

**Agenda for a meeting of the InternetNZ Council**  
**Friday 20 March 2009**  
**Level 10 Exchange Place, 5-7 Willeston St, Wellington**

<b>Start</b>	<b>Item</b>	<b>Person</b>
9.30am	<b>Council alone time</b>	
10.10am	<b>Apologies:</b>	President
	<b>Declaration of Councillor interests</b>	President
	<b>Agenda consideration - in committee items</b>	President
	<b>Consent agenda item</b>	President
	<i>President/            THAT the minutes of the meetings held on 12 December 2008 be received and adopted as a true and correct record, AND THAT the following reports be received:</i>	
	a. President's Report	
10.15am	<b>Matters arising from the minutes</b>	President
	- Outstanding action points from previous meeting	
10.20am	<b>President's report</b>	President
10.40am	<b>Morning tea</b>	
10.55am	<b>Audit and Risk</b>	Michael Foley Judy Speight
	- Audit and Risk report	
	- 08/09 Audit	
	<b>Society Finances</b>	President
	- Consolidated group Q3 financial reports	
	- Finance Committee	
	- Budgets	
	<b>Membership consultation outputs</b>	President
	<b>TUANZ relationship</b>	President
	- Discussion on the Westlake report	
1.00pm	<b>Lunch</b>	
1.30pm	<b>Emergent strategy</b>	Simon Riley
1.45pm	<b>Executive Board report</b>	Paul Swain Keith Davidson Susi Fookes
	- Third Quarterly Report	
	- Q3 financial reports	
3.15pm	<b>SSU support report to Council</b>	Susi Fookes
	- Society year plan	
	- Accommodation	
	- Telepresence	
	- Membership update	
	- Project reporting	
	- NZNOG Trust Deed	
3.30pm	<b>Afternoon tea</b>	
3.45pm	<b>NZ Registry Services report</b>	Anne Urlwin Jay Daley
	- Third Quarterly Report	
	- Q3 financial reports	
	- Addition to the 3rd Quarter 2008 – 2009 Report	
	- Fee setting recommendation	

4.15pm	<b>Domain Name Commission Limited report</b> <ul style="list-style-type: none"><li>- Fee setting recommendation</li><li>- Third Quarterly Report</li><li>- November, December and January Monthly Reports</li></ul>	Richard Currey Debbie Monahan
4.45pm	<b>General business</b>	President
5.00pm	<b>Council meeting ends</b>	President

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10.55am	<b>Audit and Risk</b>	Michael Foley Judy Speight
	- Audit and Risk report	
	- 08/09 Audit	
	<i>THAT the Committee recommend that the audit engagement letter from Grant Thornton be received and that the President be authorised to sign the letter forthwith.</i>	
	<b>Society Finances</b>	President
	- Consolidated group Q3 financial reports	
	- Finance Committee	
	- Budgets	
	<b>Membership consultation outputs</b>	President
	<b>TUANZ relationship</b>	President
	- Discussion on the Westlake report	
1.00pm	<b>Lunch</b>	
1.30pm	<b>Emergent strategy</b>	Simon Riley
	<i>Recommendations</i>	
	<i>1. Annual Strategic Planning Cycle be adopted and integrated into the INZ annual planning cycle. Implementation to be effective April 1 2009</i>	
	<i>2. The INZ Council Statement of Expectations be revised to include a statement of strategic intent and renamed Statement of Strategic Intent and Expectations</i>	
	<i>3 .INZ Boards proposed Statement of Direction and Goals to include strategic plan and action plan.</i>	
	<i>4. INZ Boards in conjunction with Shared Services Unit to report on a quarterly basis Strategic and action plan milestones and outcomes</i>	
	<i>5. Shared services unit to coordinate and manage strategic planning cycle and be resourced accordingly</i>	

1.45pm

**Executive Board report**

- Third Quarterly Report
- Q3 financial reports

Paul Swain  
Keith Davidson  
Susi Fookes

*Recommendations:*

*Third Quarter Report*

1. That the Third Quarter report of the Executive Board be received.
2. That overall management responsibility for the Society's finances be assigned to the SSU Manager.
3. That the financial report to 31 December 2008 be received.

*Budget 2009/10 Paper*

4. That Council adopt the "**FULL**" 2009/10 Budget for the Executive Board and advise NZRS that its required Dividend for 2009/10 will be \$2,490,000.

OR

That Council adopt the "**MINIMAL**" 2009/10 Budget for the Executive Board.

5. That the Council note the ongoing work with cashflow, and agree that relevant Councillors will participate in that work on an as-required basis with relevant staff, Board members and contractors.

*Financial Reserves Policy Paper*

6. That the Council Financial Reserves Policy 2009/10 as set out in the paper be adopted.
7. That Council review the Financial Reserves Policy and adopt a revised Policy for the 2010/11 financial year no later than 20 March 2010.

*External Funding Requests Paper*

8. That Council agree to refer external funding requests of under \$5,000 to the Executive Director's office for Board approval using the process set out in this paper.

3.15pm

**SSU support report to Council**

- Society year plan
- Accommodation
- Telepresence
- Membership update
- Project reporting
- NZNOG Trust Deed

Susi Fookes

*Recommendations:*

1. THAT the SSU Manager's report to Council for March 2009 be received.
2. That Council approves option 1a or 1b or 2 from the Accommodation Project Report, and authorises spending based on the report's budget summary.
3. That Council authorises the SSU and NZRS to negotiate the groups lease on Council's behalf, transferring the leaseholder name from New Zealand Domain Name Registry Ltd to Internet New Zealand Incorporated.

4. THAT Council approve the new Members of InternetNZ.

5. THAT RN 78/08 be corrected to its intended meaning – to read: “THAT Council set a high level budget requirement that cash funds at the end of each financial year go towards making up the cash reserve policy for the following year.”

6. THAT Council resolves that the Society common seal be affixed to the NZNOG Trust Deed.

3.30pm **Afternoon tea**

3.45pm **NZ Registry Services report**

- Third Quarterly Report
- Q3 financial reports
- Addition to the 3rd Quarter 2008 – 2009 Report
- Fee setting recommendation

Anne Urlwin  
Jay Daley

Recommendations:

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

2. The Board of NZRS **recommends** that the Council of InternetNZ receives this addition to the company's 3<sup>rd</sup> quarter report.

4.15pm **Domain Name Commission Limited report**

- Fee setting recommendation
- Third Quarterly Report
- November, December and January Monthly Reports

Richard Currey  
Debbie Monahan

Recommendation:

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

4.45pm **General business**

President

5.00pm **Council meeting ends**

President

## 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 - \$11,150

Councillor - \$9,000

### Officers

Name: **Peter Macaulay**

Position: President, InternetNZ

Term: AGM 2007 - AGM 2009

Declaration Date: 11 August 2005, updated 24 August 2007

#### Interests:

- Managing Director of the NoI IT Group.
- Advisor on software valuation.
- Independent IT consultant.
- Registrant of several .nz domain names.
- Member of NZCS.
- Judge for WS Awards and CWE Awards.
- Receives support for travel funding from two organizations.
- Officer's Honorarium for InternetNZ.
- Retained from 4 April 2008 until 30 May 2009 to advise Martin Jenkins on the development of a New Zealand Digital Development Structure.
- Declaration of interest in the NZ Fibre Fund.

Name: **Frank March**

Position: Vice President, InternetNZ

Term: AGM 2007 - AGM 2009

Declaration Date: Last updated 21 March 2007

- Interests:
- Employed by the NZ Government (Ministry of Economic Development), consequently:
  - A member of Government Shared Services Network Steering Committee
  - A member of Government Internet Security Review Group
  - Consulting with range of interested parties over Broadband Challenge issues
  - NZ representative on the Governmental Advisory Committee of ICANN
  - Convener of Digital Strategy ICT Summit Steering Group
  - Holds two .nz domain name registrations
  - Remuneration – Honorarium as Chair of NZOC
  - Member of NZ Association of Scientists
  - Officer's Honorarium for InternetNZ.

## **Councillors**

Name: **Chris Streatfield**

Term: AGM 2008 - AGM 2011

Declaration Date: Last updated 28 August 2007

### Interests:

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

Name: **Michael Wallmannsberger**

Term: AGM 2008 - AGM 2011

Declaration Date: Last updated 31 July 2006

### Interests:

- Employee of ASB Bank Limited
- Member of the New Zealand Labour Party and hold/have held various offices within the party
- .nz domain name registrant
- Member of the Standards Council
- Member of the Institute of Directors
- Shareholder/Director, Wallmannsberger Ltd
- Shareholder/Director, Yellow Brick Investments Ltd
- Councillor's Honorarium for InternetNZ.

Name: **Jamie Baddeley**

Position: Councillor, InternetNZ

Term: AGM 2008 - AGM 2011

Declaration Date: Last updated August 2007

### Interests:

- Employee, FX Networks Ltd
- FX Networks are the ISP for both InternetNZ and NZRS
- President, 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
- Councillor's Honorarium for InternetNZ.

Name: **Jonny Martin**

Position: Councillor, InternetNZ

Term: AGM 2008 - AGM 2011

Declaration Date: Last updated 28 August 2007

### Interests:

- Employee of FX Networks Ltd.
- Shareholder of FX Networks Ltd.
- Small voice service provider.
- 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: **Liz Butterfield**

Position: Councillor, InternetNZ

Term: AGM 2007 - AGM 2009

Declaration Date: 24 August 2007

Interests:

- Managing Director Hector's World™ Ltd.
- Member Internet Safety Group/NetSafe
- Councillor's Honorarium for InternetNZ.
- Holds 3 .nz domain names.

Name: **Stewart Fleming**

Position: Councillor, InternetNZ

Term: AGM 2007 - AGM 2009

Declaration Date: 27 August 2007

Interests:

- Shareholder/Managing Director, WIC NZ Ltd, Internet Service Provider operating in Dunedin City
- Registrant of several .nz domain names
- Involved in the contract to operate Dunedin Peering Exchange on behalf of Citylink Ltd.
- Currently involved as host organiser for NZNOG conference in Dunedin, January 2008
- Councillor's Honorarium for InternetNZ.

Name: **Michael Foley**

Position: Councillor, InternetNZ

Term: AGM 2007 - AGM 2009

Declaration Date: 25 August 2007

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
- Member of Northland Regional Council Broadband Project Advisory Board
- Frequently contracted in consultancy or advisory capacity by public sector agencies (including MED, Commerce Commission, SSC and others)
- Councillor's Honorarium for InternetNZ.

Name: **Hamish MacEwan**

Position: Councillor, InternetNZ

Term: AGM 2007 - AGM 2009

Declaration Date: 24 August 2007

Interests:

- Self employed Open ICT consultant
- Contracted to the MED's Radio Spectrum Policy & Planning group
- Registrant of sundry .nz domains
- Councillor's Honorarium for InternetNZ.



Name: **Judith Speight**  
Position: Councillor, InternetNZ  
Term: AGM 2007 - AGM 2009  
Declaration Date: 27 August 2007

Interests:

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

Name: **Donald Clark**  
Position: Councillor, InternetNZ  
Term: AGM 2008 – 2011  
Declaration Date:

Interests: TBC

Name: **Neil James**  
Position: Councillor, InternetNZ  
Term: AGM 2008 – 2010  
Declaration Date: August 2008

Interests:

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

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**MINUTES OF COUNCIL MEETING: 12 December 2008**

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<b>Status:</b>	Staff Draft
<b>Present:</b>	Peter Macaulay (President), Frank March (Vice President), Chris Streatfield, Michael Wallmannsberger, Donald Clark, Hamish MacEwan, Michael Foley, Judith Speight, Neil James, Jamie Baddeley, Stewart Fleming, Liz Butterfield, Jonny Martin
<b>In Attendance:</b>	Keith Davidson (Executive Director), Susi Fookes (SSU Manager), Doug Mercer (NZRS), Anne Urlwin (NZRS Chair), Debbie Monahan (DNC), Richard Curry (DNCL Chair), Paul Swain (Executive Board Chair), Sandra Glasgow (minute taker), Simon Riley, Campbell Gardiner, Richard Wood
<b>Meeting Opened:</b>	<i>10:05 – Council alone time.</i>  <i>The President formally opened the meeting at 10.36am.</i>

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**1. Apologies**

Council received apologies from Jamie Baddeley for lateness.

**2. Declaration of Councillors Interests**

Pete declared he is now employed by IDC and will be standing down from any discussions around the Health Innovation Challenge.

Judy also stated that IDC is a sponsor of accelerating Auckland and may also cause a conflict of interest around certain discussion points.

*ONGOING ACTION POINT: Councillors are reminded to provide written confirmation of any changes to the register to [susi@internetnz.net.nz](mailto:susi@internetnz.net.nz)*

**3. Agenda Consideration – In Committee Items**

Part of the Vice President's report, NZRS report and EB report may be moved into Committee.

**4. Consent Agenda Item**

**RN 68/08:** THAT the minutes of the meeting held on 22 August 2008 and 17 October 2008 be received and adopted as a true and current record, AND THAT the following reports be received;

- a. Presidents Report
- b. Vice Presidents Report
- c. SSU – Council Support Report
  1. Report on InternetNZ group accommodation
  2. Telepresence report
  3. Membership Update

#### 4. Rebranding Update

(President/Vice President)

**CARRIED U**

**RN 69/08:** THAT the e-votes be ratified.

(President/Vice President)

**CARRIED U**

E-vote:	President/Vice President	For:	Abstain:
0810281	THAT Council sponsor Nic Steenhoust \$3,000 to attend the Open Source Developers Conference in Sydney in December 2008 to give a presentation on Web Accessibility.	Jamie Baddeley Liz Butterfield Stu Fleming Michael Foley Jonny Martin Donald Clark Neil James Judith Speight Chris Streatfield Michael Wallmannsberger	Hamish McEwan
0810282	Cr Wallmannsberger/President THAT the terms of reference for the Audit and Risk Committee as amended and circulated to Council 17 October 2008 be approved	Michael Wallmannsberger Jamie Baddeley Liz Butterfield Stu Fleming Michael Foley Hamish MacEwan Frank March Jonny Martin Donald Clark Neil James Judith Speight Chris Streatfield	

#### 5. Matters Arising from the Minutes

42/08 – *‘SSU Manager to scope the ‘re-branding’ project with Designworks and the other business units and the report to Council’* is in progress

44/08 – *‘Cr Streatfield and Cr Wallmannsberger to work with President, Vice President and SSU Manager to complete a draft budget by December’* has been completed but there were concerns expressed over timeliness.

45/08 – *‘The SSU Manager to drive forward the development of the Strategic Plan and the subsidiaries Statements of Expectations with the assistance of Council, contractors or staff as required. Drafts are to be circulated on the list and the final draft is to be presented at the December Council meeting’* was not completed.

#### 6. President’s Report

The President spoke to his report, noting there were no changes to add.

#### 7. Vice President’s Report

10.48am – 11.01am Council went into committee to discuss the Vice President's Report.

11.03am – 11.13am Council took a short break.

11.13am Jamie Baddeley and Rose Percival joined the meeting.

## **8. Statement of Expectations**

Rose Percival spoke to her report. The general feeling from Council was that the Statement of Expectations is generic. Rose agreed and expects a tighter document in the future noting that structural change is the easy part of restructuring, dealing with staff behaviour and attitudes is not so easy.

It was noted that the SLA's are not in place with business units and the protocols of the SSU need to be strengthened. Going forward, the Statement of Expectations will be discussed in the October Council meeting not the December one.

**AP 39/08:** SSU Manager to develop SLA's with the business units, including a list of the services that will be provided to Council.

**RN 70/08:** THAT Council approve the Statement of Expectations.

(Cr Streatfield/Cr McEwan)

**CARRIED U**

**AP 40/08:** Statement of Expectations with amendments as discussed, to be formally sent to each of the board chairs with a covering letter from the President of InternetNZ.

11.31am Jonny Martin joined the meeting.

11.32am Rose Percival left the meeting.

## **9. Shared Services Unit Support Report to Council**

Susi spoke to the Council support report. She noted the Greek Embassy will be staying on in level 10 until March 2009, before which time the SSU plan to finalise long term options for accommodation. The building lease is due for renewal in March 2010. There was discussion around the timeliness of the decision and general consensus was that the decision should be brought forward. If the recommendation is for Internet NZ to move premises, justification for the decision must be given to Council.

**AP 41/08:** SSU Manager to provide a rolling market evaluation regarding accommodation needs for InternetNZ

Telepresence Project – There was concern about continuing the Telepresence project while the accommodation issue is still in limbo. Donald Clark suggested that the project go ahead but no structural changes take place until accommodation has been decided upon.

Council expressed concern over the amount of project costs yet to be confirmed and want to see these costs confirmed. Several options should also be investigated to enable choices to be made. Donald suggested that the project manager look at the KAREN equipment setup as he believes cheaper options are available for successful completion of the project. A cost/benefit analysis needs to be conducted but this should not include council travel costs as the benefit of 'sitting around a table' can never be replaced. Chris Streatfield would like to know what sunk costs would occur if we choose to move premises. It was also pointed out that the Auckland costs need to include KAREN connection costs.

**AP 42/08:** Telepresence project manager to meet with KAREN people regarding their equipment setup.

**AP 43/08:** Telepresence project costs to be confirmed and several options submitted to Council for consideration

Member Update – Discussion was had regarding the internal processes of dealing with lapsed members. Council advised they would like to manage this process.  
The word ‘new’ should be removed from the membership PowerPoint presentation

**AP 44/08:** SSU Manager to forward a list of lapsed members to Council for follow-up

**RN 71/08:** THAT the new members as shown in the presentation be approved

(Cr Wallmannsberger/Vice President)

**CARRIED U**

## **10. Processes of Council**

A calendar of council meetings and action points to be covered at the meetings was submitted for comment. The following changes were requested;

1. December meetings should include receiving the financials for the quarter ending September.
2. The dates in the calendar should be changed to financial dates rather than Calendar dates.
3. March meetings should include receiving the fee recommendations from NZRS and DNCL and approving the fees.
4. August meetings should include Reviewing the Strategic Plan and organising Governance Training, especially for Councillors new to Council.
5. The Council Calendar should be included as a regular feature of the Council papers.

**AP 45/08:** Susi to update Council Calendar, incorporating the changes discussed.

## **11. Council Business**

KPI for Council deferred until March 2009 meeting

**AP 46/08:** Remind Donald about KPI's – focus should be on areas not working.

TUANZ/INZ Relationship – Concern was voiced in regards to the lack of a Terms of Reference for the discovery group set up to investigate the possibility of a closer relationship between TUANZ and Internet NZ.

**AP 47/08:** Terms of Reference for the TUANZ Discovery Group to be drafted and circulated

## **12. External Relations Working Group - TOR**

Donald spoke to his report and discussed the three step process suggested to address the deficiencies in the current situation. Frank pointed out that there are existing policies regarding external relationships to which Donald was unaware.

**AP 48/08:** Circulate existing policies on external relations and travel

*12.18pm Susi Fookes left the meeting*

It was agreed that the first step of the three step process should begin immediately but that Council should hand the review of the collated stock-takes over to the Chairs Convocation.

**AP 49/08:** Boards to be instructed to undertake a stock-take of which international relationships it currently maintains – or considers it should maintain. Detailing the purpose of the relationship,, and financial and time commitments including which role(s) own the relationship.

*12.27pm Susi Fookes rejoins the meeting*

**RN 72/08:** THAT the terms of reference for the External Relations Working Group be accepted as amended.

(Cr Streatfield/Cr Baddeley)

**CARRIED U**

### **13. Appointments Panel**

There is concern that the terms of reference for the appointments panel are not being followed, the President and Vice President explained that the panel's ToR were adhered to. In regards to the resignation of Peter Dengate Thrush from the Executive Board, the panel thought through the various options to replace him. The logical thought was to appoint the next appropriate candidate to replace him. It should be noted that the candidate in question was as capable of filling the position as Peter Dengate Thrush. The Terms of Reference for the Appointments Panel however, states that a report on the process and recommendations should be submitted to council in writing.

**AP 50/08:** Appointments Panel to report on the appointment process and recommendation for the Executive Board vacancy

*12.31pm Michael Foley left the meeting*

*12.35pm Michael Foley rejoined the meeting*

**RN 73/08:** THAT David Farrar be appointed to the Executive Board AND it be noted that there will be an overlap between his term on the Executive Board and his term on the NZRS Board

(Cr Streatfield/Cr Wallmannsberger)

**CARRIED U**

*12.37pm – 12.38pm Council went into committee to discuss the appointments panel.*

*12.41pm – 1.15pm Council broke for lunch.*

### **14. Executive Board Report**

Paul spoke to his report.

The BIM was discussed and general consensus was that it was a good document. Useful first meetings have been had with Steven Joyce and Clare Curran. The hope is to meet with Bill English and Chris Finlayson next week.

Council was alerted to the fact that there has been some issues around the budget split but that the ED overspend and the SSU under spend will be managed internally. Paul asked that Council give the EB until January to be able to finalise their budgets during the board retreat but stated that if there was a problem with this, some very broad figures could be given to Council for approval. Paul noted that the EB had inherited a few problems and issues but is resolved to solve them with minimal disruption to Council.

Paul noted that the EB was in full support of Donald's paper on external relations and also supports Frank's paper on SSU protocols, asking for a proposal, budget and job description.

The last meeting regarding copyright issues was had on 11 December. Work on the code of practice is nearly complete and is to be adopted in February 2009.

It was agreed that NZRS should fund BIND 10

*1.37pm Keith Davidson left the meeting*

*1.37pm – 1.55pm Council alone time with Paul Swain*

*1.55pm Paul Swain and Judith Speight left the meeting*

*1.55pm Doug Mercer and Debbie Monahan joined the meeting*

## **15. NZ Registry Services Report**

Doug Mercer stood in for Nick Griffin and gave apologies for Nick's absence.

*1.56pm Anne Urlwin joined the meeting by phone*

Anne spoke to her report. She discussed the current recruitment process in action to replace Nick Griffin, stating they had received over 30 applications and are now working through making a decision.

*2.00pm Richard Currey joined the meeting*

Doug Mercer updated Council on various aspects of the report.

- Application for Charitable status is ongoing.
- The DNS roadmap is proceeding well.
- The Liquidity policy is ongoing but on hold while the budgeting cycle is finalised.
- There had been no significant changes made to the Statement of Direction and Goals. Frank noted that there was still no mention in regards to relationships with the technical community and insisted on it being mentioned in the Statement of Direction and Goals or the SLA's.
- The NZRS board has agreed to do a project report on EPP International Protocol and is scheduled to start in the New Year.
- The SLA between DNCL and NZRS is nearly complete. It was noted that it had to be changed to account for DNCL becoming a limited liability company at the beginning of the year. SLA metrics are currently being worked on and should be ready by March 2009.

*2.10pm Judith Speight rejoined the meeting*

Domain Name growth averaged 2000 per month which is down on the budgeted growth of 4,500 per month. The November growth was (217) but this was not seen as a cause for concern as it was due to extraordinary circumstances such as people not renewing domain names that were purchased last year.

Council asked what measures were in place to combat the down turn and asked if there were any internal investigation being conducted to confirm that operations are sustainable at the lower level of registrations.

Anne advised Council that investigations have taken place and the NZRS Board will be meeting next week to discuss the outcomes. They will then discuss with DNCL whether registration rates need to be increased and submit their recommendation to Council for approval.

*2.28pm Michael Wallmannsberger left the meeting*

*2.29pm Michael Wallmannsberger rejoined the meeting*

*2.30pm Susi Fookes left the meeting*

Anne noted to Council that revenue in the budgets for the 2009/10 has been estimated at an average of 2000 registrations per month and expenses are extraordinarily high due to the DNS

Roadmap operating costs. She also clarified that a huge amount of work goes into the 2009/10 budget but the following years forecasts are based on a CPI increase.

Pete thanked Doug and Anne for their report and wished them a Merry Christmas.

#### **16. Domain Name Commission Limited Report**

Richard spoke to his report. There have been a number of discussions with the Minister of Health in regards to creating a .health.nz second level domain in the .nz domain name space. DNCL has stipulated that it must be functional by 1 July 2009

**RN 74/08:** THAT Council approve the creation of .health.nz in the .nz domain name space

(Cr Streatfield/Vice President)

**CARRIED U**

Frank congratulated DNCL on their achievement.

Richard advised Council that the DNCL board is satisfied with the workings behind the budget submission for 2009/10 and acknowledged that it is very high level at the moment.

Charitable status has been applied for but no decision has yet been made.

Work is ongoing with the recommended changes to the operating agreement between DNCL and Internet NZ to assign copyright in the WHOIS information to DNCL. Advice has been received from Peter Dengate Thrush and IZARD WESTON.

**RN 75/08:** THAT Council

1. Note the two legal opinions received
2. Agree that Internet NZ grants DNCL an exclusive licence for the .nz WHOIS copyright
3. Agree that DNCL's lawyer, IZARD WESTON, work with Peter Dengate Thrush on finalising the licence agreement

(Cr Streatfield/Cr McEwan)

**CARRIED U**

The DNCL Board and the DNC have been working together on formulating ways of creating awareness of the DNCL in New Zealand. Website Developers should understand how Domain Names work and who should own the names. Richard also noted that when attending forums etc, DNCL is in the minority with branding and there is no general gifting policy. Steps to remedy this have been taken and funds allocated in the upcoming budget to aid in creating awareness.

**RN 76/08:** THAT Council receive the following reports;

1. The Executive Board Report
2. The NZ Registry Services Report
3. The Domain Name Commission Limited Report

(Cr Streatfield/Vice President)

**CARRIED U**

*2.56pm Richard Currey, Debbie Monahan, Doug Mercer and Frank March left the meeting*

*2.57pm Anne Urlwin ended her phone call*

*2.57pm Susi Fookes rejoined the meeting*

*3.03pm Frank March rejoined the meeting*



## **17. TUANZ Relationship**

There will be a progress meeting held on Tuesday and the Westlake proposal will be tabled. TUANZ and Internet NZ have agreed to share the costs related to the investigations of a closer relationship between the two entities.

**RN 77/08:** THAT Council approve expenditure to Westlake Consulting of \$10,000.00 plus share of disbursement from unallocated funds

(Cr Wallmannsberger/Cr Clarke)

**CARRIED U**

**AP 51/08:** Executive Board to be informed of Westlake Contract and monetary commitment.

*3.13pm Simon Riley joined the meeting*

*3.13pm – 3.15pm Council went into committee to discuss the TUANZ relationship.*

## **18. Consolidated Draft Budgets 2009/10**

There was discussion around the financial position of Internet NZ and the budget requests for the coming year. Council was alerted to the fact that cash reserves were getting low and would not be able to sustain another negative budget prediction. Michael expressed concern as to why this was only just being brought to Council's attention and stated it confirmed his view that there is a need for better financial reporting than is currently being supplied. Sandra informed Michael that the EB agreed with him and had given their permission for her to meet with Paul Petit in the New Year to discuss a new financial reporting template.

*3.38pm – 3.54 Council went into committee to discuss Internet NZ's current financial position.*

The Audit and Risk Committee suggested conducting an investigation into how the financial reserves have been allowed to fall and it was agreed that any cash funds at the end of each year should automatically make up the financial reserves policy for the following year.

**AP 52/08:** Audit and Risk Committee to report to Council before Christmas on current cash position

**AP 53/08:** Stewart and Chris to work on 2009/10 budget figures for Council budget

**RN 78/08:** THAT Council set a high level budget requirement that cash funds at the end of each financial year make up the cash reserve policy for the following year.

(Cr Streatfield/Cr Clarke)

**CARRIED U**

*4.00pm Judith Speight left the meeting*

*4.02pm Judith Speight rejoined the meeting*

## **19. Draft Strategic Plan**

Simon spoke to a presentation on the strategic plan and gave a brief history regarding the old strategic plan. He put a plea forward that the process should be a dynamic; one with Council creating a high level document and the Business Units filling in the rest.

*4.30pm Michael Wallmannsberger left the meeting*

*4.32pm Judith Speight left the meeting*

*4.32pm Michael Wallmannsberger rejoined the meeting*

Simon suggested the process for creating the Strategic Plan should be to go through all our submissions, extract the key policy issues and write a document with the basic policy principles.

