



**Business Plan  
2007 – 2008**

**As approved by the AGM  
27 July 2007**

# Introduction

Welcome to InternetNZ's plan of activity for the 2007/08 year. This document records the budget provisions for InternetNZ's activities, broken up into the areas where the Society has decided to aim its strategic focus. They show an ambitious plan for a busy year, in service of our mission: to protect and promote Internet for New Zealand.

This is the first business plan written under the 2007-2009 Strategic Plan. It should be read in conjunction with that Strategic Plan, whose goals and strategies are summarised below:

## **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 following "industry best practice RFCs".
- 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.

## **3. Technical Development and Innovation**

*Goal: world-class Internet infrastructure and capability in New Zealand*

- 3.1. To promote the development and adoption of next generation Internet technologies, applications and standards by industry and Government.
- 3.2. To further the security and stability of the Internet and promote the use of open technical standards and best practice.
- 3.3. Professional development of the Internet technical community.

## **2. Advocacy and Public Policy**

*Goal: a policy and regulatory environment that ensures the security and stability of the Internet*

- 2.1. To influence the development of New Zealand Government ICT and telecommunications policy.
- 2.2. To facilitate best practice and industry self-regulation.
- 2.3. To further the implementation of the New Zealand Government's Digital Strategy.
- 2.4. To contribute to the global governance and policy framework for the InternetNZ
- 2.5. To preserve the Internet's interoperability and end-to-end principles.
- 2.6. To assist the development and capability of ICT in the developing countries in Oceania.

## **4. Organisational Capability**

*Goal: an organisation capable of delivering the Society's Objectives and Strategic Plan*

- 4.1. To ensure excellent governance of InternetNZ.
- 4.2. To support volunteers and members.
- 4.3. Reputation and external relations.
- 4.4. Maintaining institutional knowledge and staff capacity.

In assembling this Plan, Council assessed bids from Committees, and the ongoing business of the Society. The first expenditure budget was then prioritised and the proposed spending was cut to limit the proposed expenditure for 2007/08 to around \$1.9m.

This version of the draft plan was circulated to members in February, and consultation meetings with Members were held on the contents in Auckland, Wellington and Christchurch. This version includes their feedback.

As adopted by Council at its March meeting, this version was recommended to the members for formal adoption at the AGM.

Note that budget figures for the out-years are very preliminary and are subject to change, as Council undertakes budget planning on a substantially annual basis.

Keith Davidson  
**Executive Director**

## Strategy I: Management of .nz

Activity	2006/07 Budget	2006/07 Projected	2007/08 Budget	2008/09 Budget	2009/10 Budget
<b>TOTAL EXPENDITURE</b>	<b>989,000</b>	<b>935,000</b>	<b>1,062,900</b>		
<b>TOTAL INCOME</b>	<b>992,000</b>	<b>992,000</b>	<b>1,029,000</b>		
<b>Surplus</b>	<b>3,000</b>	<b>57,000</b>	<b>(33,900)</b>	-	-

**Please note that almost all direct .nz costs are funded out of the Management Fee paid by NZRS.**

This budget is approved by the .nz Oversight Committee to whom the Council has delegated governance responsibility. It is not for amendment by InternetNZ members during consultation or by Council.

As a surplus is forecast for the 2006/07 year, a small deficit is budgeted for the 2007/08 year to offset that.

For information on the activities of the DNC, see [www.dnc.org.nz](http://www.dnc.org.nz).

