



# InternetNZ

InternetNZ is an open membership, incorporated society, established to promote and protect the Internet in New Zealand. It has overall responsibility for the .nz domain name space, and is an advocate for the interests of Internet users and domain name registrants in New Zealand and overseas.

InternetNZ staff and volunteers are active in a wide range of policy areas. They work with government and industry to promote self-regulation, develop and help implement new technical standards, and inform and educate decision-makers on the reality of dealing with the Internet in public and technical policy.

InternetNZ has a subsidiary company, .nz Registry Services (NZRS), which manages the register of domain names and associated network infrastructure. It also maintains the Domain Name Commission (DNC), responsible for the development and enforcement of policies and procedures that govern the Shared Registry System of the .nz domain name. Both the DNC and NZRS have their own boards.

InternetNZ is committed to the development of a sound policy framework for the Internet in New Zealand, in conjunction with government bodies and the local Internet community.



Level 9 Exchange Place  
5 – 7 Willeston Street  
PO Box 11-881  
Wellington 6142  
New Zealand

Freephone: 0800 101 151  
Phone: +64 4 472 1600  
Fax: +64 4 495 2115  
<http://www.internetnz.net.nz/>

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Another great year protecting and promoting the Internet

## President's Report

Welcome to InternetNZ's annual report, and what a year it has been! The Society has continued to enjoy success in its policy agenda, with the Government passing legislation to improve broadband access and to control spam.

We have supported people and organisations that help achieve our mission of protecting and promoting the Internet for New Zealand. We have played our part in the global governance of the wonderful resource that is the Internet. And we have been good stewards of the New Zealand domain name system, which is entrusted to us by the Internet community.

InternetNZ is financially sound and well resourced to face the continuing challenges of the developing Internet in New Zealand. We will use this strength to continue to work for an open and uncaptureable Internet.

It is now four years since the current Society structure – core Society, Domain Name Commission and New Zealand Registry Services, all under an elected Council – was put in place, and five since it was designed. Recognising this, a group led by founding Society chair and fellow Roger Hicks has been considering whether any changes could help the Society better meet its objectives.

The group has been advised that an application for charitable status for the Society as a whole might well succeed, and we are further investigating what we would have to do to achieve this. On the face of it,

it does not seem unreasonable that a wholly public-good body such as the Society should be able to attain this status.

The structural review is also exploring potential changes intended to extend the success of the governance model for the Domain Name Commission and the registry to the Society as a whole. Any changes that are recommended by the review team will be the subject of consultation with members.

Once again InternetNZ's company, NZRS, has excelled both in running the registry and in its financial performance. NZRS' activities fund the Society, and more importantly they form part of the critical infrastructure of New Zealand. Its Board and staff, ably led by Anne Urlwin, deserve our great thanks for their continuing success.

I am delighted that this year we were once again able to reduce the wholesale fee for domain names, this time to \$1.50 per month plus GST. Council has stated that it would

like to keep the domain name fee stable and declining over time and it is good that we have the opportunity to do this. Of course, this does not mean that the retail price for names will come down immediately, since retail prices are set by registrars, but it will place downward pressure on domain name prices.

I would also like to recognise all the Society staff, led by Executive Director Keith Davidson and Domain Name Commissioner Debbie Monahan. They do a huge amount of work, not all of which is visible to members and councillors. We should also note that Jordan Carter has been promoted to the position of Deputy Executive Director.

My fellow councillors have given freely of their time, expertise and energy this year, as they do every year. The Society is fortunate that it has such a committed and passionate pool of members – people who care about the Internet and what it means for people everywhere. Together, we are making a difference for New Zealand and for the Internet. Thank you for being part of that.

**Colin Jackson**  
President, InternetNZ

# Executive Director's Report

The past year has been a whirlwind for InternetNZ staff. The major use of internal resources has been in the public policy arena, most particularly working in the telecommunications regulatory space. This has impacted adversely on some of the more inward facing projects, but steady progress continues nevertheless.

During the year we tested high definition video conferencing, which looks likely to be incorporated into the development of the Access Grid for the 10th floor InternetNZ office. We are progressing with the structural layout of the room, as well as the technologies to be used. We have also sublet an office on the 10th floor to the 2020 Communications Trust.

As more staff have come on board, and more projects have been undertaken, our financial system has started to creak at the seams, and a new general ledger structure will be in place from 1 April 2007 to cope with the additional burden.

We have made progress towards connecting to the KAREN advanced research network and anticipate that we will be fully connected during the course of the current calendar

year. As well as supporting the advanced network, we perceive useful value from testing technologies such as IPv6 DNS servers, ENUM and Multicast within this network environment.

Some of our more technically focused projects have not progressed during the year, such as scoping for a Certification Authority for New Zealand, and scoping for the establishment of an NZCERT operation, but these projects are now back in our workflow plans.

Considerable effort has occurred in enhancing our relationships with external organisations, and we have much closer harmonisation with NetSafe, the New Zealand Computer Society, ICT-NZ, TUANZ, the Wireless and Broadband Forum, the Telecommunications Carriers' Forum,



*A successful year with challenges and growth*

ISPANZ, the 2020Trust, the NZNOG, Women in Technology and other industry bodies, as well as relevant government officials.

Our Executive Director is now a board member of ICT-NZ as well as the APTLD organisation, and also co-chairs the CCNSO/ Government Advisory Committee Liaison Group within ICANN. The Deputy Executive Director also serves as the Secretariat to APTLD and APCAUCE. Communications and Research Officer Richard Wood also provides secretariat and communications support to ISPANZ.

Members' consultation meetings held in February gained interim approval for the new InternetNZ Strategic Plan for 2007 – 2009 as well as the business plan and budget for the new year. Members also provided valuable input into our major policy projects during this consultation round.

Communications has been a focus for staff during the year, and the introduction of "The Browser" and weekly news links has proved popular with members and external

stakeholders. We will be looking to build on the success of these during the next year, and will be seeking to use the strengths of our communications to build our membership further.

InternetNZ continues to exercise fiscal responsibility while ensuring the outcomes desired by members are met. Our achievements over the past year have occurred within the budget allocated.