**AP 54/08:** Document to be created extracting key policy issues and circulated on list

**AP 55/08:** Modifications to draft document to be discussed on list

*4.41pm Simon Riley left meeting*

**20. BIM**

Parked until March 2009 meeting

**21. Charitable Donations**

Parked until March 2009 meeting

**22. Business Development and Sustainability Committee**

Parked until March 2009 meeting

**23. DDC**

Nothing to report

**24. General Business**

**AP 56/08:** Donald to put a proposal to the council list regarding international visitor, Gordon Cook.

**AP 57/08:** Susi to circulate Council meeting dates to Council and the Business Units.

Pete spoke of his satisfaction with Council and what they were achieving. He acknowledged that there is a lot to do but has no doubts that it will be done and the results will be worthwhile. He wished everyone a Merry Christmas and a safe New Year.

---

**Next Meeting:** 20 March 2009

**Meeting Closed:** The meeting closed at 4.46pm.

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

.....  
**Peter Macaulay, President, CHAIR**

## **InternetNZ President's Report**

---

**Author:** Peter Macaulay

**Status of Paper:** Report to Council

---

### **Status**

InternetNZ continues to show strong leadership in all its external work. NZRS, DNC and EB units are delivering results which are appreciated by our Internet community, both here and round the world.

In some ways InternetNZ is like a swan swimming. All beauty and grace above the water with lots of turbulence and action below.

We are enhancing our credibility with work such as:

- The ongoing stability and cleanness of the registry.
- A smoothly running set of processes including a successful and unique disputes model from the DNC
- The InternetNZ commissioned Network Strategies written "Broadband options for New Zealand" report
- Our briefing for incoming ministers.
- Strong effective collaboration to either rescind or fix the poor law in section 92 of the copyright act.
- Effective international relationships.
- The outputs of our many other work streams.

On the inside, we are striving to successfully implement the Structural Review. This has been a long and tortuous process. We are still not there, and "holes" in the structure and some resistance to change have made the reality some distance away from the design. One example of a hole is the lack of an InternetNZ wide accounting function. To overcome this we have appointed a finance committee. We will properly review the new structure once it has settled down and has the missing bits added and other issues mostly resolved.

### **The Big Audacious Thing**

This year will be the first year InternetNZ has operated with the knowledge that New Zealand is committed to good connectivity. We must keep applying the heat to ensure the connectivity initiatives stay on track, where there is one, and to find a track where there isn't!

Our new additional role, as expected, will be the broader implications and opportunities that ubiquitous connection will drive. We must ensure that NZ can see how to make best use of the tools and services that will either evolve or collide with us.

Sadly there is still a failure to understand the significance of this societal shift in the worst possible place - the telcos. Amongst other indicators, the Castalia report shows just how far from our shared future they are, and how hard it will be for us to convert them.

Game on!

### **Charitable status and charitable action**

Now our charitable status is confirmed and we can see the money, it is time for council to make decisions on the process to support charitable activity. We will have significant additional funds, and we must make significant use of them. It is too easy to inflate current activities when there is more money. One option to consider is to set up a Grants committee to act on all applications for funding until (if) the DOT is established.

### **Council Administration**

Although not as fast as the SSU or council would like, we are enjoying better services every meeting. I believe that the SSU report this meeting should point to more pieces of the puzzle clicking into place.

### **Business Development and Sustainability Committee.**

The report from this meeting did not make last council and has gone missing. As a result of decisions made, we are working through opportunities to produce at least 30% of our income from non .nz activities. In the next month we will take the ideas and decide how to tackle them. Do we do it with existing resources, or do we need a separate resource to develop a plan and start delivering prospects for us to consider. I will provide a verbal update on some explorations.

### **InternetNZ and TUANZ**

From our council voice conference on February 2, we decided to park a full discussion on the InternetNZ and TUANZ convergence until the council meeting on March 20

### **Working with our boards**

As council adapts to its new model of governance, we must improve our engagement with and direction of the subsidiary boards. We need to ask better questions, and ensure we get the right answers. We need to establish consistent whole of InternetNZ mechanisms to deliver the quality of information we need to make the best decisions.

The chairs' convocations are becoming a good vehicle for the boards to share views and make sensible decisions.

### **Finance**

The Audit and risk report has made some strong points regarding the "hole" in our structure related to holistically managing our finances. The finance committee will consider this and other finance matters in consultation with council to provide guidance to our boards and where no accountability is established to take direct action.

### **Members**

Council is accountable to members, and is the vehicle for members to deliver their views for consideration by their elected members. While we have members' meetings and members can also contribute to the PAG, we need to ensure that members have a dynamic and effective forum to let council know where they stand on major issues. We don't do this well enough. We don't use the tools we should promote. We need to decide on how we will deliver.

**ICANN meeting**

The meeting in Mexico City went well and produced some worthwhile results. As always it seems to be like wading through treacle as identical points are made in lengthy presentations. I feel we were under represented, but recognize that this will not be the case at ICANN Sydney in June.

Outputs relating to IDNs and new TLDs are coming through steadily. CEO Paul Twomey announced his resignation but will stay on to hand over.

I explored opportunities for business development. There were also several solid and useful discussions around the IGF.

A trip report will be submitted to council and to the Business development committee

**Moving Forward**

To ensure InternetNZ continues to deliver the superb results we have come to expect, council will need to take some time, energy and real work to make the internal health of the organisation an ongoing top priority. The next two council meetings will allocate more time to this, with the aim of moving back to a better balance of external/internal from the beginning of the next year, with its new council and officers.

Peter Macaulay  
**InternetNZ President**



# Grant Thornton

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18 February 2009

Private & Confidential

The Internet Society of New Zealand Inc  
PO Box  
Wellington 6140

Attention: The Council Members

Dear Council

**Letter of Engagement – Audit of the Annual Statutory Financial Statements of The Internet Society of New Zealand Inc (“The Society”)**

Further to our continuing appointment as auditor of the above Society, we advise that New Zealand Auditing Standards require that there must be a clear understanding in writing, between the auditor and client as to the extent of audit duties. Accordingly, we are pleased to confirm our acceptance and our understanding of this engagement by means of this letter and set out below brief details of our responsibilities as your auditor.

**Scope of the Audit**

The audit process will examine and report to the members on the financial statements presented by the Council. The financial statements will include:

- Statement of financial position
- Statement of financial performance
- Statement of movements in equity
- Statement of cash flows
- Statement of accounting policies; and
- Notes to the financial statements.

There are no limitations in scope imposed upon the audit process by the Council as at the time of engagement.

**Business Advisers & Chartered Accountants**

Grant Thornton Wellington, an independent member firm of Grant Thornton New Zealand.  
Other independent member firms in Auckland, Christchurch and Dunedin. Grant Thornton New Zealand is a member of Grant Thornton International Limited.

### Responsibility of Grant Thornton as Auditor

- (a) Under the terms of our engagement as auditors, we are requested to examine the financial statements presented to us by the Council. As auditors, we are not responsible for the maintenance of the accounting records of the entity, including the operation of an effective system of internal control, nor for the preparation of the financial statements, which duties are imposed on the Council by your constitution and rules. Any other services we provide are distinct from our function as auditors.
- (b) We shall report to the Council whether, in our opinion, the financial statements of the Society, which we have audited, fairly reflect the Society's affairs at the date of the Statement of Financial Position and of the Statement of Financial Performance for the year ended on that date, and if they do not, the aspects in which they do not.
- (c) Following normal practice, our audit will be made in compliance with the Auditing Standards prescribed by the New Zealand Institute of Chartered Accountants, and planned primarily to enable us to express our professional opinion on the financial statements. Our examination should not be relied on to disclose defalcations or other irregularities but their disclosure, if they exist, may result from the audit tests we undertake.
- (d) We are also required to report upon the following matters:
- (i) Whether, in our opinion, the Society's financial statements are in agreement with the accounting records;
  - (ii) Whether we have obtained all the information and explanations, which we consider necessary for the purposes of our audit;
  - (iii) The scope and limitations (if any) of our audit;
  - (iv) The existence of any relationship (other than that of auditor) which we have with, or any interest which we have in, the Society; and
  - (v) Whether, in our opinion, the financial statements comply with generally accepted accounting practice in New Zealand and, if they do not, the respects in which they do not.
- (e) The work we shall do to enable us to form our opinion, referred to in (b), will include:
- (i) The periodical review of the Society's system of accounting and internal control; and
  - (ii) Making such tests and enquiries as we consider necessary for the purposes of our audit.

Those tests will apply inter alia to:

- Day to day operations of the Society; and
- The verification of assets and liabilities;

but their nature and extent will vary according to our assessment of the Society's system of internal control, and may cover all aspects of the business.

- (f) In providing for an audit to be performed on a test basis, the auditing standards generally accepted in New Zealand require the auditor to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement, whether caused by fraud or error. Accordingly, an audit is not a special examination designed to detect defalcations or fraud, nor a guarantee of the accuracy of the financial statements and is subject to the inherent risk that material errors, irregularities, or illegal acts, if they exist, might not be detected. However, if you wish us to direct special auditing procedures to such matters, we would be pleased to work with you to develop a separate engagement for that purpose.

Our responsibilities, as auditors, will be set out in our audit report. For your information we set out the relevant section of this report:

### **Auditor's Responsibilities**

“It is our responsibility to express to you an independent opinion on the financial report presented by the Council.”

### **Responsibilities of the Council**

The Council, by acceptance of the terms of this letter, represent that for every financial period covered by this letter of engagement, they will meet their responsibilities, which include:

- (a) Maintaining accounting records that:
- (i) Correctly record and explain the transactions of the Society;
  - (ii) Enable the financial position of the Society to be determined with reasonable accuracy;
  - (iii) Enable the financial statements of the Society to be readily and properly audited.
- (b) Preparing financial statements for the Society that comply with generally accepted accounting practice.
- (c) Preparing financial statements for the Society that fairly reflects the financial position and performance of the Society.
- (d) Making all explanations and information available to us, including minutes of all management and members' meetings, which we may request.
- (e) Allowing us a right of access to the accounting records and other documents of the Society at all times.
- (f) Notifying us of such further information including post-audit/balance date events, which will or might have a bearing on our audit responsibilities.
- (g) Implementing an internal control structure to maintain the reliability of the financial statements of the Society.
- (h) Making sufficient representations to us regarding the completeness and accuracy of the information disclosed within the financial statements.

Your responsibilities, as the Council will be set out in our audit report. For your information we set out the relevant section of this report:



### **Council Responsibilities**

The Council are responsible for the preparation of a financial report that fairly reflects the financial position of the Society as at 31 March 2009 the results of operations for the year ended on that date.

### **Reporting to the Council**

At the conclusion of our audit, we will prepare a report that will detail any significant internal control weaknesses observed and other matters relating to the financial statements that may come to our attention during the normal course of our audit and constructive suggestions for their resolution. The report will not include all matters that come to our attention but rather only those matters we regard as important and requiring attention. The form of the report usually covers our observations, our recommendations to address the matter, and the responsible management's response and intended action.

Our audit is not designed to identify all significant weaknesses in the Society's system of internal controls. The matters contained in this report cannot contain all matters that a full review of internal control and accounting procedures may identify as our work is primarily conducted to allow us to express an opinion on the financial statements.

### **Auditors access to information held by third parties**

The Society authorises any person or organisation to provide us with such information as we may require to complete the audit of the financial statements, and/or any other work carried out on behalf of the Society during the term of our appointment as auditors.

Grant Thornton is authorised to receive information held on the Society by any credit reporting agency, solicitor, bank or any other person, agency or organisation transacting with the Society.

The Society authorises Grant Thornton to furnish to any third party, financial information of the Society, as we are obliged in fulfilling our responsibility as detailed in this Letter of Engagement.

### **Access to Audit working papers**

The working papers, including electronic documents and files, for this engagement are the property of Grant Thornton and constitute confidential information.

Requests by third parties for access to our working papers, including those made by parties entitled by law to compel us to provide such access, will be discussed with you before access is given.

As a member of the Grant Thornton network we are subject to quality control reviews at both an internal (local and national) and external (international) level. As a member of the International Federation of Accountants Forum of Firms, we may also be subject to its independent international review process. Along with other chartered accountancy firms, our accountancy practice is also subject to review by the Practice Review Council of the New Zealand Institute of Chartered Accountants. In these reviews, we are required to produce any document or other material in our possession or power and co-operate in these review processes. The work we perform for you may be selected by any of these examiners for their review. If so, they are obliged to keep all information confidential.

### **Transfer of data via the internet**

In performing this engagement there may be a need, on occasions, to transfer data and files via the Internet. The Society gives its consent to the use of the Internet and in particular email for transferring data and files associated with this assignment. Grant Thornton warrants that it follows acceptable business practice in terms of security and virus management.

### **Presentation of audited financial report on the internet**

It is our understanding that the Society intends to publish a hard copy of the audited financial report and audit report for Council. The Society may also consider electronically presenting the audited financial report and audit report on its Internet web site. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the Society to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the Society's web site is beyond the scope of the audit of the financial report.

Responsibility for the electronic presentation of the financial report on the Society's web site is that of the Society.

In order for us to ensure that the context in which the audited financial report is presented is appropriate, we require that you provide us with any draft web pages or files prior to publication to allow us to verify the appropriateness and accuracy of the data.

### **Right to resign**

It is possible that because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion. Our costs to the point of any resignation will be billed to you.

### **Indemnification**

It is agreed and recognised that Grant Thornton will use due care to undertake the agreed services using appropriate professional services and standards. It is understood that our responsibility for such services will encompass only periods covered by our audit and will not extend to any subsequent periods for which we are not engaged as auditors.

In the event of any claim from any parties it is agreed that the maximum liability of Grant Thornton, its partners and staff is limited to five times the fee charged (excluding GST) and paid by the Society. Such liabilities will include the costs of any legal advice that Grant Thornton obtains in respect of the matter. Furthermore the Society will indemnify and hold us harmless from any liability, damages and legal or other costs we might sustain in the event that any representations given to us by the Society, its members, personnel, or advisors are false. It is also agreed that this engagement will be governed by New Zealand's law and jurisdiction.

This engagement includes only those services specifically described in this letter. Costs and time spent in legal matters or proceedings arising from our engagement, such as subpoenas, testimony, or consultation involving private litigation, arbitration, government regulatory inquiries or changes in auditor at your request, by subpoena or for any other reason, will be billed to you separately and payable on our standard terms.

### **Fees**

Our fees are based upon the degree of responsibility and skill involved and the time necessarily occupied on the work. Our entire audit planning and strategy is designed to develop a cost efficient audit approach and in this regard we would discuss with management ways in which they can also assist in containing the time involved on the audit engagement.

Our fees will be rendered progressively during the course of the audit and/or following the completion of the audit, depending upon arrangements made with you for the timing of our audit visits. In accordance with normal business practice, payment of our fees is requested within fourteen days of your receipt of our invoice, unless other arrangements are made with you and documented at the commencement of the audit.

Any disbursements will be charged in addition to our fees.

#### **Business Advisers & Chartered Accountants**

Grant Thornton Wellington, an independent member firm of Grant Thornton New Zealand.

Other independent member firms in Auckland, Christchurch and Dunedin. Grant Thornton New Zealand is a member of Grant Thornton International Limited.

### Conflict of Interest

At present, we are not aware of any conflict of interest. Should we become aware of any potential conflict of interest during the course of this engagement that could affect our ability to provide services to you, we will advise you and work with you to resolve the conflict.

### Confidentiality

We will maintain confidentiality with regard to your business and other information. Accordingly, copies of your financial statements will be provided only to yourself to any other persons as we are required by law to disclose to, unless we receive clearance from you instructing otherwise.

### Grant Thornton

The local firms of Grant Thornton in New Zealand are in Auckland, Christchurch, Dunedin and Wellington. Each local firm is an independent member of Grant Thornton New Zealand, which is a member of Grant Thornton International. Each local firm is a separate independent firm. The local firms are not members of one national partnership, or otherwise legal partners with each other, nor is any one firm responsible for the services or activities of any other. Each local firm governs itself and handles its administrative matters on a local basis. Grant Thornton New Zealand does not trade or provide services in its own name.

### Acceptance

Would you please accordingly acknowledge your acceptance of this letter by signing below and returning one copy of the letter. If the contents are not in accordance with your understanding of the arrangements made, we shall be pleased to receive your observations and to give you any further information you require. In signing it is acknowledged that this letter replaces any previous engagement letter.

Yours faithfully  
**Grant Thornton**



Kerry Price  
**Partner**

---

I confirm that the above is in accordance with my understanding of the work to be carried out. I confirm I am authorised to sign this letter on behalf of the Society.

Signed: \_\_\_\_\_  
The President

Date: \_\_\_\_\_



Grant Thornton

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18 February 2009

The Internet Society of New Zealand Inc  
PO Box 11881  
Wellington

Dear Sirs

**The Internet Society of New Zealand Inc  
Audit For The Year Ended 31 March 2009**

Memorandum of Terms of Engagement

We enclose two copies of our Memorandum of Terms of Engagement for the audit of The Internet Society of New Zealand Inc for the year ended 31 March 2009.

This memorandum is to confirm:

- the objectives and scope of the work
- our respective responsibilities
- terms of our engagement

If you agree with the terms as set out in our memorandum, please arrange for both copies to be signed with one being returned to us.

Please do not hesitate to contact myself or Kerry Price if you have any queries.

Yours faithfully  
**Grant Thornton**

Sharon Ng  
**Manager**

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20 February 2009

The Audit Committee  
The Internet Society of New Zealand  
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## **Your Audit Service Plan – The Internet Society of New Zealand Group**

### **1.0 Introduction**

In this letter we seek to clarify the arrangements for the upcoming audit for the year ended 31 March 2009. We would be grateful if you could read this letter and provide us with the information requested on the last page, and if acceptable, sign in the space provided and send the last page back to us.

### **2.0 Fee and Assumptions**

#### **2.1 Audit Fees**

We propose audit fees of \$9,000 (2008: \$8,400) for the year ended 31 March 2009. This fee includes audit of the Society plus audit of the consolidation of subsidiary NZ Domain Name Registry and new subsidiary Domain Name Commission Ltd.

- Excludes GST
- Excludes disbursements

The above fee relies on:

- Audit of The Internet Society of New Zealand, Parent and Consolidated Group Financial Statements.
- Your records and internal controls being in good order and that the underlying information and detailed work papers/ schedules requested will be provided within the time frames agreed.
- Relies on your finance team, managers and staff being available to answer any queries and provide supporting documentation is a reasonable timeframe.
- Important issues detailed in this report being addressed before the commencement of the audit.

### 3.0 Important Issues

Incorporated into our standard procedures, we have highlighted the following matters for additional attention during the audit.

- Continued full adoption of New Zealand International Financial Reporting Standards. There will be some minor modifications to your financial statements due to release of new standards and interpretations. The majority of new standards issued have an effective date impacting your 31 March 2010 reporting period. We will advise these changes at a later date.
- Adequacy of separation of duties for internal control purposes
- Ensuring reconciliations are being performed monthly and appropriately authorised
- Treatment of deferred tax and income tax given recent registration as a charity under the 2005 Act.
- Ensuring costs incurred in relation to the derivation of taxable income are being accounted for correctly and thus ensure accuracy of any tax losses calculation for the period up to registration as a Charity.
- The accuracy of the fixed asset register, to ensure all assets exist and have been correctly depreciated.

### 4.0 Target Dates

We would like to set some target dates. These will help us to schedule our team to be available at the right time to allow you to get your records in a 'ready to audit' state. We suggest the following key dates (based on 2008 at this stage. Dates yet to be confirmed):

Balance Date	31 March 2009
Draft financial statements ready to audit	09 May 2009
Year-End Audit to commence	11 May 2009
Receive Preliminary Adjustments (if any) from audit	18 May 2009
Provide formatter consolidated Financial Statements for review	25 May 2009
Audit Clearance	29 May 2009

We would welcome the opportunity to meet with the Board post audit.

### 5.0 Confirmations

#### Bank Certificates

It is a standard audit procedure to obtain independent confirmation of bank balances, loans, selected debt and contingencies. The bank confirmation(s) should occur automatically each year. Please ensure that confirmation of all bank balances is forwarded directly to our office.

#### Solicitor Confirmation

We ask that you forward on behalf of The Internet Society of New Zealand, a letter going to solicitors used in the current year. This letter request your solicitor to send communicate directly to us any matters of audit significance. The request letter has been included with this correspondence.

#### Letter of Representation

We will ask at the end of the audit, for representations from the Governing Body and management to confirm assertions inherent in your financial statements. We will provide the wording and highlight any assertions that are specific to your organisation.

## 6.0 Engagement Letter

Please find enclosed two copies of our audit engagement letter that sets out the terms and conditions of the current audit assignment.

Could you please sign the document to confirm the document is consistent with the Boards understanding of the work to be carried out. The second copy is for your records.

## 7.0 Management Accounts

Please forward to our office the latest set of management accounts to assist us in completing the planning for the audit. February would be ideal when available.

## 8.0 Additional Services

The budget does not provide for any accounting services, other than any specified, that are in addition to our role as auditors. If any additional work is considered necessary, we will ask for your acknowledgement of any extra costs before starting the work.

## 9.0 Payment Arrangements

Our fees will be rendered progressively during the course of the audit in accordance with our normal business practice.

Our standard terms and conditions for payment are within 20 days of invoice.

## 10.0 Conclusion

We look forward to providing your external audit services for the 31 March 2009 financial statements.

Please contact me if the proposed arrangements need to be changed.

Kind Regards  
**Grant Thornton**



Kerry Price  
**Partner**  
E [kprice@gtwn.co.nz](mailto:kprice@gtwn.co.nz)

Enclosed:

Letter of Engagement  
Solicitor Confirmation Request Letter

## Client confirmation of the audit service plan

**Please sign and return to confirm your acceptance of these arrangements:**

If we do not hear from you we will proceed as outlined in this letter.

- I confirm that this distinctive service plan is in accordance with my understanding of the work to be carried out.
- The proposed fee is acceptable. (Section 2)
- There are no additional Important Issues that should be incorporated into the audit approach. (Section 3)

Or

The following unusual areas, if not already a part of the audit programme, need to be tested:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- The target dates are acceptable. (Section 4)
- The date of our AGM meeting is:
- I will send out the confirmation letters if required.

*Signed by:* \_\_\_\_\_ *Date:* \_\_\_\_\_

The Internet Society of New Zealand



18 February 2009

[Solicitor]  
PO Box [xxxx]  
WELLINGTON

Dear Sir

**THE INTERNET SOCIETY OF NEW ZEALAND**

In order to assist us in meeting the requirements of our auditor, we ask you to supply us with such of the following information, as may be within your knowledge:

1. Balance of any Trust monies held for the entity as at 31 March 2009.
2. Details of any monies outstanding for the purchase of properties.
3. Details of any costs owing to you by the entity as at 31 March 2009 if the amount exceeds \$1,000.
4. Details of any Certificates of Title currently held relating to property owned.
5. Details of any charges or guarantees given by the entity.
6. The nature and current status of any litigation, contingent liabilities or other proceedings likely or pending in which the entity is involved in any way, if the litigation is likely to exceed \$5,000.
7. Any major transactions or legal charges affecting the entity that have come to your attention between 31 March 2009 and the date of your reply to this letter.

Please mail the original of the completed certificate together with the information requested above direct to our auditors, Grant Thornton Chartered Accountants

Kerry Price  
Grant Thornton  
PO Box 10712  
Wellington

We thank you for your assistance.

Yours faithfully  
**The Internet Society of New Zealand**

[Name]  
Title



**The Internet Society of New Zealand  
Consolidated Financial Statements  
For the Quarter Ended 31 December 2008**





**The Internet Society of New Zealand  
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For the Quarter Ended 31 December 2008**

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**The Internet Society of New Zealand  
Exclusion of Liability Statement**

We have compiled the Financial Statements comprising Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cash Flows of The Internet Society of New Zealand for the period ended 31 December 2008

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 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  
12-Feb-09





**The Internet Society of New Zealand  
Consolidated Income Statement  
For the Quarter Ended 31 December 2008**

	INZ		NZRS Ltd		DNC Ltd		Group	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	4,952	5,551	1,604,145	4,735,287	296,700	861,800	1,631,897	4,780,938
Other Income	2,468	4,930	53,533	156,250	0	0	31,821	88,640
Dividends Received	0	704,000	0	0	0	0	0	0
Interest Received	1,946	37,028	162,450	460,085	10,579	32,970	174,975	530,083
<b>Total Income</b>	<b>9,366</b>	<b>751,509</b>	<b>1,820,128</b>	<b>5,351,622</b>	<b>307,279</b>	<b>894,770</b>	<b>1,838,693</b>	<b>5,399,661</b>
Less Expenses								
Direct Expenses	195,675	501,131	542,700	1,584,576	0	0	464,475	1,264,007
Other Expenses	329,391	1,220,036	401,913	1,067,434	300,146	785,198	1,007,270	3,000,128
<b>Total Expenses</b>	<b>525,066</b>	<b>1,721,167</b>	<b>944,613</b>	<b>2,652,010</b>	<b>300,146</b>	<b>785,198</b>	<b>1,471,745</b>	<b>4,264,135</b>
<b>Net Profit (Loss) Before Tax</b>	<b>(515,700)</b>	<b>(969,658)</b>	<b>875,515</b>	<b>2,699,612</b>	<b>7,133</b>	<b>109,572</b>	<b>366,948</b>	<b>1,135,526</b>
Less Provision for Tax	0	0	262,654	809,883	0	0	262,654	809,883
<b>Net Profit After Tax</b>	<b>(515,700)</b>	<b>(969,658)</b>	<b>612,861</b>	<b>1,889,729</b>	<b>7,133</b>	<b>109,572</b>	<b>104,294</b>	<b>325,643</b>





**The Internet Society of New Zealand  
Statement of Movements in Equity  
For the Quarter Ended 31 December 2008**

	INZ		NZRS Ltd		DNC Ltd		Group	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	1,879,749	2,333,707	4,136,538	3,563,670	102,439	0	6,118,726	5,897,377
Plus:								
Shares Subscribed	0	0	30,000	30,000	580,000	580,000	0	0
Net Profit After Tax	(515,700)	(969,658)	612,861	1,889,729	7,133	109,572	104,294	325,643
Less:								
Dividend Paid	0	0	0	704,000	0	0	0	0
Closing Equity	1,364,049	1,364,049	4,779,399	4,779,399	689,572	689,572	6,223,020	6,223,020





**The Internet Society of New Zealand  
Balance Sheet  
As at 31 December 2008**

	INZ	NZRS Ltd	DNC Ltd	Group
Current Assets				
Cash and Cash Equivalents	579,826	8,810,626	755,961	10,146,413
Other Current Assets	143,956	728,925	15,761	888,642
Total Current Assets	<u>723,782</u>	<u>9,539,551</u>	<u>771,722</u>	<u>11,035,055</u>
Property, Plant & Equipment	57,332	286,166	652	344,150
Intangible Assets	1,021	677	0	1,698
Investments				
Shares and Loans	750,000	0	0	140,000
Total Assets	<u>1,532,135</u>	<u>9,826,394</u>	<u>772,374</u>	<u>11,520,903</u>
Less Liabilities:				
Deferred Income	0	4,412,402	0	4,412,402
Trade and Other Payables	168,086	288,541	82,802	539,429
Provision for Tax	0	346,052	0	346,052
Total Liabilities	<u>168,086</u>	<u>5,046,995</u>	<u>82,802</u>	<u>5,297,883</u>
Net Book Value of Assets	<u>1,364,049</u>	<u>4,779,399</u>	<u>689,572</u>	<u>6,223,020</u>
Represented By:				
Total Equity	<u>1,364,049</u>	<u>4,779,399</u>	<u>689,572</u>	<u>6,223,020</u>