## Strategy 2: Advocacy and Public Policy

**Goal:** a policy and regulatory environment that ensures the security and stability of the Internet.

Activity / Workstream	2006/07 Budget	2006/07 Projected	2007/08 Budget	2008/09 Budget	2009/10 Budget
AntiSpam Campaign	20,000	9,000	15,000	5,000	5,000
Cyberlaw Fellowship	85,000	82,000	85,000	85,000	85,000
Internet Code of Practice	20,000	2,000	20,000	5,000	5,000
Internet Patents	5,000	4,000	5,000	5,000	5,000
Parliamentary Internet Caucus	5,000	1,000	10,000	10,000	10,000
Pacific Internet Partnership	25,000	22,000	25,000	30,000	30,000
Netsafe Strategic Partnership	40,000	41,000	100,000	100,000	100,000
Telecommunications Reform	90,000	119,000	80,000	30,000	10,000
History of the Internet	25,000	25,000	10,000	5,000	5,000
Internet Regulatory Issues	50,000	40,000	25,000	50,000	50,000
Research – Submissions	30,000	35,000	20,000	40,000	40,000
ENUM	40,000	0	5,000	40,000	5,000
Internet Governance	15,000	15,000	15,000	15,000	15,000
Digital Copyright	0	0	10,000	0	0
Overseas Speakers	0	0	12,500	15,000	18,000
Digital Communities	5,000	7,500	40,000	20,000	20,000
Public Policy Committee	10,000	21,000	10,000	10,000	10,000
<b>TOTAL EXPENDITURE</b>	<b>465,000</b>	<b>423,500</b>	<b>487,500</b>	<b>465,000</b>	<b>413,000</b>

**Anti-Spam Campaign** - This is to cover ongoing of education, seminars, conferences, and helping set up government agency in the wake of the passage of the Unsolicited Electronic Messages Bill in 2007.

**Cyberlaw Fellowship** - This is for sponsorship of the InternetNZ Fellowship in Cyberlaw at the Victoria University of Wellington, as agreed in 2002. Dr Judit Bayer from Hungary completed her Fellowship in December 2006; Philip Greene from the United States commenced his Fellowship in February 2007.

**Internet Code of Practice** - This project is intended to be complete in 2007, with the Telecommunications Amendment Act 2006 giving ISPs a serious incentive to establish an industry based complaints process and code. Consultations with ISPANZ continue, to decide how to best advance the project.

**Internet Patents** - This is to cover the \$300 per month cost of the *ipwatch* website which allows members (and to a limited degree the public) to view and be notified of Internet-related patent applications.

**Parliamentary Internet Caucus** - 2006 saw the first meeting of the Parliamentary Internet Caucus, co-chaired by Hon David Cunliffe and Hon Maurice Williamson. This budget line is to provide resource for any research that may help the Caucus function effectively, and/or to bring an international guest speaker to talk with MPs on a relevant subject.

**Pacific Internet Partnership** - this covers the costs of InternetNZ's support for the Partnership, which assists Internet development in the Pacific through training, grants, travel etc, working with UNESCO and UNDP.

**Netsafe Strategic Partnership** - The Internet Safety Group ([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 Council has accepted in principle to agree a Strategic Partnership with Netsafe to secure its operational funding for the long term. This proposal will be discussed in detail during consultation with members on this draft plan.

**Telecommunications Reform** - this line provides for external advice and research in the work arising from the Telecommunications Amendment Act 2006. In particular, InternetNZ will remain involved with industry working groups fleshing out how nDSL and LLU will work, and will be making extensive submissions to make sure the operational separation plan that is applied to Telecom is in the interests of Internet users. Last year this budget line was called "Broadband Campaign".

**History of NZ Internet** - the development of a general history of the Internet in New Zealand is now under way, with historian Keith Newman contracted to research and write it. The funds allocated by this budget line will allow for the printing and promotion of the completed project.

**Internet Regulatory Issues** - this line funds a range of engagement with government on regulatory issues not covered by the budget for parliamentary submissions or for specific known legislative issues. The line is smaller than for previous years acknowledging separate lines for telecommunications reform and for parliamentary submissions, including known specified submissions (e.g. digital copyright).

**Research – Submissions** - this line is to allow the Public Policy Committee to commission professional external assistance for important submissions to Parliament and Government, when and if required over and above staff resources. In 2006/07 most of this line was spent on issues related to telecommunications, and some on digital copyright before the start of the 07/08 year.