Staff numbers have increased during the year and we now have six full time equivalents on the payroll and possibly another 1.5 FTEs to be appointed in coming months. InternetNZ staff are totally committed and enthusiastic in their tasks and efforts in progressing the Society's objectives.

I am exceedingly grateful to be working amongst such talent and diversity.



**Keith Davidson**

Executive Director, InternetNZ

# InternetNZ Overview

InternetNZ (The Internet Society of New Zealand) is a not-for-profit membership organisation advocating that the Internet be available to everyone, everywhere, all the time. The Society is democratically run, the members are key to the organisation, and active participation is welcome.

Branded as InternetNZ, we are a non-governmental organisation that supports and encourages the coordinated and cooperative growth of the Internet in New Zealand. We are New Zealand's Internet representatives at a global level through our role in holding the delegation of the .nz country code top level domain (ccTLD).

We have an operational office, the Domain Name Commission (DNC), which is responsible for policy and the administration of the .nz domain name space. We also have a subsidiary company, .nz Registry Services (NZRS), which operates the .nz domain name register.

We share a vision of an open and accessible Internet that benefits the wider community. Our key areas of work are in managing the .nz domain name space, in creating a sound public policy environment for the Internet and in nurturing innovation that supports the development of the Internet in New Zealand. We also work on the international stage to help shape global Internet politics and initiatives.

## .nz

The Domain Name Commission (DNC), under the policy direction of our .nz Oversight Committee, and .nz Registry Services work in complementary roles to ensure the .nz domain name space is run effectively for all who use it.

The DNC ensures that the rights of .nz registrants are protected. They do this by maintaining the framework of policies and procedures that regulate the operation of the .nz register, and by encouraging a fair and competitive environment for registrars. The DNC administers a Dispute Resolution Service (DRS), which provides an alternative to the courts when disputes arise over who should be the registrant of a .nz domain name.

NZRS operates the register of .nz domain names and the Domain Name Service (DNS), which are maintained for high availability, accuracy and response times. These are managed and measured against a Service Level Agreement with InternetNZ.

*“We are a non-governmental organisation that supports and encourages the coordinated and cooperative growth of the Internet in New Zealand.”*

Local Loop Unbundling DSL Fibre Wireless Social impact  
Telecommunications Reform Anti-Spam Fibre Internet history  
**Broadband** Community Networks

## Policy

We stand up for the interests of ordinary users of the Internet without fear or favour. While maintaining an independent stance, we work with the New Zealand Government and industry to promote self-regulation, help implement new technical standards, and educate decision-makers on Internet issues.

We regularly consult with our members and base our advocacy on the principled positions they help to develop.

## Innovation

The Internet has grown into a more powerful communication tool than ever imagined.

To see it continue to develop, we advocate for improving technical services and infrastructure and support initiatives like technical scholarships, conferences, training and research. Just as the benefits increase in this rapidly changing industry, so do the security threats. We work towards ensuring Internet users' security and privacy.

## The Year's Highlights

### Telecommunications sector reform

Over the year InternetNZ contributed across several areas of telecommunications regulation. This is important because the development of a competitive market for access providers over Telecom's copper network is vital to getting better Internet services for New Zealand consumers.

Extensive submissions to the Government's Stocktake made at the start of last year were followed by well-researched input to the Select Committee process. InternetNZ was the key organisation lobbying for a British Telecom-style operational separation, which is what Parliament agreed.

InternetNZ kept a watching brief on the process by the industry to develop the LLU and naked DSL service specifications that will assist towards a decent roll-out of those services. The coming year will see the operational separation of Telecom, which will involve more work, keeping an eye out for the interests of New Zealand consumers in this area.



*Digital Communities panel of successful applicants to the Digital Strategy Fund*

### Sponsorships

In line with its goals, InternetNZ was pleased to support a variety of initiatives and events, including:

- The Digital Communities conference in Christchurch
- The New Zealand Wireless and Broadband Forum's Convergence Oceania events in Auckland and Wellington
- The New Zealand Network Operators' Group annual conference in Palmerston North.

## CyberLaw Fellow

The 2007 CyberLaw Fellow, Philip Greene, took up the role in February. He follows on from the excellent work done by the first CyberLaw Fellow, Dr Judit Bayer in 2006.



*InternetNZ CyberLaw Fellow – Philip Greene*

## Fellowship

Liz Butterfield was awarded a Fellowship to the Society in 2006.

## Asia Pacific Top Level Domains Association

InternetNZ continued its work as host secretariat for the APTLD in 2006/07, managing the recruitment and appointment for the Association's inaugural General Manager, and helping arrange meetings for members and the Board in Hong Kong, Bangkok and Bali. Our support for APTLD continues with InternetNZ Executive Director Keith Davidson joining the Board as a Director for .nz, and a smaller scope administrative support arrangement to assist the new GM.



## Internet history

In October 2006 InternetNZ commissioned journalist and author Keith Newman to write a history of the Internet in New Zealand.



*Susie Fookes talks membership at Convergence Oceania 06*



Anti-Spam

Cloud Computing  
Fibre Wireless

DSL-Fibre-Wireless

Local Loop Unbundling

Telecommunications Reform

# Strategies

## 1. Management of .nz

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

## 2. Advocacy and representation to Government

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

## 3. Supporting industry best practice and self-regulation

- 3.1. Effective Internet industry self-regulation
- 3.2. Foster Internet Industry best practices

## 4. Protecting the Internet

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

## 5. Promoting the Internet

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

## 6. New Zealand representation in the global Internet

- 6.1. Ensure the New Zealand local Internet community is represented in international Internet forums
- 6.2. Support Pacific Islands Internet development

## 7. Supporting volunteers, members and the organisation

- 7.1. Ensure InternetNZ's use of the Internet is recognised as excellent and best practice
- 7.2. Operate as efficiently as possible
- 7.3. Practise investment management
- 7.4. Undertake strategy evolution
- 7.5. Recruit and retain members

- 7.6. Further develop funding sources, other than NZRS, for InternetNZ
- 7.7. Be a good employer of all InternetNZ staff
- 7.8. Be a good shareholder of NZRS

## 8. Supporting Internet innovation and technical leadership

- 8.1. Support Internet innovation
- 8.2. Enable Multicast on the New Zealand IPv4 and future IPv6 public network
- 8.3. Support Internet research

# Strategy Reports

## Advocacy and representation to Government

In the course of the year, InternetNZ maintained its efforts to represent the interests of Internet users to a range of government decision-makers. The Society's non-partisan, independent stance makes us an effective advocate for New Zealand Internet users, who need a better deal. This year we focused on four key areas of this work – these are highlighted below.

