

30 June 2004

Dear Member

RE: InternetNZ Annual General Meeting – 30 July 2004

This year's Annual General Meeting will be held at the offices of InternetNZ, Level 9, Exchange Place, 5-7 Willeston Street, Wellington, commencing with drinks and nibbles at 5pm.

Please find enclosed the following for your consideration prior to the meeting

- Agenda with proposed motions
- Minutes of the 2003 AGM
- Audited Accounts 2003/04
- Strategic Plan 2004 -2007
- Business Plan 2004
- Budget – 2004/05

Along with these, other related papers are included within the Annual Report which will be delivered prior to the meeting. As these papers are received they will be linked to the website (www.internetnz.net.nz).

I would like to take this opportunity to invite you attend this event at our new offices, and be involved in decisions that will shape your society for the coming years.

Kind Regards

A handwritten signature in blue ink, appearing to read 'Peter Macaulay', written in a cursive style.

Peter Macaulay
Executive Director

**ANNUAL GENERAL MEETING OF THE INTERNET SOCIETY OF
NEW ZEALAND INCORPORATED - 30 July 2004**

AGENDA

1700 Welcome pre AGM function

1800 **Meeting opens**

Apologies

Apologies have been received from:

Andrew Mason	Nick Wallingford
Jennifer Northover	David Harris
Greg Shaw	Brendan Murray
Brian Eardley-Wilmot	Lesley Walker (tentative)
Dominic Baron	Sue Leader

(MOVED: Chair/) "THAT the apologies be accepted".

1805 **Minutes of 2003 AGM and Matters Arising**

(MOVED: Chair/) "THAT the minutes of the 2003 AGM be accepted as a true and accurate record of the meeting."

1810 **President's Report** (on behalf of Council)

- Report that the IANA database for .nz is now correct, for the first time since 1996 – and move *that University of Waikato be formally thanked for their support of the Internet over the past 15 years, and for their patience with the updating of IANA details.*

(MOVED: Chair/) "THAT the President's Report be received."

(MOVED: Chair/) "THAT the Annual Report be received."

(MOVED: Chair/) "THAT the 2004-2007 Strategic Plan be received."

1820 **Fellows Appointments**

1830 **Treasurer's Report**

(MOVED: Treasurer/) "THAT the Treasurer's report be adopted.

(MOVED: Treasurer/) "THAT the Audited Annual Accounts be accepted."

(MOVED: Treasurer/) that Grant Thornton be appointed auditor for the ensuing year"

1845 **2004/05 Budget**

(MOVED: Treasurer/) "THAT the 2004 Business Plan and Budget be adopted."

1900 **NZRS Report**

(MOVED: Chair NZRS/) that the NRZS Annual Report be received."

1915 **DNC/NZOC Report**

(MOVED: Chair NZOC/) that the DNC/NZOC Report be received."

1930 **Executive Director Report**

(MOVED: Chair/) "THAT the report of the Executive Director be received."

1945 **General Business**

Publications - (MOVED: Ewen McNeill/) "THAT every year, after the preparation and auditing of its annual financial statements, InternetNZ causes to be published, by display advertisement or otherwise, in at least two widely read New Zealand Internet or IT industry publications, a visual depiction of the way money received as wholesale domain names fees is spent, broken down by broad categories. Such depiction to show both the proportions of the total wholesale fee and the (rounded) dollar amounts involved. Such a publication to be made, as soon as practical, this year."

Time Permitting - WSIS Presentation – Peter Dengate-Thrush

1955 **Announcement of Election Results**
2000 **Close**

Fellows Nominations

Roger Hicks

Roger was elected in May 1995 to chair the interim Council that established the Internet Society of New Zealand. He was instrumental in establishing the principles that still guide the Society nearly a decade later. In six months he guided a concept into an incorporated society which asserted responsibility for the well being of the Internet in New Zealand and for promoting New Zealand's interest in the international Internet community. The first six months saw the concept of an ISP Code of Practice introduced and legal work around the DNS begin.

Roger followed on as the first Chair of the Incorporated Society through the end of 1996. He guided ISCONZ through the first traumas of "domain name capture". (Cadbury's etc.) Roger continues to contribute as a member of the .NZ Oversight Committee and InternetNZ's Legal and Regulatory Committee.

Jim Higgins

Jim was elected in May 1995 to the interim Council that established the Internet Society of New Zealand. He was then elected as the second Chair of the Society serving from 1997 to 1999. This was a period of dynamic growth in the Internet. Jim was faced with trying to develop the management of the NZ domain name space at a time when registrations were growing rapidly. There were inevitable problems that arose from the unpredictable external pressures the Internet growth generated. Jim's tremendous drive and energy saw the Society through this difficult period.

Jim vigorously represented NZ internationally at a time of significant restructuring of Internet governance. He established strong relationships with ISOC. His high profile in the IT world developed through his many public activities (eg. his radio slot for several years) helped the Society to raise its profile both domestically and internationally. Strong views he was not reluctant on putting forward and actioning!

Mark Davies

Mark has been involved in the development of the Internet in New Zealand since the first dial-up connections between VUW and the University of Calgary in 1986. Three years later he, Andy Linton and Jonathan Stone established the initial fixed internet links from VUW and Massey U. to the CSnet international gateway at the U. of Waikato (using a modified SLIP over DSIR circuits).

Mark has been a councillor of the Internet Society of New Zealand (1997-98) and served on several technical committees. In the early days he worked tirelessly to promote the Internet at many NZUUG and UniForum conferences. He continues to provide technical assistance to those that ask for his help. Mark has maintained a list of New Zealand organisations that are connected to the Internet since the end of 1993 (when there were 242).

Andy Linton

Andy came to New Zealand in 1989 and immediately teamed up with Mark Davies and Jonathan Stone to establish the initial fixed internet links from VUW and Massey U. to the CSnet international gateway at the U. of Waikato (using a modified SLIP over DSIR circuits). In the following years he worked with the VUW team to promote the Internet to NZ businesses and organisations.

After a short stint across the ditch with AARNET, Andy has worked for Xtra, Netlink and now CityLink. Andy has had several terms as a Councillor of the Internet Society of New Zealand (between 1996 and 2001) and has been on many technical committees. Andy has played a major role in the development of the Internet in the South Pacific, beginning at VUW, developing more fully while he was with AARNET and continuing today.

Andy was an initial Board member of the Public Interest Registry (PIR) which runs the .org name space.

Minutes of InternetNZ AGM 2003

Held at The James Cook Hotel Grand Chancellor, Wellington
on Thursday June 19 2003

The President opened the meeting at 18:04 and with 32 members present declared the meeting quorate.

Apologies

Karaitiana Taiuru
Joop Teernstra
James Scott
Jennifer Northover
Drew Whittle

(MOVED: Chair/Secretary) "THAT the apologies be sustained". **CARRIED U**

The president declared electronic voting was open for those at the meeting.

Minutes of the 2002 AGM

The minutes of the last AGM were taken as read
Moved (Sue Leader/Chris Streatfield) "THAT the Minutes of the Annual General Meeting held on July 6 2002 be accepted as a true and accurate record of that meeting"

Carried

Abstentions

Rick Shera, Ewen McNeill, John Hine, Colin Jackson

President's Report

Moved:(Keith Davidson/Rick Shera) to accept the President's Report.

Carried U

Keith announced during his report that the Fellows' committee had appointed Nevil Brownlee and John Vorstermans. The appointments were applauded.

Domainz Annual Report

Moved: (David Farrar/John Hine) to accept Domainz Annual Report

Carried

Abstention

Sue Leader

Treasurer's Report and Annual Accounts

Moved:(Chris Streatfield/Colin Jackson) that "the Treasurer's Report and Annual Accounts be accepted."

Carried U

2003-2004 Budget

Noted that the budget was approved on April 4 with minor amendments. There was a discussion on NZRS dividend policy. Concern over the lack of a business plan was expressed and the meeting expressed its desire to see the strategic planning process to be completed, so a business plan could follow.

Moved: (Chris Streatfield/David Farrar) THAT "the 2003-2004 budget be accepted.

Carried
Abstention
Roger de Salis

The President declared electronic voting closed at 1830

Appointment of Auditor

Moved: (Chris Streatfield/Peter Dengate-Thrush) THAT "Grant Thornton be appointed auditors".

Carried U

Executive Director's Reports

Moved: (Jonathan Ah Kit/Chris Bourne) THAT "Sue Leader's and Peter Macaulay's reports be accepted".

Carried U

NZRS Report

Moved (David Farrar/Chris Bourne) THAT the NZRS report be received.

Carried U

DNC and NZOC Report

Moved: (Frank March/John Hine) THAT " the DNC/NZOC reports be received.

Carried U

General Business

Internet Niue thanked InternetNZ for ongoing support

Compliments were offered for the printed Annual report

Election Results

President

There being only one nomination Keith Davidson is elected President

Vice President

There are two nominations

- David Farrar
- Jennifer Northover

David Farrar is elected and offers to continue as acting secretary until the election for secretary is held.

Council

There were seven nominations for five positions:

- Jonathan Ah Kit
- Simon Riley
- Drew Whittle
- Roger De Salis
- Karaitiana Taiuru
- David Harris
- Jennifer Northover

The following were elected:

- Simon Riley
- Drew Whittle
- Roger De Salis
- David Harris
- Jennifer Northover

The President thanked Rick Shera for his work as Vice President.

The Meeting closed at 19:45

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Highlights for InternetNZ in 2003/04

1. Management of .nz

- Successful sale of Domainz, for over \$1.5 million.
- Final stage of the .nz Shared Registry System transition completed successfully, on time and under budget.
- DNC works with Commerce Commission to help foil domain name scams
- Number of authorised .nz Registrars grows to 48.
- .geek.nz 2LD approved and launched.
- Planning for use of IPv6 and DNSSEC for .nz commenced.
- Number of .nz domain names grows by 24,324 from 124,945 to 149,269.

2. Advocacy and Representation to Government

- Established, with Victoria University of Wellington, the InternetNZ Research Fellowship for Cyberlaw.
- Made submission on Digital Copyright review.
- Appeared before Government Administration Select Committee on the Films, Videos and Publications Classification Inquiry.
- Worked closely with Government on principles of spam legislation.

3. Supporting Industry Best-Practice and Self-Regulation

- Continued work on revitalizing the Internet Code of Practice and formed a Service Providers Advisory Group to assist with this.

4. Protect the Internet

- Swift response to the DET e-commerce patent, providing legal advice to concerned businesses.
- Formed Patent Advisory Group to monitor DET and other potentially illegitimate patents.
- Established the ipwatch website to allow members and the public to be notified on Internet related patent applications.
- Organised with TelstraClear an antispam industry workshop focusing on education, technology and legislation.
- Launching of www.stopspam.net.nz website.
- Reached agreement in principle with Government on anti spam legislation.
- Held an initial workshop with Government and telecommunications providers on Enum.

