InternetNZ

Business Plan
2008 – 2009

Operating Plan for AGM
24 April 2008

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1.   Introduction

Welcome to InternetNZ's operating plan of activity for the 2008/09 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. It shows another ambitious plan for a busy year, in service of our mission: to protect and promote Internet for New Zealand.

This is the second 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, the staff have processed the feedback from consideration of the budget by committees, and included input from the members' consultation round held in January and February. Council considered and signed it off as an operating plan, subject to Members' final approval, at its meeting in March.

This operating version will be formally proposed to members for their adoption as the final Budget at the AGM in July.

The plan is in sections to allow for the easy separation of the Budget in the context of the current round of structural changes of InternetNZ, which are expected to see different responsibilities for budget setting compared with the status quo. It highlights key initiatives for the year in each area of work at the top of each strategic area, so members and stakeholders can see where the focus of new effort is going.

Note that unlike previous years, the .nz operations are not included in this budget. That is because the structural changes mentioned above see the DNC becoming a subsidiary company, with budgets set by its board not the Society's members. Also note that budget figures for the out-years are even more preliminary than usual, due to the restructuring mentioned above.

Keith Davidson
Executive Director

InternetNZ Strategy 1: Advocacy and Public Policy

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

Activity / Workstream	2007/08 Budget	2007/08 Projected	2008/09 Budget	2009/10 Budget	2010/11 Budget
New Initiatives					
Fibre Campaign	--	--	**130,000**	--	--
Consumer computer security education	--	--	**25,000**	25,000	25,000
Community FTTH Toolkit	--	--	**25,000**	--	--
Ongoing Initiatives					
Telecommunications Reform	145,000	150,000	**80,000**	80,000	80,000
Digital Communities	40,000	30,000	**40,000**	40,000	40,000
Regulatory Issues and Submissions	45,000	49,000	**40,000**	40,000	40,000
History of the Internet	25,000	28,038	**35,000**	--	--
ENUM	5,000	--	**20,000**	100,000	100,000
Overseas Speakers	12,500	9,000	**12,500**	15,000	15,000
Internet Patents	5,000	4,695	**5,000**	5,500	6,000
Partnerships and Sponsorships					
Netsafe Strategic Partnership	100,000	100,000	**100,000**	100,000	100,000
Cyberlaw Fellowship	85,000	86,301	**90,000**	95,000	95,000
Pacific Internet Partnership	25,000	29,000	**25,000**	30,000	30,000
Netsafe Samoa	--	20,000	**20,000**	--	--
Parliamentary Internet Caucus	10,000	4,500	**10,000**	10,000	10,000
Completed Initiatives					
AntiSpam Campaign	15,000	5,000	**--**	--	--
Internet Code of Practice	20,000	5,000	**--**	--	--
Internet Governance	15,000	15,000	**--**	--	--
Digital Copyright	10,000	2,500	**--**	--	--
Public Policy Committee	10,000	10,000	**15,000**	20,000	20,000
TOTAL EXPENDITURE	567,500	548,034	**672,500**	560,500	561,000

New Initiatives

Fibre Campaign - this is to fund activities related to persuading political parties to adopt ambitious fibre plans in their election manifestos, and to hold an election year debate between ICT spokespeople as was done in 2005.

Consumer Computer Security Education - this is to work with other parties to develop computer security education materials.

Community FTTH Toolkit - this is to help provide a template by which community groups can take the initiative in rolling out FTTH infrastructure.

Ongoing Initiatives

Telecommunications Reform - this line provides for external advice and research in the work arising from the Telecommunications Amendment Act 2006. In particular, InternetNZ will monitor the implementation of operational separation for Telecom, continue to advocate for the fastest possible rollout of Fibre to the Home, and participate as appropriate in the standard terms processes rolling out new regulated services.

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

History of the Internet - the History book is almost ready for publication at the time of writing. The funds allocated by this budget line will allow for the printing and promotion of the completed project.

Regulatory Issues and Submissions - this line funds a range of forms of interaction with government and Parliament on regulatory and legislative issues not covered by other budget lines. The line is a combination of previous years' "Internet Regulatory Issues" and "Research / Submissions" budget lines.

ENUM - In 2008/09 Enum activity will continue to be mainly consultation, workshops and influencing policy. Towards the end of the coming financial year progress is expected to resume as other regulatory issues are resolved, leading to higher out-year forecasts for this line.