**ENUM** - In 2007/08 Enum activity will continue to be mainly consultation, workshops and influencing policy. Such work was put on hold until April 2007 due to workload in InternetNZ and the TCF arising out of the nDSL/LLU workstreams both organisations were committed to.

**Internet Governance** - this is to provide for InternetNZ representation at international meetings relating to Internet governance.

**Digital Copyright** - this line provides resources for lobbying and submissions on the Copyright (New Technologies and Performers' Rights) Amendment Bill, currently starting the parliamentary process.

**Overseas Speakers** - this line gives some funding to bring an international speaker or two to come to New Zealand and make public comment on public policy issues. The Public Policy Committee has yet to develop criteria for selecting such a speaker but intends to do so during the year.

**Digital Communities** - resourcing for pursuing initiatives on Digital Communities and rural broadband availability – the successors to the Digital Cities initiatives from the current year.

### **Public Policy Committee**

This line is to cover the teleconference, travel and accommodation costs for meetings of the Committee. The overspend in 2006/07 relates to intensive work by the Committee on broadband/telecommunications policy issues.

## Strategy 3: Technical Development and Innovation

**Goal:** world-class Internet infrastructure and capability in New Zealand.

Activity / Workstream	2006/07 Budget	2006/07 Projected	2007/08 Budget	2008/09 Budget	2009/10 Budget
IPv6 Forum / Hui	30,000	7,000	30,000	10,000	10,000
Travel – APRICOT	15,000	15,000	15,000	15,000	18,000
World Internet Project	25,000	4,000	25,000	25,000	25,000
Certification Authority	25,000	0	5,000	-	-
CERT Scoping	5,000	0	5,000	10,000	10,000
State of Broadband	-	0	40,000	-	-
Peering	7,500	0	25,000	-	-
NZNOG	10,000	4,000	10,000	10,000	10,000
APNIC	6,000	10,000	6,500	6,500	6,500
ISOC	8,000	8,000	9,000	9,000	9,000
Tech Capability Devt Fund	50,000	7,000	40,000	40,000	40,000
Technical Policy Committee	5,000	3,000	10,000	10,000	10,000
<b>TOTAL EXPENDITURE</b>	<b>186,500</b>	<b>58,000</b>	<b>220,500</b>	<b>135,500</b>	<b>138,500</b>

**IPv6** - to hold a national Hui for the development of “the roadmap for deployment of IPv6 in NZ”, at a date to be determined in 2007. It was not possible to obtain adequate coverage of speakers to hold this event in 2006, which is why the budget was unspent.

**Travel – APRICOT** - this is to provide for non .nz attendance at the regional APRICOT conference.

**World Internet Project** - the World Internet Project ([www.worldinternetproject.net](http://www.worldinternetproject.net)) is a major, international, collaborative project looking at the social, political and economic impact of the Internet and other new technologies.

**Certification Authority** - to scope the needs for Certification Authority services and functions in New Zealand and by what means these could best be made available.

**CERT Scoping** - to scope the development of a Computer Emergency Response capability in New Zealand.

**State of Broadband** - to monitor and report publicly on the state of broadband services available to consumers.

**NZNOG** - to continue sponsorship and support of network operators technical conferences such as NZNOG.

**APNIC Membership** - this covers InternetNZ’s membership of the Regional Internet Registry.

**ISOC** - provides for InternetNZ’s membership of ISOC, agreed by Council in 2005.

**Technical Capability Development Fund** - a fund providing the ability to sponsor small technical development projects or to help improve the capability of the local technical community.

### **Technical Policy Committee**

This line is to cover the teleconference, travel and accommodation costs for meetings of the Committee.