5. Promote the Internet

- A significant broadband applications interoperability project was funded by Government and industry
- Memorandum of understanding with UNESCO NZ and the UNDP developed, to assist the development of the Internet in the Pacific Islands.

6. NZ representation in the global Internet

- InternetNZ joins the Country Code Names Support Organization (ccNSO) of the Internet Corporation for Assigned Names and Numbers (ICANN) after having spent many years battling to get the right model for ccTLD participation in ICANN.
- International Affairs Chairman Peter Dengate-Thrush elected President of the Asia-Pacific Top Level Domain Association (APTLD).

7. Supporting volunteers, members and the organization

- Executive Committee of Council established and functioning successfully.
- Formulation and adoption of first ever formal strategic plan.
- First three year business plan formed and adopted.
- InternetNZ, DNC and NZRS all co-located to new premises in Exchange Place, Willeston St.

8. Supporting Internet Innovation and Technical Leadership

- Continued our involvement and support for the Next Generation Internet project.
- Supported NZ Network Operators Group Conference and provided multicast educational resources.
- Funded IPv6 testing at the Wellington Internet Exchange (WIX).

Mission

“To protect and promote the Internet in New Zealand”

Vision

“The Internet, open and uncaptureable, offering high performance and unfettered access for all”

Strategies & Goals

- 1. Management of .nz**
 - 1.1. Ensure 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. To foster Internet industry best-practices.
- 4. Protect the Internet**
 - 4.1. To protect the Internet by responding to and resolving issues detrimental to the achievement of our vision, mission and objectives.
- 5. Promote the Internet**
 - 5.1. To 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. Enhanced member interaction.
 - 5.5. Promote responsible use of the Internet.
- 6. NZ representation in the global Internet**
 - 6.1. NZ 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. InternetNZ's use of the Internet is recognised as excellent and best practice.
 - 7.2. Operate as efficiently as possible.
 - 7.3. Maximise investment income while minimising risk.
 - 7.4. Evolve strategy.
 - 7.5. Recruit and retain members.
 - 7.6. Further develop funding sources other than NZRS.
 - 7.7. Be a good employer of all InternetNZ staff.
 - 7.8. Act as a responsible shareholder of NZRS.
- 8. Supporting Internet Innovation and Technical Leadership**
 - 8.1. Support Internet innovation.
 - 8.2. Enable Multicast on the NZ IPv4 and future IPv6 public network.
 - 8.3. Support Internet research.



President's Report

With regard to the operation of the .nz namespace, the past year has been the first full year of operation for the new operational structures and the SRS. Both the .nz Oversight Committee and NZDNR Ltd have primarily been through a consolidation year, ensuring that the policies and processes for .nz are robust and relevant. From both operational and governance perspectives, we now have what I believe is as close to the perfect ccTLD operation as we had anticipated.

As the year has progressed, both the Registry Company and Oversight Committee have moved forward, looking more to the future through the development of Strategic Plans, Business Plans and finally towards the implementation of new concepts and policies which will allow us timely modifications to our systems to incorporate such things as IPv6, DNSSEC, ENUM and other ccTLD related changes in a timely and orderly fashion as required by Internet stakeholders.

During the course of the year, the new second level domain name .geek.nz was launched, and from a less frivolous aspect, some useful ideas for ongoing technical development of the registry arose from the application.

The popularity of the SRS continues unabated, with the number of authorised registrars above even the most optimistic expectations.

Our former Registry Company Domainz was converted to an authorised registrar operation, and as such, was disposed of as a going concern. While the final settlement on the sale price is occurring as this Annual Report goes to print, I believe the final outcome of the sale, and the price received for the sale should bring about strong shareholder satisfaction regarding this disposal.

The registrant's poll conducted earlier this year quite clearly indicated an endorsement that InternetNZ can and should utilise a small portion of domain name fees to pursue its broader objectives. With this in mind, and with the reduction in workload for Council relating to .nz issues, Councillors have established a clear set of goals relating to this broader fulfilment of InternetNZ's objects. It is also as a matter of some pride (and relief) that your Society now has its Strategic Plan in place, which has been widely consulted on, and endorsed by members and stakeholders.

Despite the reduction in size of Council last year, the various committees and task forces have continued with extremely heavy workloads to produce outstanding results with a wide variety of projects. The Next Generation Internet and Interoperability projects have made significant further progress. Newer initiatives such as the anti-spam and cyberlaw projects have gathered support and momentum. Internationally we continue making a major contribution in terms of global governance and policy. Details of actual projects are included elsewhere in this report.

Financially your Society finishes the year in a very strong position, with the Registry having achieved above budget sales and below budget expenses impacting favourably, and the Domainz sale further enhancing our results.

The former Administration Committee has been reformed into an Executive Committee, which has to some degree changed the dynamics of the workload on Council, but has also freed up Councillors to spend more time pursuing their issues of individual passion, and less time on the more routine aspects of the Society's operations.

There are two major aspects worthy of further comment. I believe our Society is moving from being in the main a reactive organization to being far more proactive, and I look forward to us providing greater leadership into the future. The second aspect is that we have reached a level of comfort with the media and general public perception, and the positive stories now far outweigh negatives about us.

Many councillors and some members have put in an extraordinary effort over the past year and their achievements essentially as volunteers have been truly outstanding. Our staff also have made significant contributions to the progression of our objectives, again often above and beyond the call. I am proud to be supported by your Council and staff, whose efforts and dedication is exceptional, and I thank all those people who have made contributions to the success of our operations during the year.

Personally, I am looking forward to my final year as your President, and my major ambition for the year will be to progress the Internet Code of Practice.



Keith Davidson
President



Executive Director's Report

Introduction:

One day there will be as much need for an Internet Society as there is today for a Telephone Society. Don't expect it soon, especially in New Zealand. New Zealand is plodding towards true Internet ubiquity steadily, but slower than many similarly placed countries.

Last year InternetNZ defined eight strategies, several of which will move us closer to that slightly facetious goal. We now have our headlights on full beam and a good piece of the road ahead is visible, although not free of bumps.

Having succeeded in turning InternetNZ into a stable and outward facing organization, it is our time to become more assertive in demanding that our industry and our Government lift their game, and deliver fibre and affordable connections to every home. At the same time we must not lose sight of our international and dot nz obligations.

Introspectively, the 2003-2004 year has been satisfying, with few frustrating edges, as we worked to redefine how a small team not for profit can have effective governance and strong management while maintaining the working mix of volunteers and staff. We are succeeding, and have made real progress in defining structures, and implementing processes that allow effective use of volunteer time, while ensuring the staff have operational room to move. We have the framework in place to make 2004 another successful year, and a little closer to the time when we need to decide to close up shop.

Governance and Management

With no intention of talking down to those with knowledge of Governance in the not for profit arena, I feel it useful to explain the way it is evolving in InternetNZ. To understand how InternetNZ works, we need to briefly view the structure of the organization. You will see from the organization chart on page 13 that InternetNZ is complex. To make a structure that complex work with a necessarily small team, means a well thought out variance to what would be considered normal governance. Under a standard governance structure the board (Council and the Executive Committee) would set policy and the Secretariat would execute that policy according to good management practices. For InternetNZ since the transition of the Admin to executive committee, there is a real benefit in having office holders and other councillors become directly involved in the operational area. This means the Executive director, without losing authority, has access to good skills, peer evaluation and a sounding board. The model is still immature but showing promise. I am keen to continue developing the model and can see how useful it will be for similar organizations.

Selling Domainz

The most significant event for InternetNZ in 2003 was the sale of Domainz. This was the final stroke of the well executed plan to make dot nz a globally recognized model for an open and competitive domain name registry. The sale itself was an adventure. We retained Tim Russell from Deloitte Corporate Finance to advise us, work with our legal and accounting team, and undertake the more specialized parts of the sale. Ensuring that we met our society aims of openness while addressing the need for commercial confidence created a fine line which our team managed to stay on until to the last signature. In addition we had to ensure that the outcome of the sale was fair to the staff of Domainz, and did not damage the dot nz market place.

We succeeded on all counts.

The Strategic Plan

To help focus on our way forward, the rest of my report is framed by the strategies adopted by council. The strategy definition planning goes back several years. A significant effort was made last year and following workshops and an exhaustive drafting program, the draft strategic plan was presented to members and formally adopted. This is a vital part of our ability to plan and act. Without a strategy, it is hard to develop a cohesive business plan let alone a budget. The principle that you cannot manage what you cannot measure is dependent on the strategy underpinning those things we measure.

The eight strategies are:

1. Management of .nz
2. Advocacy and Representation to Government
3. Supporting Industry Best-Practice and Self-Regulation
4. Protect the Internet
5. Promote the Internet
6. NZ representation in the global Internet
7. Supporting volunteers, members and the organisation
8. Supporting Internet Innovation and Technical Leadership

Premises Strategy 7

On March 5, 2004 we moved into excellent new office space on the ninth floor of Exchange Place, 5-7 Willeston St. Feel free to phone ahead, and drop in to look around. All three units of InternetNZ are under the same roof, gaining benefits of scale and access to better services. In addition we now have critical mass for staff to interact with a healthy sized team (about ten staff in total) The decision to move was made easier by the term of the leases for all three units falling due at a similar time. We have an excellent meeting room, pleasant staff area, and a hot desk area for two visitors to work without imposing on the staff.

Staff Strategy 7

Our intent is to keep permanent staff to the minimum to provide continuity and organizational memory, while using the most appropriate mix of contractors, external organizations and volunteers to tackle projects and specific tasks. The secretariat consists of three full time staff: Peter Macaulay Executive Director, Gale Blikshavn Admin Manager, Zofia Krawczyk Admin Assistant. Zofia has recently resigned and we thank her for her efforts during a year of major change. We have appointed Isabel Carberry to replace Zofia. Isabel joins us on June 21, 2004. We continue to be fortunate to have the services of John Vorstermans as our part time technical manager.

The Project Management Office Strategy 7

To enable InternetNZ to run several projects concurrently while keeping reporting and volunteer admin overhead to a minimum we have implemented a PMO. Developed by Hilary Carlile, and run by our Admin Manager, Gale Blikshavn, the PMO supports projects with tools and administration. A major benefit is consistent and timely reporting. As with all our efforts, this is a work in progress, and we are learning new skills in the management of projects in the not for profit environment. We aim to pass these skills on to sibling organizations and other not for profits, once we feel we have a packageable service.

Annual General Meeting and Festival of Technology Strategy 5

Using the AGM as a focal point, we organized and delivered on June 13 2004 an event to promote broadband and Interoperability. Martin Foster did a superb job to bring this together at short notice. The sessions were attended by a useful audience, and we gained many insights which have proved valuable as we plot our path through the minefields standing in the way of NZ wide affordable real broadband (not 128 kilobit!).

