dax Roberts:	5,625
Contingencies:	500
Overheads – as applied by the University:	1,317
Total Actual Cost of Project:	13,548
GST:	1,693
Total Project Amount Applied For:	15,241

This has been an ongoing project that has been deemed to be valuable to the public and private sector. The principals involved are no longer willing to product it without compensation – thus the reason for the grant application.

We would envision an ongoing annual application for approximately \$10,500 to enable the continuation of the production of this survey.

Responses to questions asked by InternetNZ:

1. Can you please further elaborate about the value the report will deliver to the public and private sector? Also, are there any plans to promote the findings in the report other than publication?

The value of the survey is providing a continuous annual diagnosis and status of ICT security in New Zealand. It has been used by many businesses and government agencies since its inception in 2005. Comments that we have received have all been positive. We believe that this is an important measure of where New Zealand stands locally and comparatively with other countries as well. Weaknesses that are discovered by the survey returns which are highlighted in the report help to publicize and identify threats that organizations are currently facing. This gives these organizations an opportunity to address issues and put defensive measures in place that will protect the New Zealand information infrastructure.

Moreover, the fact that each participant must take the time to consider and answer the questions asked provides a queue to doing something about them where necessary - educating the ICT community in some instances.

2. Why are GCSB and CCIP not willing to provide funding?

CCIP funded to cost of printing and distribution. The people involved performed the work without any compensation. Doing it once or twice for a thesis or dissertation was possible. That option is no longer available. The intention is to make this survey a permanent continuing publication.

3. Can we please contact a referee at GCSB and CCIP?

Paul McKitrick was our sponsor when he headed up CCIP. Perhaps you could talk to him. This is our third try for funding. If this fails the survey will cease to exist.

4. If InternetNZ is able to fund only a part of the amount requested, what alternatives are planned for the balance funding required?

Partial funding is the same as no funding in this particular project. Doing half of it or a part of it produces no result.

5. Further details of the background and proposed role of Spike Quinn and Dax Roberts.

Dax is a PhD candidate in IT Security. He is involved in IT Security and familiar with the Survey. Dax will provide the technical support in the production of the survey and collaborate with Spike. His involvement will ensure that the project will continue without the delay caused by Spike's family responsibilities.

Pacific Internet Partners

Submitted on 03/06/2010 - 9:51am

Submitted by anonymous user: [60.234.237.18]

Name of applying organisation: Pacific Internet Partners

Legal status of applicant: Informal alliance between InternetNZ and .asia

Company/society/trust registration number:

Name of contact person: Keith Davidson

Email address: keith@internetnz.net.nz

Physical and postal addresses, other contact info: n/a

Names and contact information for all shareholders/trustees/principals: n/a

Number of fulltime staff employed: n/a

GST registered: n/a

Purpose of funding:

Overarching objective:

Through building technical skills and knowledge and developing greater understanding of the Internet and Internet governance amongst the Pacific Island ICT community, thereby enabling all New Zealand based Pacific Island communities and supporters to have useful Internet connectivity and communications with their broader indigenous communities and families.

The specific project is to advise the Pacific Islands ICT community of the availability of travel grant fellowships to assist in appropriate candidates attending various technical and Internet governance fora coming up in the next 7 months, including the two PacNOG meetings in June and November, the PICISOC meeting in Vanuatu in September, the IGF Lithuania meeting also in September, and the NZNOG meeting in January 2011, and any other relevant meetings that may arise.

I would evaluate the applications, and seek local input from Don Hollander, Lawrence Zwimpfer and potentially others who have a history of assisting ICT development in the Pacific, to identify the most worthwhile applicants and agree a funding formula. Generally the amount of each grant would range from between 50% and 90% of the total cost of attending, depending on the individual, their employment status, and affordability, and the potential benefits likely to accrue from their participation.

All recipients of funding would be required to provide an expense claim supported by documentation & receipts for the amount claimed, and also expected to provide a brief report on the benefits they gained from attending - with these reports being available to InternetNZ and .asia, as a measure of the success of the project.

Aligns to which specific INZ objectives:

* To develop, maintain and disseminate standards for the Internet and its associated technologies and applications.