### TELECOMMUNICATIONS

The telecommunications network is the main way New Zealanders get to the Internet. In the 2006/07 year InternetNZ made major submissions on changes to the legislative framework that regulates the sector. We lobbied hard for operational separation of Telecom along similar lines to what happened in the UK – and Government and Parliament agreed, passing the new law in December 2006 in line with many of InternetNZ's submissions.



*Operational separation workshop in progress*

In 2007 the new regulatory regime is in the process of being bedded down. There has been extensive industry work through the Telecommunications Carriers' Forum, which started in 2006 to develop the detailed requirements for the new services of local loop unbundling and better bitstream access. InternetNZ has kept a watching brief and seen good progress.

By the end of 2007 we hope to see services in the market that take advantage of these new options for competition on Telecom's network. Operational separation should also be well on the way, which will guarantee even better competition – and investment by competitors – to improve services and lower prices in the broadband market.

*Speakers line up at the Wellington copyright workshop*

### COPYRIGHT

Late in 2006 the Government published draft legislation to update New Zealand copyright law. The new Bill shifted the goalposts for users of copyright material in favour of copyright holders, while at the same time providing useful updates to technology provisions and protections for Internet Service Providers.

InternetNZ convened two well-attended workshops and made an extensive submission to the Parliamentary Select Committee standing up for good, enforceable law that won't reduce the rights people already have to use copyright material. Lobbying continues, and the reality is that the lobby groups representing copyright interests are well funded and well connected. Next year's report will let you know the outcome!



### PARLIAMENTARY INTERNET CAUCUS

After a long gestation, the Internet Caucus kicked off late in 2006 co-chaired by Maurice Williamson and David Cunliffe. The first meeting discussed how the Caucus might best operate and highlighted key issues they might like to consider. The second meeting early in 2007 canvassed digital broadcasting, with presentations by journalist and commentator Russell Brown and TVNZ head of emerging markets Jason Paris. The Caucus provides a forum for MPs to discuss and learn about technology issues, and two more meetings are expected in 2007.

### CYBERLAW FELLOWSHIP

The first CyberLaw Fellow was Dr Judit Bayer from Hungary, who spent 2006 in Wellington researching issues of Internet Service Provider (ISP) liability in New Zealand's legal framework and teaching a course in CyberLaw. The 2007 CyberLaw Fellow is Philip Greene from the United States, whose focus is on Internet governance issues. The CyberLaw Fellowship is a partnership with Victoria University of Wellington's School of Law. The position will continue in 2008 with the Society seeking sponsorship to help fund it from that year.

## Supporting industry best practice and self-regulation

### WORLD INTERNET PROJECT

The local activities of the World Internet Project (WIP) are expected to provide a comprehensive knowledge base on the social, political and economic impact of the Internet. WIP is an international research project that aims to track local and global Internet trends and impacts. In 2006 InternetNZ was invited to lend its support by sponsoring New Zealand's WIP partner, the Centre for Communication Research (CCR), which is a key research institute at Auckland University of Technology.

### INTERNET CODE OF PRACTICE

The decision has been made to adjust the Internet Code of Practice to complement the TCF's new Customer Complaints Code and Telecommunications Dispute Resolution Service. The Internet Code of Practice will provide for best practice in supply of Internet services while not requiring the same level of overhead in enforcement that was originally

envisaged. A working group has been formed to progress this long-standing project.

## Protecting the Internet

### ANTI-SPAM CAMPAIGN

Efforts by InternetNZ since 2004, including lobbying for an alternative enforcement model, came to fruition in the second half of 2006 and early 2007 with the passing of the Unsolicited Electronic Messages Act 2007. The Act is very much in line with InternetNZ's thinking and will come into effect on 5 September. It will be enforced by the Department of Internal Affairs and InternetNZ assisted the DIA in formulating its anti-spam communications plan.

InternetNZ, in conjunction with the TCF, and the Marketing Association, has finalised the ISP Code of Practice and put it out for public consultation. This is also intended to come into effect on 5 September.

### ENUM

The convergence of telephone numbering and the Internet is best seen in ENUM, a technology which enters public telephone

numbers into the domain name system, potentially enabling a single point of contact for all electronic communications. InternetNZ wants to be part of the local trial of the technology, and has commissioned prototype work around privacy-related issues.

### INTERNET PATENTS

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

### BROADBAND CAMPAIGN

Besides the extensive submissions made in the past year, a whole range of other work has gone into educating policymakers and media on the options facing New Zealand for better broadband. Staff and others have attended a range of international events to learn first-hand what other countries are doing and how New Zealand can do better.

Broadband is firmly on the political agenda and, with clear links to stronger economic growth and more sustainable ways of working, can only become more important as time goes by. 2007/08 will see concerted action on leapfrogging to best OECD practice,

with strong lobbying on the need to roll out fibre optic infrastructure being a key area of work.

### NETSAFE

InternetNZ continues to support the great work of NetSafe – the Internet Safety Group. Its focus on educating young and old to be safer on the Internet meets clear community needs, and is very well done. InternetNZ has negotiated an ongoing strategic partnership with NetSafe, to help provide a sustainable funding base for the organisation. Martin Cocker, NetSafe's new Executive Director, has settled in while previous Executive Director Liz Butterfield is working hard on the development of the "Hector's World" concept.

### PEERING

InternetNZ initiated a team of external experts headed by independent IT consultant and ex-Telecom CTO Dr Murray Milner to look at issues of peering and local interconnection and seek industry solutions. The group met with a range of stakeholders in both Auckland and Wellington to gather their views. These stakeholders included ISPs, content providers, telecommunications firms, banks and Government.

## Promoting the Internet

### SUPPORTING ISPANZ

InternetNZ supported ISPANZ (The ISP Association of New Zealand) through providing research and communications services. This involved one of the staff attending ISPANZ council meetings, revising position papers and workplans, and writing submissions, newsletters and press releases. The arrangement has enabled ISPANZ to play a more active role in dealing with issues such as Telecom separation, copyright, and peering than might have been possible otherwise.