Patent Advisory Group Strategy 4

As the result of the attack on NZ e-commerce by a company with a patent purporting to cover many of the aspects of e-commerce, InternetNZ joined the fray with a Patent Action Group. Headed by Jim Higgins, this team effectively linked several of the groups concerned with this issue, and has created a useful web resource to track patent issues.

Anti-Spam Strategy 4

As the plague spreads InternetNZ is taking strong action to reduce the flow and claim back email for legitimate use. Our anti-spam task force headed by David Harris is active on several fronts. Working closely with government on legislation, internationally to harmonise legislation and to foster enforcement cooperation, locally to support work in the technical tools to reduce spam, and in educating users to reduce the spam they receive. The secretariat is closely involved in supporting these activities and providing linkages to associated commercial anti-spam organizations. A major anti-spam legislation workshop is being held in Wellington on June 24, 2004

Collaborative Applications Strategy 7

To make volunteers more productive, and reduce the administrative tasks which are the bugbear of all voluntary work, InternetNZ is developing tools to ensure that information is captured simply, never duplicated, flows smoothly to where it is needed and is easily accessible by those who need it. We have installed Suse Linux on our new Dell servers and we are implementing Suse Open Exchange. Able to work with a variety of client platforms, and offering access to innovative tools, this solution promises to deliver real benefit in the coming months.

Committee Support Strategy 7

In line with the provision of good tools we also need to offer good support for committee work. The secretariat organizes meetings, provides teleconference and minuting services, as well as travel, catering and the myriad actions needed to make meetings run smoothly. Over the next few months we aim to provide video conferencing, and an Auckland footprint.

Sibling Organizations Strategy 3 & 4

One of our aims is to work closely and supportively with other organizations who are either doing things we would have to do if they were not, or who are able to apply critical mass to addressing common issues. We can trade skills and resources. We have developed close relationships with the Internet Safety Group, The Network Operators Group, The NZ Computer Society, the Information Technology Association of NZ. We maintain and are open to relationships with any organization that helps us towards our goals.

Web Presence Strategy 3 & 5 & 8

The InternetNZ web site grew like Topsy, and is splitting its seams. There is no need to list its faults, just to replace it. We set up a team under Shane Middlemiss as project manager to develop the new web presence. It will be done in several stages. The first stage, an interim update using most of the current content, is in final testing. The next stages are under way, with product selection close to completion, and will be reported on as work progresses.

Internet Code of Practice Strategy 3 & 4

InternetNZ developed a draft code of practice, but left it hanging. We are in the process of setting up the project to develop a revised code, starting from scratch. To provide a base for this we surveyed all known Internet Service Providers, and out of more than 140 contacts, established that we had almost unanimous support to proceed. This will be the largest project that InternetNZ has undertaken, and is expected to start in earnest in early August.

Presenting InternetNZ Strategy 5

InternetNZ has been a low key but still effective performer, with significant success in the domestic and international arenas. To ensure that we can do more, we need to be seen more. This annual report, the second we have formally published, is one of the tools. We also work hard to win good press. This year we have had several column inches almost every week, with positive aspects of our work being seen by the public. We have been heard on radio, and seen on TV. The Executive Director is available to speak at events, and has made six public presentations this year. A formal communication plan is being drafted, and building on the success of the Domainz sale communication plan, is expected to lift the profile of InternetNZ even more. To be the voice of the Internet industry we need to be more visible, and accepted as authoritative.

Conclusion

I have been privileged to be part of such an effective team as the council and officers of InternetNZ. As well as hard work we have had a lot of fun. This year has flown by, and we have accomplished most of the things we set out to do last year. As you would expect with an ambitious plan, we have fallen short in a few areas, and those things left undone are on the list for the 2004 year. With better tools and processes in place, our focus can be on outcomes. We see clearly the projects and processes that will deliver on the strategic plan, and have sound operational capability to deliver. We have even made some allowance for the unexpected! The secretariat team looks forward to another good year working with a committed bunch of volunteers. Maybe we will see fibre to every home.



Peter Macaulay
InternetNZ Executive Director

InternetNZ Directory 2003/04

The Council



Keith Davidson (President 2001 – 2005, Council 1998 - 2005)



David Harris (2003 – 2005)



David Farrar (Vice-President 2003 - 2005, Secretary 2001 – 2003, Council 1998 – 2000, 2001 - 2005)



Jennifer Northover (1998 – 2000, 2001 – 2005)



Michael Wallmannsberger (Secretary 2003 - 2004, Council 2002 – 2004)



Simon Riley (2001 – 2005)



Chris Streatfield (Treasurer 2002 – 2004, Council 2001 – 2004)



Brendan Murray (2003 – 2005)



Jonathan Ah Kit (2002 – 2004)



Bill Parkin (2002 – 2004)



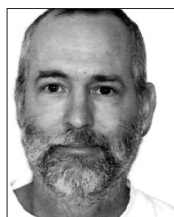
Roger De Salis (1997 – Jan 2004)



Michael Sutton (2002 – 2004)



Grant Forsyth (2002 – 2004)



Nick Wallingford (2002 – 2004)

Senior Staff

Pete Macaulay, Executive Director
Debbie Monahan, Domain Name Commissioner

Fellows of the Society

Nevil Brownlee
Rex Croft
Professor John Hine
John Houlker
Neil James
Dr Frank March
Richard Naylor
Don Neal
John Vorstermans

Standing Committees

Executive Committee

President (Keith Davidson - Chair
Vice-President (David Farrar) – Deputy
Chair
Secretary (Michael Wallmannsberger)
Treasurer (Chris Streatfield)
Simon Riley

.nz Oversight Committee

Frank March – Chair (2002 – 2004)
Colin Jackson – Deputy Chair (2002
– 2005)
President (Keith Davidson)
Richard Currey (2002 – 2004)
Roger Hicks (2002 – 2005)
Jennifer Northover (2002 – 2005)
David Russell (2002 – 2004)

Legal & Regulatory Committee

David Farrar – Chair
Grant Forsyth – Deputy Chair
David Harris
Rick Shera
Peter Dengate-Thrush
President (Keith Davidson)

International Affairs Committee

Peter Dengate-Thrush – Chair
Jennifer Northover – Deputy Chair
Frank March
Grant Forsyth
David Farrar
Sue Leader (part year)
President (Keith Davidson)

Outreach Committee

Simon Riley – Chair
Jennifer Northover
Howard Frederick
Bill Parkin
Nick Wallingford
Jonathan Ah Kit
David Harris
President (Keith Davidson)

Technical Committee

Brendan Murray – Chair (2004)
Nick Wallingford – Chair (2003)
David Harris
Don Stokes
Bill Parkin
Simon Riley
Michael Sutton
Steven Heath
John Vorstermans
President (Keith Davidson)

Governance & Constitutional Committee

Chris Streatfield – Chair
Michael Wallmannsberger – Deputy Chair
Jordan Carter
Rick Shera
David Farrar
Dave Moskovitz
President (Keith Davidson)

Audit Committee

Chris Streatfield – Chair
Nick Wallingford
Bill Parkin
David Harris

Taskforces and Working Groups

Domainz Sale Taskforce

Keith Davidson – Chair
David Farrar
Chris Streatfield
Donna Hiser
James Scott
Frank March

Anti Spam Taskforce

David Farrar – Chair
David Harris – Deputy Chair
Rick Shera
Simon Lyall
Grant Forsyth
Steve Sherman
Lesley Walker
Simon Lyall
Jonathan Ah Kit
Richard Bourne
President (Keith Davidson)

Registrar Advisory Group

Tim John
Mark Mackay
Peter Mancer
Lee Miller
Peter Mott
Craig St George

Patent Advisory Group

Jim Higgins – Chair
David Farrar
Russell Holland
Richard Shearer
Robert Hunt
Carl McNeil
Chris Auld
Barry Hellberg
John Terry
President (Keith Davidson)

Domain Name Dispute Resolution Working Group

Rick Shera - Chair
David Zanetti
David Farrar
Peter Dengate-Thrush
Judge David Harvey
Sarah Mehtens
Damien Broadley
President (Keith Davidson)

Internet Code of Practice Working Group

Chris Streatfield – Chair
Simon Riley
Grant Forsyth
Jennifer Northover
President (Keith Davidson)

Second Level Domain Policy Working Group

DNC (Debbie Monahan) - Chair
Steven Heath
Roger Hicks
Karaitiana Taiuru
Andy Linton
Mark Harris

International Review Taskforce

Frank March – Chair
Peter Dengate-Thrush
Richard Bourne
Rick Shera
Roger Hicks
Sue Leader
David Farrar
Jennifer Northover
President (Keith Davidson)

Strategic Planning Taskforce

Simon Riley – Chair
Jennifer Northover
President (Keith Davidson)

InternetNZ Organisation



↔ functional relationships

↔ formal reporting or contractual relationships



Report of the International Affairs Committee

Review Of International Affairs Committee

It is appropriate to begin with the intensive review of the International Affairs Committee which occupied a considerable proportion of the year in review. Restructuring of InternetNZ, and in particular the formation of the .nz Oversight Committee, whose terms of reference appeared to overlap with activities then being conducted by the International Affairs Committee, led Council to call for a full review of International Affairs Committee, and its activities. A review committee, chaired by Frank March, was set up, including the President, Keith Davidson, the Chair of IAC, Peter Dengate Thrush, the Executive Director, Peter Maccauley, the Domain Name Commissioner, Debbie Monahan, the Chair of Technical Committee, Richard Bourne, the Chair of L & R Rick Shera, former President Roger Hicks, former Executive Director Sue Leader, Vice President David Farrar and Councillor Jennifer Northover. The Terms of Reference required the Committee to consider how overall international strategy was set, what InternetNZ's involvement had been, and should be in future, how our attendances at international meetings should be organised, and where budget responsibility for international matters should rest.

Substantial historical input was prepared by Sue Leader, Peter Dengate Thrush and Roger Hicks and useful appendices to the eventual report have been established which chronicle InternetNZ's considerable international activity and achievements.

The report was accepted by Council at its meeting on 13 December 2003. The Executive Summary of the report as accepted records InternetNZ's long and effective involvement in a wide range of international organisations through the activism of individual members, and said that there was a strong case for InternetNZ to continue with a high level of international involvement on behalf of both the local New Zealand internet community and the wider regional and global communities.

Six specific recommendations were adopted, which are set out here in full.

1. Recommendation 1: InternetNZ should continue to maintain a high level of international activism across a range of general, technical and outreach activities, as well as maintain an appropriate level of .nz manager representation in international fora.
2. Recommendation 2: That the International Affairs Committee continue to co-ordinate international issues on behalf of council and have primary responsibility for recommending strategy and policy issues under delegation from council, recognising that, as with all its committees, council is ultimately responsible to the membership for all policy matters.