* To promote education and conduct research related to the Internet.

* To represent the common interests of the wider NZ Internet community.

* To support continued competitive provision of access to the Internet.

In a way, this project touches on all InternetNZ objectives, but more specifically is related to the above. There have been issues relating to lack of competition at the access layer in the Pacific

Islands, and increasing technical knowledge and skills amongst the Pacific Island technical community helps to break these barriers.

By enabling the NZ based Pacific Island communities to have strong connections to their indigenous communities helps to enrich both communities, and helps in education, research, health and family support for all Pacific Islanders.

By ensuring that sound technical practices and robust procedures are utilised, many of the challenges for underserved or unserved remote communities can be overcome.

Amount of funding sought from INZ: \$10,000

Total budget of the project: \$20,000

Proportion of project income anticipated from sponsorship:

Identity of other key sponsors:

.asia - I am working with the principles from .asia who are interested in matching InternetNZ's contribution to this project, and the project should only proceed if both InternetNZ and .asia contribute equally

What other parties have been approached to assist: None

Identify risks for this project:

Always some risks with such a project such as:

- Inappropriate people applying for funding, to gain a "free trip"
- Funding granted, but the participant doesn't actually participate in the event
- Participation occurs, but no useful knowledge or skills gained, or shared back with their local Internet community

Measurement for success for project:

The PIP project has been running for several years, formerly co-funded by InternetNZ UNESCO and UNDP, and around 100 Pacific Islanders have been able to take advantage of this scheme. Looking at the Pacific Island ICT Ministers meeting in Wellington, March 2005, a Pacific Digital Strategy was developed, and in reviewing that strategy in 2010, there has been notable progress, with more competition for access, cheaper access fees to consumers, considerable uptake of the Internet, especially in previously underserved or unserved communities, safety and security programmes, better knowledge of the strengths and weaknesses gained from the Internet, better community understandings of different cultures etc. The PIP programme has contributed significantly as an enabler of key peoples participation.

Consolidation of Group cash in excess of reserves

Author: Vikram Kumar

Purpose of Paper: Recommend consolidation of Group cash in excess of reserves requirements in InternetNZ

Background

In recent months, there has been significant progress towards developing a Group financial strategy. Notable advances include the development of reserves policies for InternetNZ, NZRS and DNCL. Modeling cash flows, defining financial inter-relationships, and developing a Group financial strategy framework have also been major steps forward.

Overall, we now have a clearer understanding and ability to better communicate both individual organization and Group finances. The Group financial strategy framework, in particular, provides an effective tool to evaluate the impact of strategic decisions on Group finances.

Consolidation of cash in excess of reserves

The Group as a whole has significant holding of cash in excess of required reserves. It is logical and effective to consolidate the Group cash in excess of required reserves in the parent organization, InternetNZ. This will also provide better visibility, accountability, and wider governance oversight of the cash in excess of required reserves across the Group.

The bulk of the Group cash in excess of reserves is held by NZRS in the form of interest-bearing term deposits. It is therefore proposed that, subject to NZRS calculating its cash requirements as detailed below, the cash held in excess of the amount so calculated be transferred to InternetNZ by way of dividends upon maturity of the term deposits.

NZRS's cash requirement is expected to take into account:

- Current and projected liquidity and the NZRS Liquidity and Reserves Policies including the impact of the recently agreed reduction in the .nz wholesale fee due to be implemented from 1 July 2010.
- NZRS forecasts for growth in domain name registrations and assessment of the ongoing risks to those forecasts.
- The impact of loss of interest income from reduced cash holdings.

The other significant holding of Group cash in excess of reserves is to provide InternetNZ with working capital. There is potential to reduce this and free up some cash holdings by smoothing out the dividend payment from NZRS to InternetNZ or by introducing some form of licence fee. Proposals relating to this are being developed and will be presented to Council at a later meeting.

Holding of consolidated cash in excess of reserves

It is proposed that the following principles apply to the consolidated cash in excess of reserves that will be held by InternetNZ:

- The amount is accounted for separately from the InternetNZ operating budget as a distinct balance sheet line item.
- Funds are managed and invested in accordance with InternetNZ's Treasury Management Policy (see below).
- Expenditure of a part or the whole of the Group cash in reserves requires an appropriate resolution from Council or members, depending upon the nature of the proposed expenditure.