Overseas Speakers - this line gives some funding to bring an international speaker or two to come to New Zealand and lobby decision-makers as well as make public comment on public policy issues.

Internet Patents - This is to cover the $400 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.

Partnerships and Sponsorships

Netsafe Strategic Partnership - The Internet Safety Group (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 has agreed to finance an ongoing Strategic Partnership with Netsafe last year, to secure its operational funding for the long term.

Cyberlaw Fellowship - This is for 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. The appointment of the 2008 Fellow is under way. The budget increase is to provide some funding for the Fellow to attend conferences or conduct field research.

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 Samoa - This is to provide seed funding for the foundation of a Netsafe organisation in Samoa.

Parliamentary Internet Caucus - 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. The Caucus is chaired by Hon David Cunliffe and Hon Maurice Williamson, and met three times in 2007.

Completed Initiatives

Anti-Spam Campaign - This was to cover ongoing anti-spam education, seminars, conferences, and helping set up government agency in the wake of the passage of the Unsolicited Electronic Messages Bill in 2007. The project is now complete.

Internet Code of Practice - This project is nearly complete. An agreed draft is ready for signatures, and these will hopefully occur, along with the launch of the Code, in calendar 2008. Success relies on ISPs being enthusiastic about the Code, something outside InternetNZ control.

Internet Governance - this was to provide for InternetNZ representation at international meetings relating to Internet governance. Such travel will now be covered by the Staff Travel budget line.

Digital Copyright - this line provided resources for lobbying and submissions on the Copyright (New Technologies and Performers' Rights) Amendment Bill. While the Bill has not yet completed the parliamentary process, no further expenditure is expected in this area.

Public Policy Committee - This line is to cover the teleconference, travel and accommodation costs for meetings of the Committee. Under the current restructuring, a new Policy Advisory Group covering technical and public policy issues will be formed, and will be financed from this line, replacing the Public and Technical Policy Committees.

InternetNZ Strategy 2: Technical Development and Innovation

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

Activity / Workstream	2007/08 Budget	2007/08 Projected	**2008/09 Budget**	2009/10 Budget	2010/11 Budget
New Initiatives					
Best Practice Programme	--	--	**40,000**	40,000	40,000
APNIC Christchurch	--	--	**25,000**	--	--
Ongoing Initiatives					
Broadband measurement	40,000	2,500	**50,000**	40,000	40,000
Certification Authority	5,000	7,000	**50,000**	50,000	--
IPv6	30,000	9,000	**30,000**	10,000	10,000
CERT Scoping	5,000	8,500	**25,000**	--	--
Travel – APRICOT	15,000	15,000	**15,000**	20,000	20,000
Partnerships and Sponsorships					
World Internet Project	25,000	25,000	**25,000**	25,000	25,000
NZNOG	10,000	10,000	**10,000**	15,000	15,000
ISOC	9,000	5,167	**6,000**	6,500	6,500
Completed Initiatives					
Peering	25,000	34,000	**--**	--	--
APNIC	6,500	--	**--**	--	--
Tech Capability Dev't Fund	40,000	27,000	**40,000**	40,000	40,000
Technical Policy Committee	10,000	5,000	**--**	--	--
TOTAL EXPENDITURE	220,500	148,167	**316,000**	246,500	196,500

New Initiatives

Best Practice Programme - this is to provide an incentives scheme for documenting recognised best practices in the Internet area.

APNIC Christchurch - this covers InternetNZ's support of an APNIC Members' Meeting to be held in Christchurch in August 2008. InternetNZ bid to host this event in 2007.

Ongoing Initiatives

Broadband Measurement - to monitor and report publicly on the state of broadband services available to consumers, providing tools the public can use to check their connections.

Certification Authority - to develop a business case for a Certification Authority for New Zealand.

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 2008. It was not possible to obtain adequate coverage of speakers to hold this event in 2007, which is why the budget was largely unspent. Some funds were spent sending people to the IPv6 Forum in Australia.

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

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

Partnerships and Sponsorships

World Internet Project - the World Internet Project (www.worldinternetproject.net) is a major international collaborative project looking at the social, political and economic impact of the Internet and other new technologies. The first set of results was released in December 2007.

NZNOG - to continue sponsorship and support of network operators' technical conferences such as NZNOG. The funds are administered by InternetNZ for NZNOG's use.

ISOC - provides for InternetNZ's membership of ISOC.