**The Internet Society of New Zealand  
Statement of Cashflows  
For the Quarter Ended 31 December 2008**

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	1,642,477	5,057,227
Interest Received	174,975	530,083
Total Received	<u>1,817,452</u>	<u>5,587,310</u>
Cash was distributed to:		
Payments to Suppliers and Employees	1,098,378	4,099,123
Payment of Taxation	293,291	522,402
Total Payments	<u>1,391,669</u>	<u>4,621,525</u>
Net Flows From Operating Activities	<u>425,783</u>	<u>965,785</u>
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Plant & Equipment	32,632	117,268
Investments	80,000	140,000
Net Cash Flows From Investing & Financing Activities	<u>(112,632)</u>	<u>(257,268)</u>
Net Increase Decrease in Cash & Cash Equivalents	<u>313,151</u>	<u>708,517</u>
Plus Opening Cash	9,833,262	9,437,896
Closing Cash Carried Forward	<u><u>10,146,413</u></u>	<u><u>10,146,413</u></u>
Closing Cash Comprises		
Cash & Cash Equivalents	<u><u>10,146,413</u></u>	<u><u>10,146,413</u></u>
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	104,294	325,643
Plus (Less) non cash items		
Depreciation	57,949	129,604
Amortisation	309	29,671
Income tax provision	287,481	287,481
Subtotal	450,033	772,399
Movement in Working Capital		
(increase) decrease in receivables	10,977	89,370
increase (decrease) in payables	(13,986)	(83,633)
increase (decrease) in deferred income	(21,241)	187,649
Net Cash Flows From operations	<u><u>425,783</u></u>	<u><u>965,785</u></u>





**Internet NZ**  
**QB Balance Sheet**  
As of January 31, 2009

Jan 31, 2009

**ASSETS**

**Current Assets**

**Current/Savings**

100 · Current Account - ASB Council	231,638.28
101 · Current Account - ASB NZNOG	24,899.28
103 · Current Account - BNZ SSU	58,325.45
104 · Current Account - NBNZ ED	48,754.38
104-1 · Savings Account - NBNZ ED	1,145.68
111 · ANZ	153,401.07
112 · BNZ	12.36
150 · Petty Cash	400.00

**Total Current/Savings** 518,576.50

**Accounts Receivable**

200 · Accounts Receivable	<u>92,658.36</u>
---------------------------	------------------

**Total Accounts Receivable** 92,658.36

**Other Current Assets**

200-01 · Accounts Receivable - EDO	19,223.77
202 · Sundry Debtors	-45.00
203 · Reimbursables	
203-01 · Reimburseables	5,838.42
203-02 · Registry Reimburseables	408.00
203 · Reimbursables - Other	<u>22,089.07</u>

**Total 203 · Reimbursables** 28,335.49

204 · Prepayments	5,530.45
-------------------	----------

218 · RWT	2,279.81
-----------	----------

219 · Kiwi Saver Tax Credit	<u>-3,819.31</u>
-----------------------------	------------------

**Total Other Current Assets** 51,505.21

**Total Current Assets** 662,740.07

**Fixed Assets**

235 · Computers & Office Equipment	47,117.32
------------------------------------	-----------

237 · Furniture & Fittings	34,602.57
----------------------------	-----------

239 · Plant & Equipment	192,316.12
-------------------------	------------

240 · Accumulated Depreciation	-218,702.43
--------------------------------	-------------

241 · Software	1,021.25
----------------	----------

249 · Asset Suspense	<u>4,655.40</u>
----------------------	-----------------

**Total Fixed Assets** 61,010.23

**Other Assets**

270 · Ordinary Share Capital	30,000.00
------------------------------	-----------

271 · Shares in DNCL	580,000.00
----------------------	------------

281 · Loan - Hectors World Ltd	<u>140,000.00</u>
--------------------------------	-------------------

**Total Other Assets** 750,000.00

**Internet NZ**  
**QB Balance Sheet**  
As of January 31, 2009

Jan 31, 2009

**TOTAL ASSETS** 1,473,750.30

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

300 · Accounts Payable 93,705.18

**Total Accounts Payable** 93,705.18

**Other Current Liabilities**

300-01 · Accounts Payable - EDO 74,139.80

**302 · Sundry Payables**

303 · NZOG Payments 39,571.03

304 · APTLD Payments 6,224.50

302 · Sundry Payables - Other 10,906.22

**Total 302 · Sundry Payables** 56,701.75

305 · Accruals 61,836.61

324 · Tax Payable -45,573.49

**327 · Payroll Liabilities**

327-01 · PAYE Payable 6,599.64

327-02 · Student Loan Payable 564.10

327-03 · Employee Kiwi Saver 781.97

327-04 · Employer Kiwi Saver 781.97

**Total 327 · Payroll Liabilities** 8,727.68

**Total Other Current Liabilities** 155,832.35

**Total Current Liabilities** 249,537.53

**Total Liabilities** 249,537.53

**Equity**

412 · Retained Earnings 2,333,707.24

**Net Income** -1,109,494.47

**Total Equity** 1,224,212.77

**TOTAL LIABILITIES & EQUITY** 1,473,750.30

## Internet NZ

### Profit & Loss Budget vs. Actual

April 2008 through January 2009

	TOTAL			
	Jan 2009	Budget	Apr '2008 - Jan 2009	Budget
<b>Income</b>				
500 · Operating Income				
542 · Membership - Corporate	200.00		3,500.00	8,700.00
546 · Membership - Individual	362.01		2,575.38	5,700.64
<b>Total 500 · Operating Income</b>	<b>562.01</b>		<b>6,075.38</b>	<b>14,400.64</b>
570 · Sundry Income	0.00	16,273.07	2,679.83	65,092.30
580 · Investment Income				
586 · Interest	2,288.96	3,695.71	21,602.81	14,782.82
<b>Total 580 · Investment Income</b>	<b>2,288.96</b>	<b>3,695.71</b>	<b>21,602.81</b>	<b>14,782.82</b>
<b>Total Income</b>	<b>2,850.97</b>	<b>19,968.78</b>	<b>30,358.02</b>	<b>94,275.76</b>
<b>Expense</b>				
700 · Project Expenses				
701 · Consultants	13,641.25		40,233.99	
704 · Entertainment	0.00		1,263.27	
730 · Legal Fees	0.00		1,312.00	
735 · Meeting Costs	0.00	7,942.60	16,230.51	31,770.41
765 · Travel & Accom - National	2,791.66	413.46	64,467.67	1,653.82
770 · Travel & Accom - International	0.00		6,770.08	
<b>Total 700 · Project Expenses</b>	<b>16,432.91</b>	<b>8,356.06</b>	<b>130,277.52</b>	<b>33,424.23</b>
800 · Operating Expenses				
805 · Advertising	0.00	3,119.77	588.00	12,479.06
835 · Postages & Couriers	0.00		148.99	
841 · Printing and Stationery	0.00	1,001.49	0.00	4,005.96
845 · Promotion & Marketing	500.00		500.00	
855 · Printing & Stationery	0.00		18,574.98	
857 · Sponsorship	0.00	25,619.87	0.00	102,479.50
860 · Subscriptions	0.00		0.00	
870 · Telecommunications	1,309.90	-713.31	10,966.91	-2,853.24
<b>Total 800 · Operating Expenses</b>	<b>1,809.90</b>	<b>29,027.82</b>	<b>30,778.88</b>	<b>116,111.28</b>
900 · Overheads				
903 · Audit Fees	0.00		2,501.72	
911 · Bank Charges	32.00		119.61	
917 · Conferences	0.00	396.99	351.11	1,587.98
942 · Governance Training	1,709.33	4,166.67	1,709.33	16,666.66
946 · Honoraria	15,000.00	60,316.90	76,481.73	120,633.81
950 · Insurance	0.00	4,455.67	0.00	17,822.69
<b>Total 900 · Overheads</b>	<b>16,741.33</b>	<b>69,336.23</b>	<b>81,163.50</b>	<b>156,711.14</b>
<b>Total Expense</b>	<b>34,984.14</b>	<b>106,720.11</b>	<b>242,219.90</b>	<b>306,246.65</b>
<b>Net Income - Council</b>	<b>-32,133.17</b>	<b>-86,751.33</b>	<b>-211,861.88</b>	<b>-211,970.89</b>
<b>EB Performance</b>	<b>-107,703.19</b>	<b>-193,693.93</b>	<b>-897,632.59</b>	<b>-1,259,419.03</b>
<b>Net Income - InternetNZ</b>	<b>-139,836.36</b>	<b>-280,445.26</b>	<b>-1,109,494.47</b>	<b>-1,471,389.92</b>

Sheet1

**Council Budget 2009/2010**

Honoraria	138,150.00	See Calc below D22
Council Travel	25,000.00	Council Meets + Committees includes accomodation
Council meetings	12,000.00	Council and Committees
Entertainment	2,000.00	Christmas dinner
Members	32,500.00	AGM, Annual report + consultations
Printing	5,000.00	Council papers
Telecoms	15,000.00	Vodafone – cards and mobiles
Legal	10,000.00	2 x legal advice
Postage	3,000.00	Council papers
Gov Training	5,000.00	August Council
Insurance	3,000.00	Directors insurance
Subscriptions	4,000.00	Line + Cook + Goldstein (A guess)
Bank charges	600.00	Council is responsible for the "old" accounts
Audit	7,000.00	Maybe ours? May go SSU?
International travel	10,000.00	Prez to ICANN

Against this budget we should have Membership income + Deposit account interest  
Should be around \$20,000 p/a

		<b>Honoraia calc</b>	
		Council 10 x 9K	90,000.00
		Prez 1 x 24K	24,000.00
		V-P 1 x 9K + 25%	11,250.00
		Chair A & R 1 x 10% loading	900.00
		<i>Council 2009/10 Sub-Total</i>	126,150.00
		<i>External expert (Apps Cmte)</i>	9,000.00
<b>Budget Total</b>	<b>272,250.00</b>	Also allow for 1 Councillor 4 months	3,000.00
		<b>Total</b>	<b>138,150.00</b>

## Dynamic strategic planning framework

**Author:** Simon Riley

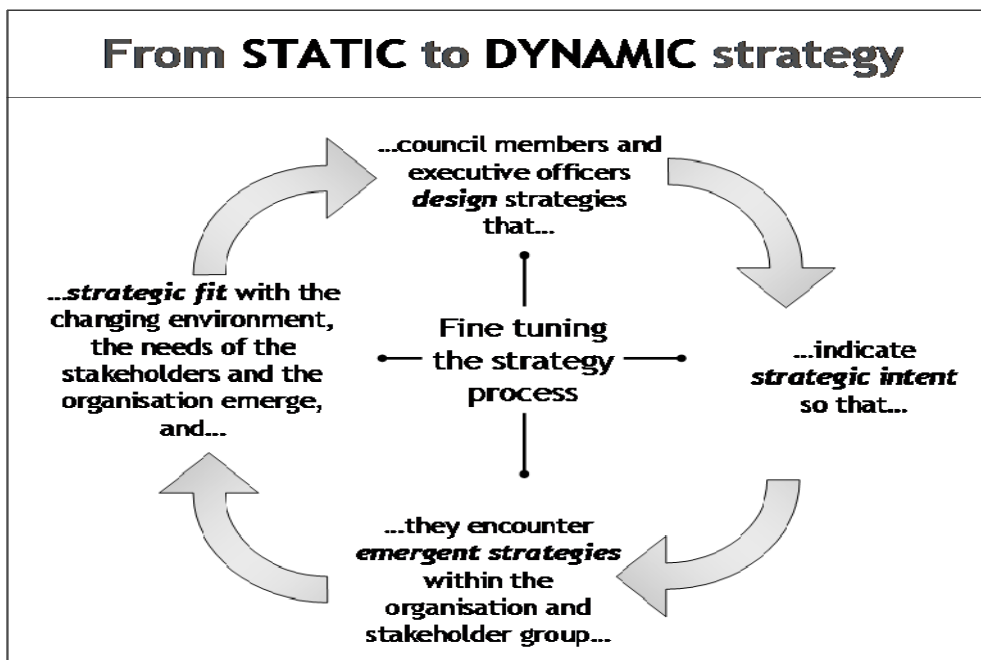
**Status of Paper:** Report to Council

**1. Purpose of Paper:** The purpose of this report is seeking approval to implement an INZ dynamic strategy planning model and framework.

### 2. Summary:

The proposed Dynamic Strategic Planning framework consists of the following

- Annual Strategic Planning Cycle
- Statement of strategic intent and expectations ( Council )
- Statement of Direction and Goals ( All Boards )
- Strategic Plan



### **3. Recommendations**

3.1. Annual Strategic Planning Cycle be adopted and integrated into the INZ annual planning cycle. Implementation to be effective April 1 2009

3.2. The INZ Council Statement of Expectations is revised to include a statement of strategic intent and renamed Statement of Strategic Intent and Expectations

3.3. INZ Boards proposed Statement of Direction and Goals to include strategic plan and action plan.

3.4. INZ Boards in conjunction with Shared Services Unit to report on a quarterly basis Strategic and action plan milestones and outcomes

3.5. Shared services unit to coordinate and manage strategic planning cycle and be resourced accordingly

### **4. Definition: Dynamic Model - Strategy**

A dynamic model of strategy recognizes that strategic planning is dynamic and involves a continuous process of actions and reactions which are both planned and partially unplanned. In the dynamic model the distinction between strategy formation and strategy implementation disappears; the blending of strategic intent, emergent strategies, and strategies in action, to produce strategic outcomes.

### **5. Background**

The INZ Strategic Plan 07-09 is up for renewal. At the Oct 17 2008 Council meeting, Council considered a Emergent Strategy discussion paper which was presented as an alternative approach to a “deliberate “strategy planning process which is the approach that most organizations (including INZ ) are familiar with for developing strategic plans.

The advantage of a dynamic model becomes clearly evident for organizations in those Industry sectors which are subject to rapid change –the ICT sector being a perfect example.

At the Dec 12 2008 Council meeting, further consideration was given to how INZ could implement a dynamic strategic planning model. Broad consensus was reached on the following;

- Strategic plan reduce to a one year horizon.
- Council determines hi-level strategic goals which are reviewed on a yearly basis ( Statement of Strategic Intent )
- Council adopts an Annual Planning Cycle
- Business Units in turn publish a Statement of Direction and Goals which includes action plan that implements hi-level strategic goals identified by Council
- Strategic plan would incorporate hi-Level strategic goals determined by Council , Business units Statement of Direction and Goals, and Action Plan and as well the “ static “ elements of the current strategic plan ( i.e. Vision , Mission , Core Values, Operating principles )
- It was noted that this approach builds on a past process in which DNC developed Strategy 1: Country Code Manager for .nz ccTLD. Using the current strategic plan as a guide, the proposed dynamic model would have the ED Board take responsibility for developing Strategy 2 : Advocacy and Public Policy , Strategy 3 : Technical Development and Innovation and possibly Strategy 4 Organizational Capability.
- Business units would be required to report on quarterly basis against Statement of Direction and Goals and Action Plans.
- Strategic Planning Cycle could include a mid year review in which both Boards and Management can reflect on the extent to which strategic goals are being met, review priorities, resource requirements etc.

## **6.1 Discussion**

### **6.1.1 Annual Strategic Planning Cycle**

A draft summary of a strategic planning cycle is attached - Appendix 1.  
*(Please appreciate the complexities in producing a single page / summary of a 12 month cycle and process.)*

The proposed planning cycle is aligned with the INZ Financial year (April 1 – April 1) and the draft annual planning cycle in order to ensure that strategic goals and priorities are closely coupled with the business plan and INZ Board action plans.

### **6.1.2. Council Statement of Strategic Intent and Expectations**

The current Statement of Expectations protocol which has been approved by INZ Council states the following -

*“This statement sets out the InternetNZ Council’s expectations for the operational units for the 2009 period and is intended to assist each board in its guidance of their organisation over the coming year.”*

The recommendation proposes that Councils hi-level strategic goals ( i.e. Strategic Intent ) are reviewed on an annual basis and incorporated into a renamed Statement of Expectations- *Statement of Strategic Intent and Expectations* (SoSI&E) The alternative would be to create an additional protocol eg “ Statement of Strategic Intent “ which on balance would be overkill

Key milestones

Q2: Council Strategic Plan Review / initial draft SoSI&E

AGM: Revised draft SoSI&E presented for member feedback

August Planning Day (proposed): SoSI&E- Council final approval

### **6.1.3. All Boards Statement of Direction and Goals**

Recommendation proposes that the proposed Statement of Direction and Goals (SoD&G) to be submitted to Council by all Boards include strategic plan and action plan.

Key milestones:

Q2: Boards - initial draft SoD&G

AGM: Revised draft SoD&G presented for member feedback

October Council Meeting: Approval final draft SoD&G



#### **6.1.4. Planning Day (s)**

The Draft Annual Strategic Planning Cycle proposes to schedule two Council strategic planning days

##### **6.1.4.1. Q2 / April Planning Day**

A Q2 / April planning day would essentially kick off the Strategic Planning cycle. Outputs from the Q2 planning day would provide inputs into draft SoSI&E.

##### **6.1.4.2. August Planning Day**

Feedback from the all Boards planning day held in August 2008 has been extremely positive with the consensus that it should become a yearly event. Accordingly, a August planning day has been included in the draft Strategic Planning Cycle.

Consideration should be given to fine tuning the format – for example ½ day all Boards session and ½ day Council only. Outputs from the planning day would be incorporated into final Council SoSI&E and Boards' SoD&G.

It is assumed that individual INZ Boards will schedule there own planning days that will segway with the SoD&G development and reporting cycle.

#### **6.1.5. Strategic Plan**

Recommendation: Strategic plan would incorporate Council hi-level strategic goals, Statement of Direction and Goals and Action Plan provided by Business units, and as well the “static “ elements of the current strategic plan (ie Vision, Mission, Core Values, Operating principles).

By adopting a dynamic strategic policy framework the strategic plan can effectively be reduced to one year time horizon. In addition this framework allows greater opportunity for membership feedback and input.

Key Milestones:

Q4: Council approval - final draft Strategic plan

Q1: Member feedback

## 7. Implementation and Monitoring

Recommendation: Shared services unit to manage and monitor strategic planning cycle and be resourced accordingly.

Shared Services should note the “alignment model “; strategic planning speak for organizations to fine-tune strategies or find out why they are not working. An organization might also choose this model if it is experiencing a large number of issues around internal efficiencies. Steps include:

- Identify what’s working well and what needs adjustment.
- Identify how these adjustments should be made.
- Include the adjustments as strategies in the strategic plan.

## 8. Role of Council

Adopting a Dynamic Strategic Planning framework should not seen purely in terms of processes and reporting. There is an opportunity for Council to consider its governance role and indeed governance model.

On one hand Council could adopt an oversight role i.e. Primarily passive or alternatively Council adopt a much more pro –active role eg establishing priorities for INZ Boards (not just hi – level goals) . This should a subject for further debate.

Appendix 2 “Board Models “**provides** useful reference that illustrates different Board models. This is not meant to be a definitive overview; the point here is that there is no single governance model for Boards but in fact many flavours.

Simon Riley  
Net Impact  
For Shared Services  
12.03.09

## **Appendix2: Board Models**

Ref <http://www.boarddevelopment.org/en/1/models.aspx>

See also Comparison of Board Models

<http://boarddevelopment.org/en/1/models2.aspx>

### Importance of Board Structure

Boards of voluntary organizations whether new, established or in transition, now have a range of choices about how to work together to fulfil their role.

Boards must make decisions about their structure based on three basic questions:

1. Which decisions does the board want to make and which does it want to delegate?
2. How much involvement does the board want to have in the operations of the organization?
3. How will the reporting relationship between the board and the staff be defined and communicated?

Based on the responses to these questions, four possible board models are suggested:

- \* Policy Board
- \* Policy Governance Board
- \* Working or Administrative Board
- \* Collective

Each organisation needs to take the time to decide on a board structure that best meets its needs. To assist you in deciding what board model suits your organization's best interests, please visit the Board Models Comparison Chart Matrix.

When determining which model would work best for a board, it is important to take relevant factors into consideration such as the organization's culture and the personalities of key staff members and officers of the board. The structure itself is only relevant insofar as it ensures that there are no gaps or overlaps in the work of the board. If working relations are posing difficulties, officers need to determine if it is the board structure that needs to be changed, or if it is the behaviours and assumptions of the people working within the structure that need to be addressed.

Structure alone does not ensure a good board. The key elements on the human side of board effectiveness are:

- \* Commitment
- \* Competence
- \* Diversity
- \* Collective decision-making

## Board Models

### Policy Board

This traditional model is familiar to many organizations. A partnership is developed between the board Chair and the Executive Director in order to lead and manage the organization. A series of committees carries out the work of the board; these are often supported by senior staff.

Responsibilities:

- \* Establish and implement the organization's purpose
- \* Set the rate of progress that the organization will undertake in achieving its mission
- \* Provide continuity for the governance and management of the organization's affairs
- \* Confirm the organization's identity within the community

### Policy Governance Board

This model of board organization has been popularized by John Carver in Boards that Make a Difference. This type of board provides a structure and method of proscribing limits on the responsibilities of Chief Executive Officers. Emphasis is placed on the main purpose of the board - policy development. The board works as a whole and speaks with one voice. While committees are heavily relied upon in Policy Boards, they are rarely used in Policy Governance Boards.

Responsibilities:

- \* Determine ends to be achieved
- \* Determine means to the ends
- \* Determine Board/ Executive relationships
- \* Determine Board process

For a more complete definition of the Policy Governance Board Model, visit <http://www.carvergovernance.com/model.htm>

## Working or Administrative Board

A working board undertakes some responsibilities for the operations of the organization. In addition to providing policy and general direction, members of working boards may help in practical ways such as organizing events and drafting documents.

### Responsibilities:

- \* Planning
- \* Finance
- \* Human Resources
- \* Organizational Operations
- \* Community Relations

## Collective Board

A collective is a group of like-minded people working towards a specific goal. The individuals within the collective have a responsibility to define and support the basic philosophy of working as a collective. Governance and operational decisions can be made by both the board and staff- they operate as a single entity, which is acceptable provided that they share common values as members of a collective should.

### Responsibilities:

- \* Planning
- \* Finance
- \* Human Resources
- \* Organizational Operations
- \* Community Relations

# ANNUAL STRATEGIC PLANNING CYCLE [DRAFT]

APRIL

JUNE

AUGUST

OCTOBER

DECEMBER

MARCH

COUNCIL

Planning Day #1

Meeting

Planning Day #2

Meeting

Meeting

Meeting

Outputs

Review

Review

Outputs

Review

Review

Outputs

Approval

Outputs

Approval

SHARED SERVICES UNIT

SoSI&E  
Version 1

Revision

SoSI&E  
Version 2

SoSI&E  
Final

SP  
Version 1

Revision

SP  
Version 2

SP  
Final

BOARDS

Planning

SoD&G  
Version 1

Revision

SoD&G  
Version 2

Revision

SoD&G  
Version 3

SoD&G  
Final

KEY

- SoSI&E = Statement of Strategic Intent & Expectations
- SoD&G = Statement of Direction & Goals
- SP = Strategic Plan

MEMBERS

AGM

Feedback

Members Meet

Feedback

**Executive Board**

**Report to Council**

**Third Quarter**

**Sep-Dec 2008**

## Contents:

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## Summary of Recommendations:

### *Third Quarter Report*

1. That the Third Quarter report of the Executive Board be received.
2. That overall management responsibility for the Society's finances be assigned to the SSU Manager.
3. That the financial report to 31 December 2008 be received.

### *Budget 2009/10 Paper*

4. That Council adopt the "**FULL**" 2009/10 Budget for the Executive Board and advise NZRS that its required Dividend for 2009/10 will be \$2,490,000.

OR

That Council adopt the "**MINIMAL**" 2009/10 Budget for the Executive Board.

5. That the Council note the ongoing work with cashflow, and agree that relevant Councillors will participate in that work on an as-required basis with relevant staff, Board members and contractors.

### *Financial Reserves Policy Paper*

6. That the Council Financial Reserves Policy 2009/10 as set out in the paper be adopted.
7. That Council review the Financial Reserves Policy and adopt a revised Policy for the 2010/11 financial year no later than 20 March 2010.

### *External Funding Requests Paper*

8. That Council agree to refer external funding requests of under \$5,000 to the Executive Director's office for Board approval using the process set out in this paper.



# Board Report to Council

## Introduction

This is the second Executive Board report under the new structure. As part of our goal to provide high quality policy and advocacy services on behalf of the Society, we aim to provide high level reporting with links for Councillors who would like further information.

This report raises several issues for Council to consider, and seeks final approval of the Budget and Financial Reserves policies, as well as outlining a process for financial requests.

## 1) Structure Review

As I have previously advised, Martin Jenkins has been conducting a review of the roles, functions and duties of the Executive Director's office and the Shared Services Unit.

The Board adopted the report at its last meeting, which recommends major changes to the roles of Executive Director and SSU Manager. All staff have been written to, with a copy of the report, and a consultation process is underway. Martin Jenkins is responsible for this process, with Board oversight from Miki Szikszai. It is expected that, dependent on the consultation process, the board will be in a position to make decisions by 3<sup>rd</sup> April and the review completed by 30 April.

It is the Board's view that, as part of the review process, an opportunity exists to more tightly confirm the strategic role and purpose of the ED Office and SSU. It is clear that ambiguity exists regarding the roles of these units. This ambiguity causes an issue at the staff level where there are inconsistencies in how policy work is undertaken and how and what is communicated. The Executive Board will be asking staff to present options and recommendations to resolve this ambiguity. This will form the basis of a report to Council in the coming months to align the role and purpose of these units with the Society's strategic plan.

## 2) Society finances

The Board has been working on its budget and business plan, and cashflow issues which are covered further below.

It is clear that, following the issues in December, there is no single point of responsibility for the financial control of the Society as a whole. The Executive Board is accountable for the budgets under its control (ED, SSU, EB) but cashflow management requires someone to be accountable for the cashflows of the whole of the Society.

It is assumed that the SSU Manager is responsible for REPORTING to Council on the Society's finances, but it is unclear who is RESPONSIBLE for the overall finances. While ultimately the Council is responsible, there needs to be a Management function to ensure controls are maintained. This should be, in my view, the responsibility of the SSU Manager, and I seek clarification that this is indeed the case.

The President has advised of the creation of a new Finance committee of the Council. I would appreciate a discussion of that Committee's roles and responsibilities, and its relationship to the Executive Board.

I am absolutely determined that there will be no repeat of the issues that we encountered late last year. It is for this reason, therefore, that I am seeking absolute clarity around the roles and responsibilities for Society-wide finances,

### **3) Reporting framework**

The Board is working on a new financial reporting system, which will provide consistent monthly financials and bimonthly forecasts to the Board for its business units.

At this stage, I would appreciate feedback on Council preferences for reporting thus:

- Should the Board report monthly, or quarterly? (Status quo is quarterly)
- Is Council's main interest in financial or activity reporting, or both? (status quo is both)

The Board is very happy to provide i) monthly reports with a brief update report and any decisions to each Council meeting, or ii) a formal quarterly report and nothing else, or iii) some appropriate combination of i) and ii)

### **4) Finance Policy Issues**

As mentioned, the Board is working through the cashflow situation. Staff are working with the accountants to develop a robust cashflow model, and will be considering issues such as Treasury policy (including the wisdom or otherwise of maintaining three separate bank accounts) and working capital policy.

Due to absences of key staff in Curtis McLean, this work is not yet complete. I will be providing a report to Council as soon as it is complete, and may precede this report with informal discussions between staff, contractors, Board members and appropriate Council members to develop my recommendations if this is needed.

I understand the NZRS Board is recommending a wider review of policies to ensure the long-term financial sustainability of the Society. Issues identified for such a review include the need for certainty of dividend flow and the need for a strong policy framework around financial structures, INZ reserves policies, and INZ investment policies.

I strongly support such a review, which would incorporate the work the Board is currently undertaking. This would be another step towards a Society-wide, rather than silo, approach to these critical issues.

I therefore endorse a recommendation from NZRS that Council establish a review team consisting of a member each from Council, NZRS and EB, with external financial advice as required. The team would be required, in the first instance, to prepare draft Terms of Reference for Council consideration and approval.

I would appreciate a decision from Council on this matter. If this approach is not seen as desirable, the Board will continue with its existing work programme on these issues.

### **5) Budget**

The final proposed Budget is attached in a separate paper, following discussions with Members at the consultation meetings held in February. The Board has a preference for the larger Budget but recognizes this is a Council decision, given earlier direction to the Board to produce a balanced budget within known constraints.

### **6) Policy development**

The Board has decided to simplify its Policy Development Process compared with the process already adopted. Due to the papers deadline for this Council meeting falling before

the March Executive Board meeting, I will bring a copy of the final revised PDP to the Council.

The main change is to have the Executive Board sign off a framework for the submission, instead of reading and commenting on drafts and signing them off for the staff to lodge. Once the main points and thrust of the submission have been adopted, staff will work with the PAG and other relevant stakeholders to finalise a draft and submit.