3. Recommendation 3: In order to ensure that its work covers all key areas of international activities, membership of the International Affairs Committee should include representation from at least Technical, Outreach, and Legal and Regulatory Committees, and NZOC. The Chief Executive of NZRS, the Executive Director and the Domain Name Commissioner should be ex-officio members.
4. Recommendation 4: All council committees should include consideration of international issues in their business planning. The International Affairs Committee should be responsible for oversight and co-ordination of the International Affairs budget in order to identify overlaps and gaps.
5. Recommendation 5: NZOC should moderate those portions of the budget in which it has an interest to ensure it meets overall objectives of .nz management. This portion of the International Affairs budget should be included under the DNC budget. Budget administration and control will be under the general oversight of council.
6. Recommendation 6: When selecting suitable representatives at international meetings the following general policies should apply:
 - i) A representative should normally attend at least the AGM of any body of which InternetNZ is a member (for example: ccNSO, ICANN itself, CENTR, APTLD, and APNIC).
 - ii) At least two representatives should be sent to ICANN meetings.
 - iii) Recommendations of appropriate representation should be made by the International Affairs Committee after full consultation with NZRS and NZOC.
 - iv) Consideration should be given to the need for balance between wider general and “political” matters, and operational and all management issues. Consideration should also be given to experience and the desirability for continuity of representation, and expertise appropriate to the agenda of the meeting.

Since adoption of the report, IAC has continued with its long-running activities at APTLD and ICANN, and has been working with the other INZ entities in developing its coordination role of International Activities. Its budget remains relatively stable, with expenditure at the same levels as over the past few years

Asia Pacific Top Level Domain Association

InternetNZ has continued to support and participate in the meetings of APTLD. In November 2003, Wellington was chosen as the venue for one of the APTLD members and board meetings, and a technical training session was conducted in association with a successful meeting.

During the course of the year Peter Dengate Thrush became acting President of APTLD and at its AGM in February 2004 was elected President. APTLD continues to be the major forum for the exchange of ideas between ccTLD managers in the region and has increased its membership to 22 country code managers, with 2 associate members. It continues to facilitate co-ordination in the region with other internet related entities, particularly the Asia Pacific registry responsible for allocation of internet addresses (APNIC), as well as industry related organisations. APTLD maintains its outreach and awareness program, seeking to extend internet expertise and training in the region, and providing sponsorship for attendance at internet-related meetings for ccTLD Managers and others.

ICANN

InternetNZ continues to support the mission of the Internet Corporation for Assigned Names and Number as the technical coordinator of the important infrastructural resources underpinning the internet.

InternetNZ has supported the formation of a ccTLD policy development body within ICANN, and has become a member of the Country Code Names Support Organisation, ccNSO set up for that purpose. During the year, a variety of InternetNZ representatives attended ICANN meetings at Montreal, Carthage and Rome. Grant Forsyth has continued to serve on the Council of the GNSO, the ICANN policy body dealing with gTLDs, and has been one of its appointees to ICANN's Nominating Committee

General

InternetNZ has maintained interest and participation in a number of other international internet related matters, including forwarding matters of interest to various officers and committees within InternetNZ working in similar areas. Jennifer Northover has attended meetings of CENTR (the Council for European ccTLD Registries) and maintained a useful liaison role. These have included the sharing of European information obtained as a result of INZ's associate membership of CENTR, from participation in the ITU's continuing WSIS project, (the World Summit on the Information Society) the transfer of some of the responsibility for that to the United Nations ICT task force, monitoring of trials and implementation in a number of countries, monitoring implementation of internationalised domain name in various ccTLD registries and elsewhere, and continuing to support initiatives in the Pacific region.

We have continued to work with the New Zealand Government in international fora, through much-appreciated liaison with MED including for example, briefings with New Zealand's delegate to the WSIS, and with a representative from the Embassy staff in Rome attending the GAC meeting there.

Looking Forward...

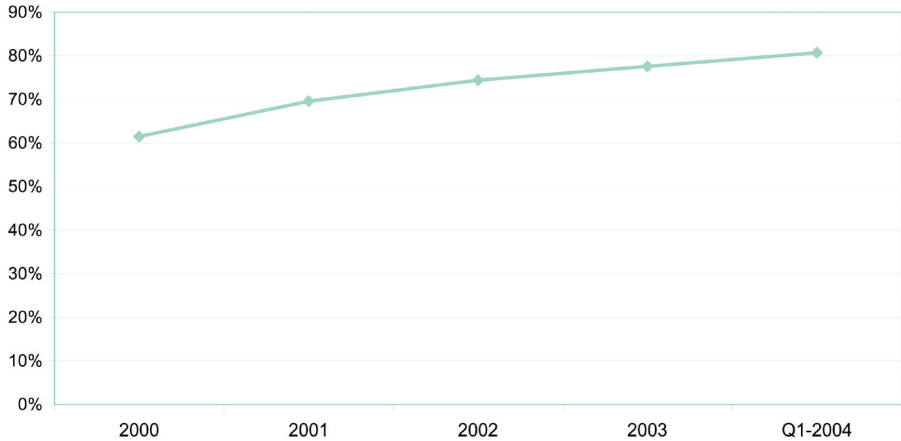
With the creation of the ccNSO "home" for ccTLDs in ICANN, and the prospects for orderly development of ccTLD policies in relation to IANA, it is hoped that much of the passion (and cost) of this phase of international internet governance may be behind us. InternetNZ can be justifiably proud of its role in this, on behalf the local Internet Community of .nz, and for many ccTLDs without the resources to fully participate in this important process.

InternetNZ's role is wider than simply managing the .nz registry. International Affairs Committee expects to be able to devote a larger proportion of its resources to issues affecting New Zealanders registered in generic domain name registries, to IP address matters, protocol development, internet security, and other matters of international interest.

Peter Dengate Thrush
Chair
International Affairs Committee

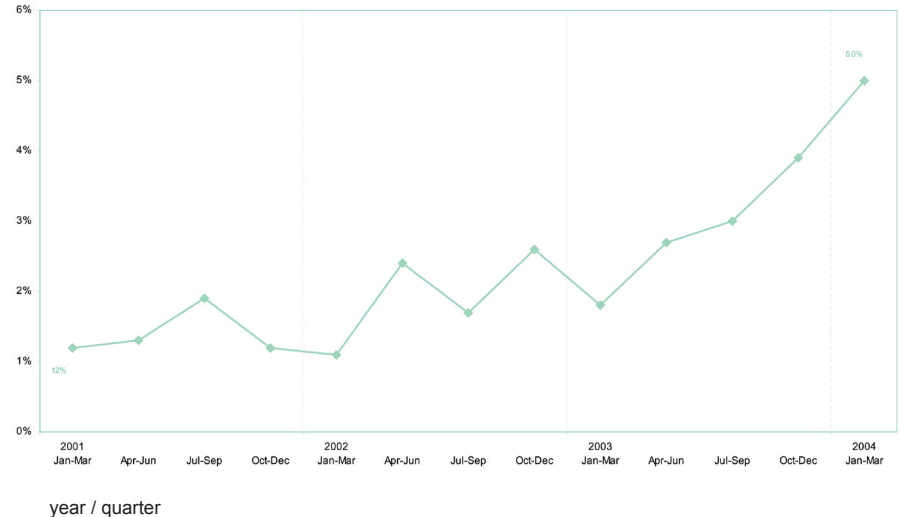
Internet use in New Zealand

Internet access



Source: Nielsen//NetRatings

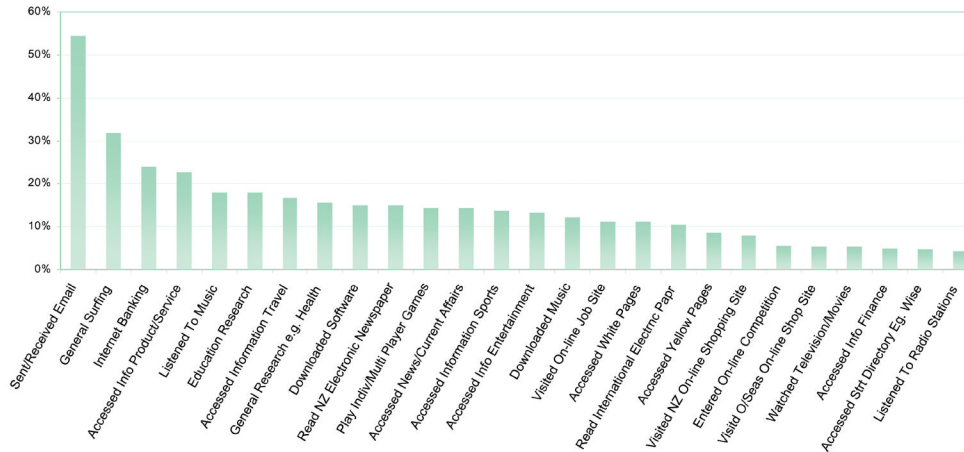
Home Internet broadband* access



*Broadband is defined by the rating company as 256K or greater speed

Source: Nielsen//NetRatings

Internet activities



Source: Nielsen//NetRatings

New Zealand Internet sites

Site	Rank	Monthly Unique	URL	Publisher
XtraMSN	1	2,553,126	xtramsn.co.nz and xtra.co.nz	XtraMSN
Trade Me	2	707,853	trademe.co.nz	Trade Me
NZ Herald	3	469,563	nzherald.co.nz	APN Holdings NZ Ltd
White Pages	4	339,816	whitepages.co.nz	Telecom Directories
Stuff	5	333,338	stuff.co.nz	Fairfax New Zealand Limited
ASB Bank	6	291,850	asbbank.co.nz	ASB Bank Limited
Westpac	7	290,878	westpac.co.nz	Westpac Banking Corporation (NZ division)
Yellow Pages	8	282,952	yellowpages.co.nz	Telecom Directories
TVNZ	9	279,165	tvnz.co.nz	TVNZ
Telecom	10	252,428	telecom.co.nz	Telecom NZ Ltd
Vodafone	11	234,520	vodafone.co.nz	Vodafone Group
NZCity	12	206,852	nzcity.co.nz	New Zealand City Ltd
NZDating	13	184,543	nzdating.com	New Zealand City Ltd
ANZ	14	180,635	anz.co.nz	ANZ Banking Group (New Zealand) Limited
Seek	15	180,195	seek.co.nz	Seek
Traderpoint	16	142,271	traderpoint.co.nz	ACP Trader Group
Ticketek	17	129,452	ticketek.co.nz	Ticketek Pty Ltd
UBD	18	119,590	ubd.co.nz	APN Holdings NZ Ltd
Old Friends	19	119,475	oldfriends.co.nz	Trade Me
Wises	20	113,709	wises.co.nz	APN Holdings NZ Ltd

Source: Nielsen//NetRatings Network May 2004



Treasurer's Report 2003/2004

This has been a busy year for InternetNZ. The Society successfully sold its shares in Domainz which has boosted the capital base of the Society. This has given us the opportunity to put in place a dividend policy, and will reduce our dividend requirements from our subsidiary company, NZRS, so giving it the opportunity to consolidate its financial base, following on from repaying the start-up loan from the Society over the last year.