Completed Initiatives

Peering - the work on the peering paper will be complete before the start of the 2008/09 year.

APNIC - this covers InternetNZ's membership of the Regional Internet Registry. It is financed from last year by the Domain Name Commissioner's budget.

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 was to cover the teleconference, travel and accommodation costs for meetings of the Technical Policy Committee. Under the current restructuring, the Committee will not continue.

InternetNZ Strategy 3: Organisational Capability

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

a)   Society Administration

Activity / Workstream	2007/08 Budget	2007/08 Projected	2008/09 Budget	2009/10 Budget	2010/11 Budget
Staffing	485,000	475,000	**675,000**	700,000	730,000
Office Expenses	116,000	120,000	**125,000**	130,000	135,000
Technical Services	45,000	45,000	**50,000**	52,500	55,000
Staff Travel	25,000	30,000	**50,000**	52,500	55,000
Website	25,000	25,000	**25,000**	25,000	25,000
Professional Fees/Advice	29,000	22,000	**25,000**	25,000	25,000
ICT Industry Coordination	--	--	**25,000**	--	--
Secretariat – APTLD	20,000	24,000	**20,000**	--	--
General Expenses	15,000	15,000	**15,000**	20,000	20,000
Staff Recruitment	15,000	10,000	**15,000**	15,000	15,000
Staff Training	10,000	10,000	**10,000**	10,000	10,000
General Communications	35,000	36,000	**10,000**	10,000	10,000
Secretariat – APCAUCE	4,000	--	**--**	--	--
Executive Ctte / EDOB	10,000	--	**70,000**	70,000	70,000
TOTAL ADMINISTRATION	834,000	812,000	**1,115,000**	1,110,000	1,150,000

Staffing – covers the wages and salaries for the Executive Director and staff of his office, and includes some contingency for changes to staffing for Council use after implementation of the structural reforms.

Office Expenses - the general administrative costs of the organisation, including telecommunications, premises, insurance and sundries.

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. Includes, for example, participation in IGF.

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

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

ICT Industry Coordination - this is to foster the development of intra-industry cooperation.

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.

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

Staff Recruitment - a provision if required for recruitment.

Staff Training - provision for improving staff skills and knowledge.

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

Secretariat – APCAUCE - This line was to cover InternetNZ's expenses incurred in supporting the APCAUCE Secretariat function. This responsibility was complete at the end of 2007.

Executive Committee/EDOB - this covers the costs of the new governance board for the Executive Director's office, being established as part of the restructuring.

b)   Member Services

Activity / Workstream	2007/08 Budget	2007/08 Projected	2008/09 Budget	2009/10 Budget	2010/11 Budget
Membership Campaign	30,000	30,000	**30,000**	30,000	30,000
Annual Report	13,500	14,000	**15,000**	15,000	13,500
Members Consultations	10,000	10,000	**10,000**	10,000	10,000
Annual General Meeting	7,500	7,500	**7,500**	7,500	7,500
TOTAL MEMBERS	61,000	61,500	**62,500**	62,500	62,500

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

Annual Report - to fund the design and production of the Annual Report for members and stakeholders.

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.

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

Summary for Strategy 3: Organisational Capability

Activity / Workstream	2007/08 Budget	2007/08 Projected	2008/09 Budget	2009/10 Budget	2010/11 Budget
Society Administration	834,000	812,000	**1,015,000**	1,010,000	1,050,000
Member Services	61,000	61,500	**62,500**	62,500	62,500
TOTAL ORG CAPABILITY	895,000	873,500	**1,177,500**	1,172,500	1,212,500

InternetNZ Council

Activity / Workstream	2007/08 Budget	2007/08 Projected	**2008/09 Budget**	2009/10 Budget	2010/11 Budget
Honoraria	102,600	102,600	**155,000**	145,000	135,000
Council Meetings	35,000	35,000	**35,000**	35,000	35,000
Office Expenses (Council)	20,000	20,000	**30,000**	30,000	30,000
Governance Training	25,000	25,000	**25,000**	25,000	25,000
Officers Travel	10,000	10,000	**15,000**	15,000	15,000
Council – Conferences	14,000	14,000	**14,000**	12,000	12,000
Audit & Risk Ctte	3,000	3,000	**5,000**	5,000	5,000
TOTAL COUNCIL	209,600	209,600	**279,000**	267,000	257,000

Honoraria – the line provides for honoraria for Councillors, as per the structural review report adopted at last year's AGM, of $10,000 per Councillor per year, with a 50% loading for the Vice President and 100% for the President. Council shrinks in the outyears by one Councillor each year, so the budget amount falls by $10k per year.