## Strategy 4: Organisational Capability

**Goal:** an organisation capable of delivering the Society's objectives and strategic plan.

*Note – this area is broken into three sections: Society Administration, Governance, and Member Services, for ease of consideration.*

### a) Society Administration

Activity / Workstream	2006/07 Budget	2006/07 Projected	2007/08 Budget	2008/09 Budget	2009/10 Budget
<b>Office Expenses (Staff)</b>	<b>109,750</b>	<b>105,000</b>	<b>116,000</b>	<b>120,000</b>	<b>125,000</b>
<b>Secretariat – APCAUCE</b>	<b>8,000</b>	<b>4,000</b>	<b>4,000</b>	<b>0</b>	<b>0</b>
<b>Secretariat – APTLD</b>	<b>30,000</b>	<b>16,000</b>	<b>20,000</b>	<b>10,000</b>	<b>0</b>
<b>Staffing</b>	<b>480,000</b>	<b>463,000</b>	<b>485,000</b>	<b>505,000</b>	<b>525,000</b>
<b>Technical Services</b>	<b>40,000</b>	<b>35,000</b>	<b>45,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Staff Travel</b>	<b>10,000</b>	<b>15,000</b>	<b>25,000</b>	<b>27,500</b>	<b>30,000</b>
<b>Staff Training</b>	<b>7,000</b>	<b>3,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Staff Recruitment</b>	<b>15,000</b>	<b>6,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>General Communications</b>	<b>35,000</b>	<b>8,000</b>	<b>35,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Website</b>	<b>30,000</b>	<b>11,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>General Expenses</b>	<b>25,000</b>	<b>25,000</b>	<b>15,000</b>	<b>17,500</b>	<b>20,000</b>
<b>Professional Fees/Advice</b>	<b>29,000</b>	<b>23,000</b>	<b>29,000</b>	<b>30,000</b>	<b>30,000</b>
<b>TOTAL ADMINISTRATION</b>	<b>818,750</b>	<b>714,000</b>	<b>824,000</b>	<b>830,000</b>	<b>850,000</b>

**Office Expenses (Staff)** - Bank Charges \$1,500, Cleaning \$1,000, Comp Consumables \$5,000, Conferences \$10,000, Domain Names \$2,500, Insurance \$18,000, Power \$3,000, Postage \$2,000, Printing \$8,000, Rent \$40,000, and Telecommunications \$25,000.

**Secretariat – APCAUCE** - This is to cover InternetNZ's expenses incurred in supporting the APCAUCE Secretariat function.

**Secretariat – APTLD** - provision for direct (non staffing costs) of hosting the Secretariat – provision is made beyond the current term in case APTLD renews the Secretariat agreement.

**Staffing** – Covers wages and salaries for the Executive Director, Office Administrator, Research & Policy Officer, Technical Analyst, Communications & Research Officer, Project Administrator and 1/3 of Receptionist.

**Technical Services** - covers the contract for technical services – maintenance and development of InternetNZ's IT infrastructure and capability.

**Staff Travel** - this line splits out staff travel which has previously been included under other budget lines on a project basis. Covers all staff travel on InternetNZ business within New Zealand, and any international travel that is not covered in other budget lines.

**Staff Training** - provision for improving staff skills and knowledge.

**Staff Recruitment** - a provision if required for recruitment.

**General Communications** - to fund general communications and outreach – any required advertising, membership pamphlets, communications research and similar.

**Website** - to continue to develop and maintain InternetNZ's websites.

**General Expenses** - provision for the range of general expenses that arise in the operation of the Secretariat.

**Professional Fees / Advice** - this covers accountancy, audit and legal fees.

**b) Governance**

<b>Activity / Workstream</b>	<b>2006/07 Budget</b>	<b>2006/07 Projected</b>	<b>2007/08 Budget</b>	<b>2008/09 Budget</b>	<b>2009/10 Budget</b>
<b>Audit &amp; Risk Ctte</b>	<b>3,000</b>	<b>1,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
<b>Executive Ctte</b>	<b>10,000</b>	<b>18,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Office Expenses (Council)</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Council Meetings</b>	<b>35,000</b>	<b>41,000</b>	<b>35,000</b>	<b>37,500</b>	<b>40,000</b>
<b>Councillor Honoraria</b>	<b>0</b>	<b>0</b>	<b>35,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Officer Honoraria</b>	<b>67,600</b>	<b>67,600</b>	<b>67,600</b>	<b>67,600</b>	<b>67,600</b>
<b>Officers Travel</b>	<b>10,000</b>	<b>8,000</b>	<b>10,000</b>	<b>11,000</b>	<b>12,000</b>
<b>Council – Conferences</b>	<b>0</b>	<b>0</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
<b>Governance Training</b>	<b>7,000</b>	<b>2,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>
<b>TOTAL GOVERNANCE</b>	<b>152,600</b>	<b>157,600</b>	<b>219,600</b>	<b>238,100</b>	<b>241,600</b>