### HISTORY OF THE INTERNET IN NEW ZEALAND

In October 2006 InternetNZ commissioned a history of the Internet in New Zealand. It will chronicle how New Zealand came to be the first nation in Asia-Pacific to connect fully to the US-based Internet backbone, and the ongoing challenges to enable widespread access and improve speed and open competition.

Author Keith Newman brings a wealth of knowledge and skills to the project with a long history of IT journalism and authorship of "Ratana Revisited", published by Reed in 2006. The project is not planned to be for commercial gain, but to accurately record the activities, events and people which contributed to the creation, then growth, of the Internet in New Zealand.

### DIGITAL COMMUNITIES

InternetNZ is involved in a multi-organisation three year national ICT economic transformation initiative for regional economic and community development. The Digital Communities initiative involves NGI-NZ, Local Government New Zealand, the Economic Development Association of New Zealand, InternetNZ, MED/Digital Strategy Secretariat, and New Zealand Trade and Enterprise.

There was a workshop in November 2006 in Christchurch in conjunction with the Canterbury Development Corporation and a joint venture is being planned with BusinessLab Scotland and local councils in New Zealand for an E Cities pilot project.

## Supporting Internet innovation and technical leadership

Supporting Internet innovation and research are important as InternetNZ leads New Zealand toward an open and uncapturable Internet.

### NZNOG

One of the most visible contributions InternetNZ makes in the area of Internet innovation and technical leadership is through its ongoing sponsorship of the New Zealand Network Operators' Group (NZNOG) conference. The Group met in Palmerston North at the end of January. About 110 attended from New Zealand and overseas. Executive Director Keith Davidson and Vice-President David Farrar gave well-received presentations on copyright, telco reform and spam.

### IPV6

InternetNZ has continued to press toward its goal of seeing telcos, ISPs, corporates, home users and the industry in general convert to IPv6.

### TECHNICAL SCHOLARSHIPS

InternetNZ and the New Zealand Computer Society (NZCS) continued to work together to create a Technical Scholarship programme for Internet innovation.



*Don Hollander, Dave Baker and Debbie Monahan at ICANN Portugal*

## Supporting volunteers and members

The InternetNZ Secretariat provides a great deal of support to volunteers and members of the organisation, including the Council and committees that make up the Society. This includes staffing, committee and membership support, resources for Council meetings, professional fees and advice, and various other items. Staffing resources were expanded with the appointment of a Communications and Research Officer in September. Other support services are regularly reviewed and updated.

## New Zealand in the global Internet

As a global network, the Internet requires global coordination to make it work. There is a range of bodies at the international and regional level where InternetNZ's voice matters, representing the Kiwi point of view and helping keep the Internet open and uncapturable. The cost of that representation is met from general Society funds and from the .nz management fees that fund the Domain Name Commission.

### ICANN – THE INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS

ICANN, a private sector, non-governmental institution, coordinates the technical resources at the Internet's heart: the global DNS root. Since hosting an ICANN meeting in Wellington in 2006, participation has continued at ICANN's meetings in Marrakech, Sao Paulo and Lisbon. The meetings each provide a forum to hold the ICANN Board to account, and for the communities of interest associated with ICANN to share their views and develop policy.

Our participation will be ongoing. The principled position of supporting an open and transparent ICANN will continue to be InternetNZ's guiding light in engaging in this complex and often controversial institution.

### APTLD AND APNIC

APTLD is the association for ccTLD managers in the Asia-Pacific region. APNIC is the regional Internet numbers registry, where the database of unique IP address space allocations is held. Both are policy developing organisations where

InternetNZ learns from similar organisations' experiences, and shares ideas for future policy development.

InternetNZ has held a director's position on the APTLD Board from February 2007, and participates at APNIC mainly through its annual policy meetings held in conjunction with APRICOT.

### INTERNET GOVERNANCE FORUM

Keith Davidson represented InternetNZ at the inaugural meeting of this joint UN/ITU forum in Athens in October 2006. It is a break from typical multilateral meetings, following an Internet meeting style where ideas are considered and debated on their merits.

The Forum is for the provision of information and to share ideas about aspects of public policy that need to be considered by countries and NGOs in a global, rather than a national, context. It does not replace or diminish the roles of organisations like ICANN, which have more specific, technical functions. Nor is the Forum a decision-making body – its only influence is through the quality of its ideas.

### PACIFIC INTERNET PARTNERSHIP

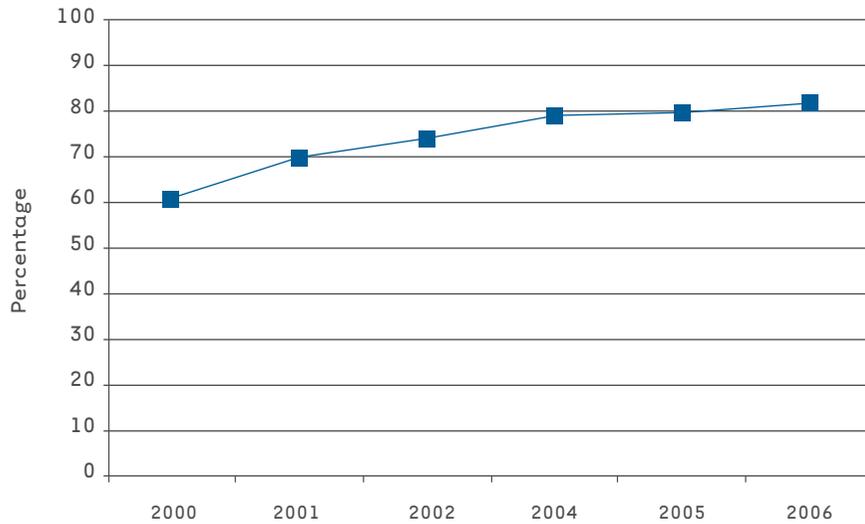
The Partnership (a joint InternetNZ/UNDP/UNESCO programme) continues to develop. It met in Samoa in August 2006. The 2020 Communications Trust and the WAND Group at the University of Waikato are also supporting the Pacific Islands chapter of ISOC, and significant wireless networking was deployed in the region (and computers supplied) in Samoa during the course of the August meeting.