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.

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

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

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

Council – Conferences - to provide for attendance of Council members at relevant conferences or other events.

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

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	2007/08 Budget	2007/08 Projected	2008/09 Budget	2009/10 Budget	2010/11 Budget
Special Projects Fund	100,000	100,000	**100,000**	100,000	100,000
Internet Foundation	10,000	10,000	**210,000**	200,000	200,000
Liz Dengate Thrush Found.	20,000	20,000	**20,000**	20,000	20,000
Structural Review	20,000	50,000	**--**	--	--
TOTAL EXPENDITURE	150,000	180,000	**330,000**	320,000	320,000

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 Structural Review line financed the review of InternetNZ's structure currently being implemented. The formation of an Internet Foundation has been agreed as part of the restructuring and will be funded in part by InternetNZ, and in part by other funders over time. 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	2007/08 Budget	2007/08 Projected	2008/09 Budget	2009/10 Budget	2010/11 Budget
10th Floor Fitout	--	--	**20,000**	--	--
Access Grid	--	10,000	**60,000**	--	--
Miscellaneous/Replacement	50,000	50,000	**50,000**	50,000	50,000
TOTAL CAPEX	50,000	60,000	**130,000**	50,000	50,000
Funded by Depreciation	50,000	50,000	**50,000**	50,000	50,000
NET CAPEX	--	10,000	**80,000**	--	--

Management of .nz

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

As the DNC will be transferred to a limited liability company, commencing operation on 1 April 2008, the company's budget is no longer part of the InternetNZ business plan.

The retained surplus from the operations of the DNC since establishment will be transferred to the new company.

For information on the activities of the DNC, see www.dnc.org.nz.

Annual Budget Summary and Cash Forecast
2007 / 2008 to 2010 / 2011

The following table summarises the income and expenditure of the Society for the next three years. Please note that these figures do not include management of the .nz domain name space, as from 1 April 2008 these are managed by a limited liability company.

2007 – 2011	2007/08 Budget	2007/08 Proj.	2008/09 Budget	2009/10 Budget	2010/11 Budget
Income					
Dividend from NZRS	1,779,000	1,700,000	**2,106,000**	2,430,000	2,754,000
Other Income	182,500	165,000	**175,000**	135,000	135,000
Total Income	**1,961,500**	**1,865,000**	**2,281,000**	**2,565,000**	**2,889,000**
Expenditure					
Strategy 1 – Advoc and Pub Pol	567,500	548,034	**672,500**	560,500	561,000
Strategy 2 – Tech Devt and Innov	220,500	148,167	**316,000**	246,500	196,500
Strategy 3 – Org'n Capability	895,000	873,500	**1,177,500**	1,172,500	1,212,500
InternetNZ Council	209,600	209,600	**279,000**	267,000	257,000
Special Projects	150,000	180,000	**330,000**	320,000	320,000
Total Expenditure	**2,042,600**	**1,959,301**	**2,775,000**	**2,566,500**	**2,547,000**
Operating Surplus	**-81,100**	**-94,301**	**-494,000**	**-1,500**	**342,000**
Net Capital Expenditure	*-50,000*	*-60,000*	*-130,000*	*-50,000*	*-50,000*
Net change in Cash	*-131,100*	*-154,301*	*-624,000*	*-51,500*	*292,000*
Opening Cash	*2,316,811*	*2,316,811*	*2,562,510*	*1,358,510*	*1,307,010*
plus Redeemable shares		*400,000*			
less transfer to DNC Ltd			*-580,000*		
Closing Cash	*2,185,711*	*2,562,510*	*1,358,510*	*1,307,010*	*1,599,010*

The 2007/08 year shows a nearly-balanced budget, with a forecast operating deficit of $94,301. The 2008/09 year shows a $494,000 operating deficit, which declines to near balance in 2009/10, and then out-year budgets show growing operating surpluses – depending the NZRS dividend being as noted, which is based on predicted domain name growth and the Council's dividend policy.

Overall the broad fiscal parameters seem satisfactory to Council in that the .nz domain name wholesale fee has been reduced (on 1 July 2007), and the level of reserves remains high.