The earlier process proved too cumbersome for the Board and this simplification should reduce that problem, without reducing members' input into the development of submissions.

### **Conclusion**

The Executive Board is keen to provide quality policy advice and advocacy services that the Society expects. The Board is currently ensuring that its financial management, policies and procedures are in place to allow the services to be delivered. We remain excited about our role, and look forward to direction from Council on the issues raised in this report.

**Paul Swain**

**Chair – Executive Board**

## Important Current Projects

As already stated, it is the Board's intention to develop the work programme and projects according to general themes that support the strategy. In the meantime, the following projects have been identified as those that may be of most interest to Council.

More detailed information on other projects and the work programme can be found at [www.internetnz.net.nz/projects](http://www.internetnz.net.nz/projects)

### i) Broadband:

#### Network Strategies Report

ICT Minister Steven Joyce has announced the cancellation of the Broadband Investment Fund, providing InternetNZ with a useful opportunity to again propagate the Network Strategies report into broadband options for NZ through media and to stakeholders. The Castalia Report commissioned by the three main telcos was also recently publicly released, receiving short shrift from industry groups and media.

### ii) Cyberlaw:

#### Copyright

The Government has deferred the commencement of Section 92A of the Copyright Act until March 27 and announced that it will be suspended if no agreement between industry and rights holders is reached. This followed a highly-visible #blackout campaign and protest at Parliament organised by the Creative Freedom Foundation. Public consultation on the TCF's Draft ISP Copyright Code has also been happening. The Code aims to enable ISPs to meet the requirements of Section 92A by providing a policy for termination of accounts of repeat infringers.

#### Cyberlaw Fellow

Advertising for the 2009 Cyberlaw Fellow kicked off in the New Year, with nine applications received for the position. Executive Board member David Farrar has been appointed to Victoria University's interview panel and incumbent Fellow Cynthia LaBerge's position was extended for a further four weeks to March.

### iii) Legal and Regulatory Issues

InternetNZ made submissions to the Commerce Commission on its NGN discussion paper and to the TCF on its Draft ISP Copyright Code of Practice. InternetNZ was also represented at the Commerce Commission's recent NGN Conference, with Deputy Executive Director Jordan Carter and Councillor Jamie Baddeley being two of the panellists.

#### **iv) Technical:**

##### **IPv6**

The NZ IPv6 Steering Group, which includes a number of InternetNZ people, had its second meeting on 13 February, chaired by Murray Milner. A draft Action Plan and Terms of Reference are being finalised, and planning for an IP Hui in August is underway, with Vint Cerf as the draw card speaker.

#### **v) International**

##### **World Internet Project**

Auckland University of Technology has released further information on the international WIP comparisons - 'International Comparisons – Highlights from a New Zealand Perspective'.

##### **APTLD**

Over 50 representatives from 18 Asia Pacific ccTLDs gathered in Manila in February for a meeting of APTLD. Executive Director Keith Davidson chaired the meeting and spoke briefly on the .nz Honeypot project. He also gave a joint presentation with Debbie Monahan, outlining the function of the .nz registration system and the role of the Domain Name Commission in managing the .nz policy framework.

##### **ICANN**

Executive Director Keith Davidson along with other .nz attendees was at the ICANN meeting in Mexico City in the first week of March. Keith's travel report will be forwarded to the Council after being considered at the EB meeting in March.

# Financial Report to 31 Dec 08

The attached financial results show the profit and loss by account code for the year to date to 31 December 2008 for the Society.

The overall result of a net deficit of \$969,658 compared with budget of \$1,190,945 shows that the Board's expenditure control measures are having an effect. We do expect to end the year well below budget.

There are no large unexpected variances shown in the report. The "Consultants" line is high due to payment for the Network Strategies report being made in December.

I am happy to address any queries for this report at the Council meeting.

## Internet NZ

### Profit & Loss Budget vs. Actual

April through December 2008

	TOTAL			
	Dec 2008	Budget	Apr - Dec 2008	Budget
<b>Income</b>				
<b>500 · Operating Income</b>				
542 · Membership - Corporate	0.00		0.00	300.00
546 · Membership - Individual	0.00		37.34	299.36
<b>Total 500 · Operating Income</b>	<b>0.00</b>		<b>37.34</b>	<b>599.36</b>
<b>570 · Sundry Income</b>	<b>0.00</b>		<b>2,250.45</b>	<b>1,961.56</b>
<b>580 · Investment Income</b>				
583 · Dividends	0.00		704,000.00	704,000.00
586 · Interest	577.68	917.07	17,713.84	37,833.25
<b>Total 580 · Investment Income</b>	<b>577.68</b>	<b>917.07</b>	<b>721,713.84</b>	<b>741,833.25</b>
<b>Total Income</b>	<b>577.68</b>	<b>917.07</b>	<b>724,001.63</b>	<b>744,394.17</b>
<b>Expense</b>				
<b>600 · Remuneration</b>				
601 · ACC Levy	0.00		1,921.53	
625 · Miscellaneous Staff Costs	355.56		355.56	
630 · Recruitment	0.00	2,020.77	1,755.56	7,817.91
635 · Staff Training	0.00	996.17	7,534.82	10,523.34
<b>651 · Wages &amp; Salaries</b>				
651-01 · Kiwi Saver - Employer Cont	1,545.01		14,216.83	
651 · Wages & Salaries - Other	61,283.32	77,557.22	451,535.01	587,811.78
<b>Total 651 · Wages &amp; Salaries</b>	<b>62,828.33</b>	<b>77,557.22</b>	<b>465,751.84</b>	<b>587,811.78</b>
652 · Wages - Bonuses	0.00		355.56	
653 · Wages - Casual & Temporary	1,664.00		6,319.65	
654 · Wages - Contractors	4,586.00		50,700.65	
655 · Contracted Technical Services	-12,755.00	6,113.82	37,783.32	47,219.78
<b>Total 600 · Remuneration</b>	<b>56,678.89</b>	<b>86,687.98</b>	<b>572,478.49</b>	<b>653,372.81</b>
<b>700 · Project Expenses</b>				
701 · Consultants	87,396.60	25,743.39	287,239.28	254,991.55
704 · Entertainment	1,615.32		1,674.43	
715 · General Project Costs	0.00		91.39	
721 · Insurance for .nz Market	0.00		-21,588.53	
730 · Legal Fees	3,600.00	863.05	6,386.67	5,687.81
735 · Meeting Costs	1,351.31	14,076.92	19,714.75	70,651.05
740 · Policy Projects	0.00		750.00	
765 · Travel & Accom - National	7,616.20	8,991.06	56,965.06	115,025.29
770 · Travel & Accom - International	11,228.71	10,527.32	36,053.47	60,948.60
<b>Total 700 · Project Expenses</b>	<b>112,808.14</b>	<b>60,201.74</b>	<b>387,286.52</b>	<b>507,304.30</b>
<b>800 · Operating Expenses</b>				
851 · R & M Computers & Office	0.00		398.40	
805 · Advertising	0.00	4,633.51	1,517.50	15,338.04

## Internet NZ

### Profit & Loss Budget vs. Actual

April through December 2008

	TOTAL			
	Dec 2008	Budget	Apr - Dec 2008	Budget
820 · General Office Expenses	1,089.55	45.95	16,855.55	12,050.42
830 · Office Outgoings	0.00		128.50	
835 · Postages & Couriers	946.76	231.68	3,457.01	2,904.96
841 · Printing and Stationery	0.00		72.86	
845 · Promotion & Marketing	0.00	2,457.61	2,000.00	7,372.77
851 · Repairs and Maintenance	409.51	611.11	11,247.73	8,634.82
855 · Printing & Stationery	1,335.16	1,277.19	25,595.80	39,795.81
857 · Sponsorship	5,144.52	35,166.63	215,490.84	275,173.07
860 · Subscriptions	-3,050.58	-357.30	16,126.96	11,473.85
870 · Telecommunications	6,123.76	-1,141.30	61,793.50	46,703.76
885 · Web Site Updates & Hosting	10,000.00	1,928.69	23,144.50	15,940.58
<b>Total 800 · Operating Expenses</b>	<b>21,998.68</b>	<b>44,853.77</b>	<b>377,829.15</b>	<b>435,388.08</b>
<b>900 · Overheads</b>				
901 · Accountancy Fees	0.00	-1,074.92	19,572.34	15,224.76
903 · Audit Fees	0.00	933.05	900.00	6,200.85
911 · Bank Charges	126.82	-102.19	1,170.60	306.57
915 · Cleaning Costs	0.00	29.92	1,411.72	1,110.24
917 · Conferences	603.15		35,634.16	34,854.12
925 · Depreciation	4,160.00	4,173.33	37,440.00	37,480.01
928 · Domain Names	0.00	-13.73	2,852.39	2,541.19
933 · Electricity	462.45	337.41	4,183.50	3,787.77
940 · General Communications	1,112.00		1,112.00	
946 · Honoraria	11,812.50	23,348.49	25,312.50	71,017.72
950 · Insurance	614.48	3,208.08	3,104.96	-10,558.27
975 · Rent Paid	4,017.67	2,949.00	35,159.03	31,953.00
980 · Security	20.72	-36.78	302.07	110.34
985 · Secretariat - APTLD	0.00	-199.08	8,181.60	20,025.78
<b>Total 900 · Overheads</b>	<b>22,929.79</b>	<b>33,552.58</b>	<b>176,336.87</b>	<b>214,054.08</b>
<b>Total Expense</b>	<b>214,415.50</b>	<b>225,296.07</b>	<b>1,513,931.03</b>	<b>1,810,119.27</b>
<b>Net Income - Executive Board</b>	<b>-213,837.82</b>	<b>-224,379.00</b>	<b>-789,929.40</b>	<b>-1,065,725.10</b>
<b>Net Income - Council</b>	<b>-17,495.07</b>	<b>-26,434.43</b>	<b>-179,728.71</b>	<b>-125,219.56</b>
<b>Net Income - InternetNZ</b>	<b>-231,332.89</b>	<b>-250,813.43</b>	<b>-969,658.11</b>	<b>-1,190,944.66</b>





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**EXECUTIVE BOARD BUDGET 2009/10**

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**Author:** Jordan Carter, Deputy Executive Director

**Status of Paper:** Staff final

**Purpose of Paper:** To seek Council's agreement for the proposed Budget for the 2009/10 Financial Year.

### **Introduction**

This paper seeks the Council's agreement to the budget for the coming year that will fund the operations of the Executive Board and its business units (the Shared Services Unit and the Executive Director's Office).

The Budget parameters are similar to those flagged with Council in February. The Executive Board's assessment of the feedback from the members' meetings is that they wish to see InternetNZ "do more" as opposed to "less".

The Board has a preference for the "Full" budget, noting the feedback from members and the changed situation of the Society with the achievement of charitable status for all parts of the Group. However, the Board has also provided a reserve Budget option in case Council wishes instead to maintain existing dividend streams.

Remaining sections of this paper outline the proposed Budget and the reserve one, and outline the cashflow calculations which have gone into the preparation of the Budget.

Detailed Budget spreadsheets are also attached as two appendices. A third Appendix is the draft Business Plan which shows details of the projects which would be financed either by the preferred Budget, or by the reserve option. A fourth Appendix outlines the high-level cashflow implications of each Budget option. A final Appendix shows the differences between the two budgets, which are entirely related to project expenditure by the Executive Director.

## “FULL” Budget for 2009/10

The “full” budget funds the Board, the SSU and the EDO and all of the projects set out in the draft Business Plan that went to the members’ consultation exercises in February.

The broad parameters of this Budget are as follows:

### *Operating Budget*

	2009/10	2010/11	2011/12
<b>Income</b>			
NZRS Dividend	2,490,000	2,610,000	2,725,000
Other income	267,579	274,046	280,708
<b>Total income</b>	<b><u>2,757,579</u></b>	<b><u>2,884,046</u></b>	<b><u>3,005,708</u></b>
<b>Expenditure</b>			
Council & Members	272,500	280,676	289,095
Exec Board	126,890	130,697	134,618
SSU	556,726	573,428	590,631
EDO	725,000	761,300	799,600
Projects	892,500	937,125	983,981
Overheads	179,605	184,994	190,543
<b>Total expenditure</b>	<b><u>2,753,221</u></b>	<b><u>2,868,218</u></b>	<b><u>2,988,468</u></b>
<b>Net Income</b>	<b><u>4,357</u></b>	<b><u>5,828</u></b>	<b><u>17,240</u></b>

**To finance this level of activity would require a higher dividend to be drawn from NZRS Ltd, or for funds to be sourced from another source by the Council.**

The Dividend required for the coming year 2009/10 to secure a balanced budget would be \$2,490,000, compared with a current planning assumption from NZRS of \$2,221,000. It makes no difference to the cash position whether such an increase in available funds occurred in the 09/10 year or by means of a special dividend in the 08/09 year.

A “Whole of Society” sheet and a sheet looking in more detail at the Executive Board’s budgets are presented attached at **Appendix A**.

If the Council does decide to adopt this Budget, the resolution to do so includes a decision to ask for a higher dividend, to avoid Council authorising the Budget without the funding to allow it to be completed.

## Alternative Option: “MINIMAL” Budget for 2009/10

This alternative budget option is presented by the Board in case the Council is determined to not change dividend requirements from NZRS from those which are already established (\$6/domain name).

This alternative proposes a balanced budget based on known income. Compared with the original “priority one” items canvassed with members, there have been two losses of income: for prudence, the Board has removed any provision for income to the SSU from external contractors, and estimated NZRS dividends have been revised downwards due to slower domain name growth.

To meet the changed revenue and the need for a balanced operating budget, \$65,000 of cuts have been applied compared with the earlier draft. These would fall on projects in the Executive Director’s Office budget as specified in the detailed budget, attached at **Appendix B**.

In summary, this option looks as follows:

### *Operating Budget*

	2009/10	2010/11	2011/12
<b>Income</b>			
NZRS Dividend	2,221,000	2,365,000	2,509,000
Other income	267,579	274,046	280,708
<b>Total income</b>	<u>2,488,579</u>	<u>2,639,046</u>	<u>2,789,708</u>
<b>Expenditure</b>			
Council & Members	272,500	280,676	289,095
Exec Board	126,890	130,697	134,618
SSU	556,726	573,428	590,631
EDO	725,000	761,300	799,600
Projects	625,000	724,500	760,725
Overheads	179,605	184,994	190,543
<b>Total expenditure</b>	<u>2,485,721</u>	<u>2,655,593</u>	<u>2,765,212</u>
<b>Net Income</b>	<u>2,857</u>	<u>-16,547</u>	<u>24,496</u>

### **Cashflow**

It appears that last year’s Budget was developed without full consideration of the cashflow implications of the Budget. This led both to a freeze on project spending towards the end of calendar 2008 by the Executive Board, and to a great deal of work by staff to understand and assess the cashflow implications of this year’s Budget.

Staff and the Board are working with the Accountant to prepare improved financial reporting systems including cashflow forecasting, Treasury policies and understanding of the Society’s working capital needs.

The outcomes the Board is working towards are:

- Robust cashflow models that give confidence that cashflow is being monitored and forecast.
- A clear understanding of the Society's working capital requirements at its current and expected scale of operations
- Advice regarding the most effective Treasury policy to support the Society's operations, including whether to fold the three bank accounts into one account.

Based on the information we have to date, I am reasonably confident that the reserve requirements set out in the Financial Reserves Policy which is coming to this Council meeting can be met whichever Budget option is chosen. Please refer to the attached **Appendix D**, which shows the cashflow forecasts for either Budget option ("Full" Budget and "Minimal" Budget).

The Executive Board will bring a report back to the Council as soon as the work required on the cash situation has been completed. If it is needed in completing this work, the Board will seek a meeting between relevant staff, Board members, Council members and contractors to resolve any issues.

#### **Recommendations:**

That Council adopt the "**FULL**" 2009/10 Budget for the Executive Board and advise NZRS that its required Dividend for 2009/10 will be \$2,490,000.

OR

That Council adopt the "**MINIMAL**" 2009/10 Budget for the Executive Board.

That the Council note the ongoing work with cashflow, and agree that relevant Councillors will participate in that work on an as-required basis with relevant staff, Board members and contractors.

Jordan Carter  
**Deputy Executive Director**

#### **Attachments:**

- Appendix A – "Full" 2009/10 Budget
- Appendix B – "Minimal" 2009/10 Budget
- Appendix C – Business Plan 2009/10
- Appendix D – Cashflow Forecasts for Budget options
- Appendix E – Comparison of project expenditure between "Full" and "Minimum"

**InternetNZ**

## Society Three-year "Full" Budget

*Operating Budget*

	2009/10	2010/11	2011/12	Notes
<b>Income</b>				
NZRS Dividend	2,490,000	2,610,000	2,725,000	(NOT DISCUSSED - BALANCE)
Society income	40,000	40,000	40,000	Membership, interest
SSU	215,579	222,046	228,708	From subsidiaries and external
EDO	12,000	12,000	12,000	From subsidiaries
<b>Total income</b>	<b>2,757,579</b>	<b>2,884,046</b>	<b>3,005,708</b>	

**Expenditure**

Council & Members				
<i>Governance</i>	138,150	142,295	146,563	
<i>Members</i>	32,500	33,475	34,479	AGM, annual report, etc
<i>Operating expense</i>	101,850	104,906	108,053	
Exec Board				
<i>Governance</i>	56,250	57,938	59,676	
<i>Operating expense</i>	70,640	72,759	74,942	
SSU	556,726	573,428	590,631	Staffing and operating
EDO	725,000	761,300	799,600	Staffing and operating
Projects	892,500	937,125	983,981	
Overheads	179,605	184,994	190,543	Rent, etc
<b>Total expenditure</b>	<b>2,753,221</b>	<b>2,868,218</b>	<b>2,988,468</b>	
<b>Net Income</b>	<b>4,357</b>	<b>15,828</b>	<b>17,240</b>	

*Capital Budget*

Capex	70,000	70,000	70,000	
less Depreciation	54,000	55,620	57,289	Under SSU Budget
<b>Cash impact</b>	<b>16,000</b>	<b>14,380</b>	<b>12,711</b>	

Hector's World Loan	60,000	-	-	
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<b>Total Change in Cash</b>	<b>- 71,643</b>	<b>1,448</b>	<b>4,528</b>	
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Opening Cash	1,520,636	1,448,993	1,450,442	1-Apr
Change in Cash	- 71,643	1,448	4,528	
Closing Cash	1,448,993	1,450,442	1,454,970	31-Mar

InternetNZ - Executive Board + Units  
2009/10 Draft Budget "Full"

	2009/10	2010/11	2011/12	Notes
<b>Income</b>				
Grant from Council	2,260,000	2,360,000	2,460,000	
SSU	215,579	222,046	228,708	From DNCL, NZRS.
EDO	12,000	12,000	12,000	DNCL contrib to tech services
<b>Total Income</b>	<b>2,487,579</b>	<b>2,594,046</b>	<b>2,700,708</b>	
<b>Expenses</b>				
Organisational expenses				
Employment expenses	895,386	933,836	974,069	Staffing for EDO and SSU
Operating expenses	386,340	400,892	416,162	Variable costs for EDO and SSU
Overheads	179,605	184,994	190,543	Rent, general, power, cleaning
<b>Total organisational expenses</b>	<b>1,461,331</b>	<b>1,519,721</b>	<b>1,580,774</b>	
<i>Of these:</i>				
SSU	736,331	758,421	781,174	SSU includes overhead for Group
EDO	725,000	761,300	799,600	
Governance expenses				
Board honoraria	56,250	57,938	59,676	
Operating expenses	70,640	72,759	74,942	
<b>Total governance expenses</b>	<b>126,890</b>	<b>130,697</b>	<b>134,618</b>	
Project expenses				
Conference costs	90,000	-	-	
Consultants	198,000	-	-	
Legal fees	-	-	-	
Printing and stationery	13,500	-	-	
Sponsorship	451,000	195,000	200,250	
Travel and accommodation	67,000	-	-	
Contingency	73,000	742,125	783,731	
<b>Total project expenses</b>	<b>892,500</b>	<b>937,125</b>	<b>983,981</b>	
<b>Total expenses</b>	<b>2,480,721</b>	<b>2,587,543</b>	<b>2,699,373</b>	
<b>Net income</b>	<b>6,857</b>	<b>6,503</b>	<b>1,335</b>	

**InternetNZ**

## Society Three-year "Minimal" Budget

*Operating Budget*

	2009/10	2010/11	2011/12	Notes
<b>Income</b>				
NZRS Dividend	2,221,000	2,365,000	2,509,000	Planning assumption
Society income	40,000	40,000	40,000	Membership, interest
SSU	215,579	222,046	228,708	From subsidiaries and external
EDO	12,000	12,000	12,000	From subsidiaries
<b>Total income</b>	<b>2,488,579</b>	<b>2,639,046</b>	<b>2,789,708</b>	
<b>Expenditure</b>				
Council & Members				
<i>Governance</i>	138,150	142,295	146,563	
<i>Members</i>	32,500	33,475	34,479	AGM, annual report, etc
<i>Operating expense</i>	101,850	104,906	108,053	
Exec Board				
<i>Governance</i>	56,250	57,938	59,676	
<i>Operating expense</i>	70,640	72,759	74,942	
SSU	556,726	573,428	590,631	Staffing and operating
EDO	725,000	761,300	799,600	Staffing and operating
Projects	625,000	724,500	760,725	
Overheads	179,605	184,994	190,543	Rent, etc
<b>Total expenditure</b>	<b>2,485,721</b>	<b>2,655,593</b>	<b>2,765,212</b>	
<b>Net Income</b>	<b>2,857</b>	<b>- 16,547</b>	<b>24,496</b>	
<b>Capital Budget</b>				
Capex	70,000	70,000	70,000	
less Depreciation	54,000	55,620	57,289	Under SSU Budget
<b>Cash impact</b>	<b>16,000</b>	<b>14,380</b>	<b>12,711</b>	
Hector's World Loan	60,000	-	-	
<b>Total Change in Cash</b>	<b>- 73,143</b>	<b>- 30,927</b>	<b>11,784</b>	
<b>Opening Cash</b>	<b>1,520,636</b>	<b>1,447,493</b>	<b>1,416,567</b>	1-Apr
<b>Change in Cash</b>	<b>- 73,143</b>	<b>- 30,927</b>	<b>11,784</b>	
<b>Closing Cash</b>	<b>1,447,493</b>	<b>1,416,567</b>	<b>1,428,351</b>	31-Mar

NOTE: to deliver this minimal budget, \$65,000 of consultants' costs have been removed from the Executive Director's Office budget. The projects this came from was "Unconstrained Broadband", "Teleco Regulatory Reforms" and "Regulatory Issues and Submissions" (\$20k, \$20k and \$25k respectively)

InternetNZ - Executive Board + Units  
2009/10 Draft Budget "Minimal"

	2009/10	2010/11	2011/12	Notes
<b>Income</b>				
Grant from Council	2,000,000	2,150,000	2,250,000	
SSU	215,579	222,046	228,708	From DNCL, NZRS.
EDO	12,000	12,000	12,000	DNCL contrib to tech services
<b>Total Income</b>	<b>2,227,579</b>	<b>2,384,046</b>	<b>2,490,708</b>	
<b>Expenses</b>				
Organisational expenses				
Employment expenses	895,386	933,836	974,069	Staffing for EDO and SSU
Operating expenses	386,340	400,892	416,162	Variable costs for EDO and SSU
Overheads	179,605	184,994	190,543	Rent, general, power, cleaning
<i>Total organisational expenses</i>	<i>1,461,331</i>	<i>1,519,721</i>	<i>1,580,774</i>	
<i>Of these:</i>				
SSU	736,331	758,421	781,174	SSU includes overhead for Group
EDO	725,000	761,300	799,600	
Governance expenses				
Board honoraria	56,250	57,938	59,676	
Operating expenses	70,640	72,759	74,942	
<i>Total governance expenses</i>	<i>126,890</i>	<i>130,697</i>	<i>134,618</i>	
Project expenses				
Conference costs	65,000	-	-	
Consultants	100,500	-	-	
Legal fees	-	-	-	
Printing and stationery	13,500	-	-	
Sponsorship	388,500	195,000	200,250	
Travel and accommodation	24,500	-	-	
Contingency	33,000	529,500	560,475	
<i>Total project expenses</i>	<i>625,000</i>	<i>724,500</i>	<i>760,725</i>	
<b>Total expenses</b>	<b>2,213,221</b>	<b>2,374,918</b>	<b>2,476,117</b>	
<b>Net income</b>	<b>14,357</b>	<b>9,128</b>	<b>14,591</b>	

NOTE: to deliver this minimal budget, \$65,000 of consultants' costs have been removed from the Executive Director's Office budget. The projects this came from was "Unconstrained Broadband", "Teleco Regulatory Reforms" and "Regulatory Issues and Submissions" (\$20k, \$20k and \$25k respectively)





**Business Plan**

**and**

**Projects Summary**

**2009 – 2010**

## Introduction

<to be completed once Budget known>

Pete Macaulay  
President, InternetNZ

## I. Executive Board “Minimal” Projects 2009-2010

This section of the Plan outlines the projects for action in the coming year that would be funded by the “Minimal” Budget, and provides out-year funds for continued work at the same level of real resources. This overall level of Budget was designed to lead to a balanced Budget for the Society.

### Overall Summary for 2009/10 to 2011/12

Areas of Work	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
Broadband Infrastructure	130,000	123,914	55,000		
International Issues	45,000	28,446	25,000		
Regulatory and Legal	231,000	255,074	232,000	90,000	90,000
Social Impact	145,000	155,960	195,000	105,000	110,250
Technical Issues	115,000	54,469	85,000		
Special Projects Fund / Contingency	92,500	9,693	33,000	529,500	560,475
<b>TOTAL EXPENDITURE</b>	758,500	627,556	625,000	724,500	760,725

### Areas of Work

#### Broadband Infrastructure:

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
Unconstrained Broadband	130,000	123,914	55,000		
<b>TOTAL EXPENDITURE</b>	130,000	123,914	55,000		

**Unconstrained Broadband** - a “catch all” budget line funding all InternetNZ work involved in promoting the rollout of fast broadband across New Zealand. The outcome sought is the fastest possible deployment of useful infrastructure, working with the new Government to make sure its intention to invest public funds becomes a carefully considered policy framework and delivers desirable outcomes.

## International Issues:

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
APTLD Secretariat	20,000	16,988	10,000		
Pacific Internet Partnership	25,000	11,458	15,000		
<b>TOTAL EXPENDITURE</b>	<b>45,000</b>	<b>28,446</b>	<b>25,000</b>		

**APTLD Secretariat** - provides direct non-staffing costs of hosting the Secretariat for the Asia Pacific Top Level Domain Association. InternetNZ will reach its term limit in performing the APTLD Secretariat during 2009. Note that the Executive Director's participation in APTLD events is a .nz expense, funded by the Domain Name Commission Ltd.

**Pacific Internet Partnership** – covers the cost of InternetNZ's support for the Pacific Internet Partnership, which assists Internet development in the Pacific through training, grants, travel etc, working with UNESCO and ISOC. No commitment has been entered into for the out-years.

## Regulatory & Legal

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
Parliamentary Internet Caucus	10,000	1,000	2,500		
Internet Patents Monitoring Website	5,000	4,620	5,500		
ISOC Membership	6,000	9,000	9,000		
Legal Jurisdiction Issues Seminar	-	-	20,000		
Copyright	-	-	40,000		
Regulatory Issues & Submissions	40,000	49,968	30,000		
Telco Regulatory Reforms	80,000	97,569	35,000		
Cyberlaw Fellowship	90,000	92,917	90,000	90,000	90,000
<b>TOTAL EXPENDITURE</b>	<b>231,000</b>	<b>255,074</b>	<b>232,000</b>	<b>90,000</b>	<b>90,000</b>

**Parliamentary Internet Caucus** – the Caucus was established in 2006 with David Cunliffe and Maurice Williamson as co-chairs. Its purpose is to provide a multi-party Parliamentary forum for MPs to learn more about Internet and related issues, and debate policy implications from technological change. The Budget provides for the expenses of hosting the meetings, assuming they continue under the new government.

**Internet Patents Monitoring Website** – Baldwins runs an IP Watch service, where applications for patents are monitored in case something of interest to the Internet community arises. The service was brought into effect through publishing the information on a website, as a public good provided by InternetNZ to the local Internet community at low cost.