We have seen the advent of the Audit Committee, which has proved to be a very successful exercise.

On the financial front the office of the Domain Name Commissioner has contained costs to below the budget for the second year in succession. On the Society side we came in very slightly over-budget for the first time, despite taking on seven new un-budgeted project activities during the year. Two of these projects will see considerably increased in activity in the coming year, and another has spawned two completely new project activities.

Another new exercise for the Society has been to operate as a manager of an externally funded project which was successfully managed, despite some minor concerns during the process. This activity has allowed the Society to examine its internal project management and started off some new reporting and management procedures that will be put in place in the coming months.

The sale of Domainz is complete, although as will noted in the accounts, a percentage of funds have been held in an escrow account against any unforeseen liability that may arise as a consequence of the sale.

There have been some personnel changes in the office and some new procedures have been put in place, and existing procedures consolidated. With the creation of the strategic plan and consequent business plan, the account structures are in process of modification to allow for direct reporting against the eight identified strategic areas.

Overall the Society's finances are in a solid position with a substantial part of the capital in interest-bearing accounts.

I would like to take this opportunity to thank our external accountant, Bruce Stormer of Mason King, who has been extremely helpful over the year and our auditors, Grant Thornton for their help and professional advice.

Chris Streatfield
Treasurer

Audit Report

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

We have audited the financial report on pages 1 to 10. The financial report provides information about the past financial performance of the Internet Society of New Zealand and Group and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages 5 to 6.

Council's Responsibilities

The Council of the Internet Society of New Zealand Incorporated is responsible for the preparation of financial reports that fairly reflects the financial position of the Internet Society of New Zealand and Group as at 31 March 2004 and of the results of operations and cash flows for the period ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you 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 Internet Society of New Zealand Incorporated 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 our capacity as auditors we have no other interests in the Internet Society Of New Zealand Incorporated and Group.

Unqualified Opinion

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

In our opinion the financial report fairly reflects the financial position of the Internet Society, of New Zealand Incorporated and Group as at 31 March 2004 and the results of its operations and cash flows for the period ended on that date.

Our audit was completed on 1 June 2004 and our unqualified opinion is expressed as at that date.



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**The Internet Society of New Zealand
Statement of Financial Performance
For The Year Ended 31 March 2004**


		2004		2003	
	Note	Parent	Twelve Months Group	Parent	Twelve Months Group
		\$	\$	\$	\$
Operating Revenue	2	<u>1,337,257</u>	<u>4,373,856</u>	<u>2,470,871</u>	<u>5,009,176</u>
Operating Surplus / (Deficit) Before Taxation	3	(36,569)	560,905	1,393,573	(89,999)
Gain on Sale of Domainz Limited	16	1,583,007	1,142,081	0	0
Taxation (expense) / benefit	1(h),6	<u>0</u>	<u>464,515</u>	<u>0</u>	<u>19,644</u>
Operating Surplus / (Deficit) After Taxation	7	<u>1,546,438</u>	<u>1,238,471</u>	<u>1,393,573</u>	<u>(109,643)</u>
Net Surplus / (Deficit)		<u>1,546,438</u>	<u>1,238,471</u>	<u>1,393,573</u>	<u>(109,643)</u>

**The Internet Society of New Zealand
Statement of Movements in Equity
For The Year Ended 31 March 2004**

	2004		2003	
	Parent	Twelve Months Group	Parent	Twelve Months Group
	\$	\$	\$	\$
Opening Equity	1,798,354	2,837,298	404,781	2,946,941
Net Surplus/(Deficit)	1,546,438	1,238,471	1,393,573	(109,643)
Closing Equity	<u>3,344,792</u>	<u>4,075,769</u>	<u>1,798,354</u>	<u>2,837,298</u>

**The Internet Society of New Zealand
Statement of Financial Position
As At 31 March 2004**

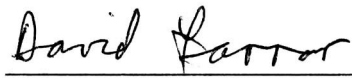
	Note	2004		2003	
		Parent \$	Twelve Months Group \$	Parent \$	Twelve Months Group \$
Current Assets					
Cash and Bank	1(e),15,16	2,768,013	4,938,912	874,355	3,411,538
Receivables	1(d),1(e),15	291,745	573,102	13,515	777,793
.nz Registry Services - Loan		0	0	518,100	0
Income Tax	1(h),6	69	25,189	0	361,657
		<u>3,059,827</u>	<u>5,537,203</u>	<u>1,405,970</u>	<u>4,550,988</u>
Non-Current Assets					
Fixed Assets	1(b),1(c),8	57,836	523,933	47,555	1,117,686
Shares in Subsidiaries	1(a)	430,000	0	431,000	0
Intangibles	1(g)	0	6,556	0	7,794
		<u>487,836</u>	<u>530,489</u>	<u>478,555</u>	<u>1,125,480</u>
Total Assets		<u>3,547,662</u>	<u>6,067,692</u>	<u>1,884,525</u>	<u>5,676,468</u>
Current Liabilities					
Employee Entitlements	1(f),9	21,207	21,207	0	37,272
Accounts Payable		173,059	292,674	79,983	546,401
Fees Received in Advance		8,604	1,678,042	6,188	2,255,497
		<u>202,870</u>	<u>1,991,923</u>	<u>86,171</u>	<u>2,839,170</u>
Net Assets		<u>3,344,792</u>	<u>4,075,769</u>	<u>1,798,354</u>	<u>2,837,298</u>
Equity					
Retained Earnings		<u>3,344,792</u>	<u>4,075,769</u>	<u>1,798,354</u>	<u>2,837,298</u>



Treasurer

01/06/04

Date



Vice President

1/6/04

Date



Final Strategic Plan 2004 - 2007

Version 3.4
24 April 2004

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2. About InternetNZ

InternetNZ is the guardian of the Internet for New Zealand.

InternetNZ (INZ), formally The Internet Society of New Zealand Incorporated, is a not-for-profit organisation fostering coordinated and cooperative development of the Internet in New Zealand. Our membership includes 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 the New Zealand Internet community on global Internet organisations in our role as manager for the .nz Country Code Top Level Domain (ccTLD).

As part of the management of .nz, InternetNZ has an operational arm known as the Office of the Domain Name Commissioner (DNC), which oversees the management of the .nz domain name space.

InternetNZ owns New Zealand Domain Name Registry Ltd (NZDNRL), trading as .nz Registry Services (NZRS), which operates the .nz register

InternetNZ is a member of the Next Generation Internet – New Zealand Consortium.

InternetNZ is a member of the Asia-Pacific Top Level Domain Association (APTLD), the Country Code Names Supporting Organisation (ccNSO) of the Internet Corporation for Assigned Names and Numbers (ICANN), the Asia-Pacific Network Information Centre (APNIC), and is an associate member of the Council of Europe National Top-Level Domain Registries (CENTR).

2.1 Membership

Any person or organisation can join InternetNZ. There are about 150 individual members and 30 organisational members.

The members have ultimate authority in InternetNZ. They have the exclusive right to amend the Constitution (by two thirds majority), to elect and sack Officers and Councillors, and can instruct the Council on matters as they see fit.

An electronic voting system allows much of this to be done online, so those who cannot physically attend meetings are not disadvantaged

2.2 Structure

The governing body of InternetNZ is its Council. This comprises the President, Vice-President, Secretary, Treasurer and 10 Councillors, all of whom serve two-year terms.

The Council is responsible to the members for conducting the affairs of the Society. It has powers to perform any action on behalf of the Society not explicitly reserved to the members in the Constitution. It has bylaws to guide its own processes, as well as many policies and procedures, such as its governance policy.

There are eight permanent or standing committees of Council. They are:

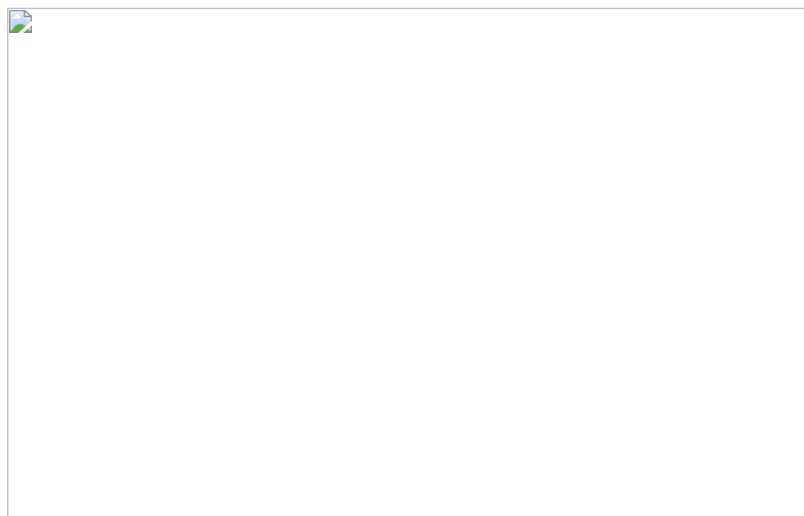
- Executive
- .nz Oversight
- Legal & Regulatory
- Outreach
- Technical
- International Affairs
- Governance & Constitutional
- Audit

The .nz Oversight Committee also has a permanent Registrar Advisory Group that acts as a liaison between the DNC, the Registry and Registrars.

As well, the Council or one of its Committees can set up special purpose, limited duration taskforces or groups. These comprise:

- Internet Code of Practice Taskforce
- Spam Taskforce
- Patent Advisory Group
- Domain Name Dispute Resolution Taskforce
- 2LD Policy Review Taskforce

InternetNZ has six staff – three in what is referred to as the Society office, and three in the DNC Office. There is also a permanent part-time technical services contractor.



3. Executive Summary

This is the first formal Strategic Plan for InternetNZ. It was adopted by Council on Saturday 24 April 2004, and covers the period April 2004 to March 2007..

A Business Plan for the three years covered by the Strategic Plan has also been prepared. To provide members and stakeholders with some linkages, we have listed under various goals examples of action plans that have been included in the business plan.

An unusual aspect of InternetNZ is the large amount of work done by volunteers with support from the staff. This makes it difficult to calculate the true cost and value of various activities.

There are about 50 people who volunteer time to InternetNZ through Council, Committees, Taskforces and other groups. Estimating 10 hours a week per member of the Executive Committee, five hours a week per Councillor, and five hours a month for other volunteers, we arrive at a total volunteer time of more than 7,000 hours a year.

Much of the focus for InternetNZ since its creation has been on the structure, policies and management of the .nz ccTLD, and this has been at the expense of other activities of InternetNZ. So, the Strategic Plan focuses InternetNZ for the first time on the wider objectives as laid down in the Constitution.