**Audit & Risk Ctte** - to operate the Audit and Risk Committee – travel, meetings etc.

**Executive Ctte** - to operate the Executive Committee – travel, meetings etc.

**Office Expenses – Council** - to provide telecommunications services to Councillors and D&O Insurance.

**Council Meetings** - to provide for travel and accommodation of Councillors attending Council meetings, and meeting costs arising from meetings. Budget is based on six meetings per year.

**Councillor Honoraria** - the AGM in July will consider a proposal for payment of \$5k per non-officer Councillor per year. The budget provision is for eight months of such payments, in the event that the proposal is adopted.

**Officer Honoraria** - to cover honoraria (\$22,000 President, \$12,000 other Officers and \$9,600 other member of Exec Ctte – same rates as previous years).

**Officers Travel** - to provide for travel and accommodation of Officers on InternetNZ business.

**Governance Training** - contribution of up to \$1,000 per councillor to attend relevant industry events and conferences.

**Governance Training** - to provide training on IOD or other courses for Councillors and Officers.



c) **Member Services**

<b>Activity / Workstream</b>	<b>2006/07 Budget</b>	<b>2006/07 Projected</b>	<b>2007/08 Budget</b>	<b>2008/09 Budget</b>	<b>2009/10 Budget</b>
<b>Annual General Meeting</b>	<b>7,500</b>	<b>8,000</b>	<b>7,500</b>	<b>8,000</b>	<b>8,000</b>
<b>Members Consultations</b>	<b>20,000</b>	<b>22,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Membership Campaign</b>	<b>30,000</b>	<b>7,000</b>	<b>30,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Annual Report</b>	<b>10,000</b>	<b>13,000</b>	<b>13,500</b>	<b>13,500</b>	<b>13,500</b>
<b>TOTAL MEMBERS</b>	<b>67,500</b>	<b>50,000</b>	<b>61,000</b>	<b>41,500</b>	<b>41,500</b>

**Annual General Meeting** - to cover the costs of the Annual General Meeting.

**Members Consultations** - to provide for consultation meetings on the Strategy, Budget and Business Plans each year for early member input prior to the AGM. This line may also be used to other membership consultations if the need for these arises during the year.

**Membership Campaign** - to fund activities designed to recruit and retain members.

## Summary for Strategy 4: Organisational Capability

<b>Activity / Workstream</b>	<b>2006/07 Budget</b>	<b>2006/07 Projected</b>	<b>2007/08 Budget</b>	<b>2008/09 Budget</b>	<b>2009/10 Budget</b>
<b>Society Administration</b>	<b>818,750</b>	<b>714,000</b>	<b>824,000</b>	<b>830,000</b>	<b>850,000</b>
<b>Governance</b>	<b>152,600</b>	<b>157,600</b>	<b>219,600</b>	<b>238,100</b>	<b>241,600</b>
<b>Member Services</b>	<b>67,500</b>	<b>50,000</b>	<b>61,000</b>	<b>41,500</b>	<b>41,500</b>
<b>TOTAL ORG CAPABILITY</b>	<b>1,053,450</b>	<b>921,600</b>	<b>1,104,600</b>	<b>1,109,600</b>	<b>1,133,100</b>

## Special Projects and Capital Budget

### Special Projects

The following table is operating spending which does not fall into any of the specific Strategies outlined above.