**ISOC Membership** – The Internet Society (ISOC) is the global organisation that maintains policy and technical standards for the Internet. InternetNZ's associate membership provides access to ISOC documents, expertise and debates. The fee is USD 5,000 per year.

**Legal Jurisdiction Issues Seminar** – will enable InternetNZ to convene a seminar that looks at how legal jurisdiction issues are being affected by the Internet. An example is the treatment of suppression orders in an environment where people can freely publish outside New Zealand but be read from within the country. Media, legal, government and interested members of the public would come together to consider the issues raised and how NZ Inc can best handle them. The Budget could also provide for the 2007 Cyberlaw Fellow to return to participate, given this issue was the subject of his research.

**Copyright** – this allows InternetNZ to bring together representatives of all relevant stakeholders, to debate the future of copyright and legislation in NZ. The outcome sought is a framework for dealing with copyright issues relevant to Internet users, given the changes wrought by perfect digital copying. InternetNZ gains by being seen to be leading the debate about future copyright law developments, and the output is anticipated to be a substantive contribution to either a direct re-write of the law, or a position paper that could guide government consideration of such a re-write.

**Regulatory Issues & Submissions** – this is for technical, legal or other contract advice in preparing submissions on parliamentary or regulatory proceedings where InternetNZ needs to advocate for Internet users' interests. This budget also

allows for responding to any government consultations not covered by other budget lines. This is integral to InternetNZ's ability to provide very high quality submissions to relevant authorities.

**Telco Regulatory Reforms** – provides for external advice and research in the work arising from the Telecommunications Amendment Act 2006: standard terms regulatory issues, other Commerce Commission proceedings, the NGN Study, monitoring Telecom's operational and accounting separation obligations, and related issues.

**Cyberlaw Fellowship** – sponsorship of the InternetNZ Fellowship in Cyberlaw at Victoria University of Wellington. Dr Judit Bayer from Hungary completed her Fellowship in December 2006; Philip Greene from the United States completed his Fellowship in December 2007. Cynthia La Berge is shortly to conclude her term as the 2008 Fellow, and the appointment process for the 2009 Fellow is underway. The Board has retained a provision for this in the out-years, recognising that a report on the Fellowship's future is due, and that continuation of work in this area is likely, regardless of the precise nature of the project.

### Social Impact

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
Maori ICT Achievement	-	-	10,000		
Liz Dengate Thrush Foundation	20,000	30,790	20,000		
World Internet Project	25,000	25,170	25,000		
Internet's Role in Productivity & Growth	-	-	40,000		
NetSafe Strategic Partnership	100,000	100,000	100,000	105,000	110,250
<b>TOTAL EXPENDITURE</b>	145,000	155,960	195,000	105,000	110,250

**Maori ICT Achievement** – provides resources to sponsor a specific award celebrating Maori achievement in ICT. It would be done as part of other awards already on the calendar (perhaps the annual TUANZ Awards, or the Liz Dengate Thrush Foundation awards) and aim to inspire greater success for Maori in Internet engagement.

**Liz Dengate Thrush Foundation** - the third and final annual contribution to the Foundation.

**World Internet Project** – INZ's ongoing commitment to the World Internet Project ([www.worldinternetproject.net](http://www.worldinternetproject.net)), a major international, collaborative project looking at the social, political and economic impact of the Internet and other new technologies.

**Internet's Role in Productivity & Growth** – a contribution to developing the business plan for a project enabling future proofing for work skills and practice by linking the requirements of a dynamic job market to training and skills development. The initiative is a collaboration led by nationwide digital literacy advocate Accelerating Aotearoa. The business plan will enable the attraction of significant external funding support.

**NetSafe Strategic Partnership** - NetSafe ([www.netsafe.org.nz](http://www.netsafe.org.nz)) is a very important sibling organisation of InternetNZ, and many of its activities fall within INZ's objectives and goals. InternetNZ finances an ongoing Strategic Partnership with NetSafe, to secure its operational funding for the long term. The Board has provided for this to continue in the out-years, recognising that 2009/10 is the third year of the agreed three year sponsorship arrangement but that InternetNZ's support remains important for NetSafe's ongoing development.

### Technical Issues

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
International Meeting in NZ	25,000	27,619	5,000		
NZNOG Sponsorship	10,000	11,000	10,000		
IPv6	30,000	15,850	20,000		
Broadband Measurement	50,000	0	50,000		
<b>TOTAL EXPENDITURE</b>	115,000	54,469	85,000		

**International Meeting in NZ Sponsorship** – sponsorship of the January 2010 Linux users’ conference in Wellington. This amount only provides for minimal level sponsorship. Further support could be considered if additional funding became available. The 2008/09 figures relate to the cost of hosting the August 2008 APNIC members meeting in Christchurch

**NZNOG Sponsorship** – NZNOG is the group of network operators supporting the core of the Internet in New Zealand, strongly aligned with InternetNZ’s mission and vision. This sponsorship provides baseline funding for the annual NZNOG conference, and INZ is a premium sponsor.

**IPv6** – provides resources to help develop a roadmap towards IPv6 deployment in NZ, and to encourage its adoption by NZ businesses and ISPs. The specific output will be a forum, held in August or September 2009, to bring together affected parties to formulate a plan for deployment that will then be implemented.

**Broadband Measurement** – provides for development of a consumer-friendly broadband measurement tool that will provide metrics of users’ connections that help them judge, from a consumer point of view, the quality of their Internet connection. The funding will allow completion and ongoing data collection and reporting from the tool, being developed by Harmonic. Outputs will be publicised by ConsumerNZ on an ongoing basis.

### Contingency

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
Special Projects Fund / Contingency	92,500	9,693	33,000	529,500	560,475
<b>TOTAL EXPENDITURE</b>	92,500	9,693	33,000	529,500	560,475

**Special Projects Fund / Contingency** – for the 2009/10 year, this is for any special projects likely to arise during the year but not specifically planned or known at the time of establishing the annual budget. For the out-years, this provides a total contingency recognising that the Board would expect to develop a range of new projects at around the same level of real resources in future years. It is provided in order to avoid a false impression of the Projects budget radically diminishing after the 2009/10 financial year.

## 2. InternetNZ Council and Members

	2009/10 Budget	2010/11 Budget	2011/12 Budget
Members Services	32,500	33,475	34,473
Operating expenses	101,850	104,906	108,053
Governance	138,150	142,295	146,563
<b>TOTAL EXPENDITURE</b>	272,500	280,675	289,095

**Members Services** – provides for the production of the Annual Report, the holding of the Annual General Meeting and the consultations with members in the annual consultations round.

**Operating expenses** – all operating expenses of the Council including meeting costs, telecommunications, and other operating costs. It also includes some provision for Councillor training.

**Governance** – provides for honoraria for Councillors and for the independent chair of any appointments panel required during the course of the year.

### 3. Executive Board and Business Units

	2009/10 Budget	2010/11 Budget	2011/12 Budget
Executive Brd: operating expenses	70,640	72,759	74,942
Executive Board: governance	56,250	57,938	59,676
Shared Services Unit	556,726	573,428	590,631
Executive Director's Office	725,000	761,300	799,600
Overheads	179,605	184,994	190,543
<b>TOTAL EXPENDITURE</b>	<b>1,588,221</b>	<b>1,650,418</b>	<b>1,715,392</b>

**Executive Board: operating expenses** – provides for costs of running the Executive Board – meeting costs, communications, travel, some independent consulting resource and legal provision.

**Executive Board: governance** – provides the honoraria for the five Executive Board members.

**Shared Services Unit** – the total cost of wages and salaries and operating expenses for the Shared Services Unit. Some revenue is gained by the Unit from subsidiaries and third parties, and this is shown on the next page. The operating expenses include InternetNZ's audit costs, support for the other business units, and some group services such as photocopying etc.

**Executive Director's Office** – the total cost of wages and salaries and operating expenses for the Executive Director's office. Operating expenses include provision to communicate InternetNZ's work more widely, basic maintenance, some provision for telecommunications, and staff travel domestic and international. They also include funding for InternetNZ's website.

**Overheads** – for rent, cleaning, power and general expenses that are shared across the business units.

### 4. InternetNZ Financial Summary

This sheet shows the broad outline of InternetNZ's financial plan for 2009/10 and the two out years. Where no detail is yet available for the out-years, provision is for inflation adjustment only.

<sheet added when Council has made Budget decisions.>

## 5. Additional Projects

### <WILL BE FUNDED IF THE COUNCIL ADOPTS THE "FULL" BUDGET>

The following projects have been identified as priority initiatives for the Executive Director's Office to pursue if additional resources are available in the 2009/10 year. They are not included in the summary above because the Council has not provided resources for them.

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Total	2010/11 Total	2011/12 Total
<b>Broadband Infrastructure</b>					
Digital / Regional Communities	40,000	13,958	20,000		
BB Consumer Access / Availability	-	-	20,000		
<b>International Issues</b>					
Major International Policy Forum			20,000		
<b>Regulatory &amp; Legal</b>					
ICT Careers / Skills Development	-	-	10,000		
Securing the DNS	75,000	2,763	5,000		
<b>Special Projects</b>					
Special Projects Fund (Contingency)	-	-	20,000		
<b>TOTAL EXPENDITURE</b>	115,000	16,721	95,000		

### **Broadband Infrastructure**

**Digital / Regional Communities** – an ongoing joint project with Local Government New Zealand. The budget finances all engagement in this area, which gains InternetNZ visibility among local and regional government staff and officials in a range of forums.

**BB Consumer Access / Availability** – this is suggested for a number of themes including surveying the availability and costs of broadband in NZ hotels, and the availability of free Internet access in NZ at libraries etc.

### **International Issues**

**Major International Policy Forum** – provides for funding a member of the Board to attend an international event on Internet governance issues.

### **Regulatory & Legal**

**ICT Careers / Skills Development** – to provide sponsorship of a programme designed to encourage younger people to consider ICT as a career, highlighting the skills and attributes required for the variety of roles in this sector.

**Securing the DNS** – for research and deployment of new technologies that improve the security and stability of the .nz domain name system. Examples include DNS Sec, IP Sec, Certification Authority or a CERT for NZ. The funding is required to provide research, high level policy development and stakeholder consensus-seeking on relevant issues.

### **Special Projects**

**Special Projects Fund (contingency)** – for any special projects likely to arise during each year, but not specifically planned or known at the time of establishing the annual budget.

## 6. Supplementary Projects

### <WILL BE FUNDED IF THE COUNCIL ADOPTS THE "FULL" BUDGET>

Further projects that were of lesser priority but which would add value to fulfilling the society's objectives if funding could become available.

Activity / Workstream	2008/09 Budget	2008/09 Forecast	2009/10 Budget	2010/11 Budget	2011/12 Budget
<b>International Issues</b>					
Travel Fellowships – APRICOT	15,000	-	7,500		
<b>Regulatory &amp; Legal</b>					
Overseas Speakers to NZ	12,500	-	7,500		
<b>Social Impact</b>					
History of the Internet – Book & Wiki	35,000	33,370	5,000		
Presentations for Partners	-	-	5,000		
<b>Technical Issues</b>					
Linux.conf.au – supplementary	-	-	35,000		
Best Practice Programme	40,000	9,999	20,000		
NZ Open Source Awards	7,500	7,500	7,500		
<b>Special Projects</b>					
Special Projects Fund (Contingency)	-	-	20,000	112,875	118,519
<b>TOTAL EXPENDITURE</b>	110,000	50,869	107,500	112,875	118,519

### **International Issues**

**Travel Fellowships – APRICOT** – the Asia Pacific Regional Internet Conference on Operating Technologies is the biggest technical conference in the region. This fund provides travel scholarships for technical community members who will benefit from attendance thereby benefiting the NZ Internet technical community.

### **Regulatory & Legal**

**Overseas Speakers to NZ** – to allow INZ to bring a key speaker from overseas once a year. The person could be a technical or policy person, on the issue that seems most salient at the time. The person is expected to speak with government, officials, industry groups etc while in NZ.

### **Social Impact**

**History of the Internet – Book & Wiki** – for annual updates to The Internet in New Zealand book and maintenance of the Wiki, both published last year.

**Presentations for Partners** – for InternetNZ staff, governing board members or affiliated people (e.g. the Cyberlaw Fellow) to fund attendance at conferences or other outreach events to promote the Society's work.

### **Technical Issues**

**Linux.conf.au – supplementary** - sponsorship of the January 2010 Linux users' conference in Wellington. This amount supplements the amount provided for in the "minimal" budget.

**Best Practice Programme** – this project is designed to give the technical community incentives to document best practice and share it amongst their community. If best practice documents are better shared, the outcomes is a more robust and secure Internet.



**NZ Open Source Awards** – INZ has been a sponsor of the Communities best use of Open Source software award at the NZ Open Software Awards ceremony for the 2 years this awards series has run and the \$7,500 sustains the current funding arrangement.

***Special Projects***

**Special Projects Fund (contingency)** – this line is for any special projects that are likely to arise during each year, but not specifically planned or known at the time of establishing the annual budget.

***In addition if the Council adopts the “Full” Budget, there will be additions to three Projects as above:***

<b><i>\$20,000</i></b>	<b><i>added to “Unconstrained Broadband”</i></b>
<b><i>\$20,000</i></b>	<b><i>added to “Telco Regulatory Reforms”</i></b>
<b><i>\$25,000</i></b>	<b><i>added to “Regulatory Issues and Submissions”</i></b>

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Total 2009/10
<b>Opening Cash Funds</b>	<b>1,520,636</b>	<b>965,122</b>	<b>798,014</b>	<b>558,248</b>	<b>1,247,497</b>	<b>1,046,165</b>	<b>835,278</b>	<b>572,529</b>	<b>1,258,334</b>	<b>977,518</b>	<b>809,970</b>	<b>1,479,038</b>	<b>1,520,636</b>
<b>Executive Director</b>													
Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Grants from Council	450,000				510,000				650,000				1,610,000
Fixed Expenses	8,920	8,920	8,920	8,920	8,920	16,420	8,920	23,920	23,920	8,920	8,920	8,980	144,600
Project Expenses	298,453	59,620	96,040	40,460	73,540	90,120	90,040	37,460	115,040	38,460	37,540	39,040	1,015,813
Wages	47,700	42,700	42,700	43,400	45,400	63,200	49,400	44,400	45,500	45,500	45,500	65,000	580,400
<b>SSU</b>													-
Income	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	215,579
Grants from Council	150,000				170,000				220,000				540,000
Expenses	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	385,731
Wages	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	231,600
Contractors	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	65,000
<b>EB</b>													-
Income													-
Expenses	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	70,640
Honoraria			14,063			14,063			14,063			14,063	56,250
<b>Council</b>													-
Income													-
Dividends				830,000				830,000			830,000		2,490,000
Other	2,083	2,083	2,083	2,083	2,083	17,083	2,083	2,083	2,083	2,083	2,083	2,083	40,000
Expenses	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	134,100
Honoraria	34,538			34,538			34,538			34,538			138,150
Grants to other units	600,000	-	-	-	680,000	-	-	-	870,000	-	-	-	2,150,000
<b>Other</b>													-
Fixed Assets	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000
Investments	60,000												60,000
Amount liable for GST	377,568	104,198	154,680	119,575	118,118	141,260	169,155	97,038	188,680	117,575	82,118	97,740	1,767,706
GST Owing on Net Expenses	47,196	13,025	19,335	14,947	14,765	17,658	21,144	12,130	23,585	14,697	10,265	12,218	220,963
GST Refunds		15,864		60,221		34,282		32,422		33,274		38,282	214,345
<b>Closing forecast Cash</b>	<b>965,122</b>	<b>798,014</b>	<b>558,248</b>	<b>1,247,497</b>	<b>1,046,165</b>	<b>835,278</b>	<b>572,529</b>	<b>1,258,334</b>	<b>977,518</b>	<b>809,970</b>	<b>1,479,038</b>	<b>1,319,312</b>	<b>1,319,312</b>
Reserves Required	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000
<b>Surplus over Reserves</b>	<b>485,122</b>	<b>318,014</b>	<b>78,248</b>	<b>767,497</b>	<b>566,165</b>	<b>355,278</b>	<b>92,529</b>	<b>778,334</b>	<b>497,518</b>	<b>329,970</b>	<b>999,038</b>	<b>839,312</b>	<b>839,312</b>

**"Minimum" Budget Cashflow Forecast 2009/10**

	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Total 2009/10
<b>Opening Cash Funds</b>	<b>1,520,636</b>	<b>965,122</b>	<b>817,090</b>	<b>592,666</b>	<b>1,216,719</b>	<b>1,050,416</b>	<b>862,384</b>	<b>654,351</b>	<b>1,258,881</b>	<b>1,015,907</b>	<b>855,916</b>	<b>1,459,096</b>	<b>1,520,636</b>
<b>Executive Director</b>													
Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Grants from Council	450,000				450,000				500,000				1,400,000
Fixed Expenses	8,920	8,920	8,920	8,920	8,920	16,420	8,920	23,920	23,920	8,920	8,920	8,980	144,600
Project Expenses	298,453	42,663	82,403	16,823	42,403	65,663	41,403	23,823	81,403	24,823	16,403	25,403	761,670
Wages	47,700	42,700	42,700	43,400	45,400	63,200	49,400	44,400	45,500	45,500	45,500	65,000	580,400
<b>SSU</b>													-
Income	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	17,965	215,579
Grants from Council	150,000				160,000				210,000				520,000
Expenses	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	32,144	385,731
Wages	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	231,600
Contractors	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	5,417	65,000
<b>EB</b>													-
Income													-
Expenses	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	70,640
Honoraria			14,063			14,063			14,063			14,063	56,250
<b>Council</b>													-
Income													-
Dividends				740,333				740,333			740,333		2,221,000
Other	2,083	2,083	2,083	2,083	2,083	17,083	2,083	2,083	2,083	2,083	2,083	2,083	40,000
Expenses	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	11,175	134,100
Honoraria	34,538			34,538			34,538			34,538			138,150
Grants to other units	600,000	-	-	-	610,000	-	-	-	710,000	-	-	-	1,920,000
<b>Other</b>													-
Fixed Assets	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000
Investments	60,000												60,000
Amount liable for GST	377,568	87,241	141,044	95,939	86,981	116,804	120,519	83,401	155,044	103,939	60,981	84,104	1,513,562
GST Owing on Net Expenses	47,196	10,905	17,630	11,992	10,873	14,600	15,065	10,425	19,380	12,992	7,623	10,513	189,195
GST Refunds		15,864		58,101		29,623		25,473		25,490		32,373	186,924
<b>Closing forecast Cash</b>	<b>965,122</b>	<b>817,090</b>	<b>592,666</b>	<b>1,216,719</b>	<b>1,050,416</b>	<b>862,384</b>	<b>654,351</b>	<b>1,258,881</b>	<b>1,015,907</b>	<b>855,916</b>	<b>1,459,096</b>	<b>1,308,802</b>	<b>1,308,802</b>
Reserves Required	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000	480,000
<b>Surplus over Reserves</b>	<b>485,122</b>	<b>337,090</b>	<b>112,666</b>	<b>736,719</b>	<b>570,416</b>	<b>382,384</b>	<b>174,351</b>	<b>778,881</b>	<b>535,907</b>	<b>375,916</b>	<b>979,096</b>	<b>828,802</b>	<b>828,802</b>

## 2009/10 Budget

### Executive Director's Office: Comparison between "Minimal" and "Full" Project Budgets

	2009 / 10 "Minimal" Budget	2009 / 10 "Full" Budget	Difference
<b>Priority 1 Projects / Workstreams</b>			
<b>BB Infrastructure</b>			
Unconstrained Broadband	55,000	75,000	20,000
<b>Total BB Infrastructure</b>	<b>55,000</b>	<b>75,000</b>	<b>20,000</b>
<b>International Issues</b>			
APTLD Secretariat	10,000	10,000	0
Pacific Internet Partnership	15,000	15,000	0
<b>Total International Issues</b>	<b>25,000</b>	<b>25,000</b>	<b>0</b>
<b>Regulatory &amp; Legal</b>			
Parliamentary Internet Caucus	2,500	2,500	-
Internet Patents monitoring website	5,500	5,500	-
ISOC Membership	9,000	9,000	-
Legal jurisdiction issues seminar	20,000	20,000	-
Copyright	40,000	40,000	-
Regulatory Issues and Submissions	30,000	55,000	25,000
Telco Regulatory Reforms	35,000	55,000	20,000
Cyberlaw Fellowship	90,000	90,000	-
<b>Total Regulatory &amp; Legal</b>	<b>232,000</b>	<b>277,000</b>	<b>45,000</b>
<b>Social Impact</b>			
Maori ICT Achievement	10,000	10,000	-
Liz Dengate Thrush Foundation	20,000	20,000	-
World Internet Project	25,000	25,000	-
Internet's role in Productivity & Growth	40,000	40,000	-
Netsafe Strategic Partnership	100,000	100,000	-
<b>Total Social Impact</b>	<b>195,000</b>	<b>195,000</b>	<b>0</b>
<b>Technical Issues</b>			
"Linux.conf.au" Sponsorship	5,000	5,000	-
NZNOG Sponsorship	10,000	10,000	-
IPv6	20,000	20,000	-
Broadband Measurement	50,000	50,000	-
<b>Total Technical Issues</b>	<b>85,000</b>	<b>85,000</b>	<b>0</b>
<b>Special Projects (Uncategorised)</b>			
Special Projects Fund (contingency)	33,000	33,000	0
<b>Total Special Projects Fund</b>	<b>33,000</b>	<b>33,000</b>	<b>0</b>
<b>Total Priority 1 Projects / Workstreams</b>	<b>625,000</b>	<b>690,000</b>	<b>65,000</b>

## 2009/10 Budget

### Executive Director's Office: Comparison between "Minimal" and "Full" Project Budgets

	2009 / 10 "Minimal" Budget	2009 / 10 "Full" Budget	Difference
<b>Priority 2 Projects / Workstreams</b>			
<b>BB Infrastructure</b>			
Digital / Regional Communities	-	20,000	20,000
BB consumer access/availability	-	20,000	20,000
<b>International Issues</b>			
Major International policy forum	-	20,000	20,000
<b>Regulatory &amp; Legal</b>			
ICT Careers/Skills Development	-	10,000	10,000
Securing the DNS	-	5,000	5,000
<b>Special Projects (Uncategorised)</b>			
Special Projects Fund (contingency)	-	20,000	20,000
<b>Total Priority 2 Projects / Workstreams</b>	<b>0</b>	<b>95,000</b>	<b>95,000</b>

### Priority 3 Projects / Workstreams

<b>International Issues</b>			
Travel Fellowships - APRICOT	-	7,500	7,500
<b>Regulatory &amp; Legal</b>			
Overseas Speakers to NZ	-	7,500	7,500
<b>Social Impact</b>			
History of the Internet - Book & Wiki	-	5,000	5,000
Presentations for Partners	-	5,000	5,000
<b>Technical Issues</b>			
"Linux.conf.au" Sponsorship	-	35,000	35,000
Best Practice Programme	-	20,000	20,000
NZ Open Source Awards	-	7,500	7,500
<b>Special Projects (Uncategorised)</b>			
Special Projects Fund (contingency)		20,000	20,000
<b>Total Priority 3 Projects</b>		<b>107,500</b>	<b>107,500</b>

### SUMMARY

Income	12,000	12,000	0
Fixed Staffing Costs	580,400	580,400	0
Fixed Other Costs	144,600	144,600	0
Priority 1	625,000	690,000	65,000
Priority 2	0	95,000	95,000
Priority 3	0	107,500	107,500
<b>Net Surplus / (Deficit)</b>	<b>-1,338,000</b>	<b>-1,605,500</b>	<b>-267,500</b>



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**COUNCIL FINANCIAL RESERVES POLICY 2009/10**

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**Authors:** Susi Fookes, SSU Manager and Jordan Carter, Deputy ED  
**Status of Policy:** Staff final

**Statement of Policy**

The Council wishes to retain sufficient liquid assets to deal with interruptions to expected cashflow in the current year, and to give a prudent reserve for new business opportunities should the Society decide to cease its operation.

To achieve this, the Financial Reserves Policy is as follows:

*To retain as net current assets at least the amount (called the Reserve) required to:*

- *meet all of the Society's liabilities should it cease to operate, and*
- *provide a capital sum for the development of new business opportunities should the Society wish to do so.*

*For the 2009/10 financial year the Reserve is \$480,000.*

The planned reserve for the 2009/10 financial year includes the following bank account reserves, which are designed to ensure a month's reserve for each business unit:

- InternetNZ Council - \$150,000
- Executive Director's Office - \$100,000
- Executive Board and SSU - \$40,000

The Council interprets "reserve" to be **cash balances** in the three bank accounts never falling below the amounts specified, and any instance of such requirement being breached to be reported on to the Council.

The financial reserve calculation will be reviewed annually.

**Recommendations:**

That the Council Financial Reserves Policy 2009/10 as set out in this paper be adopted.

That Council review the Financial Reserves Policy and adopt a revised Policy for the 2010/11 financial year no later than 20 March 2010.

Susi Fookes  
**Shared Services Unit Manager**



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## **External Requests for Funding under \$5,000**

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**Author:** Paul Swain

**Status of Paper:** Final

When Council is seeking funding for special projects from the Executive Board's Budget, the Executive Board will require an application process to be completed before Board approval is sought. An example is the recent request by those lobbying on copyright issues for funds to print newspaper advertisements.

The Executive Board last year adopted a policy for all applications for expenditure on special projects. These requests are considered by the Board alongside recommendations by staff. This ensures that due consideration is given to all funding requests with relevant information available to the Board.

In the case of funding requests under \$5,000 the Executive Board requests completion of the attached form "Application for Financial Assistance" or provision of the necessary information to enable staff to complete this form.

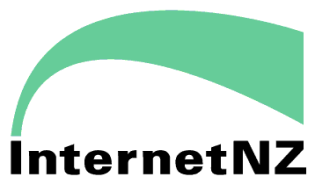
A further form, which will involve more detailed information from applicants, is being developed for those requests for more than \$5,000. This will be circulated once agreed by the Board.

### **Recommendation**

THAT Council agree to refer external funding requests of under \$5,000 to the **Executive Director's office for Board approval** using the process set out in this paper.

I appreciate your assistance in this.

Paul Swain  
**Executive Board Chair**



## Application for Financial Assistance Under \$5,000

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Name of applying organisation:

Contact information:

Amount sought from INZ:

Total Budget of the Project:

Purpose of funding:

Desired outcomes and milestones:

Aligns to which specific INZ objectives:

Perceived benefits to INZ:

What other parties have been approached to assist:

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

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### INZ USE

**Application:**                      Approved / Rejected

**Date:**

**Budget Code:**

**Signed:**



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**Shared Services Unit Support Report to Council**

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**Author:** Susi Fookes

**Status of Paper:** Staff final

**Purpose of Paper:** To report the Shared Services Unit's (SSU) Council support and note upcoming work.

**Council year plan**

A year plan detailing Council meeting dates and agenda points has been developed by the SSU for Council and all subsidiaries. Due to time restrictions at this Council meeting the calendar is not included in the agenda, however the calendar will be redistributed on the 23<sup>rd</sup> March and comments sought. The calendar including any changes will be distributed among all subsidiaries.

The Executive Board through the SSU is responsible for ensuring the calendar is updated regularly and provides the subsidiaries with a plan for the year ahead. It is also the responsibility of the Executive Board to ensure the calendars implementation within the EB, EDO and SSU, to ensure this it will be included in the SR project (YEAR PLAN - APPENDIX I).

**Accommodation Report**

A report has been finalised as per the accommodation project charter and is included in the papers submitted to this Council meeting (ACCOMMODATION REPORT – we are awaiting the last of our GM preferred option, this will be circulated on Monday with other late papers).

A decision based on the report is required at the March 20<sup>th</sup> meeting to enable the progression of this project and a number of related ones. For this reason the report will be sent out separately for Councillors to review prior to the Council meeting. Any questions need to be raised with the SSU prior to the meeting.

The report sets out 3 options for the accommodation of the InternetNZ Group. One suggestion is that the Executive Directors Office (EDO) and the SSU relocate to occupy the space left vacant by the departure of the "Greek" embassy. The details of this (if approved by Council) will be passed by the EB before implementation and would be subject to any outcomes from the Martin Jenkins Report.