### ISOC

InternetNZ joined ISOC (the global Internet Society) during 2006 as an organisational member. Over the coming year we will seek to learn more about ISOC's programmes and how they can be brought home for members and other parts of the Internet community in New Zealand. InternetNZ joined to support the development of the global Internet technical standards framework, through ISOC's activities in the IETF and the IAB.

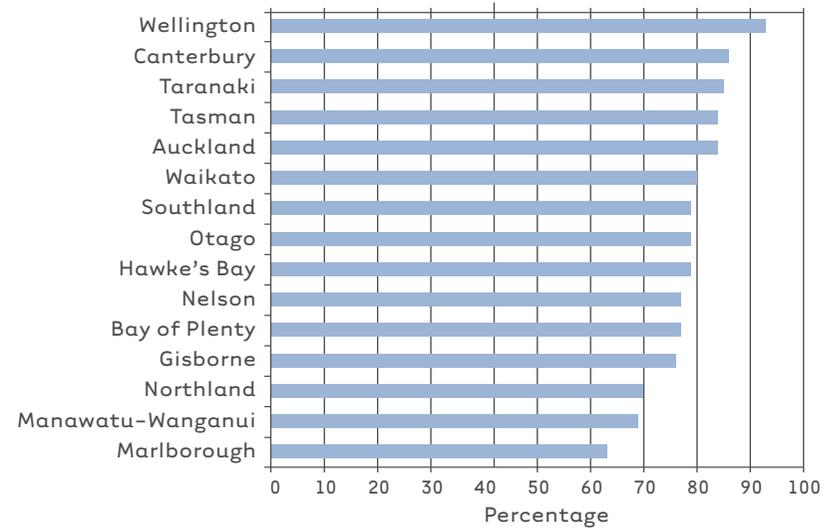
# The Internet in New Zealand

INTERNET ACCESS – PERCENTAGE OF POPULATION AGED 10+

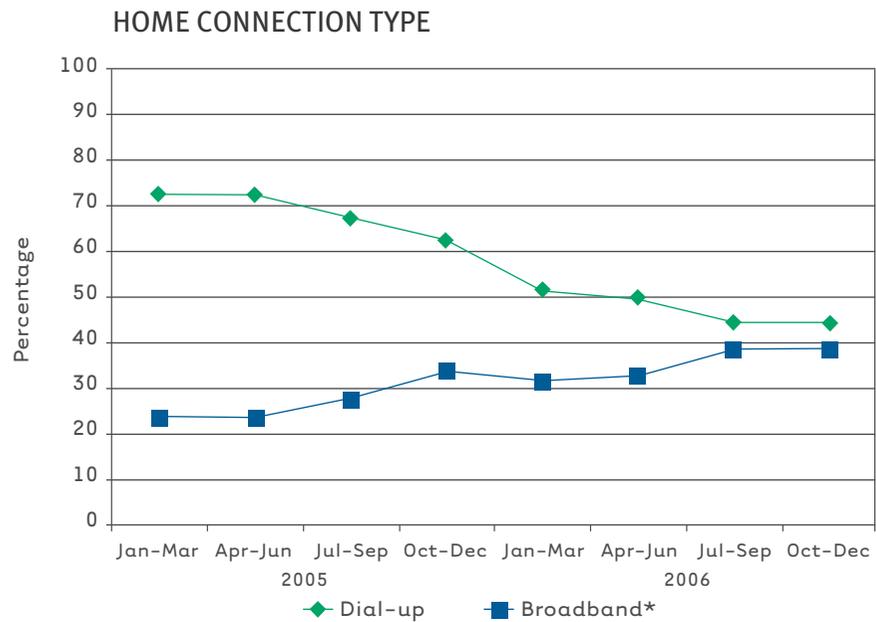


Source: Nielsen Media Research

ACCESS BY POPULATION AGED 10+ IN REGION



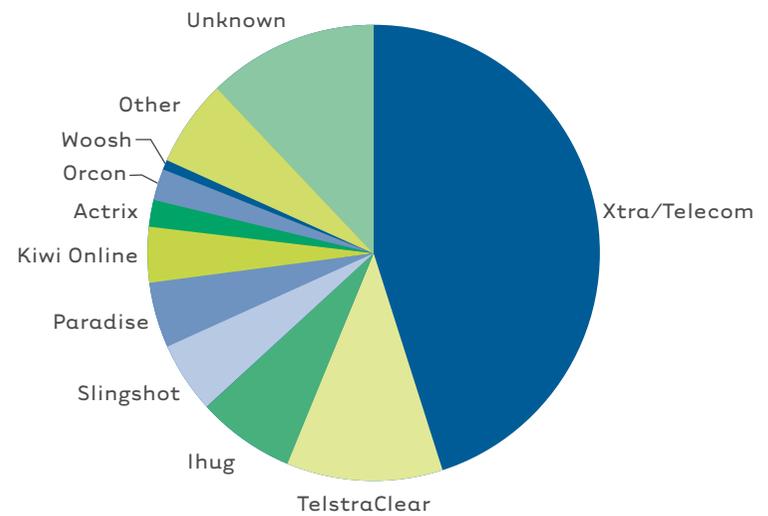
Source: Nielsen Market Research Network Q406