Activity / Workstream	2006/07 Budget	2006/07 Projected	2007/08 Budget	2008/09 Budget	2009/10 Budget
<b>Special Projects Fund</b>	<b>100,000</b>	<b>92,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Structural Review</b>	<b>100,000</b>	<b>107,000</b>	<b>20,000</b>	--	--
<b>Internet Foundation</b>	<b>10,000</b>	<b>3,000</b>	<b>10,000</b>	--	--
<b>Liz Dengate Thrush Found.</b>	--	--	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>TOTAL EXPENDITURE</b>	<b>210,000</b>	<b>202,000</b>	<b>150,000</b>	<b>120,000</b>	<b>120,000</b>

The Special Projects Fund is an ongoing line item, giving Council the capacity to respond to events as they occur. Last year it was spent in a wide range of projects. The other items – Council has agreed a full review of InternetNZ's structure, most of which is completed in the current year but which could give rise to some costs in the coming financial year. The formation of an Internet Foundation requires some funds for legal advice and establishment costs. The Liz Dengate Thrush Foundation is a charitable trust in memory of Liz Dengate Thrush, a former InternetNZ Councillor.

### Capital Budget

The following table outlines planned capital spending in the next year.

Activity / Workstream	2006/07 Budget	2006/07 Projected	2007/08 Budget	2008/09 Budget	2009/10 Budget
<b>10<sup>th</sup> Floor Fitout</b>	<b>40,000</b>				
<b>Access Grid</b>	<b>50,000</b>				
<b>Miscellaneous/Replacement</b>	<b>25,000</b>		<b>50,000</b>	<b>40,000</b>	<b>40,000</b>
<b>TOTAL CAPEX</b>	<b>115,000</b>				
<b>Funded by Depreciation</b>	<b>50,000</b>		<b>50,000</b>	<b>40,000</b>	<b>40,000</b>
<b>NET CAPEX</b>	<b>65,000</b>		<b>0</b>	<b>0</b>	<b>0</b>

## Annual Budget Summary 2006/2007 to 2009/2010

The following table summarises the income and expenditure of the Society for the next three years. Please note that these figures do not include .nz management fee or equivalent Strategy 1 spending for the out years, as these are set on an annual basis.

While this means total income and total expenditure are smaller in the out years, the net impact on the Society's financial position will be driven more by the other Strategies than by any anticipated changes in .nz costs.

Also note that for 2005/06 figures in this table, the Strategies referred to are the historic strategies as set out in the 2004-2007 Strategic Plan. Figures for 2006/07 and beyond are based on the strategies as set out in the current 2007-2009 Strategic Plan, and so the figures are not directly comparable. It was held there was little benefit in projecting the new framework backwards through time to derive comparative figures.

2006 – 2009	2005/06 Actual	2006/07 Budget	2006/07 Proj.	2007/08 Budget	2008/09 Budget	2009/10 Budget
<b>Income</b>						
Dividend from NZRS		1,400,000	1,400,000	1,779,000	2,067,000	2,335,000
Other Income		223,500	220,000	182,500	135,000	135,000
.nz Income *		992,000	992,000	1,029,000	--	--
<b>Total Income</b>		<b>2,615,500</b>	<b>2,592,000</b>	<b>2,960,500</b>	<b>2,202,000</b>	<b>2,470,000</b>
<b>Expenditure</b>						
Strategy 1 *		989,000	935,000	1,062,900	--	--
Strategy 2		465,000	423,500	487,500	465,000	413,000
Strategy 3		186,500	58,000	220,500	135,500	138,500
Strategy 4		1,038,850	921,600	1,104,600	1,109,600	1,133,100
Strategy 5						
Strategy 6						
Strategy 7						
Strategy 8						
Special Projects		210,000	202,000	150,000	120,000	120,000
<b>Total Expenditure</b>		<b>2,939,350</b>	<b>2,540,100</b>	<b>3,025,500</b>	<b>1,830,100</b>	<b>1,804,600</b>
<b>Operating Surplus</b>		<b>-323,850</b>	<b>51,900</b>	<b>-65,000</b>	<b>371,960</b>	<b>665,400</b>

The 2007/08 year shows a nearly-balanced budget, with a small deficit of \$65,000. The 2008/09 year and beyond shows operating surpluses – depending of course on predicted domain name growth.