**Telepresence Project Update:**

A report is available on the Telepresence project, which includes available options and the funding required. Due to time restrictions this will not be included in the agenda for the Council meeting but will be sent out on the 23<sup>rd</sup> of March for Council review followed by an e-vote for resolution.

**Rebranding update:**

This project is on hold.

**Membership update:**

	<b>13 March</b>	<b>12 December</b>
Fellows:	15	15
Individual:	92	53
Professional Individual:	46	29
Small Organisation:	31	15
Large Organisation:	7	3
<b>Total membership:</b>	<b>191</b>	<b>115</b>

We have dramatically jumped up in numbers since the last Council meeting. This is due to expiring membership subscriptions being followed up by staff and payments received.

Connecting the Clouds will be distributed to members over the next two months.

InternetNZ held its Members consultations on 18 February (Auckland) and 19 February (Wellington). The Executive Board will be reporting on this. Please note that Member's would like to see a fuller budget spent, the Board has provided two options, a budget with income at the current dividend level and a fuller budget completing priorities 2 and 3 (which was the preferred option).

**VoIP**

A project charter is being developed to progress an investigation into the cost benefits of installing an InternetNZ group wide VoIP network. This project is of low priority.

**Project Reporting**

Project documentation is being developed by the SSU to help in the management of projects for Council and the business units. To date templates include a project charter and a project report (APPENDIX 2).

The Executive Board has appointed Judy Speight to provide guidance on a range of Executive Board project related areas. After discussions with Judy the following deliverables have been agreed:-

- Create chart aligning all active projects with relevant strategy
- Rename non-project work streams to work plans – needs further discussion
- Create a single reporting template that encompasses projects but has a derivative for work plans
- Investigate methods of reporting on project outcome
- Create a process for deciding whether an assignment is a project or a work plan
- Clarity on reporting lined for projects – to Council/EB/both?

**RN 78/08 – clarification:**

There is some uncertainty around the recommendation 78/08.

**▪ CURRENT:**

RN 78/08: THAT Council set a high level budget requirement that cash funds at the end of each financial year make up the cash reserve policy for the following year.

**▪ It is believed by staff it should read:**

RN 78/08: THAT Council set a high level budget requirement that cash funds at the end of each financial year go towards making up the cash reserve policy for the following year.

**NZNOG Trust Deed:**

As InternetNZ's Secretariat role for the NZNOG, we have helped the group set up a Trust Deed and request that Council approve that the Society Common Seal be affixed to the Deed. Trustees are INZ fellows: Andy Linton, Donald Neal and Joe Abley.

**Recommendations:**

1. THAT the SSU Manager's report to Council for March 2009 be received.
2. That Council approves option 1a or 1b or 2 from the Accommodation Project Report, and authorises spending based on the report's budget summary.
3. That Council authorises the SSU and NZRS to negotiate the groups lease on Council's behalf, transferring the leaseholder name from New Zealand Domain Name Registry Ltd to Internet New Zealand Incorporated.
4. THAT Council approve the new Members of InternetNZ.
5. THAT RN 78/08 be corrected to its intended meaning – to read: “THAT Council set a high level budget requirement that cash funds at the end of each financial year go towards making up the cash reserve policy for the following year.”
6. THAT Council resolves that the Society common seal be affixed to the NZNOG Trust Deed.

Susi Fookes

**Shared Services Unit Manager**



<b>Paper</b>	<b>Definition</b>	<b>When Required</b>
Statement of Expectations	Set's out Councils strategic direction, goals and expectations for each board (including dividend payments for the following year)	October
Fiscal Envelope	A budget detailing annual spend for Council and EB (inc SSU & EDO) after NZRS & DNCL portion taken out	October
Statement of Direction & Goals	Contains the broad strategy for each entity, the key performance targets for which the board will be held accountable and the budget for the next 3 years	December
Strategic Plan	A group of documents, including SoD&G, Business Plan, budgets, Statement of Expectations, Fiscal envelope.	Annual
Terms of Reference	Each board has their own Terms of Reference, which is reviewed on an annual basis by Council. This sets out the parameters for the board.	August
Annual Business Plan*	The Annual Business Plan will contain* : -	March
	Strategies, objectives and plans for the ensuing 12 months, key strategic issues facing the company, key policy issues, commentary on the registrar market, risk analysis, any significant international issues, key budget assumptions, etc	
	Budgets – 3-year budget (Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Capital Expenditure, ratios and key performance indicators) consisting of monthly budgets for ensuing 12 months and annual budgets for the following two years.	



**Summary**

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**Project Goals**

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**Project Priorities**

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**Project Scope**

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**Product Requirements**

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**Project Assumptions**

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**Project Constraints & Boundaries**

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**Planned Holidays**

Staff Member	Date Absent

**Initial Project Risks**

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Risk	Level	Risk Mitigation

**Deliverables**

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**Initial**

<b>Deliverable</b>	<b>Description</b>

**Intermediate**

<b>Deliverable</b>	<b>Description</b>

**Project End Deliverables**

<b>Deliverable</b>	<b>Description</b>

**Schedule Estimates**

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**Integrated Change Control**

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**Success Criteria**

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Project Name  
Status Report

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**Project Name**  
Project Status Report – xx<sup>th</sup> xxxxxx 200X

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**Distribution**

Names as required		

Prepared by: XXXXXX

**Previous Week**

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**Milestones due last week**

Description	Due	% Complete

**Actions Items due or overdue**

Description	Due	% Complete

**This Week**

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**Milestones due next week**

Description	Responsibility	Action Date

**Actions due next week**

Description	Responsibility	Action Date

**Delivery Date**

Date	Issues

**Comments**

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**Issues**

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## Budget

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<b>Budget</b>	<b>\$</b>
Budget to date	
Expenditure to date	
Total planned Expenditure	

## Resources

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<b>Resource</b>	<b>Availability</b>	<b>Planned holidays</b>

## Project Risks

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<b>New Risks Identified</b>	<b>Level</b>	<b>Mitigation</b>

## Meeting Schedule

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<b>Description</b>	<b>Date &amp; Time</b>	<b>Attendance</b>

16th February 2009

Peter Macaulay  
President  
InternetNZ  
PO Box 11 881  
Wellington

Dear Peter

**Re: 3rd Quarter 2008 - 2009 Report**

We enclose our third quarterly report of the 2008 - 2009 year, the quarter ended 31<sup>st</sup> December 2008. 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

### 1.1 Results

Enclosed are Statements of:

- Financial performance; and
- Financial position

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

The net profit after tax of \$612,861 for the quarter was \$29,200 above budget, principally the result of below budget expenditure (e.g. Technical & Business Systems Review expenses and hosting costs) in first half of the financial year.

Domain name growth continued to be below budget for the quarter (actual 4,476 versus budgeted 13,500). November's net growth was -217, the first time that NZRS has recorded negative growth. Actual domain name fee income for the quarter was slightly under budget (\$1,604,145 versus budgeted \$1,623,249).

As at 31st December 2008, the company's funds in bank and on deposit totalled \$8,810,626, slightly below the budgeted \$8,494,150. Pre-paid domain name fees (deferred income) were also below budget at the end of the quarter

(actual of \$4,412,402 against the budgeted \$4,815,845), reflecting the below budget domain name growth.

The company's internally-imposed liquidity ratio was still met despite the slightly lower than budgeted cash position.

## 2. Operational

At the end of the quarter there were 67 authorised registrars in production.

### 2.1 System Availability

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

	<i>SLA %</i>	<i>Dec 08</i>	<i>Nov 08</i>	<i>Oct 08</i>
SRS	99.90%	100	99.99	99.91
DNS	100%	100	100	100
Whois	99.90%	100	100	99.91

### 2.2 Domain Name Growth

The total net domain name growth for the December quarter was 4,476 versus the budgeted 13,500, and continued the trend of below budget growth (the September quarter's growth was 7,988 against the budgeted 13,500).

	30 Sep 2008	31 Oct 2008	31 Nov 2008	31 Dec 2008
.ac	1614	1646	1654	1662
.co	296142	299555	299318	299986
.cri	16	16	15	15
.geek	848	861	860	865
.gen	1191	1201	1205	1211
.govt	972	977	978	979
.iwi	63	64	65	64
.maori	513	523	520	534
.mil	17	17	17	16
.net	20162	20330	20286	20299
.org	19949	20180	20225	20309
.parliament	5	5	5	5
.school	2801	2811	2821	2824
<b>Total</b>	<b>344293</b>	<b>348186</b>	<b>347969</b>	<b>348769</b>
<b>Growth over previous month</b>	<b>1948</b>	<b>3893</b>	<b>-217</b>	<b>800</b>
<b>Variance against budget</b>		<b>-607</b>	<b>-4717</b>	<b>-3700</b>

Year to date domain name growth for the nine months to 31<sup>st</sup> December 2008 was 24,057, a 41% variance to the budgeted 40,500.

### **3. Other Key Strategic and Operational Activities**

#### **a) Organisational Capacity and Capability Review**

As previously advised to you under separate letter on 7<sup>th</sup> November, the company recently completed the Organisation Capacity and Capability Review, undertaken with the assistance of Doug Martin of Martin, Jenkins & Associates Ltd. The Review's focus was on ensuring the company is appropriately resourced, in terms of capacity and capability, going forward, and the Board has commenced implementing the Review's recommendations.

#### **b) Application for Charitable Tax Status**

NZRS's application for charitable status was accepted by the Charities Commission on 13<sup>th</sup> January 2009. The company subsequently applied to have the charitable status backdated to the August 2008 application to the Commission for charitable status. Advice was received on 5<sup>th</sup> February that the company's registration as a charity was effective as at 19<sup>th</sup> August 2008.

NZRS is currently preparing interim financial statements as at that date to establish the company's final income tax liability.

#### **c) TBSR DNS Road Map Update**

Phase Three of the DNS Roadmap project to replace the Grace & Favour name servers is complete, with NZRS now owning and operating the two name servers. We have thanked both TelstraClear and Xtra for having provided the Grace and favour arrangements.

The recommendation from the review (undertaken with the assistance of a technical committee of NZ DNS industry specialist) of the Anycast international suppliers was to operate Anycast servers with two international providers. NZRS has selected NeuStar and Autonomica.

### **4. Outlook: Strategic Issues and Key Operational Activities**

Key activities for the fourth quarter of the 2008 - 2009 financial year include:

#### **a) Liquidity Policy**

A draft NZRS Liquidity Policy is under consideration by the NZRS Board. It takes into account the consultation undertaken with key stakeholders. The key

principles and provision of the draft Policy, together with the change in the company's future balance sheet and cash flows resulting from its charitable status, are such that we propose further consultation with InternetNZ on company liquidity matters.

#### b) NZRS Personnel

Nick Griffin completed his tenure as NZRS's inaugural General Manager on 30<sup>th</sup> January. At the Board's request he is continuing to be available, as required, to assist in the transition over the months of February and March. This is appreciated by the Board and will contribute to appropriate risk management arrangements as we work through the transition. The Board will be holding a function on 19 February to mark Nick's contribution to NZRS and the .nz space.

The Board undertook a recruitment programme and in early January announced the appointment of Jay Daley (formerly of Nominet UK) as Chief Executive. Jay and his family will be immigrating to New Zealand, and although the family's application for residency is still in progress, Jay has received his Work Visa and intends arriving in Wellington at the beginning of March.

#### c) Domain Name Growth

As previously noted the Domain name growth in the quarter is below budget, with the November net growth being -217. The negative growth in November is partially as the result of an extremely high domain name growth in November 2007 and a large number of those names were held by speculators and not renewed in 2008.

We continue to monitor domain name growth, particularly that derived from creates versus renewals, and to assess the profitability and liquidity implications of the slowdown in growth.

#### d) Planning and Budgeting

NZRS presented to the December INZ Council meeting its Statement of Direction and Goals, incorporating high-level strategy, key performance targets and 3-year budgets. These have been used as the base assumptions in the annual Domain Name Fee Review.

We are currently undertaking a re-cast of those 3-year budgets to incorporate the impact of achieving charitable status and the income tax implications of the recently advised back-dating of its effect to August last year.

#### e) Annual Domain Name Fee Review

We have commenced the annual Domain Name Fee setting exercise, which included a late January workshop discussion with DNCL to develop the key parameters of a joint NZRS/DNCL recommendation on any change to the Domain Name Fee. This joint recommendation will be submitted to Council's March meeting.



f) Dividend Payment

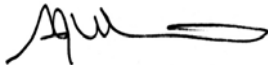
The budgeted dividend payment of \$1,408,000, originally scheduled for payment on 30<sup>th</sup> March 2009, will be paid on 19<sup>th</sup> February, following a request from the shareholder for early payment. This brings the total dividend paid for the 2008 - 2009 year to \$2,112,000.

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

A handwritten signature in black ink, appearing to read 'Anne', followed by a long horizontal flourish.

Anne Urlwin  
Chairman

11th March 2009

Peter Macaulay  
President  
InternetNZ  
PO Box 11 881  
Wellington

Dear Peter

**Re: Addition to the 3rd Quarter 2008 - 2009 Report**

We have previously submitted NZRS's third quarterly report of the 2008 - 2009 year, dated 16<sup>th</sup> February 2009, which we understand will be considered at Council's 20<sup>th</sup> March 2009 meeting.

There are several matters that we consider appropriate to update you on since the writing of that report, rather than wait until the next quarterly report.

**1. Chief Executive Jay Daley**

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Jay Daley commenced in the Chief Executive's role on Monday 2<sup>nd</sup> March. He will be attending the section of the Council meeting where NZRS speaks to its report, and we look forward to introducing him to those on Council who have not yet met him.

NZRS appreciated the transition services provided by Nick Griffin following his departure from the company at the end of January, and for Dave Baker taking on the additional responsibility as Acting General Manager across that period.

**2. Business Plan Budgets**

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InternetNZ's planning, budgeting and reporting protocol provides for its business units to submit to Council in March a finalised Business Plan and Budgets incorporating any changes to the key components and budgets reflected in the Statement of Direction and Goals as a result of Council's consideration of the Statement of Direction and Goals and its consultation with members on the consolidated group budgets.

The NZRS Statement of Direction and Goals, dated 30<sup>th</sup> November 2009, containing NZRS's strategic goals, key performance indicators and 3-year budgets, was submitted to Council's December meeting.

Since that time, NZRS's application for charitable status has been accepted by the Charities Commission (on 13<sup>th</sup> January 2009), with registration subsequently back-dated to 19<sup>th</sup> August 2008. The practical impact of charitable registration is that NZRS ceases to be liable for income tax on its profits earned from 19<sup>th</sup> August 2008 onwards (provided it continues to meet the requirements for charitable registration).

NZRS has therefore reviewed its Statement of Direction and Goals and 3-year budgets.

NZRS has not amended any of its strategic goals or its key performance targets in the operational and investment areas. We have therefore not re-submitted those sections of the original Statement of Direction and Goals.

NZRS has amended its 3-year budgets, and these are appended to this report.

### Changes to the budgets

The key changes to the budgets are -

- (a) No income tax on net profits over the 3-year budget period, reflecting the charitable registration.
- (b) A change in the timing of dividend payments (now payable in three equal instalments across the year (July, November and February) rather than the previous one third payable in September and two-thirds payable in March).

There have also been some minor changes in other areas, including a slight change to the forecast number of domain names at 1 April 2009 (based on knowing November 2008 through January 2009's actual domain name growth versus the estimate assumed in the initial budgets) and a reduction in interest income as a result of assuming a lower interest rate earned on investment funds and the impact of change in dividend payment pattern.

Other key assumptions have remained unchanged; these include the assumptions regarding domain name growth (budgeted at net growth of 24,000 per annum) and dividends paid (based on the current budget dividend set by InternetNZ several years ago of \$6 per domain name applied to the average of the number of domain names at the beginning and end of the financial year).

### **3. Dividend paid 19<sup>th</sup> February 2009**

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At InternetNZ's request, NZRS paid the second dividend on 19<sup>th</sup> February rather than the previously scheduled late March 2009.

Your letter requesting early payment also sought advice of the cost to NZRS of that early payment.

The company incurred break fees in terminating a term deposit investment to pay the dividend at the earlier time, and these fees combined with the estimated loss of interest earnings between 19<sup>th</sup> February and 30<sup>th</sup> March, resulted in an overall cost to NZRS from the early dividend payment of approximately \$ 8,200.

#### **4. Liquidity Policy**

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As previously advised, NZRS has been developing a Liquidity Policy and included within that workstream has been an assessment of the requirement or appropriateness of NZRS continuing with the Liquidity Ratio it had adopted some years ago. That Liquidity Ratio had been adopted in the absence of a formal Liquidity Policy and instead just incorporated the concepts of -

- a conventional current ratio (ability to meet short-term financial obligations from current assets), and
- the principle of protecting registrants' rights by maintaining funds equivalent to the amount of the pre-paid domain name fees (i.e. deferred income) reflecting NZRS's obligation to provide the domain registration services for the periods that it had received domain name fees in advance.

At its 19<sup>th</sup> February 2009 meeting, the NZRS board approved a Liquidity Policy that took account of -

- (a) Key principles (that had been endorsed by stakeholders during the consultation phase of the policy's development) -
- A commitment to the company's strategic goals
  - The operation of an effective and efficient business, and recognition internationally as a best practice model for registry services management
  - An appropriate rate of return earned for the shareholder
  - Respect for and protection of the rights and interests of registrants
  - The ability for the company to meet its contractual obligations under both "business as usual" as well as stressed or crisis situations
  - A low level of tolerance to financial risk, reflecting the nature of the company's business as a provider of key infrastructure, and the shareholder's reliance on dividends derived from NZRS's financial performance.
- (b) Legal obligations imposed upon the company under -
- The Companies Act
  - Contracts, including the InternetNZ - NZRS Operating Agreement (dated July 2008), the DNCL - NZRS Service Level Agreement (dated November 2008) and the .nz Connection Agreement with Registrars (developed 2002, current version dated April 2008).

(c) Fiduciary obligations - notably respecting the rights and interests of registrants.

(d) The need to mitigate financial risk.

The Liquidity Policy incorporates a formal Liquidity Ratio, reflecting the above principles and obligations and risk assessment. NZRS will apply this new Liquidity Ratio going forward and its application will, under the company's current financial structure and budgeted cash flows, result in NZRS holding a higher level of surplus funds than previously was the case under the previous Liquidity Ratio (e.g. the actual March 2008 Liquidity Ratio was 131% (giving surplus liquidity over required liquidity of \$1.6 million under the previous Liquidity Ratio requirement); applying the new Liquidity Ratio at that date would result in an actual Liquidity Ratio of 146% (giving surplus liquidity over required liquidity of \$2.2 million under the new Liquidity Ratio requirement).

## **5. Review of NZRS's financial position and structure**

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Several major factors have the potential to impact on NZRS's financial position, structure and cash flows going forward.

- (a) NZRS's recent charitable registration, resulting in significant additional future cash flows assuming the company continues to be profitable.
- (b) The finalisation of the company's Liquidity Policy, incorporating an amended Liquidity Ratio which when applied, results in NZRS holding liquidity surplus to that prescribed by the Liquidity Policy.
- (c) The current investment environment and the ongoing appropriateness of NZRS's current conservative investment policy (endorsed several years ago by external specialist advisers); ongoing domain name growth under continuing current registrar market models will continue to see NZRS hold increasing levels of funds from prepaid domain name fees.
- (d) The need for InternetNZ to receive more frequent dividend payments from NZRS as part of its working capital management.

Taking the above factors into account, the NZRS board considers that it would be appropriate for a review of NZRS's financial position and structure to be undertaken. Desirable outcomes of such a review would be -

- Determination of an appropriate financial structure for NZRS; this may identify the need for a restructuring of NZRS's balance sheet (e.g. a reduction in equity which may be achieved via a special dividend).
- Determination of surplus liquidity within NZRS's current financial structure and options for its application (e.g. use elsewhere in the InternetNZ group, retention within NZRS) - both in the short-term and on an ongoing basis.

- Identification of appropriate dividend policy options, reflecting such factors as InternetNZ's income certainty requirements and NZRS's Liquidity Policy.
- Identification of any appropriate amendments to NZRS's investment policy, perhaps taking into account InternetNZ's investment and financial reserves policies.

The factors raised above are relevant to -

- InternetNZ - as shareholder - matters such as the capital / equity structure of NZRS and the dividend policy are the prerogative of InternetNZ as shareholder.
- NZRS board - responsible for the ongoing financial management of the company taking into account the board's liquidity and investment policies, and the shareholder's decisions on NZRS's capital structure and the dividend policy.
- InternetNZ Executive Board (IEB) - as the business unit of InternetNZ responsible for the administration and management of the overall InternetNZ's financial budgeting and reporting processes, and the spend against the dividend income from NZRS.

The NZRS board recommends to Council that a small Review Team be constituted - consisting of one person from each of InternetNZ Council, NZRS board and InternetNZ Executive Board - to undertake a review of NZRS's capital structure. The review would be principally a financial one suggesting that the relevant members of the Review Team should have strong financial / senior management / commercial experience. We also consider that there is a need to engage external professional finance assistance, someone with expertise in areas such as capital structures, investment markets, financial risk management and an appreciation of the statutory and contractual underpinnings of the NZRS Liquidity Policy, and the statutory obligations on NZRS directors in relation to dividends and other shareholder distributions.

We would expect the outcomes of such a Review to be options and recommendations to each of InternetNZ Council (on NZRS's capital structure and the dividend policy) and the NZRS board (on impacts of and on the company's liquidity and investment policies and general financial risk management). Decisions on NZRS's capital structure and dividend policy would then be made by InternetNZ as shareholder.

Such outcomes would provide certainty to NZRS on key financial assumptions as it prepares draft budgets for domain name fee-setting purposes (scheduled to commence in August as per the joint DNCL - NZRS fee setting recommendation contained in a separate paper to Council's 20<sup>th</sup> March meeting). They may also be a useful input to the all-board strategy session (if such a session is repeated later this year following on from last-year's successful session).

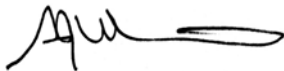
If Council is supportive of the concept of such a Review, an appropriate process may be to authorise the establishment of the Review team and charge it with developing draft Terms of Reference (including proposed stakeholder consultation and progress reporting to Council) and a draft brief for external assistance, and bring those back to Council for Council's review and approval.

We would welcome the opportunity to discuss the concept of the review further with Council.

The Board of NZRS **recommends** that the Council of InternetNZ receives this addition to the company's 3<sup>rd</sup> quarter report.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Aurlwin', with a long horizontal flourish extending to the right.

Anne Urlwin  
Chairman



## Business Plan Budgets

for the 3 Years  
2009 - 2010 to 2011 - 2012

*11<sup>th</sup> March 2009*

Confidential to .nz Registry Services and its shareholder InternetNZ





# Budgets for the 3 Years to 31<sup>st</sup> March 2012

## A. Key Budget Assumptions

### 1. General Assumptions

- All financial amounts noted in the Statement of Financial Performance budget exclude GST.
- NZRS continues to be the head lessee for the Exchange Place premises and overall InternetNZ group accommodation costs continue to be shared with other InternetNZ business units on the current basis of 35% NZRS and 65% other InternetNZ business units.
- The current dividend policy based on increases in dividends reflecting increases in domain names held in the register continues, and no additional special dividends are paid.
- Implementation of the NZRS Organisation Capacity and Capability Review recommendations will be complete by 31<sup>st</sup> March 2009.
- NZRS continues to pay a management fee to Domain Name Commission Ltd.

### 2. Business Operations

#### 2.1 Current Operations

Domain name growth for the three years to 2011 - 2012 has been budgeted at a net growth rate of 2,000 names per month and \$1.50 per Domain name per month.

#### 2.2 Other Operations

The budgets are based on a continuation of NZRS's current business model and exclude the impact of any business opportunities that may arise. While such opportunities will be investigated, the budget is premised on the company's .nz domain name business, and no specific provision has been made in the budgets for potential business growth and opportunities arising from:

- Any new business opportunities that may be investigated and pursued
- Any significant events/developments in the economy as a whole which have not been identified.



### 2.3 Domain Name Growth and Term

Monthly Domain Fee	1.50
Average Domain Name term for names longer than 1 month	13.50 months
Est. Names in Register at 1 April 2009	353,802
Forecast 12 Monthly Growth	24,000

### 3. Capital Expenditure

Year	Capital Expenditure	Notes
2008 - 2009	\$459,000	Implementation of the DNS Roadmap and TBSR recommendations, general replacement of equipment
2009 - 2010	\$445,000	Completion of the implementation of the DNS Roadmap and TBSR recommendations, general replacement of equipment
2010 - 2011	\$200,000	Replacement of equipment
2011 - 2012	\$200,000	Replacement of equipment



## B. Summarised Draft Budgets

### New Zealand Domain Name Registry Limited BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

	08-09 Act/Proj. \$	09-10 Proj. \$	10-11 Proj. \$	11-12 Proj. \$	Total Act/Proj. \$
<b>INCOME</b>					
Registry Fees	6,358,350	6,641,798	7,056,837	7,479,369	27,536,354
Interest Received	567,571	324,287	360,571	415,318	1,667,747
<b>TOTAL</b>	<b>6,925,921</b>	<b>6,966,085</b>	<b>7,417,408</b>	<b>7,894,687</b>	<b>29,204,101</b>
<b>DIRECT COSTS</b>					
DNC Fee	1,095,600	1,150,380	1,207,899	1,268,294	4,722,173
DNS Hosting	121,983	246,000	258,300	271,215	897,498
DNS Networking	160,484	214,260	224,973	236,223	835,940
DNS Support	68,749	92,600	97,230	102,091	360,670
SRS Hosting	30,724	34,320	36,036	37,838	138,918
SRS Networking	67,810	107,690	113,075	118,728	407,303
SRS Maintenance & Support	367,283	467,100	490,455	514,978	1,839,816
TBSR	192,120	265,000	0	0	457,120
Other IT	99,031	131,650	138,233	145,145	514,059
<b>TOTAL</b>	<b>2,203,784</b>	<b>2,709,000</b>	<b>2,566,201</b>	<b>2,694,512</b>	<b>10,173,497</b>
<b>GROSS PROFIT</b>	<b>4,722,137</b>	<b>4,257,085</b>	<b>4,851,207</b>	<b>5,200,175</b>	<b>19,030,604</b>
<b>OTHER EXPENSES</b>					
OVERHEADS	1,450,404	1,459,253	1,397,450	1,458,118	5,765,225
Depreciation	180,334	277,660	284,681	263,606	1,006,281
<b>TOTAL OTHER EXPENSES</b>	<b>1,630,738</b>	<b>1,736,913</b>	<b>1,682,131</b>	<b>1,721,724</b>	<b>6,771,506</b>
<b>OTHER INCOME (EXPENSE)</b>	<b>198,267</b>	<b>162,036</b>	<b>163,152</b>	<b>164,323</b>	<b>687,778</b>
<b>NET PROFIT</b>	<b>3,289,666</b>	<b>2,682,208</b>	<b>3,332,228</b>	<b>3,642,774</b>	<b>12,946,876</b>
<b>INCOME TAX</b>	<b>(456,318)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(456,318)</b>
<b>PROFIT AFTER TAX</b>	<b>2,833,348</b>	<b>2,682,208</b>	<b>3,332,228</b>	<b>3,642,774</b>	<b>12,490,558</b>
<b>DIVIDEND ACCRUAL</b>	<b>(2,112,000)</b>	<b>(2,194,812)</b>	<b>(2,338,812)</b>	<b>(2,482,812)</b>	<b>(9,128,436)</b>
<b>RETAINED EARNINGS</b>	<b>721,348</b>	<b>487,396</b>	<b>993,416</b>	<b>1,159,962</b>	<b>3,362,122</b>
<b>CUMULATIVE</b>	<b>721,348</b>	<b>1,208,744</b>	<b>2,202,160</b>	<b>3,362,122</b>	<b>3,362,122</b>