\*Defined as 256kbit/s and above

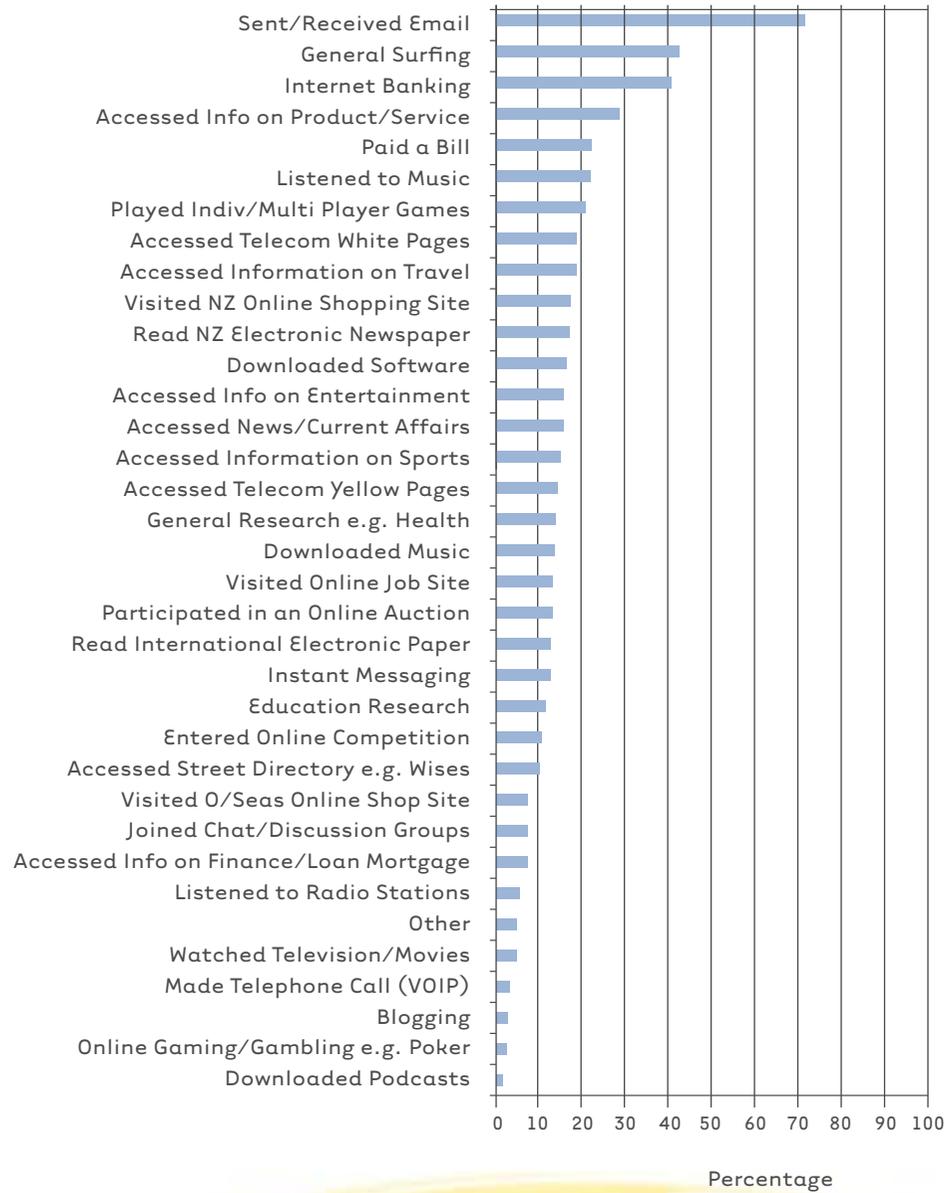
Source: Nielsen Market Research Netwatch Q406

### ISPS USED IN THE HOME



Source: Nielsen Market Research Netwatch Q406

### ONLINE ACTIVITIES MAY 2007 BY ALL NEW ZEALANDERS



Source: Nielsen Market Research Network

Anti-Spam

DSL fibre Wireless

Community Networks

Advocacy

NEW ZEALAND INTERNET SITES  
MOST VISITED MAY 2007

Rank	Name	Publisher	Unique Browsers	Page Impressions
1	trademe.co.nz	Trade Me Ltd	3904642	1087944561
2	stuff.co.nz	Fairfax New Zealand Limited	2159120	35769551
3	nzherald.co.nz	APN Holdings NZ Ltd	1756562	33726665
4	msn.co.nz	MSN New Zealand Limited	1401036	16758100
5	airnewzealand.co.nz	Air New Zealand Limited	1053760	17263794
6	xtra.co.nz	XtraMSN	1051646	44060191
7	tvnz.co.nz	TVNZ	860733	8850703
8	yellowpages.co.nz	Yellow Pages Group	698351	6369507
9	whitepages.co.nz	Yellow Pages Group	661561	8426048
10	westpac.co.nz	Westpac New Zealand Limited	656157	6081466
11	asbbank.co.nz	ASB Bank Limited	623588	4532443
12	nationalbank.co.nz	The National Bank	576240	4191848
13	bnz.co.nz	Bank of New Zealand	498594	6275364
14	geekzone.co.nz	Sohosolutions Limited	492801	1059742
15	telecom.co.nz	Telecom NZ Ltd	487559	4374168
16	scoop.co.nz	Scoop Media	486778	1156369
17	seek.co.nz	SEEK	449002	12611878
18	tv3.co.nz	CanWest MediaWorks NZ Limited	447514	3136037
19	vodafone.co.nz	Vodafone Group	392931	7857516
20	newzealand.com	Tourism New Zealand	357128	3456176
21	oldfriends.co.nz	Trade Me Ltd	353442	19281173
22	wises.co.nz	APN Holdings NZ Ltd	350110	2542754
23	anz.co.nz	ANZ Banking Group (New Zealand) Limited	330668	2018704
24	nzdating.com	New Zealand City Ltd	304369	102591909
25	nzpost.co.nz	New Zealand Post	295388	4005929
26	metSERVICE.co.nz	Meteorological Service of NZ	285231	3167637
27	allblacks.com	NZRFU	272028	2762034
28	kiwibank.co.nz	New Zealand Post	271939	1846600
29	nzcITY.co.nz	New Zealand City Ltd	270964	3920803
30	massey.ac.nz	Massey University	263670	3513952
31	ferrit.co.nz	Telecom NZ Ltd	247142	1999091
32	realestate.co.nz	Realestate.co.nz Ltd	245874	11444692
33	nzs.com	Avatar Ltd	244675	896815
34	findsomeone.co.nz	Trade Me Ltd	238082	23722557
35	nzgirl.co.nz	NZGirl	234602	961019
36	finda.co.nz	APN Holdings NZ Ltd	233856	1978468
37	allrealestate.co.nz	Realestate.com.au	217574	5291826
38	telecomvirtualrugby.co.nz	Proximity iD	197788	4467287
39	tourism.net.nz	New Zealand Tourism Online	189539	1173233
40	ihug.co.nz	ihug Limited	185752	3242960