Eight strategies, incorporating 29 goals, are included in this draft plan. They goals are:

- 1. Management of .nz**
 - 1.1. Ensure 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. To foster Internet industry best-practices.
- 4. Protect the Internet**
 - 4.1. To protect the Internet by responding to and resolving issues detrimental to the achievement of our vision, mission and objectives.
- 5. Promote the Internet**
 - 5.1. To 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. Enhanced member interaction.
 - 5.5. Promote responsible use of the Internet.
- 6. NZ representation in the global Internet**
 - 6.1. NZ 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. InternetNZ's use of the Internet is recognised as excellent and best practice.
 - 7.2. Operate as efficiently as possible.
 - 7.3. Maximise investment income while minimising risk.
 - 7.4. Evolve strategy.
 - 7.5. Recruit and retain members.
 - 7.6. Further develop funding sources other than NZRS.
 - 7.7. Be a good employer of all InternetNZ staff.
 - 7.8. Act as a responsible shareholder of NZRS.
- 8. Supporting Internet Innovation and Technical Leadership**
 - 8.1. Support Internet innovation.
 - 8.2. Enable Multicast on the NZ IPv4 and future IPv6 public network.
 - 8.3. Support Internet research.

4. Environment

The environment that InternetNZ operates in determines much of the strategy of InternetNZ. In this section we analyse the general Internet environment, the role of the Internet in New Zealand, the role of InternetNZ within the NZ Internet community and the general social, economic, political environment.

4.1 Internet Environment

The Internet has in just seven years gone from a network mainly used by academics, the military and 'geeks' to something which most of the world would miss profoundly if it ceased to exist.

In January 2003, Hobbies Internet Timeline records more than 170 million distinct hosts connected to the Internet. The estimated number of Internet users is now 823 million.

The Internet has enabled e-commerce to grow to US\$3.9 trillion in 2003 – an amount 60 times greater than New Zealand's Gross Domestic Product.

The amount of information now available on the www alone is greater than all previous published information. The Internet archive alone contains more than 300 terabytes of data, equal to 224 million floppy disks or 480,000 CDs.

Arguably the biggest impact of the Internet, though, has been on individuals, who use it for e-mailing, instant messaging, P2P file sharing etc. It is the world's most popular communications device, with converging technologies only going to increase in importance, especially as Voice Over IP and Enum gains wider adoption.

It is often said the Internet can get around censorship, and this is largely true. Information on the Internet can be mirrored 100 times within a few hours. Court suppression orders effectively apply only for those without Internet access, and copyright laws are widely flouted.

As a reaction to this, legislatures around the world are passing more and more laws affecting the Internet. Some are good, but many are bad. In addition to that we have the control of the Domain Name System (DNS) sitting with ICANN and the US Department of Commerce, with the ITU and various countries debating whether the UN should have more of a role in Internet governance. Already control of the DNS has allowed policy to be set for all gTLDs with regard to trademark disputes, and many fear this could be extended into other areas.

4.2 *Role of the Internet in New Zealand*

The Ministry of Economic Development in June 2003 reported that New Zealand had 430,000 hosts connected to the Internet. This represents a ratio of 11% for hosts per capita. Top in the world is Iceland at 25%. Australia is at 13%. In one survey this has New Zealand with the 6th highest number of Internet hosts per capita.

52% of NZ households now have a computer, and 2.5 million New Zealanders (75% of the population) have access to the Internet. Per capita, New Zealand is ranked 13th highest in the world.

There are 150,000 .nz domain names with annual growth of about 20,000 a year.

The New Zealand Internet industry has no precise definition, but there are approximately 200 Internet access and service providers who provide connectivity to the Internet. Of these, 31 offer 'high-speed' access.

There are also 45 .nz domain name registrars, several hundred web designers and a huge number of businesses using the Internet.

The Government is an active user of the Internet, and has an active e-government unit. Most non-profit organisations also have Internet presence and/or e-mail connectivity.

4.3 *Role of InternetNZ in the NZ Internet Community*

InternetNZ has a high profile in the industry, (all bar one ISP in a survey had heard of InternetNZ) and in any one month there can be more than a dozen stories about InternetNZ, though mainly in the IT specialist media..

After some years of teething problems in the transition from a small volunteer registry at Waikato University to a fully competitive shared registration system, there is now a positive relationship between InternetNZ and .nz registrars. The Office of the Domain Name Commissioner is seen as fair and effective, and NZRS is providing efficient registry services.

InternetNZ has been active on several legislative issues affecting the Internet and a 2001 summit had unanimous support for InternetNZ to continue to represent the Internet community on these issues because it is more efficient than individual providers doing their own submissions.

InternetNZ has also long been involved in developing a self regulatory code of practice (picking up the ball from the former ISP Assn of NZ), and again a recent survey of ISPs showed overwhelming support for this work to continue.

InternetNZ has also developed a role in providing support to other Internet groups ranging from sponsorship of conferences by Netsafe, Uniform and NZ Network Operators, to hosting the steering committee that formed the Next Generation Internet Consortium.

It has also been a long-time participant in the process surrounding the management of the DNS Root Servers, and especially in pushing for a more transparent and open ICANN with a co-ordination role rather than policy setting role.

4.4 *Political, Social and Economic Environment*

Political	Social	Economic
Major concern is to prevent draconian legislation through uninformed public and politicians pushing the Government to show "leadership" and control	Strong individualism fostered by the Internet (empowers individuals)	Increasing sole consulting businesses
Good relationship with Government	Fosters international movements as it is borderless	Bridges NZ's geographical disadvantage
InternetNZ has a reputation as non partisan	Digital Divide is still an issue	NZ finds it hard to keep innovators due to small size
Ministers have tended to be more "keyed in" than Parliament as a whole	Privacy issues are becoming major focus with regards to the Internet	Trade and Enterprise NZ provides funding opportunities
Generally bi-partisan approach to Internet issues	Internet changes society and society changes the Internet	Internet reduces entry costs for new entries into some markets
No large pro-censorship lobby in NZ	Technology has become pervasive	Internet helping lead to increasing globalisation
There is a danger of alarmist media stories	More government services delivered on-line	NZ infrastructure appears under resourced
Limited Government funding for investment	Increasing dependence on Internet for information	Provides new business opportunities
High turnover of INZ Councillors presents challenge to stable political	Internet seen as home of free speech	Will change the way companies work

relationships		
InternetNZ has been reactive not pro-active on legislative issues	Communities now more based on common interest rather than location	
	Medical impacts of Internet (over) use – RSI, obesity	

5. Vision

“The Internet, open and uncaptureable, offering high performance and unfettered access for all”

5.1 Visionary Goals

These explain how we would like to see the world in 2007. They are not the formal goals of InternetNZ as set out under the seven strategies, but we feel it is useful to paint a picture as InternetNZ would like to see it:

- New Zealand has a world-class Internet infrastructure and services that contribute to economic growth and ability for the business and research community to compete internally.
- New Zealand is a world leader reputation as registry best practice.
- .nz model is replicated worldwide.
- All government services are available over the Internet.
- Absolute assurance of privacy, security and choice for all Internet users.
- Self-regulated environment free of unnecessary government.
- A spam-free New Zealand.
- Evolution of democracy to enhanced participation by the public via the Internet.
- Elimination of commercial monopolies.
- New Zealand is the first IPv6 country.
- All Internet-related laws are run through InternetNZ first.
- Benefits of Internet have been extended to all New Zealanders.
- There are scholarships for the technical community.
- All schools have gigabit access by 2005, all homes by 2010.
- Broadcast services are via Multicast – ubiquitous 802.11 connecting with public ISP services.
- Open standards dominate.

6. Mission

“To protect and promote the Internet in New Zealand”

7. SWOT Analysis

<p style="text-align: center;">Strengths</p> <p>Income from domain name fees has INZ financially healthy</p> <p>Well developed policies and processes</p> <p>Committed, involved, clever volunteers</p> <p>Trusted to act for Internet community, not just organisation</p> <p>A good relationship with NZ Government</p> <p>Diversity of views</p> <p>INZ represents a broad church</p> <p>Has created a best practice model for .nz ccTLD</p> <p>Not under government control</p> <p>We are perceived as relatively neutral forum</p> <p>A satisfied membership</p> <p>Good international reputation</p> <p>Ability to launch new initiatives</p>	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Re-litigation, re-examination of decisions, too detail-driven • Lack of well-defined common purpose • Membership is too small and potentially narrow and so subject to capture • Lack of strategy and good planning process • Communications with membership and stakeholders is ad hoc • Some lingering resentment from past controversial issues • INZ tends to be reactive not proactive • Difficult to generate debate on key issues • Too detail-driven • Low profile in wider community • Some committees not as effective as they could be • Perception of InternetNZ as mainly “geeks” or “techies” • Lack of internal resources to respond to the rapidly changing environment
<p style="text-align: center;">Opportunities</p> <p>Enum</p> <p>To be major vehicle for Internet Industry development through NZTE funding of NGI, inter operability etc</p> <p>To be in at the legislative “ground level”</p> <p>Help ensure widespread broadband access</p> <p>To be the leading “watchdog” on Internet related laws and issues</p> <p>To support key stakeholder organisations</p> <p>To be seen as a best-practice model for</p>	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Low level of membership, hence providing little funding and vulnerable to take over • Un-necessary Government intervention or regulation • ITU and ICANN • ccNSO of ICANN adopts a “bad” change of ccTLD manager policy • Knee jerk legislation by Parliament • A future NZ Government could wish to manage the.nz TLD directly

<p>ccTLD management To help set IANA policy through the ccNSO of ICANN WSIS To attract many more members as we take on more issues relevant to the Internet community To get widespread adoption of a self-regulatory Internet Code of Practice To become recognised as the leading "authority" on NZ Internet issues To better draw on the pool of technical specialists within the NZ Internet community A leader in the fight against spam</p>	<ul style="list-style-type: none"> • WSIS • U.S. Govt. (Maintaining Root Control – homeland security) • Patent Wars • Censorship Zealots • Alternate roots to the legacy root servers
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8. Objectives

From the InternetNZ Constitution <http://www.internetnz.net.nz/about-us/articles01.html>

The Internet Society of New Zealand Incorporated ("the Society") is a not-for-profit common interest society to maintain and extend the availability of the Internet and its associated technologies and applications in New Zealand, both as an end in itself and as means of enabling organisations, professionals and individuals to more effectively collaborate, cooperate, communicate and innovate in their respective fields of interest. It is intended that the Society be the principal organisation representing the interests of Internet users and Internet Service Providers in New Zealand. The Society's objects are:

- To promote the competitive provision of Internet access, services and facilities in an open and uncaptureable environment.
- To develop, maintain, evolve, and disseminate standards for the Internet and its inter-networking technologies and applications.
- To develop, maintain, evolve and disseminate effective administrative processes for the operation of the Internet in New Zealand.
- To promote and conduct education and research related to the Internet and inter-networking.
- To coordinate activities at a national level pertaining to good management of centralised systems and resources which facilitate the development of the Internet, including but not limited to the Domain Name System.
- To collect and disseminate information related to the Internet and inter-networking, including histories and archives.
- To develop and maintain formal and informal relationships with the international Internet community, including the Internet Society.
- To represent the common interests of the wider New Zealand Internet community both nationally and internationally.
- To promote widely and generally available access to the Internet.
- To liaise with other organisations, New Zealand government authorities, and the general public for coordination, collaboration, and education in effecting the above objects.