**New Zealand Domain Name Registry Limited**  
**BUDGETED STATEMENT OF FINANCIAL POSITION**

	Opening Actual \$	Mar-09 Proj. \$	Mar-10 Proj. \$	Mar-11 Proj. \$	Mar-12 Proj. \$
<b>FIXED ASSETS</b>					
Software	654,488	654,488	654,488	654,488	654,488
Office Equipment	85,340	104,514	144,514	184,514	224,514
Computer Hardware	600,135	796,663	1,101,663	1,261,663	1,421,663
Leasehold Improvements	102,091	102,091	202,091	202,091	202,091
Accumulated Depreciation	(1,116,973)	(1,242,768)	(1,520,059)	(1,804,740)	(2,068,346)
	325,081	414,988	582,697	498,016	434,410
<b>INTANGIBLE ASSETS</b>					
TradeMarks	8,619	8,619	8,619	8,619	8,619
Accumulated Depreciation	(7,014)	(8,250)	(8,619)	(8,619)	(8,619)
	1,605	369	0	0	0
<b>CURRENT ASSETS</b>					
Bank	6,915,407	7,635,959	8,313,273	9,487,794	10,935,859
Trade Debtors	675,861	633,453	675,359	717,370	759,387
Provision for Tax	58,571	146,400	0	0	0
Prepayments	9,471	14,791	14,791	14,791	14,791
Interest Receivable	149,800	232,810	232,810	232,810	232,810
Rent in Advance	0	5,513	5,513	5,513	5,513
	7,809,110	8,668,926	9,241,746	10,458,278	11,948,360
<b>CREDITORS DUE WITHIN ONE YEAR</b>					
Trade Creditors	254,890	316,155	347,245	238,941	249,150
Other Creditors	62,482	37,590	65,520	86,554	92,686
Deferred Income	4,175,133	4,415,519	4,609,263	4,834,968	5,085,141
Rent in Advance	49,620	0	0	0	0
	4,542,125	4,769,264	5,022,028	5,160,463	5,426,977
<b>NET CURRENT ASSETS</b>	3,266,985	3,899,662	4,219,718	5,297,815	6,521,383
<b>TOTAL NET ASSETS</b>	3,593,671	4,315,019	4,802,415	5,795,831	6,955,793
<b>CAPITAL &amp; RESERVES</b>					
Share Capital	30,000	30,000	30,000	30,000	30,000
Reserves	3,563,671	4,285,019	4,772,415	5,765,831	6,925,793
	3,593,671	4,315,019	4,802,415	5,795,831	6,955,793
<b>Liquidity</b>	131%	139%	142%	163%	179%
<b>Surplus Cash over Required Liquidity</b>	1,639,298	2,159,205	2,465,715	3,676,341	4,825,210



**New Zealand Domain Name Registry Limited**  
**BUDGETED CASHFLOW**

	<b>08-09</b>	<b>09-10</b>	<b>10-11</b>	<b>11-12</b>	<b>Total</b>
	<b>Act/Proj.</b>	<b>Proj.</b>	<b>Proj.</b>	<b>Proj.</b>	<b>Act/Proj.</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>RECEIPTS</b>					
Invoiced Sales	209,719	182,292	183,447	184,757	760,215
Registry Fees	7,481,177	7,648,079	8,150,954	8,653,829	31,934,039
Interest Received	567,572	324,287	360,571	415,318	1,667,748
Income Tax	0	146,400	0	0	146,400
	<u>8,258,468</u>	<u>8,301,058</u>	<u>8,694,972</u>	<u>9,253,904</u>	<u>34,508,402</u>
<b>PAYMENTS</b>					
Payments to Suppliers & Employees	4,426,616	5,079,130	4,708,744	4,798,550	19,013,040
Income Tax	544,147	0	0	0	544,147
GST	455,153	349,802	472,895	524,477	1,802,327
Dividend Paid	2,112,000	2,194,812	2,338,812	2,482,812	9,128,436
	<u>7,537,916</u>	<u>7,623,744</u>	<u>7,520,451</u>	<u>7,805,839</u>	<u>30,487,950</u>
<b>NET CASH FLOW</b>	720,552	677,314	1,174,521	1,448,065	4,020,452
<b>OPENING BANK</b>	6,915,407	7,635,959	8,313,273	9,487,794	6,915,407
<b>CLOSING BANK</b>	7,635,959	8,313,273	9,487,794	10,935,859	10,935,859







**New Zealand Domain Name Registry Limited**  
**Financial Statements**  
**For the Quarter Ended 31st December 2008**

**Prepared By**

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





**New Zealand Domain Name Registry Limited**  
**Exclusion of Liability Statement**  
**For the Quarter Ended 31st December 2008**

**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 December 2008.**

**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 December 2008**

	This Quarter			Year to Date			Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Last Year
<b>Registry Fees</b>	1,604,145	1,623,249	(19,104)	4,735,287	4,687,497	47,790	6,371,496	6,072,686
<b>Less Direct Expenses</b>								
DNC Management Fee	273,900	273,900	-	821,700	821,700	-	1,095,600	996,000
DNS Expenses	89,459	111,560	(22,101)	227,057	285,720	(58,663)	422,620	256,146
SRS Expenses	116,351	105,960	10,391	353,679	338,880	14,799	444,840	350,714
Other IT	20,409	49,359	(28,950)	63,617	134,512	(70,895)	174,205	129,226
TBSR	42,581	36,000	6,581	118,525	108,000	10,525	144,000	169,356
<b>Total Direct Expenses</b>	<b>542,700</b>	<b>576,779</b>	<b>(34,079)</b>	<b>1,584,578</b>	<b>1,688,812</b>	<b>(104,234)</b>	<b>2,281,265</b>	<b>1,901,442</b>
<b>Gross Profit</b>	<b>1,061,445</b>	<b>1,046,470</b>	<b>14,975</b>	<b>3,150,709</b>	<b>2,998,685</b>	<b>152,024</b>	<b>4,090,231</b>	<b>4,171,244</b>
<b>Less Other Expenses</b>								
Depreciation & Amortisation	45,778	81,103	(35,325)	121,797	187,347	(65,549)	284,886	162,591
Overhead Expenses	356,135	345,795	10,339	939,662	1,023,100	(83,438)	1,400,094	1,119,654
<b>Total Other Expenses</b>	<b>401,913</b>	<b>426,898</b>	<b>(24,986)</b>	<b>1,061,459</b>	<b>1,210,447</b>	<b>(148,987)</b>	<b>1,684,980</b>	<b>1,282,245</b>
	<b>659,532</b>	<b>619,572</b>	<b>39,961</b>	<b>2,089,250</b>	<b>1,788,238</b>	<b>301,011</b>	<b>2,405,251</b>	<b>2,888,999</b>
<b>Plus: Other Income</b>								
Interest	162,450	166,027	(3,577)	460,085	481,323	(21,238)	655,910	567,650
Rent Received	40,720	40,719	1	122,160	122,157	3	157,089	165,781
Tenants Share of Expenses	12,813	7,485	5,328	34,090	22,455	11,635	30,276	39,788
<b>Net Profit Before Tax</b>	<b>875,515</b>	<b>833,803</b>	<b>41,713</b>	<b>2,705,585</b>	<b>2,414,173</b>	<b>291,411</b>	<b>3,248,526</b>	<b>3,662,218</b>

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 December 2008**

	<b>This Quarter</b>			<b>Year to Date</b>			<b>Full Year</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Budget</b>	<b>Last Year</b>
<b>Net Profit Before Tax</b>	<b>875,515</b>	<b>833,803</b>	<b>41,713</b>	<b>2,705,585</b>	<b>2,414,173</b>	<b>291,411</b>	<b>3,248,526</b>	<b>3,662,218</b>
<b>Less: Interest Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,974</b>	<b>-</b>	<b>5,974</b>	<b>-</b>	<b>-</b>
	<b>875,515</b>	<b>833,803</b>	<b>41,713</b>	<b>2,699,611</b>	<b>2,414,173</b>	<b>285,437</b>	<b>3,248,526</b>	<b>3,662,218</b>
<b>Provision For Tax</b>	<b>262,654</b>	<b>250,141</b>	<b>12,513</b>	<b>809,882</b>	<b>724,253</b>	<b>85,629</b>	<b>974,558</b>	<b>1,211,390</b>
<b>Net Profit (Loss)</b>	<b>612,861</b>	<b>583,662</b>	<b>29,200</b>	<b>1,889,729</b>	<b>1,689,920</b>	<b>199,808</b>	<b>2,273,968</b>	<b>2,450,828</b>

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 December 2008**

	<b>This Year to Date</b>	<b>Last Year Full Year</b>
<b>Share Capital</b>		
Opening Share Capital	30,000	30,000
	<hr/>	<hr/>
Share Capital as at 31st December 2008	30,000	30,000
<b>Retained Earnings</b>		
Opening Retained Earnings	3,563,670	2,812,843
<b>Plus:</b>		
Net Tax Paid Profit (Loss) for Year	1,889,728	2,450,828
<b>Less:</b>		
Dividend Declared	704,000	1,700,000
	<hr/>	<hr/>
Retained Earnings as at 31st December 2008	4,749,398	3,563,671
	<hr/>	<hr/>
Equity as at 31st December 2008	\$4,779,398	\$3,593,671

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 December 2008**

	Actual	End of Quarter Budget	Variance	LY Actual	End of Year Budget	LY Actual
<b>Equity</b>						
Share Capital	30,000	30,000	-	30,000	30,000	30,000
Retained Earnings	4,749,398	4,553,740	195,658	4,055,031	3,729,788	3,563,671
<b>Total Equity</b>	<b>4,779,398</b>	<b>4,583,740</b>	<b>195,658</b>	<b>4,085,031</b>	<b>3,759,788</b>	<b>3,593,671</b>
<b>Liabilities:</b>						
Creditors & Accruals	288,542	338,200	(49,658)	264,978	379,859	317,371
Provision For Tax	346,052	338,600	7,452	3,777	264,047	(58,571)
Deferred Income - Registry Fees	4,412,402	4,815,845	(403,443)	4,170,982	5,046,831	4,175,133
Rent in Advance	-	49,620	(49,620)	-	49,620	49,620
Redeemable Preference Shares	-	-	-	400,000	-	-
<b>Total Liabilities</b>	<b>5,046,996</b>	<b>5,542,265</b>	<b>(495,269)</b>	<b>4,839,737</b>	<b>5,740,357</b>	<b>4,483,553</b>
<b>Funds Employed</b>	<b>9,826,394</b>	<b>10,126,005</b>	<b>(299,611)</b>	<b>8,924,768</b>	<b>9,500,145</b>	<b>8,077,224</b>
<b>Represented By:</b>						
<b>Current Assets</b>						
Funds Held	8,810,626	8,494,150	316,476	7,893,210	7,744,827	6,915,407
Debtors & Prepayments	728,925	870,515	(141,590)	715,795	894,518	835,132
	9,539,551	9,364,665	174,886	8,609,005	8,639,345	7,750,539
<b>Non Current Assets</b>						
Fixed Assets	286,166	760,658	(474,492)	313,848	860,426	325,080
Intangible Assets	677	682	(5)	1,915	374	1,605
<b>Total Non Current Assets</b>	<b>286,843</b>	<b>761,340</b>	<b>(474,497)</b>	<b>315,763</b>	<b>860,800</b>	<b>326,685</b>
<b>Total Assets</b>	<b>9,826,394</b>	<b>10,126,005</b>	<b>(299,611)</b>	<b>8,924,768</b>	<b>9,500,145</b>	<b>8,077,224</b>

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



February 2009

Mr Pete Macaulay  
President  
InternetNZ  
P O Box 11881  
WELLINGTON

Dear Pete

### Third Quarter 2008-2009 .nz report

This report summarises the key results for the third quarter 2008/09 financial year. It includes information provided in the three monthly reports (October, November and December), plus financial information relating to the quarter. There is nothing in this report that is confidential.

#### 1. Statistics

- Over the quarter, .nz domain names have increased from 344,293 to 348,769, a net increase of 4,476 or 1.3%.

	As at 1 Oct 08	As at 31 Oct 08	As at 30 Nov 08	As at 31 Dec 08	Net Change over qtr
.ac	1,614	1,646	1,654	1662	48
.co	296,142	299,555	299,318	299,986	3,844
.cri	16	16	15	15	-1
.geek	848	861	860	865	17
.gen	1,191	1,201	1,205	1,211	20
.govt	972	977	978	979	7
.iwi	63	64	65	64	1
.maori	513	523	520	534	21
.mil	17	17	17	16	-1
.net	20,162	20,330	20,286	20,299	137
.org	19,949	20,180	20,225	20,309	360
.parliament	5	5	5	5	0
.school	2,801	2,811	2,821	2,824	23
<b>Total</b>	344,293	348,186	347,969	348,769	4,476
<b>Net Growth</b>	1,948 (0.6%)	3,893 (1.1%)	-217 (-0.1%)	800 (0.2%)	4,476 (1.3%)

#### 2. Registry Performance

- SLA targets achieved for the quarter
- SRS availability over the quarter was October 99.91%, November 99.99% and December 100%.

- DNS availability over the quarter was 100% for each of the three months

### 3. *.nz Policies and Procedures*

- A second consultation on the application for .health.nz closed on 13 October. Three submissions were received, each supporting the application. All submissions can be read at [www.dnc.org.nz/healthapplication-2ndconsult](http://www.dnc.org.nz/healthapplication-2ndconsult). At their meeting on 22 October the DNCL Board approved it and recommended to the InternetNZ Council, at their meeting on 12 December, that .health.nz be created.
- The review of the Disputes and Complaints Process and the Investigations and Inquiries Process commenced on 23 October with submissions closing on 2 December. No submissions were received.
- The investigation into a complaint concerning Bottle Domains and their delay in providing UDAs has been completed. Bottle Domains was formally found to be in breach of one of the .nz policies and procedures. This breach resulted from an unreasonable, and unexplained, delay in providing UDAs to a registrant after they had been requested. It was accepted that the registrant ultimately received the UDAs and that at no time did Bottle Domains refuse to provide them. It is also acknowledged that Bottle Domains has taken steps to improve its processes in respect of providing UDAs. Though that is accepted, the breach does justify a formal warning being issued to Bottle Domains regarding their behaviour. This breach will also be published in the .nz newsletter.

### 4. *Registrars*

- No registrars were authorised, or connected to production, during the quarter.

At the end of December 2008, there were 73 authorised registrars with 66 of these connected to the production system.

### 5. *Other Key Activities*

- Reappointments of three Experts and three Mediators were confirmed during October. A further Mediator was appointed, meaning the panel of Mediators is back up to the original size of 10.
- The annual meeting of Experts was held on 20 November.
- The annual meeting of Mediators was held on 5 December.
- Alison McKenzie, Senior Support Analyst, attended the ICANN meeting in Cairo.
- The DNC attended a meeting at the National Library to discuss their recent harvesting of New Zealand websites and the issues that project caused for organisations hosting those websites. It was agreed that the National Library would communicate with the industry as it develops plans for its next harvest.
- At their meeting on 12 December, the InternetNZ Council agreed with a recommendation from the DNCL Board that .health.nz is created as a new second level domain. The Ministry of Health has until 1 July 2009 to commence domain name operations.

- Stuart Anderson, Compliance Officer, travelled to Hyderabad, India to attend an APTLD meeting. Stuart was planning to present a paper at the meeting. Unfortunately, just after Stuart left New Zealand, the meeting was cancelled following the terrorist attacks in Mumbai. The presentation prepared by Stuart will be given at a future meeting.

#### 6. Documents published

- Minutes of the DNCL Board meeting  
[http://dnc.org.nz/content/Minutes\\_22\\_Oct\\_2008.html](http://dnc.org.nz/content/Minutes_22_Oct_2008.html) – October meeting; and  
<http://www.dnc.org.nz/story/30330-29-1.html> - December meeting
- Revised policies following a review published at  
<http://dnc.org.nz/content/disputescomplaints.html> (Disputes and Complaints Process) and  
<http://dnc.org.nz/content/investigationsandinquiries.html> (Investigations and Inquiries Process).

#### 7. Planned activities next quarter

- Undertake elections for the Registrar Advisory Group
- Annual review of the .nz domain name fee
- Review the Service Level Agreement with NZRS
- Work on an awareness campaign for .nz

#### 8. Financial

	July-Sept 2008			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>INCOME</b>						
Authorisation Fees	3,000	1,500	1,500	7,000	4,500	2,500
DRS Complaint Fees	19,800	8,100	11,700	33,100	24,300	8,800
Management Fees	273,900	273,900	0	821,700	821,700	0
Interest Income	10,579	0	10,579	32,970	0	32,970
<b>Total Income</b>	<b>307,279</b>	<b>283,500</b>	<b>8,754</b>	<b>894,770</b>	<b>850,500</b>	<b>44,270</b>
<b>EXPENDITURE</b>						
DNCL Board and Projects	33,072	25,500	(7,572)	56,271	76,500	20,229
Communications	5,761	9,500	3,739	16,628	28,500	11,872
Dispute Resolution Services	48,683	31,850	(16,833)	79,594	95,550	15,956
DNC Registrar Activities	1,497	3,750	2,253	6,584	11,250	4,666
International	73,652	52,000	(21,652)	161,834	156,000	(5,834)
Office and Administration	29,834	53,250	23,416	93,799	159,750	65,951
Personnel and Staff	84,651	93,925	9,274	298,286	281,775	(16,511)
Professional Services	22,997	39,000	16,003	72,203	112,500	40,297
<b>Total Expenditure</b>	<b>300,147</b>	<b>308,775</b>	<b>8,628</b>	<b>785,198</b>	<b>921,825</b>	<b>136,627</b>
<b>Net Profit/Loss</b>	<b>7,132</b>	<b>(25,275)</b>	<b>32,407</b>	<b>109,572</b>	<b>(71,325)</b>	<b>180,897</b>

Notes:

- The level of expenditure on International activities is due to travel costs associated with ICANN Cairo, APTLD Hyderabad and the remainder of expenses relating to ICANN Paris.
- There was a high referral of DRS cases for Expert determination over the quarter which is why the revenue for Complaint Fees and the expenditure for the DRS are both above budget.

9. *Board recommendation*

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

Richard Currey  
Chair



Council  
InternetNZ

## Monthly .nz report – for November 2008

### 1. Statistics

- The level of active .nz domain names decreased from 348,186 to 347,969. A decrease of 217.

This is the first month since the SRS was implemented where there has been a net decrease in the number of .nz domain names over a month. Creates for the month remained reasonably strong at 6,796 but there were large volumes of cancellations. Just under 3,000 domain names that were cancelled had been registered the previous November, so had not been renewed at all. Last November was the record month for domain name creates with 9,564 so the drop off this year is not totally unexpected.

	31 Oct 08	30 Nov 08	Creates	Renewal	Net Change
.ac	1,646	1,654	36	349	8
.co	299,555	299,318	5,973	60,561	-237
.cri	16	15	0	3	-1
.geek	861	860	23	204	-1
.gen	1,201	1,205	21	302	4
.govt	977	978	1	890	1
.iwi	64	65	1	14	1
.maori	523	520	13	73	-3
.mil	17	17	0	9	-
.net	20,330	20,286	360	3,616	-44
.org	20,180	20,225	347	3,638	45
.parliament	5	5	0	5	-
.school	2,811	2,821	21	1,214	10
<b>Total</b>	<b>348,186</b>	<b>347,969</b>	<b>6,796</b>	<b>70,878</b>	<b>-217</b>
<b>Growth over previous month</b>	<b>3,893 (1.1%)</b>	<b>-217 (-0.1%)</b>			

### 2. Registry Performance

- **SRS % Availability and Performance**

Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08
100	99.97	100	100	100	100	100	99.99	99.97	99.98	99.91	99.99

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	As per SLA	November 2008	Av last 12 months
Domain Details Query	1.5	0.03	0.03
Domain Update	0.8	0.42	0.40
Domain Create	0.8	0.50	0.48
Get Message	0.8	0.04	0.04
WHOIS	0.8	0.12	0.12
UDAI Valid Query	0.8	0.15	0.15

▪ **DNS % Availability and Performance**

Server	% Availability									
	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08
<b>NS1</b>	100	100	100	100	100	100	100	100	100	100
<b>NS2</b>	100	100	100	100	100	100	100	100	100	100
<b>NS3</b>	100	100	100	100	100	100	100	100	100	100
<b>Old NS4</b>	100	100	100	100	100	99.99	100	99.96	100	
<b>NS4a</b>									100	100
<b>NS5</b>	100	100	100	100	100	100	100	100	100	100
<b>NS6</b>	100	100	100	100	100	100	100	100	100	99.97
<b>NS7</b>	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 milli-seconds.

DNS	Target	UDP transactions						TCP transactions					
		Jun	Jul	Aug	Sept	Oct	Nov	Jun	Jul	Aug	Sept	Oct	Nov
<b>NS1</b>	<b>&lt;5 / &lt;50</b>	0.04	0.05	0.05	0.05	0.05	0.04	0.15	0.15	0.14	0.15	0.15	0.15
<b>NS2</b>	<b>&lt;5 / &lt;50</b>	0.05	0.05	0.05	0.05	0.05	0.05	0.15	0.15	0.15	0.16	0.15	0.15
<b>NS3</b>	<b>&lt;5 / &lt;50</b>	0.04	0.05	0.04	0.05	0.05	0.05	0.14	0.14	0.14	0.14	0.14	0.15

*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	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08
Average Time (sec)	303	305	305	305	308	308	307	306	<b>284</b>

*DNS Project*

The .nz name server operated by Telecom (NS7.DNS.NET.NZ) was successfully replaced with a new server operated and managed by NZRS on Friday 29 November. This completes the final step of the "Grace and Favour" phase of the DNS project with the one operated by TelstraClear replaced last month.

### 3. .nz Policies and Procedures

- The review of the Disputes and Complaints Process and the Investigations and Inquiries Process commenced on 23 October with submissions closing on 2 December. No submissions were received.

### 4. Registrar Authorisation and Connection

Registrars authorised	73
Registrars connected	66

Number authorised during the month: nil

Number connected during the month: nil

### 5. Other .nz matters

- The investigation into a complaint concerning Bottle Domains and their delay in providing UDAs has been completed. Bottle Domains was formally found to be in breach of one of the .nz policies and procedures. This breach resulted from an unreasonable, and unexplained, delay in providing UDAs to a registrant after they had been requested. It was accepted that the registrant ultimately received the UDAs and that at no time did Bottle Domains refuse to provide them. It is also acknowledged that Bottle Domains has taken steps to improve its processes in respect of providing UDAs. Though that is accepted, the breach does justify a formal warning being issued to Bottle Domains regarding their behaviour. This breach will also be published in the .nz newsletter.

### 6. Dispute Resolution Service

	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08
<b>Valid Complaints Received</b>	3	6	7	4	9	5	10	10	6
<b>Pre-mediation settlement</b>	0	0	0	1	5	1	2	0	2
<b>Sent to Mediation</b>	0	3	1	1	1	4	5	1	1
▪ <b>Settled at Mediation</b>	0	1	0	2	0	1	0	3	0
<b>Referred to Expert</b>	2	1	0	0	2	0	2	1	6
▪ <b>Transferred</b>	2	2	0	0	1	0	1	1	2
▪ <b>Dismissed</b>	0	0	0	0	0	1	0	0	1
<b>Withdrawn</b>	0	1	0	0	1	1	1	4	0

- The annual meeting of Experts was held on 20 November.

### 7. DNC Office

- Alison McKenzie, Senior Support Analyst, attended the ICANN meeting in Cairo. A copy of her travel report is enclosed as Appendix 1.
- The DNC attended a meeting at the National Library to discuss their recent harvesting of New Zealand websites and the issues that project caused for organisations hosting those websites. It was agreed that the National Library would communicate with the industry as it develops plans for its next harvest.

Richard Currey  
Chair, DNCL

## SSA Travel Report - November 2008

### ICANN Meeting Cairo, Egypt 1-7 November 2008

I would like to thank DNCL for the opportunity to attend this meeting on behalf of Domain Name Commission Limited. The meeting offered a valued chance to be involved in the ICANN experience, to meet others working in a similar field, and to contribute to the .nz presence in the global scene. This report covers the some of the issues discussed at the latest ICANN meeting.

Attendance was concentrated around the ccNSO Members Meeting, although the public forums, the guest speakers and the Board Meeting held on the final day were also attended.

### Technical Workshop

**Jiankang Yao, of CCNiC** discussed IDN Preparation with particular emphasis in its use in email applications. Currently, CCNiC is running an email test bed, and is involved in promotion work to encourage its use in the community.

**Johnny Martin, of Packet Clearing House**, spoke of the methods his company uses to visualise the way anycast works. Traffic patterns can be demonstrated through a coloured graphing model. The intention is to be able to use the data to be able to plan for future nodes, and create an even spread of the load throughout the world.

**Dwayne Wessels** spoke about his Domain Statistics Collector, which as its name indicates, collects statistics from DNS servers. It works by collecting data each minute (as a programmed task) and presents statistics as graphs on demand. The system was demonstrated live.

**Dr Eberhardt Lisse**'s presentation was entitled "Open source software found useful" and related his experiences with a statistical tool called "R". The tool is available at [www.r-project.org](http://www.r-project.org) and offers powerful data storage, analysis, and graphing.

**Jeremy Hitchcock**, an Anycast operator from **Dynamic Network Services** spoke about Registry best practices. He defined registries as being in essence, published zone files. Jeremy spoke of the importance of registry operations, with live provisioning, the use of EPP and good security tools being of critical importance.

The host country, Egypt made a presentation on their domain name space, including an overview of their history, and structure and their plan for the future.

**Don Hollander of APTLD** gave his presentation on disaster preparation which had previously been given at the ICANN regional meeting in Dubai in April 2008. Don commented that the disaster preparation training that had been held since that time had been very well received by the ccTLD community.

The day concluded with two presentations from **Patrick Mevzek** on EPP and IRIS. Patrick discussed the origins of EPP, and its deployment in various arenas. He then went on to describe IRIS (Internet Registry Information Service), a protocol aimed to resolve issues with Whois. IRIS will be a future replacement for whois servers. It will work on port 43, with various registries - domain name reg, address reg (IP) and enum reg. It provides an alternate check for domain availability, along with a full IRIS check.

### ccNSO day 1

#### Introduction to New gTLDs

*Roelof Meijer, .nl* and *Markus Travaile, .nl* - a moderated interactive session.

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/ccnso-intro-new-gtlds-04nov08.pdf>

The presentation emphasised the importance of thinking about an overview of the desired outcomes from introducing new gTLDs to the domain name space, rather than focusing on the mechanics of the application process. It was clear that ccNSO members felt that the introduction of new gTLDs is of relevance to the country code managers.

### **ICANN Update**

*Paul Dengage-Thrush and Paul Twomey* provided an ICANN Board Update, focusing their discussion on IDNs, DNSSEC and the new gTLDs. They spoke of the many consultations currently underway, and of the opportunities that individuals and organisations had within the ICANN structure to provide input into the development of policy around these issues.

### **IANA Update**

*Barbara Roseman*, IANA

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/iana-ccnso-update-04nov08.pdf>

This presentation focussed on the deployment of DNSSEC, and the current testing being undertaken by IANA. The Interim Trust Anchor Repository (ITAR), a mechanism for publishing the key is already running in a test bed. Once the system is all in place, no open recursive name servers will be allowed for the authoritative name servers.

### **Participation WG Update**

*Lesley Cowley*

Lesley gave an oral update to this working group and its goal of improving participation in ccNSO and Regional Organisations. The WG is currently summarising 25 recommendations for improvement of information flow. A suggestion has been made for ccNSO administration workshops, to be held in addition to ccNSO technical workshops.

### **ICANN Strategic Plan**

*Doug Brent*.

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/strat-plan-ccnso-04nov08.pdf>

The ICANN Strategic Plan is seen to be a strategic plan for the whole ICANN community, with an opportunity for the ccNSO to feed into the overall strategic plan for the organisation. Doug asked ccNSO members to consider what was the right way for them to participate in the planning cycle, and which areas they felt they could contribute to. ICANN values feedback, contributions and consultation.

### **Improving Internet Usability**

*Josh Rowe*

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/ccnso-domain-usability-04nov08.pdf>

A description of a literature review which generated a surprising amount of controversy over the finding that standardisation of systems for domain names would be a good thing. ccNSO participants were very hotly against this, believing that it was better to craft your systems and policies to reflect the needs of your own internet community than to aim for standardisation.

### **Bind 10 and the 10 year check**

*Joao Damas*

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/ccnso-bind-10-04nov08.pdf>

This presentation requested financial support for the new Bind 10 application. A summary of Bind's history, and future application was provided.

### **ccTLD Market and State Regulation**

YJ Park

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/cctld-regulation-04nov08.pdf>

A discussion of policy development, regulations and registration restrictions, and participation in ICANN processes, comparing markets where there is state control with those where the delegation is held independently from Government. Findings indicate that those ccTLDs with lower levels of state control are more likely to operate in the global marketplace (ie have fewer registration restrictions), and to participate more actively in GAC and other ICANN supporting organisations.