Treasury Management Policy

The Treasury Management Policy¹ principles dates back to April 2004 and, except for two suggested changes, remain appropriate. The current Policy is:

1. The Society shall adhere to the Constitution, Council Bylaws and to all relevant laws governing Incorporated Societies in its undertaking of any investment.
2. The Society will favour investments that entail minimal risk and which require the minimum of active management or participation by the Society, its Officers, or those appointed to oversee the investment process.
3. The Society has an obligation to establish investments that yield the best possible rate of return, subject *and subordinate* to the requirements of paragraphs (1) and (2).
4. The Society will not invest more than 50% or \$400,000, whichever is the lower value, of its total capital reserves in investments in a single entity without a specific vote of Council approving such investment.
5. InternetNZ Members are required to disclose any interest they may have, or know of, concerning an investment held by the Society, to an appropriate body usually the Executive Committee.
6. The Executive Committee of InternetNZ shall have the responsibility to explore, establish and manage investments in accordance with this overall policy.
7. The Executive Committee shall report any change in the status of investments held by the Society as part of its regular reporting to Council.
8. The Society will include an abbreviated non-specific summary of investments in the annual report.

¹ Available online at <http://old.internetnz.net.nz/proceedings/ctte/archive/audit/current/2004-04-24-rept.html>

The two suggested changes are:

- Increase of the dollar limit of investment in a single entity from \$400,000 to \$1 million. This will allow investments to be placed with a small number of entities. Note that under the relevant NZRS policy under which the funds are currently invested, the entity limit is \$2 million though the percentage limit is 30%.
- Replace the term “Executive Committee” with “Chief Executive”.

The amended Treasury Management Policy with suggested changes is appended.

Options for interest on amount invested

The amount, timing, and interest that will be earned on the amount paid by NZRS to InternetNZ are uncertain at present. It is therefore recommended that decisions related to interest earned on Group cash in excess of reserves be deferred and come into effect from the start of the next financial year, 1 April 2011.

For the balance of the current financial year, to 31 March 2011, there are several options for the interest that will be earned. These include adding it back to the Group cash in excess of reserves, reducing InternetNZ working capital, reducing dividend in 2010/11 requested from NZRS, and increasing InternetNZ expenditure.

Balancing options with priorities and the views expressed by some members, it is suggested that the interest earned to 31 March 2011 be added to the grants pool. The grants pool is budgeted at \$400,000 in 2010/11 and will be depleted by about 92% to \$33,659 after accounting for the three recommended approvals as detailed in the Grants paper.

Recommendations:

- I. That the Council **ask** the President to write to NZRS requesting:
 - NZRS calculate its cash requirements taking into account relevant factors including:
 - Current and projected liquidity and the NZRS Liquidity and Reserves Policies including the impact of the recently agreed reduction in the .nz wholesale fee due to be implemented from 1 July 2010.
 - NZRS forecasts for growth in domain name registrations and assessment of the ongoing risks to those forecasts.
 - The impact of loss of interest income from reduced cash holdings.
 - NZRS reply to the President with the amount it holds in excess of the amount as calculated above and an explanation as to how the figures were calculated, including details of any additional considerations to those above.
 - NZRS pay InternetNZ the amount it holds in excess of the amount as calculated above by way of one or more special dividends upon maturity of the term deposits in which such excess amounts are currently held.

2. That the Council **agrees** the following principles apply to the consolidated Group cash in excess of reserves that will be held by InternetNZ:
 - The amount is accounted for separately from the InternetNZ operating budget as a distinct balance sheet line item.
 - Funds are managed and invested in accordance with InternetNZ's Treasury Management Policy.
 - Expenditure of a part or the whole of the Group cash in reserves requires an appropriate resolution from Council or members, depending upon the nature of the proposed expenditure.
3. That the Council **adopts** the amended Treasury Management Policy as appended.
4. That the Council **approves** that interest earned to 31 March 2011 on Group cash in excess of reserves held by InternetNZ be added to the grants pool.