Overall the broad fiscal parameters seem satisfactory to Council in that the .nz domain name wholesale fee has been held steady, and the level of reserves remains high and is predicted to stay well in excess of \$1 million.

**\* The DNC budget is established only on a year by year basis, and therefore is not included in the outlying years. Income is primarily derived from the Management Fee.**

# Overall Financial Position

The accounts of InternetNZ are in a very strong state. This year marks the first operating surplus in a number of years, reflecting the end of the 2003-2006 period of operating deficits designed to run down the assets accumulated from the sale of Domainz in 2003.

From now on the Council's policy is to retain a prudent reserve (defined as current net assets at or over \$1m, excluding the DNC's accumulated surplus) and run balanced budgets. The forecast above demonstrates that it will be possible to comfortably manage a balanced budget while providing resources for increased activity in future.

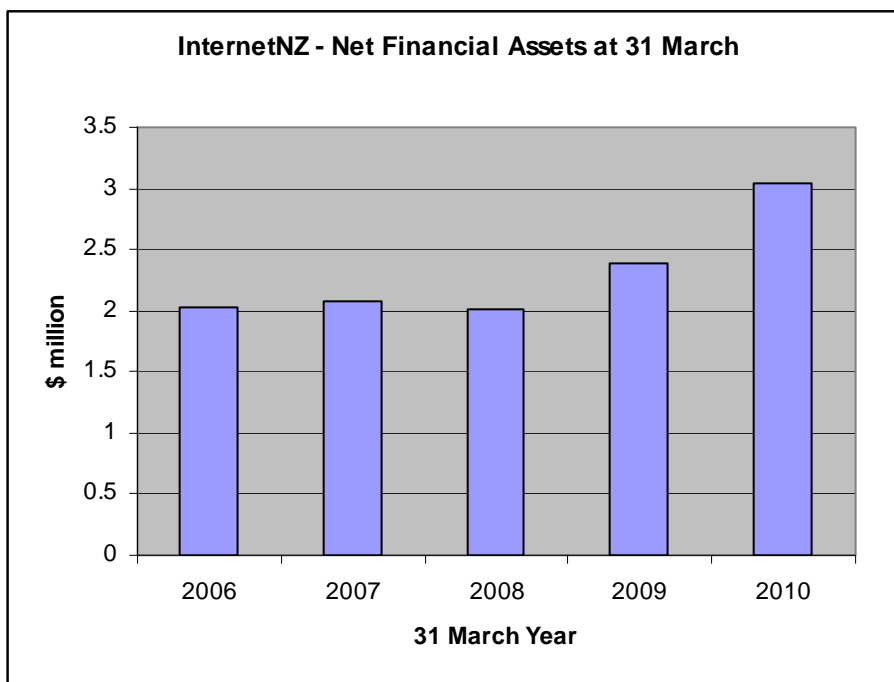
**As at 31 March 2007, current net assets are predicted to be approximately \$2.0m. Of this, about \$0.65m is retained surplus of the DNC, and is therefore not available for expenditure by the Society generally. Overall available funds at 1 April 2007 are therefore forecast to be approximately \$1.35m.**

Council set a dividend policy at its meeting on 4 March 2006. The anticipated dividends for the current out-years are based on extrapolation of the policy as expressed by Council at that meeting. This figure is only accurate for 2007/2008.

2007/08	\$1,779,000
2008/09	\$2,067,000
2009/10	\$2,335,000

**The amounts for the last two years are indicative only, as explained above.**

The Council's policy as noted above, is to maintain net current assets at or over \$1,000,000, excluding the DNC's retained surplus. Based on the information presented above, the expected net assets each year will look like this:



The net current assets shown above do not include InternetNZ's \$430,000 share capital held in NZRS, nor retained surpluses of NZRS and the DNC.