### **Updates from ccTLDs**

A series of ccTLDs provided updates on their progress. Of interest was a generalised feeling of slowing growth, apart from within some of the Asian markets. .eu is noting a change in the pattern of registrations with more coming from Eastern European communities now. .hk noted that it is attempting to model its information security framework on ISO17792/27001, although it is not yet certified. Three registries noted that they had recently rebranded - .hk, .rs and .ke. Awareness campaigns had been undertaken by .tw, and .ke. A project to establish one website for each town has begun in China, with each town having its own portal website and email service. Training is provided and the service, which is expected to take three years to roll out in full, is free.

The regional organisations also made presentations to the meeting. All noted that membership of the regional organisation was to be encouraged, that training opportunities and networking made membership worthwhile, and that they had strong initiatives including workshops and input into larger forums.

## **ccNSO meeting Day 2**

### **Continuity planning**

*Patrick Jones*

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/continuity-planning-cairo-05nov08-en.pdf>

A very brief presentation updating progress on the Registry Failover plan in use for the gTLDs, which has now been renamed Registry Continuity. Since the last update, the registry data escrow specification has changed from the gTLD agreement. Testing will be done in the coming months, and improvements implemented if required.

### **DNS Cache Poisoning vulnerability**

*Kim Davies*

The Kaminsky Vulnerability was explained in simple terms, and the ways that the vulnerability can be minimized were described. DNSSEC is the only long term solution that can make a difference. IANA will be changing its technical procedure to prohibit root zone changes that allow vulnerability.

Shinto Sato of .jp spoke briefly of the actions taken in Japan to cope with Kaminsky attacks, including an awareness campaign to draw the attention of registrars to the vulnerability, and mainstream media coverage.

### **DNSSEC deployment in .cz**

*Ondrej Filip*

Presentation available:

<https://cai.icann.org/files/meetings/cairo2008/filip-ccnso-dnssec-cz-05nov08-en.pdf>

The .cz domain name space is a similar size to .nz, and has just rolled out DNSSEC successfully, having integrated it into the opensource software for the registry.

.tw is running a trial system with Bind 6, operating their key management through RIPE.

### **Anti-phishing.**

*Rod Rasmussen*

*Dave Piscitello*

A report from the industry, academic, law enforcement group which works with e-crime, including spam, fraud, phishing, mule recruiting, click fraud, malware, botnets, DDOS and child porn. The group is studying end users who are victims or who could have been to learn from the near miss. This offers the unit an opportunity to give the user an indication of what he nearly did, and how he was saved from doing it. Studies have been done to find the right level of technical information to give to people with no knowledge. The way they do this is to identify the phishing page and then take it out of service. Instead of giving the usual 404 error, the e-crime unit substitutes the resolved page for a phishing education page, using simple language. The e-crime unit is attempting to enlist the help of domain registries to recruit and support registrars to implement use of landing page. The group is looking for a standardised location so that all pages can redirect to the one location.

### **Summer School of Internet Governance**

*Wolfgang Kleinwaechter*

Aarhus University is currently offering a programme of Internet Governance and structure. The programme is operating in 5 regions, with the next session to be in Buenos Aires in March/April 2009. The programme is currently looking for sponsors and further financial support.

### **IDN PDP and Fast-track**

*Tina Dam*

IDN PDP Structure

The policy development process will have three stages:

Stage 1 - council decision, issues report, input/comments, initial report;

stage 2 - ,initial June 2010, public input comments, final report Oct 2010

Stage 3 - final report, council adoption, members vote, board report.

Sessions in the Main Forum were attended by Keith Davidson.

Dr Tarek Kamel, Minister of ICT for Egypt – discussed the usefulness of Egypt's early free Internet access, accompanied with deregulated environment, and its contribution to developing the Egypt economy, with around 15,000 new jobs created through international "outsourcing", and benefits for health and education. Dr Kamel asked ICANN to consider the ramifications of IPv4 exhaustion on developing and emerging countries. The next billion Internet users will primarily be young people, so BB development must be robust and affordable to these digital natives. The Internet must remain borderless and ICANN must play its part in strengthening cybersecurity, privacy and cybercrime, and community must come together to work bottom up towards pragmatic solutions. ICANN MoU with US DoC concludes in Sept 2009 and Egypt supports ICANN becoming independent of the US Government at that point. Egypt is also very happy to be hosting the IGF in Cairo in 2009.

Paul Twomey – Ipv6 and v4 exhaustion is very topical on this meeting agenda. Strategic Plan input – last chance in current comments period. New gTLD policies now in first period of public consultation, and new work needed on protection of rights esp. IP rights. Suggestion (of mine) now that ICANN may operate a register of IP protected names for use by all new gTLD's. Now 95% of ICANN registrars use ICANN data escrow model (DNC question - is .nz considering a ccTLD escrow model?) Dashboard is working well and worth reviewing for extent of detail (KD – look at project reporting and accounting reporting). DNSSEC – ICANN report on signing the root is currently being reviewed and further work with US DoC. Inter-registrar transfer PDP commenced (DNC - any use for adaptation to .nz?). 80 fellowships applied to attend Cairo

meeting and 28 approved and attending. IANA taking longer to complete requests due primarily to increasing number of request update to IANA. IPv6 – useful suggestion to keep a list of key websites and key carriers who are serving native IPv6.



Council  
InternetNZ

## Monthly .nz report – for December 2008

### 1. Statistics

- The level of active .nz domain names increased from 347,969 to 348,769. An increase of 800.

	30 Nov 08	31 Dec 08	Creates	Renewal	Net Change
.ac	1,654	1662	18	341	8
.co	299,318	299,986	4,704	56,710	668
.cri	15	15	0	4	-
.geek	860	865	14	200	5
.gen	1,205	1,211	18	299	6
.govt	978	979	2	890	1
.iwi	65	64	0	14	-1
.maori	520	534	22	73	14
.mil	17	16	1	10	-1
.net	20,286	20,299	312	3,457	13
.org	20,225	20,309	290	3,441	84
.parliament	5	5	0	5	-
.school	2,821	2,824	18	1,191	3
<b>Total</b>	347,969	348,769	5,399	66,635	800
<b>Growth over previous month</b>	-217 (-0.1%)	800 (0.2%)			

### 2. Registry Performance

- SRS % Availability and Performance**

Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08
99.97	100	100	100	100	100	99.99	99.97	99.98	99.91	99.99	100

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	As per SLA	December 2008	Av last 12 months
Domain Details Query	1.5	0.04	0.03
Domain Update	0.8	0.39	0.40
Domain Create	0.8	0.43	0.48
Get Message	0.8	0.05	0.04

WHOIS	0.8	0.12	0.12
UDAI Valid Query	0.8	0.16	0.15

▪ **DNS % Availability and Performance**

Server	% Availability									
	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08
<b>NS1</b>	100	100	100	100	100	100	100	100	100	100
<b>NS2</b>	100	100	100	100	100	100	100	100	100	100
<b>NS3</b>	100	100	100	100	100	100	100	100	100	100
<b>Old NS4</b>	100	100	100	100	99.99	100	99.96	100		
<b>NS4a</b>								100	100	100
<b>NS5</b>	100	100	100	100	100	100	100	100	100	100
<b>NS6</b>	100	100	100	100	100	100	100	100	99.97	100
<b>NS7</b>	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 milli-seconds.

DNS	Target	UDP transactions						TCP transactions					
		Jul	Aug	Sept	Oct	Nov	Dec	Jul	Aug	Sept	Oct	Nov	Dec
<b>NS1</b>	<b>&lt;5 / &lt;50</b>	0.05	0.05	0.05	0.05	0.04	0.5	0.15	0.14	0.15	0.15	0.15	0.15
<b>NS2</b>	<b>&lt;5 / &lt;50</b>	0.05	0.05	0.05	0.05	0.05	0.5	0.15	0.15	0.16	0.15	0.15	0.15
<b>NS3</b>	<b>&lt;5 / &lt;50</b>	0.05	0.04	0.05	0.05	0.05	0.05	0.14	0.14	0.14	0.14	0.15	0.14

The measurements for the Primary name servers and NS1, NS2 and NS3 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	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08
Average Time (sec)	305	305	305	308	308	307	306	284	287

*DNS Project*

NZRS announced publicly on 1 December that the Grace and Favour DNS name server operated by Telecom had been replaced with a server under NZRS' control.

**3. .nz Policies and Procedures**

- The review of the Disputes and Complaints Process and the Investigations and Inquiries Process commenced on 23 October with submissions closing on 2 December. No

a result of  
s are published at

<http://dnc.org.nz/content/disputescomplaints.html> and  
<http://dnc.org.nz/content/investigationsandinquiries.html>.

#### 4. Registrar Authorisation and Connection

Registrars authorised	73
Registrars connected	66

Number authorised during the month: nil  
Number connected during the month: nil

#### 5. Other .nz matters

- There was a meeting of the Domain Name Commission Limited Board on Monday 15 December. A copy of the minutes is published at <http://www.dnc.org.nz/story/30330-29-1.html>
- At their meeting on 12 December, the InternetNZ Council agreed with a recommendation from the DNCL Board that .health.nz is created as a new second level domain. The Ministry of Health now has until 1 July 2009 to get the domain operational.

#### 6. Dispute Resolution Service

	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08
<b>Valid Complaints Received</b>	6	7	4	9	5	10	10	6	3
<b>Pre-mediation settlement</b>	0	0	1	5	1	2	0	2	1
<b>Sent to Mediation</b>	3	1	1	1	4	5	1	1	2
▪ <b>Settled at Mediation</b>	1	0	2	0	1	0	3	0	0
<b>Referred to Expert</b>	1	0	0	2	0	2	1	6	2
▪ <b>Transferred</b>	2	0	0	1	0	1	1	2	3
▪ <b>Dismissed</b>	0	0	0	0	1	0	0	1	1
<b>Withdrawn</b>	1	0	0	1	1	1	4	0	0

#### 7. DNC Office

- Stuart Anderson, Compliance Officer, travelled to Hyderabad, India to attend an APTLD meeting. Stuart was also planning to present a paper at the meeting. Unfortunately, just as Stuart left the meeting was cancelled following the terrorist attacks in Mumbai. The presentation prepared by Stuart will be given at a future meeting.

Richard Currey  
Chair, DNCL

Council  
InternetNZ

## Monthly .nz report – for January 2009

### 1. Statistics

- The level of active .nz domain names increased from 348,769 to 349,802. An increase of 1,033.

	31 Dec 08	31 Jan 09	Creates	Renewal	Net Change
.ac	1662	1656	10	343	-6
.co	299,986	300919	4700	58143	933
.cri	15	15	0	4	0
.geek	865	875	13	196	10
.gen	1,211	1211	12	301	0
.govt	979	982	3	892	3
.iwi	64	65	0	17	1
.maori	534	531	2	66	-3
.mil	16	16	0	4	0
.net	20,299	20300	292	3521	1
.org	20,309	20407	289	3567	98
.parliament	5	5	0	5	0
.school	2,824	2820	3	1173	-4
<b>Total</b>	<b>348,769</b>	<b>349802</b>	<b>5324</b>	<b>68232</b>	<b>1033</b>
<b>Growth over previous month</b>	<b>800 (0.2%)</b>	<b>1033 (0.3%)</b>			

### 2. Registry Performance

- SRS % Availability and Performance**

Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09
100	100	100	100	100	99.99	99.97	99.98	99.91	99.99	100	99.96

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	As per SLA	January 2009	Av last 12 months
Domain Details Query	1.5	0.04	0.03
Domain Update	0.8	0.39	0.40
Domain Create	0.8	0.45	0.48
Get Message	0.8	0.05	0.04
WHOIS	0.8	0.12	0.12
UDAI Valid Query	0.8	0.16	0.15

- DNS % Availability and Performance**

Server	% Availability									
	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09
NS1	100	100	100	100	100	100	100	100	100	100
NS2	100	100	100	100	100	100	100	100	100	100
NS3	100	100	100	100	100	100	100	100	100	100
Old NS4	100	100	100	99.99	100	99.96	100			
NS4a							100	100	100	100
NS5	100	100	100	100	100	100	100	100	100	100
NS6	100	100	100	100	100	100	100	99.97	100	100
NS7	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 milli-seconds.

DNS	Target	UDP transactions						TCP transactions					
		Aug	Sept	Oct	Nov	Dec	Jan 09	Aug	Sept	Oct	Nov	Dec	Jan 09
NS1	<5 / <50	0.05	0.05	0.05	0.04	0.5	0.04	0.14	0.15	0.15	0.15	0.15	0.15
NS2	<5 / <50	0.05	0.05	0.05	0.05	0.5	0.05	0.15	0.16	0.15	0.15	0.15	0.16
NS3	<5 / <50	0.04	0.05	0.05	0.05	0.05	0.04	0.14	0.14	0.14	0.15	0.14	0.14

The measurements for the Primary name servers and NS1, NS2 and NS3 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	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09
Average Time (sec)	305	305	308	308	307	306	284	287	231

### DNS Project

Work is continuing with NZRS currently upgrading the Albany DNS cluster, adding a second anycast server to NS3 and replacing NS7 with an international anycast service operated by Autonomica.

### 3. .nz Policies and Procedures

- No policy reviews were being undertaken over January

#### 4. Registrar Authorisation and Connection

Registrars authorised	74
Registrars connected	66

Number authorised during the month: One – 1API from Germany

Number connected during the month: nil

#### 5. Other .nz matters

- An application for release of the zone file was approved. It is for use by the BotNet Taskforce convened by CCIP (Centre for Critical Infrastructure Protection). References were obtained from various people associated with the project before approval for the zone file was granted. The list will be used to input into tools developed to identify compromised .nz sites.

#### 6. Dispute Resolution Service

	May 08	Jun 08	Jul 08	Aug 08	Sept 08	Oct 08	Nov 08	Dec 08	Jan 09
<b>Valid Complaints Received</b>	7	4	9	5	10	10	6	3	3
<b>Pre-mediation settlement</b>	0	1	5	1	2	0	2	1	2
<b>Sent to Mediation</b>	1	1	1	4	5	1	1	2	2
▪ <b>Settled at Mediation</b>	0	2	0	1	0	3	0	0	0
<b>Referred to Expert</b>	0	0	2	0	2	1	6	2	1
▪ <b>Transferred</b>	0	0	1	0	1	1	2	3	2
▪ <b>Dismissed</b>	0	0	0	1	0	0	1	1	0
<b>Withdrawn</b>	0	0	1	1	1	4	0	0	2

Richard Currey  
Chair, DNCL

## GLOSSARY OF TERMINOLOGY

2020	2020 Communications Trust – public good group engaged in outreach in NZ
2LD	Second Level Domain, a name at the second level of the DNS, for example, in .nz domain name hierarchy internetz.net.nz. “.net” is at the second level. The .nz domain name space has several 2LDs to choose from.
3LD	Third Level Domain. An example is “internetz” which is at the third level of the domain name internetz.net.nz
ACCC	Australian Competition and Consumer Commission – the competition regulator in Australia (equivalent to our Commerce Commission).
ACMA	Australian Communications and Media Authority – the communications industry regulator in Australia, working with the ACCC.
ALAC	At-Large Advisory Committee is responsible for considering and providing advice on the activities of the ICANN, as they relate to the interests of individual Internet users.
ALGIM	Association of Local Government ICT Managers (NZ)
ALS	At Large Structure – ICANN recognises some organisations as ALS’s – InternetNZ is an ALS
APCERT	Asia Pacific Computer Emergency Response Team
APIA	Asia Pacific Internet Association – Organisers of APRICOT, InternetNZ is a member.
APNIC	Asian Pacific Network Information Centre, responsible for distributing and registering Internet address resources throughout the Asia Pacific region. APNIC is a Regional Internet Registry (RIR)
APRALO	Asia Pacific Regional At Large Organisation. – an ICANN recognised group of At Large Structures within an ICANN region
AP* or APSTAR	Coalition of various Asia Pacific technical groups including APNIC, APTLD, APIA etc
APTLD	Asia Pacific Top Level Domains Association, is an organisation for ccTLD (country-code Top Level Domain) registries in Asia Pacific region.
APRICOT	The Asia Pacific Regional Internet Conference on Operational Technologies – an annual, 10 day technical conference held in February in the Asia Pacific Region
ARIN	American Registry for Internet Numbers, is the RIR for North America

ASO	Address Supporting Organisation, advises the ICANN Board of Directors on policy issues relating to the allocation and management of IP addresses. Its membership are the 5 regional RIRs like APNIC, RIPE and ARIN
auDA	Australian Domain Authority – the .au, Australian equivalent of DNCL
AUP	Acceptable Use Policy
CA	Certification Authority
CCC	Customer Complaints Code
CCIP	Centre for Critical Infrastructure Protection, A Government agency seeking protection of NZ's critical infrastructure from information-related threats, such as are posed by unauthorized access to computer systems, viruses and damage to telecommunications links.
ccNSO	The Country Code Name Supporting Organisation, the constituency group of ccTLD Managers within ICANN
ccTLD	Country -Code Top Level Domain such as .uk (United Kingdom), .de (Germany) and correspond to a country, territory, or other geographic location as specified in the ISO 3166 two letter country code list, with few exceptions
CENTR	Council of European National Top Level Domain Registries, Is an association of ccTLD managers in Europe, their equivalent of APTLD
CERT	Computer Emergency Response Team – Virus and computer intrusion protection group
CIRA	Canadian Internet Registry Authority – operators of the .ca ccTLD
DDC	Digital Development Council – New NZ body formed by NZ Government to undertake projects relating to the fulfillment of the Digital Strategy.
DDF	Digital Development Forum – a broader group having input into the DDC
DNCL	Domain Name Commission Limited, a subsidiary of InternetNZ responsible for the day-to-day oversight of and policy development for the .nz domain name registration and management system.
DNS	Domain Name System.
DNSSec	DNS Security - adds security to the Domain Name System.
DOT	Digital Opportunities Trust, An InternetNZ developing project.
DRS	Dispute Resolution Service. The .nz Dispute Resolution Service provides an alternative to court action, giving parties another mechanism to resolve disputes which arise regarding the registration of a domain name.
EB	Executive Board, Newly established by INZ Council. Governs the Executive Director's Office and the Shared Services Unit of InternetNZ, reporting to the



	InternetNZ Council.
EDANZ	Economic Development Association of New Zealand
EDOB	Former name for the Executive Board – stood for Executive Directors Oversight Board (now redundant)
ENUM	Electronic Numbers, unifies traditional telephony and next-generation IP networks, and provides framework for mapping and processing diverse numbering plans. It can transform a telephone number into a universal identifier that can be used across many different devices and applications (voice, fax, mobile, email, text messaging, location-based services and the Internet).
EPP	Extensible Provisioning Protocol is a flexible protocol designed for allocating objects within registries over the Internet.
FTP	File Transfer Protocol, is a protocol for exchanging and manipulating files over any Transmission Control Protocol, TCP-based computer network.
FTMH	Fibre to MY HOME!
FTTC	Fibre to the Cabinet or sometimes Fibre to the Curb
FTTH	Fibre to the Home
FTTM	Fibre to the Marae (i.e. to community venues)
FTTN	Fibre to the Node
FTTX	Fibre to everywhere
GAC	Government Advisory Committee is an advisory committee comprising appointed representatives of national governments which serves as advisors to the ICANN Board
GKP	Global Knowledge Partnership – an international body that undertakes outreach and projects relating to “ICT for Development”. INZ is a member
GCSB	Government Communications Security Bureau
HTTP	Hypertext Transfer Protocol, is a request/response standard between a client and a server.
HWL	Hectors World Ltd, project supported by InternetNZ providing education on child safety issues through “Hector’s World”, a programme developed in the past few years.

IAB	The Internet Architecture Board, an ISOC group who look after the architecture of the core of the Internet
IANA	Internet Assigned Number Authority is a function undertaken by ICANN and contains the authoritative database of TLD's and IP address allocations, which are published on the 13 Root Servers on the Internet
ICANN	International Corporation for Assigned Names and Numbers, is an internationally organised, non-profit corporation established by the US Government to administer the unique identifiers of the Internet, including the IANA function.
ICOP	Internet Code of Practice
ICT	Information and Communications Technology
IDN's	Internationalised Domain Names are web addresses in your own language.
IETF	The Internet Engineering Task Force is ISOC's task force open to anyone, and designs the technical rules and standards for the Internet's underlying protocols
IESG	Internet Engineering Steering Group – a further group of ISOC technical people
IGF	Internet Governance Forum – an annual meeting hosted by the ITU / UN to look at a broad range of governance issues and organized by a multistakeholder advisory group
InternetNZ (or INZ)	The delegated manager of .nz and not for profit open membership society whose vision is “an open and uncaptureable Internet”, having objectives aligned to ISOC's.
IP	Internet Protocol (an abbreviation of TCP/IP (Transmission Control Protocol / Internet Protocol) Also can mean Internet Packet – the Internet relies on “packets” of information being sent over the infrastructure.
IP	Intellectual Property – sometimes relevant in the Internet world
IPv4	Internet Protocol version 4 - The widely used IP address space on today's Internet – which is rapidly being exhausted. It offers address space of only 4 billion numbers, which initially seemed vast, but as the internet grows, is totally inadequate.
IPv6	Internet Protocol Version 6, offers trillions upon trillions upon trillions of IP addresses ( $3 \times 10^{38}$ to be precise) but has no ready interaction with IPv4,
ISOC	The Internet Society is the international organisation for global cooperation and coordination for the Internet and its internetworking technologies and applications, with the vision of “The Internet is for Everyone”
IAP	Internet Access Provider

ICP or CP	Internet Content Provider
ISP	Internet Service Provider
ISPANZ	Internet Service Provider Association of New Zealand (Inc) is a non profit, industry group that represents most Internet Service Providers operating in NZ. To promote a fair and fully competitive Internet marketplace where our members can deliver the full benefits of the Internet to the NZ public and our economy.
ITU	International Telecommunication Union, purpose is to promote technical and practical coordination and cooperation of telecommunications services.
gTLD	Generic Top Level Domain – includes .com, .org, .net, and several more (not a ccTLD like .nz)
LGNZ	Local Government New Zealand – the association of local authorities in NZ.
MED	Ministry of Economic Development works to “ensure NZ is one of the best places in the world to do business, and to make a real difference to the country's economic performance.” It is the main government department responsible for ICT policy and the Digital Strategy.
MAG	Multistakeholder Advisory Group – the ITU / UN established group which organizes the IGF.
MoU	Memorandum of Understanding
MSP	Managed Spectrum Park, is a flexible, cooperative, low cost and self-managed approach to the allocation and use of radio spectrum useful for Internet accessibility.
NAD	Number Administration Deed, is an industry-based mechanism for the centralised and independent administration of NZ telephone numbers.
NomCom	The Nominating Committee of ICANN, empowered to recommend appointees to governance positions within ICANN
Nominet	The operators of the .uk ccTLD
NTIA	National Telecommunications and Information Administration – the branch of the US Governments Department of Commerce that administers the MoU with ICANN

NZCID	New Zealand Council Infrastructure Development, purpose is world class infrastructure for the benefit of all New Zealanders. Done by raising awareness, generating valuable debate, encouraging the implementation of best practice and identifying the condition of NZ's infrastructure and how best to overcome the challenge.
NZCS	New Zealand Computer Society, is the professional body ICT professionals in NZ and works hard on behalf of our profession and the sector as a whole
NZNOG	New Zealand Network Operations Group is an online community of network operators, predominantly in the Internet and Online Services area.
NZOC	.nz Oversight Committee, the former sub-committee of InternetNZ with the delegated authority to provide effective stewardship of the .nz domain name space. Has been replaced by DNCL.
NZRS	New Zealand Domain Name Registry Ltd, trading as.nz Registry Services, the organisation responsible for operating the .nz 100% owned by InternetNZ
Ofcom	The Office of Communications - an independent organisation which regulates the UK's broadcasting, telecommunications and wireless communications sectors.
PACINET	Annual Conference organized by PICISOC
PACNOG	Pacific Network Operators Group like NZNOG but for the Pacific Islands
PIC	Parliamentary Internet Caucus – an InternetNZ convened group of MPs who discuss issues relevant to the Internet on a regular basis, at Parliament.
PICISOC	Pacific Islands Chapter of Internet Society
PIP	Pacific Internet Partnership, INZ is one of 3 partners which funds outreach to the Pacific Islands.
PIR	Public Internet Registry – ISOC's company that runs the “.org” gTLD
PPC or PubPol	Public Policy Committee, a committee that advised the Executive Director (and through them the Council) on public policy issues.
PSG	President's Strategy Committee (of ICANN)
RAG	Registrar Advisory Group, set up to represent the collective interests of the registrar community in the DNCL's policymaking.
RALO	Regional At Large Organisation – an ICANN recognised group of At Large Structures within an ICANN region
Registrant	The person or entity who holds the right to use a domain name
Registrar	An entity that has been authorised by the Domain Name Commission to register domain names on behalf of registrants.
Register	The authoritative record of .nz domain names managed and operated by the registry.
Registry	The entity that operates the .nz domain name register, providing access to authorised registrars. NZRS is this entity today.

Reseller	An agent providing registration services through a registrar. They have no official status in the .nz domain name space.
RFC	Request for Comment, the main standards development process for the Internet, managed by the IETF.
RFI	Request for Information
RFP	Request for Proposal
RIR	Regional Internet Registry – the IP address allocation groups including APNIC, ARIN, RIPE
RTFM	Read the Flaming Manual! Sometimes an aggravated response to someone who hasn't read what they were supposed to.
SLA	Service Level Agreement
SMS/MMS	Short Message Service / Multimedia Message Service
SO	Supporting Organisation, within ICANN, examples being the ccNSO, ASO, gNSO.
SRS	Shared Registry System, a single database for registering and maintaining domain names which is able to be accessed by authorised .nz registrars.
SSC	State Services Commission.
SSU	Shared Services Unit
sTLD	Sponsored Top Level Domains, is derived from the fact that these domains are based on "theme" concepts proposed by private agencies or organisations that establish and enforce rules restricting the eligibility of registrants to use the TLD. e.g. .museum, .travel
TCF	Telecommunication Carriers Forum, the organisation that provides a forum for telecommunications carriers to draw up self-regulatory codes that apply to the industry.
TCP	Transmission Control Protocol is to provide reliable, securable logical circuit or connection service between pairs of processes.
TDRS	Telecommunications Dispute Resolutions Service
TLD	Top-Level Domains are the names at the top of the DNS naming hierarchy. E.g. .nz, .com.
TSO	Telecommunications Service Obligation – the former “Kiwishare” that requires free local calling and caps line rentals for residential customers.

TUANZ	Telecommunications Users Association of New Zealand.
UN	United Nations – replacement body to the League of Nations established in 1948
UNDP	United Nations Development Programme – A UN project which has branch offices in Samoa and Fiji, administering the Pacific Islands development programmes
UDRP	Uniform Dispute Resolution Policy. All ICANN-accredited registrars follow a uniform dispute resolution policy. Under that policy, disputes over entitlement to a domain-name registration are ordinarily resolved by court litigation between the parties claiming rights to the registration.
UNESCO	United Nations Educational Scientific and Cultural Organisation , a branch of the UN, which has an office in NZ
W3C	World Wide Web Consortium, is an international industry consortium to develop common protocols that promote the evolution of the World Wide Web and ensure its interoperability.
WG	Working Group – usually of Councillors and InternetNZ members and staff, to work on projects the Society is pursuing.
WHOIS	A database query system that provides technical contact information and other details about a domain name registrant
WIP	World Internet Project is an international research project that aims to track trends of the Internet over a number of years assessing its impact around the world by each country surveying both users and non-users of the Internet. Sponsored by InternetNZ.
wwTLD	The World Wide Alliance of country code Top Level Domain Names – a body established outside of ICANN, but largely now subsumed into the ICANN ccNSO
WIPO	World Intellectual Property Organisation is an intergovernmental organisation based in Geneva, Switzerland responsible for the promotion of the protection of intellectual rights throughout the world.
WIT	Women in Technology NZ.
WSIS	World Summit on the Information Society – a 4 year study and summit undertaken by the UN and ITU.
WGIG	Working Group on Internet Governance – a working group under WSIS
WSA	World Summit Awards.