Source: Nielsen Media Research Netwatch



# InternetNZ Directory 2006 - 2007

## The Council



**COLIN JACKSON**

President 2005 – 2007  
Treasurer 1995 – 1998  
Council 1995 – 1999, 2005 – 2007  
.NZ Oversight Committee 2003 – 2007



**JAMIE BADDELEY**

Council 2006 – 2008



**DAVID FARRAR**

Vice-President 2003 – 2007  
Secretary 2001 – 2003  
Council 1998 – 2000, 2001 – 2007



**FRANK MARCH**

Secretary 1997 – 2001  
Council 1994 – 1995, 1996 – 2001,  
2006 – 2008



**CHRIS STREATFIELD**

Secretary 2006 – 2008  
Treasurer 2002 – 2006  
Council 2001 – 2008



**JONNY MARTIN**

Council 2006 – 2008



**MICHAEL WALLMANNBERGER**

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



**MARK HARRIS**

Council 1996 – 2001, 2005 – 2007



**SIMON RILEY**

Council 2001 – 2007



**PETER MACAULAY**

Council 2005 – 2007  
Executive Director 2002 – 2005



**JENNIFER NORTHOVER**

Council 1998 – 2007



**SAM SARGEANT**

Council 2006 – 2008



**JUDY SPEIGHT**

Council 2006 – 2008



**MICHAEL SUTTON**

Council 2003 – 2008



**DAVID HARRIS**

Council 2003 – 2006  
(resigned November 2006)



**JANET MAZENIER**

Council 2006  
(resigned October 2006)

## Senior staff

Keith Davidson – Executive Director  
Jordan Carter – Deputy Executive Director  
Debbie Monahan – Domain Name Commissioner

## Fellows of the Society

Joe Abley  
Nevil Brownlee  
Liz Butterfield  
Rex Croft  
Mark Davies  
Roger Hicks  
Jim Higgins  
Dr John Hine  
John Houliker  
Neil James  
Andy Linton  
Dr Frank March  
Richard Naylor  
Donald Neal  
John Vorstermans

## Standing committees

Audit and Risk Committee  
Executive Committee  
Public Policy Committee  
.nz Oversight Committee  
Technical Policy Committee

## Task forces and working groups

Anti-Spam Task Force  
NZCERT Task Force  
ENUM Task Force  
Peering Task Force  
Digital Opportunities Trust Task Force  
Patent Advisory Group  
Structural Review Task Force



*A year of new challenges and opportunities*

## Treasurer's Report

InternetNZ has experienced another year of significant growth in activity with new challenges and opportunities. While the organisation's capacity has been stretched in many ways, our financial result is quite comfortable.

Having budgeted for a deficit of nearly \$350,000, the Society has finished the year with a balanced book. The cash balance at 31 March of around \$2.3 million means our reserves are above the minimum required by Council's reserves policy and, effectively, we have powder dry to deal with the unexpected.

InternetNZ has needed to increase its expenditure over the last two years to meet its objectives. With a larger operation and greater ongoing costs, Council and management need to apply additional rigour to financial policies and decision-making.

As there is still more work than we have capacity to do, further growth is possible. Council will need to monitor closely how future growth might impact the Society's financial position.

A major investment has been made in the Society's structural review project and recommendations flowing from this will be presented to the AGM for endorsement. The review has identified changes that will allow InternetNZ to increase its efficiency and effectiveness. While the changes offer significant payback for our investment,

I expect further one-off costs related to the implementation of the recommendations to be absorbed in the 2007/08 financial year.

Council has reformed its Audit Committee as an Audit and Risk Committee with an expanded Terms of Reference. The Committee is working gradually towards developing a more mature financial reporting and risk management framework for InternetNZ, which is appropriate given that we now handle significant amounts of money for which we are accountable to a broad group of stakeholders.

Improving the maturity of our financial reporting frameworks will be a key objective for the 2007/08 year.

This year's audited annual accounts have been prepared in accordance with the

New Zealand equivalents to International Financial Reporting Standards (NZIFRS). Preparing for the move to NZIFRS has involved some significant work and I thank former Treasurer Chris Streatfield, our accountant Bruce Stormer, auditor Kerry Price and members of the NZRS Board for their efforts on this project.

**Michael Wallmannsberger**  
Treasurer, InternetNZ

# Audit Report

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

We have audited the financial report on pages 2 to 19. The financial report provides information about the past financial performance of the Internet Society of New Zealand Incorporated (Society and Group) and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

## Council's Responsibilities

The Council of the Society is responsible for the preparation of a financial report which fairly reflects the financial position of the Society and Group as at 31 March 2007 and the results of operations and cash flows for the year ended on that date.

## Auditors' Responsibilities

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

## Basis of Opinion

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

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

We conducted our audit in accordance with New Zealand Auditing Standards.

We planned and performed our audit so as to obtain all the information and explanations

which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

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

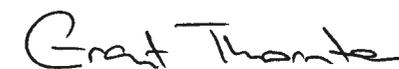
## Unqualified Opinion

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

In our opinion the financial report on pages 2 to 19 fairly reflects the financial position of the Society and Group as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 11 June 2007 and our unqualified opinion is expressed as at that date.

Grant Thornton 



Grant Thornton  
Wellington

# Financial Statements

## Annual Report

### For the Twelve Months Ended 31 March 2007

#### ANNUAL REPORT

Your councillors have pleasure in submitting their annual report. The Society was incorporated in New Zealand on 1 November 1995.

Collectively, the parent and its subsidiaries are referred to as the group.

#### PRINCIPAL ACTIVITIES

InternetNZ is a not for profit organization fostering coordinated and cooperative development of the Internet in New Zealand. Our mission is to promote and protect the Internet, ensuring that it operates in an open and uncapturable environment. Representing a membership including Internet service providers, web designers, academia, public information groups and Internet users, we provide commentary and advice to politicians, industry influencers and the media. We also represent New Zealand on global Internet organizations, having the delegation for the .nz Country Code Top Level Domain.

As part of the delegation of .nz, InternetNZ has an operational office known as the Office of the Domain Name Commissioner ([www.dnc.org.nz](http://www.dnc.org.nz)), which oversees the management of the .nz domain name space.