9. Core Values

Openness

InternetNZ will undertake its business in ways that allow all members to present their views on any matter related to the society's vision.

Transparency

InternetNZ will transact all its business visibly except where issues of privacy, legal, or commercial confidence make it unreasonable. In all cases where transparency is not reasonable, declaration of this must be made.

Ethical Behaviour

InternetNZ will behave ethically and put the best interests of the local Internet community ahead of its own interests, or the private interests of any member.

Neutrality

InternetNZ will put the public interest first, and behave fairly to all stakeholders

Supportive

InternetNZ will actively offer support for stakeholders when InternetNZ is able to provide useful support that help fulfil our goals.

Commitment

InternetNZ will not waver from its Vision, and will stand firm to ensure it carries out its Mission.

10. Operating Principles

These operating principles will guide the behaviour of staff, councillors, volunteers and contractors in their work to implement the strategy of InternetNZ and achieve our mission.

- We hold ourselves to the highest ethical standards in the conduct of InternetNZ affairs.
- We will take strong and effective action to support our Vision and Mission.
- We work to create an environment that supports and encourages participants by actively appreciating them and providing support for their efforts.
- Major policy decisions will be made in a manner that encourages and respects the input of those who will be affected.
- Day-to-day operational issues will be addressed and resolved at the appropriate level, with the input of those who are affected.
- We desire to integrate Mission and Business.
- We value the talents and viewpoints of the New Zealand Internet community and will seek their input in decisions that will affect them.
- We will apply sound stewardship and operate responsibly as shareholder of our subsidiary company, New Zealand Domain Name Registry Ltd (trading as .nz Registry Services)
- We will continually work to ensure quality of our operations and services.
- Each person is accountable for the quality of his or her own performance.

11. Goal Criteria

In developing the InternetNZ strategy, a range of goals will be defined. Once identified, each goal needs to be defined so that it is:

- Seen to clearly further the Objectives of the Society.
- Realisable. All goals must be able to be achieved with the resources InternetNZ can marshal.
- Measurable. If it is not measurable it is not manageable. The measurement criteria may include the following:
 - Impact. How broadly does this goal affect people and what is the nature of that impact?
 - Contractual obligations and expectations. Does this goal fit under our legal and moral umbrella?
 - The longevity of any solution and benefits.
 - Whether internal or external funding is needed.
 - Whether control will be internal or external.
 - If not done by InternetNZ, will it be done by anyone else?
 - Timing. When does it need to be done by?
 - Cost.
 - Human resources. What level is needed by councillors/employees/ contractors/stakeholders?
 - Does it improve InternetNZ's perception amongst stakeholders?
 - Does it prevent or pre-empt damage to the Internet, or alternatively improve the Internet?

12. Strategy 1 – Management of .nz

Accountability - .nz Oversight Committee

No.	Goal	Purpose	Outcomes	Business Plan Examples
1.1	Ensure that the .nz DNS meets the needs of registrants.	<ul style="list-style-type: none"> • Protect the rights of .nz registrants. • Ensure clear and comprehensible regulation of the .nz domain name market. 	<ul style="list-style-type: none"> • Any complaints are dealt with promptly. • Registrants are well informed about .nz. • Registrants have the knowledge to gain and maintain a domain name in the .nz market. • Registrants are satisfied that their needs in relation to domain names are met. 	<ul style="list-style-type: none"> • Communications strategy to ed inform registrants. • Prompt response to complaints investigations as they arise. • Research into .nz registrar/regist market.
1.2	Maintain a fair and competitive market for .nz registrants.	<ul style="list-style-type: none"> • Ensure that there is competition. • To ensure all registrars are treated the same. • To ensure registrar compliance with .nz policies and procedures. 	<ul style="list-style-type: none"> • Open choice for registrants • Registrars perceive a "level playing field" in how they interact with the office of the DNC. • .nz policies and procedures are fully complied with by all registrars at all times. 	<ul style="list-style-type: none"> • Monitor registrar compliance w policies and procedures. • Deal with any complaints abou in an impartial manner. • Deal with authorisation applica efficiently and promptly.
1.3	Ensure .nz is operated to industry best practice.	<ul style="list-style-type: none"> • Ensure the ongoing stability of the .nz DNS. • Provide a framework for NZRS that allows it to develop excellence in registry operations. • To ensure the system is running effectively. 	<ul style="list-style-type: none"> • Highest technical standards maintained to support the .nz DNS • SLA standards met by NZRS • .nz known widely as an effectively run domain name space. • Be at forefront and/or leading technical innovation in TLD management 	<ul style="list-style-type: none"> • Covered by NZRS – its operatir and business planning. • Periodic review of SLA
1.4	Maintain effective policies for the .nz space.	<ul style="list-style-type: none"> • Provide robust and coherent policies for the .nz DNS. • Ensure policies remain relevant. 	<ul style="list-style-type: none"> • Policies are consistent and complete. • Policies are reviewed regularly. • Policies contribute to the smooth running of .nz • Any problems identified are swiftly resolved. 	<ul style="list-style-type: none"> • Regular, iterative reviews of all • Public participation in policy rev developed/maintained. • Watching brief maintained on ar areas where policy may need to developed.
1.5	Promote .nz objectives internationally.	<ul style="list-style-type: none"> • Ensure international developments align with .nz objectives. • Share .nz experience and success at an international level. 	<ul style="list-style-type: none"> • .nz maintains and builds on its good international reputation. • Diffusion of .nz good practice to ccTLDs / gTLDs. • International standards and developments are 	<ul style="list-style-type: none"> • Attendance at international mee required. • Develop other international conr interaction as required.

			implemented if practicable.	<ul style="list-style-type: none"> Maintain a watching brief at a si overseas developments in key organisations.
1.6	Develop and maintain effective relationships with key government and other organisations in New Zealand.	<ul style="list-style-type: none"> Ensure there is productive interaction with key organisations on matters that impact on .nz Ensure government, and other organisations, are aware of the role of InternetNZ in ccTLD management. 	<ul style="list-style-type: none"> Effective relationships with key relevant external organisations. Influence on decisions involving .nz matters. Input from organisations into .nz policy and other decision-making. .nz policies and procedures in full accordance with NZ regulatory process. 	<ul style="list-style-type: none"> Communications plan includes : external organisations. Joint initiatives with other organ appropriate. Definition of what organisations contacts are required with, and those links if absent.

13. Strategy 2 - Advocacy and Representation to Government

Accountability - Legal & Regulatory Committee

No	Goal	Purpose	Outcomes	Business Plan Examples
2.1	InternetNZ is recognised as a respected and authoritative advocate for the Internet community.	<ul style="list-style-type: none"> To influence and align Government policy with InternetNZ's vision, mission and objectives. 	<ul style="list-style-type: none"> Regular consultation with ministers and departments. InternetNZ is approached to assist and support policy development. Government outcomes reflect effort by InternetNZ. 	<ul style="list-style-type: none"> Enhanced research and lobbying capability. Cyberlaw Fellowship
2.2	InternetNZ responds to relevant legislative and regulatory initiatives.	<ul style="list-style-type: none"> InternetNZ's view is received on any relevant legislation or regulations that affects the Internet. 	<ul style="list-style-type: none"> InternetNZ positively influences potential legislation and regulations to the benefit of the local Internet community. 	<ul style="list-style-type: none"> Professional monitoring of Parliament and Government. Build relationship with Government. Try to influence legislation at as early a stage as possible.

14. Strategy 3 – Supporting Industry Best Practice and Self-regulation

Accountability –Legal & Regulatory Committee

No	Goal	Purpose	Outcomes	Business Plan Examples
3.1	Effective Internet industry self-regulation.	<ul style="list-style-type: none"> To minimise inappropriate Government intervention by having practice and process developed by industry, being the most knowledgeable parties to do this. 	<ul style="list-style-type: none"> A stable and professional industry, with high ethical and customer service standards. A code of practice with self-correcting processes. Service providers working together to deliver best practice to customer and each other. 	<ul style="list-style-type: none"> Development of Code of Practice.
3.2	To foster Internet industry best practices.	<ul style="list-style-type: none"> To provide Internet users with a clear indication of their rights, and to have a consistent set of practices for industry to deliver. 	<ul style="list-style-type: none"> Industry working together to deliver best practice to customers and each other. 	<ul style="list-style-type: none"> Coordination and development of best practice statements in areas such as spam, copyright complaints etc.

15. Strategy 4 - Protect the Internet

Accountability - Legal & Regulatory Committee

No	Goal	Purpose	Outcomes	Business Plan Examples
4.1	To protect the Internet and Internet users by responding	<ul style="list-style-type: none"> To prevent issues detracting from achievement of our 	<ul style="list-style-type: none"> InternetNZ is effective in developing and implementing specific 	<ul style="list-style-type: none"> Anti-spam campaign. Patent Advisory

to and resolving issues detrimental to the achievement of our vision, mission and objectives.	vision, mission and objectives.	responses to issues that detract from our vision and mission for the Internet.	Group. <ul style="list-style-type: none"> Local loop unbundling. Charging for Internet calls (0867). Cyberlaw research. Ensure Enum is developed in non captureable manner.
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16. Strategy 5 - Promote the Internet

Accountability - Outreach Committee

No	Goal	Purpose	Outcomes	Business Plan Examples
5.1	To promote the Internet in New Zealand.	<ul style="list-style-type: none"> To have as many New Zealanders as possible able to effectively access and use the Internet. 	<ul style="list-style-type: none"> InternetNZ supports appropriate activities that promote and foster the Internet in New Zealand. 	<ul style="list-style-type: none"> Inter-operability testing of broadband applications. Support Next Generation Internet.
5.2	Be seen and heard	<ul style="list-style-type: none"> To ensure InternetNZ's views are well and widely represented. 	<ul style="list-style-type: none"> InternetNZ is effective in gaining positive and widespread media coverage of its views. 	<ul style="list-style-type: none"> Develop the InternetNZ communication plan. Maintain excellent relationships with media contacts. Be accessible and prepared to speak on issues as they arise.
5.3	Establish and maintain strong and healthy links with sibling organisations.	<ul style="list-style-type: none"> As the Internet develops there will be a need for other organisations to cover specialist areas. Allow synergies and effective teams to develop to leverage abilities and resources. 	<ul style="list-style-type: none"> InternetNZ will respond to requests to act as a seedbed and will help with creation of sibling organisations. Joint response to legislative change. Shared events. Access to common resources. 	<ul style="list-style-type: none"> Help create NGI consortium. Help fund Netsafe. Support CAUCE-NZ. Support for nznog. Logistical support to Uniforum.
5.4	Enhanced member interaction	<ul style="list-style-type: none"> Ensure that members are drawn into and active in the life of InternetNZ 	<ul style="list-style-type: none"> The society is active and members feel real value in belonging. 	<ul style="list-style-type: none"> More structured and regular communications with members.
5.5	Promote responsible use of the Internet.	<ul style="list-style-type: none"> Reduce irresponsible use of the Internet 	<ul style="list-style-type: none"> NZ Internet users more aware of damage they can cause to others by not being virus protected etc. 	<ul style="list-style-type: none"> Educational activities.