InternetNZ Treasury Management Policy

as amended on 11 June 2010

1. The Society shall adhere to the Constitution, Council Bylaws and to all relevant laws governing Incorporated Societies in its undertaking of any investment.
2. The Society will favour investments that entail minimal risk and which require the minimum of active management or participation by the Society, its Officers, or those appointed to oversee the investment process.
3. The Society has an obligation to establish investments that yield the best possible rate of return, subject *and subordinate* to the requirements of paragraphs (1) and (2).
4. The Society will not invest more than 50% or \$1,000,000, whichever is the lower value, of its total capital reserves in investments in a single entity without a specific vote of Council approving such investment.
5. InternetNZ Members are required to disclose any interest they may have, or know of, concerning an investment held by the Society, to an appropriate body usually the Chief Executive.
6. The Chief Executive of InternetNZ shall have the responsibility to explore, establish and manage investments in accordance with this overall policy.
7. The Chief Executive shall report any change in the status of investments held by the Society as part of its regular reporting to Council.
8. The Society will include an abbreviated non-specific summary of investments in the annual report.

Delegation

Author: Vikram Kumar

Purpose of Paper: Formal resolution for delegation of authority for routine operations to CE.

Context

A formal resolution to provide for delegation of authority for routine operations to the Chief Executive is desirable to provide both clarity and finality. The limits of the delegation are broadly in line with that provided to previous executive managers.

Recommendation:

That Council **passes** the following resolution:

Resolved that Vikram Kumar, Chief Executive, be authorised to commit and approve on behalf of the Society with effect from 1 February 2010:

Staff

All matters related to employees and contractors including but not limited to appointment; salaries/rates and terms; leave; reimbursement of expenses; contracts; and terminations.

Financial

Operational Expenditure

Operational expenditure within approved budget: no limit

Operational expenditure not within approved budget: \$5,000

Operational expenditure beyond the limits above shall be approved by two Council members (generally the President and one other) prior to commitment.

Capital Expenditure

Capital expenditure within budget: \$10,000

Capital expenditure not within approved budget: \$3,000

Capital expenditure beyond the limits above shall be approved by Council prior to commitment.

Reimbursement of CE's expenses

All claims for reimbursement of expenses made by the Chief Executive shall require authorisation by the President.

Spokesperson, Representative

The Chief Executive shall be the primary spokesperson and representative on behalf of InternetNZ.

Others

All matters not specified above that are reasonably required for the smooth and efficient operations of the Society and implementation of the approved Business Plan subject to the limits imposed by the Constitution, Bylaws, and Council resolutions.

Sub-delegation

Within the scope and limits of this resolution, the Chief Executive shall be able to sub-delegate authority as required.

InternetNZ Calendar – key dates

Author: Susi Cosimo

Status of paper: Final

Purpose of Paper: To provide Council with a timetable noting key InternetNZ dates for the coming months.

Subject	Date
InternetNZ election nominations open	3/6/2010
Chairs and CE's meeting	10/6/2010
Council meeting	11/6/2010
AGM papers sent to members	29/6/2010
InternetNZ election nominations close	8/7/2010
InternetNZ voting opens	15/7/2010
InternetNZ AGM	29/7/2010
NZRS Board meeting	13/8/2010
Chairs and CE's meeting	19/8/2010
Council meeting	20/8/2010
Membership invoices sent	1/9/2010
Strategic Planning Day – all Boards	9/9/2010
Returns filed with the Charities Commission	30/9/2010
NZRS Board meeting	8/10/2010
Chairs and CE's meeting	14/10/2010
Council meeting	15/10/2010
NZRS Board meeting	26/11/2010
Chairs and CE's meeting	2/12/2010
Council meeting	3/12/2010

InternetNZ membership report

Status: Final
Author: Susi Cosimo

InternetNZ membership as at:

	2 June 2010	10 March 2010
Fellows:	15	15
Individual:	138	135
Professional Individual:	40	39
Small Organisation:	23	23
Large Organisation:	7	7
Total membership:	223	219

Recommendation: THAT the new members be approved.

Council minute terminology

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