InternetNZ also owns the New Zealand Domain Name Registry Limited, trading as NZ Registry Services (NZRS), ([www.nzrs.net.nz](http://www.nzrs.net.nz)) that operates the .nz register.

The nature of the group's business has not changed during the year.

#### REVIEW OF OPERATIONS

The group's trading subsidiary, New Zealand Domain Name Registry Limited, reported a profit of \$2,017,278.

On consolidation, the group reported a profit of \$656,153

Summarised operating results for the group are as follows:

	2007 \$ 000	2006 \$ 000
<b>Revenue</b>		
Domain Name Fees	5,301	4,314
Membership Fees	12	9
Registrar Authorisation Fees	9	26
Other Income	290	129
Total Operating Revenue	5,612	4,478
Net Profit / (Loss)	656	90
Net assets	5,306	4,650
<b>Remuneration of employees</b>	<b>Parent</b>	<b>Group</b>
\$100,000 – \$110,000	–	–
\$110,001 – \$120,000	–	–
\$120,001 – \$130,000	–	1
\$130,001 – \$140,000	1	1
\$140,001 – \$150,000	–	–
\$150,001 – \$160,000	1	1
\$160,000 +	–	–

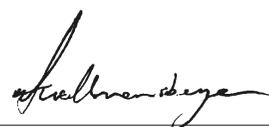
#### Entries in the Interests Register

There were no entries noted in the interests register for the period.



11/06/2007

President



11/06/2007

Treasurer

## Income Statement

### For the Twelve Months Ended 31 March 2007

	Note	Parent \$	2007 Twelve Months Group \$	Parent \$	2006 Twelve Months Group \$
<b>Revenue</b>					
Domain Name Fees		–	5,300,694	–	4,314,039
Management Fees		957,000	–	906,000	–
Other Income		137,717	310,557	71,979	164,470
Total Revenue	1(q), 2	1,094,717	5,611,251	977,979	4,478,509
<b>Expenses</b>					
Registry Services		–	1,910,467	–	2,095,468
Domain Name Commissioner Expenditure		932,541	932,541	872,588	872,588
Advocacy and Representation		143,844	143,844	33,596	33,596
Industry Self Regulation		60,143	60,143	4,500	4,500
Protecting the Internet		201,261	201,261	104,032	104,032
Promoting the Internet		112,526	112,526	226,270	226,270
International (Non DNC) Expenditure		107,406	107,406	46,322	46,322
Administrative expenses		943,561	943,561	722,441	722,441
Technical leadership		25,833	25,833	29,477	29,477
Other expenses		37,385	37,385	112,370	112,370
Total Expenses	3	2,564,500	4,474,967	2,151,596	4,247,064
<b>Operating Profit / (Loss) before financing costs</b>		(1,469,783)	1,136,284	(1,173,617)	231,445
Financial income		1,508,658	514,330	628,712	417,551
Financial expenses		–	–	–	–
<b>Net financing income / (costs)</b>	4	1,508,658	514,330	628,712	417,551
Gain on Sale of Domainz Limited		–	–	3,010	3,010
<b>Profit / (Loss) before tax</b>		38,874	1,650,614	(541,895)	652,006
Income tax expense	1(k), 5	–	994,461	–	561,849
<b>Net Profit / (Loss)</b>		38,874	656,153	(541,895)	90,157
Attributable to:					
Equity holders of the parent		38,874	656,153	(541,895)	90,157

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

## Statement of Recognised Income and Expenses For the Twelve Months Ended 31 March 2007

	Parent \$	2007 Twelve Months Group \$	Parent \$	2006 Twelve Months Group \$
Changes in fair value of intangibles	-	-	-	-
Revaluation of property, plant and equipment	-	-	-	-
Profit / (Loss) for the year	38,874	656,153	(541,895)	90,157
Total recognised income and expense for the year	<u>38,874</u>	<u>656,153</u>	<u>(541,895)</u>	<u>90,157</u>
Attributable to:				
Equity holders of the company	38,874	656,153	(541,895)	90,157
Minority interest			-	-
Total recognised income and expense for the year	<u>38,874</u>	<u>656,153</u>	<u>(541,895)</u>	<u>90,157</u>

# Balance Sheet

## For the Twelve Months Ended 31 March 2007

	Note	Parent \$	2007 Twelve Months Group \$	Parent \$	2006 Twelve Months Group \$
<b>Assets</b>					
Property, plant and equipment	1(j),(o),8	57,539	320,662	48,299	245,192
Intangible assets	1(j),(l),9	4,014	51,721	7,036	89,553
Receivables – related parties	19	430,000	–	430,000	–
<b>Total non-current assets</b>		491,553	372,383	485,335	334,745
Cash and cash equivalents	13	2,316,811	8,687,861	2,426,995	7,279,012
Trade and other receivables	7	34,835	812,725	140,238	839,490
Income Tax Receivable	1(k),5	344	344	344	71,885
<b>Total current assets</b>		2,351,989	9,500,930	2,567,577	8,190,387
<b>Total Assets</b>		2,843,542	9,873,313	3,052,912	8,525,132
<b>Equity</b>					
Share Capital		–	–	–	–
Retained Earnings	14	2,493,607	5,306,451	2,454,733	4,650,298
Reserves		–	–	–	–
<b>Total equity</b>		2,493,607	5,306,451	2,454,733	4,650,298
<b>Liabilities</b>					
Income Received in Advance	12	–	1,083,758	–	838,989
<b>Total non-current liabilities</b>		–	1,083,758	–	838,989
Income Received in Advance	12	8,264	2,813,503	7,071	2,199,448
Provisions	1(d),(p),11	166,986	237,443	377,816	496,536
Trade and other payables	1(n),10	174,685	383,501	213,292	339,861
Income Tax payable	1(k),5	–	48,657	–	–
<b>Total current liabilities</b>		349,935	3,483,104	598,179	3,035,845
<b>Total Liabilities</b>		349,935	4,566,862	598,179	3,874,834
<b>Total Equity and Liabilities</b>		2,843,542	9,873,313	3,052,912	8,525,132

  
 11/06/2007  
 President

  
 11/06/2007  
 Treasurer

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