17. Strategy 6 - NZ in the global Internet

Accountability - International Affairs Committee

No	Goal	Purpose	Outcomes	Business Plan Examples
6.1	NZ Local Internet Community is represented in international Internet forums.	<ul style="list-style-type: none"> Ensure continued stability, and safe hands, in the management of the Internet by influencing international decision-making. 	<ul style="list-style-type: none"> InternetNZ is represented on significant decision making entities that have an effect on the Internet. InternetNZ's representatives are seen as effective 	<ul style="list-style-type: none"> Sends representatives to appropriate meetings. Supports New Zealanders attending international Internet meetings who can contribute effectively.

				contributors to Internet governance and management. <ul style="list-style-type: none"> InternetNZ fairly represents views of both .nz registrants and NZ gTLD registrants to appropriate bodies. 	
6.2	Support Pacific Islands Internet Development.		<ul style="list-style-type: none"> Foster Internet use amongst Pacific Islands which are in NZ's traditional sphere of influence. 	<ul style="list-style-type: none"> Enhanced facilities and knowledge amongst Pacific Islands. 	<ul style="list-style-type: none"> Technical training of PI Internet providers. Hosting of facilities.

18. Strategy 7 - Supporting volunteers, members and the organisation

Accountability - Executive Committee

No	Goal	Purpose	Outcomes	Business Plan Examples
7.1	InternetNZ's use of the Internet is recognised as excellent and best practice.	<ul style="list-style-type: none"> InternetNZ's Internet presence is the focal point for members and stakeholders of InternetNZ and must be of a standard expected of an Internet society. 	<ul style="list-style-type: none"> InternetNZ members and stakeholders rate highly the Internet presence of InternetNZ. 	<ul style="list-style-type: none"> A fresh website with improved accessibility, content management and functionality.
7.2	Operate as efficiently as possible.	<ul style="list-style-type: none"> Achieve the cost-efficient outcomes for InternetNZ on limited resources 	<ul style="list-style-type: none"> Expenditure on overheads reduces over time as a proportion of all expenditure. 	<ul style="list-style-type: none"> A move into a shared office will occur to fit in with lease timings, by March 2004.
7.3	Maximise investment income while minimising risk.	<ul style="list-style-type: none"> InternetNZ will manage its funds in the most effective manner. 	<ul style="list-style-type: none"> By April 2004 InternetNZ will have a business plan in place, an investment plan and long-term cashflow projections. 	<ul style="list-style-type: none"> Adopt Business Plan. Refine Treasury policy.
7.4	Evolve strategy.	<ul style="list-style-type: none"> Formulate and review strategy on a continuous basis. 	<ul style="list-style-type: none"> A living InternetNZ strategy. Business Plan and projects measured against strategy. Measurement of goals against the goal criteria. 	<ul style="list-style-type: none"> Formulate and adopt Strategic Plan every three years. Review Strategic Plan annually.
7.5	Recruit and retain members.	<ul style="list-style-type: none"> Ensure that InternetNZ has a pool of talent for council and committees along with a strong supporting membership to provide a credible voting base. 	<ul style="list-style-type: none"> A broad and strong membership with sensibly balanced Internet community representation. 	<ul style="list-style-type: none"> To engage in activities which will have members of the LIC want to support by joining INZ.
7.6	InternetNZ to further develop funding sources other than NZRS.	<ul style="list-style-type: none"> Reduce reliance and vulnerability of having one major source of income. 	<ul style="list-style-type: none"> Funding from other sources increases. 	<ul style="list-style-type: none"> Seek grants and sponsorships for appropriate Business Plan activities
7.7	Be a good employer of all InternetNZ staff.	<ul style="list-style-type: none"> To recruit and retain top quality staff. To maintain a positive and productive staff environment. Adherence to relevant employment law and human resource issues. 	<ul style="list-style-type: none"> Positive contribution by staff to strategy and organisational development. Staff given opportunity for personal and professional development. 	<ul style="list-style-type: none"> Regular, formal performance and remuneration reviews for all staff. Training opportunities are identified and pursued. Occasional reviews of staffing levels.

7.8	Act as a responsible shareholder of NZRS.	<ul style="list-style-type: none"> NZRS and InternetNZ maintain an excellent relationship. 	<ul style="list-style-type: none"> Regular two-way communication and reporting between InternetNZ and NZRS. A "No Surprises" policy operates between InternetNZ and NZRS. 	<ul style="list-style-type: none"> Communications plan. Adoption of appropriate policies.
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19. Strategy 8 - Supporting Internet Innovation and Technical Leadership

Accountability - Technical Committee

No	Goal	Purpose	Outcomes	Business P
8.1	Support Internet innovation.	<ul style="list-style-type: none"> Ensure New Zealanders benefit from Internet innovations. 	<ul style="list-style-type: none"> InternetNZ is seen to have helped promote Internet innovation in NZ. 	<ul style="list-style-type: none"> IPv6 Te NZRS c NGI.
8.2	Enable Multicast on the New Zealand IP4 and future IPv6 public network.	<ul style="list-style-type: none"> Enable the network to deliver media streaming, NTP4 time services, mass file distribution for essential services, virus software updates and future anti-spam services. Strengthen the New Zealand network to withstand extreme load demands in the case of a national crisis. Enable InternetNZ to provide members with short-term access to static international multicast addresses. 	<ul style="list-style-type: none"> Increase New Zealand network stress survivability. Provision of national Multicast Time Service NTP4. Provision of Registry service Zone Transfer etc via multicast Public network able to withstand extreme load demands in the case of any national crisis such as SARS. A widened set of TCP/IP delivery tools available to high bandwidth content service/server based in New Zealand InternetNZ holds a subnet of international IANA static multicast addresses that would be available for major events. 	<ul style="list-style-type: none"> Fund ar Provide Provide Provide Provide Provide
8.3	Support Internet Research.	<ul style="list-style-type: none"> To support the NZ technical Internet community with research that benefits the Internet. 	<ul style="list-style-type: none"> Supported research is available to the Internet community. 	<ul style="list-style-type: none"> Technic

Treasurer's Report 2003/2004

This has been a busy year for InternetNZ. The Society successfully sold its shares in Domainz which has boosted the capital base of the Society. This has given us the opportunity to put in place a dividend policy, and will reduce our dividend requirements from our subsidiary company, NZRS, so giving it the opportunity to consolidate its financial base, following on from repaying the start-up loan from the Society over the last year.

We have seen the advent of the Audit Committee, which has proved to be a very successful exercise.

On the financial front the office of the Domain Name Commissioner has contained costs to below the budget for the second year in succession. On the Society side we came in very slightly over-budget for the first time, despite taking on seven new un-budgeted project activities during the year. Two of these projects will see considerably increased in activity in the coming year, and another has spawned two completely new project activities.

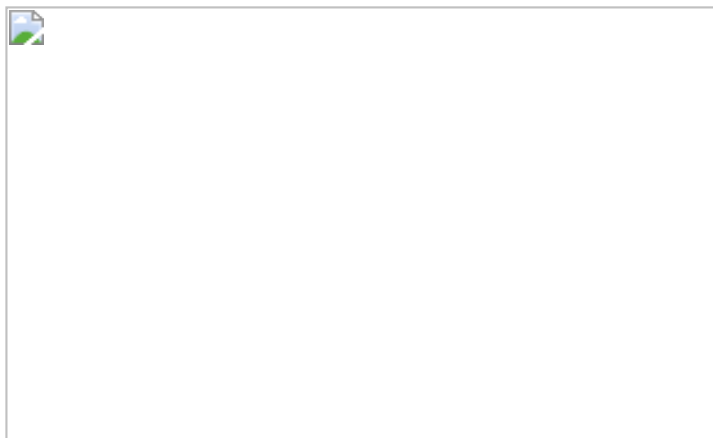
Another new exercise for the Society has been to operate as a manager of an externally funded project which was successfully managed, despite some minor concerns during the process. This activity has allowed the Society to examine its internal project management and started off some new reporting and management procedures that will be put in place in the coming months.

The sale of Domainz is complete, although as will noted in the accounts, a percentage of funds have been held in an escrow account against any unforeseen liability that may arise as a consequence of the sale.

There have been some personnel changes in the office and some new procedures have been put in place, and existing procedures consolidated. With the creation of the strategic plan and consequent business plan, the account structures are in process of modification to allow for direct reporting against the eight identified strategic areas.

Overall the Society's finances are in a solid position with a substantial part of the capital in interest-bearing accounts.

I would like to take this opportunity to thank our external accountant, Bruce Stormer of Mason King, who has been extremely helpful over the year and our auditors, Grant Thornton for their help and professional advice.



Final Business Plan 2004 - 2007

Version 2.2
23 April 2004

1. Introduction

This draft Business Plan and budget should be read in conjunction with the Strategic Plan for InternetNZ.

The Business Plan is tied to the goals and strategies set out in the Strategic Plan, 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.
- 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. To foster internet industry best-practice.

4. *Protect the Internet*

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

5. *Promote the Internet*

5.1. To 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. Enhanced member interaction.

5.5. Promote responsible use of the Internet.

6. *NZ representation in the global Internet*

6.1. NZ 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. InternetNZ's use of the Internet is recognised as excellent and best practice.

7.2. Operate as efficiently as possibly.

7.3. Investment management.

7.4. Strategy evolution.

7.5. Recruit and retain members.

7.6. InternetNZ to further develop funding sources other than NZRS.

7.7. Be a good employer of all InternetNZ staff.

7.8. Be a good shareholder of NZRS.

8. *Supporting volunteers, members and the organisation*

8.1. Support Internet Innovation.

8.2. Enable Multicast on the NZ IPv4 and future IPv6 public network.

8.3. Support Internet Research.

Expenditure items have been ranked as either A, B or C with the definitions of each being:

A. Activities that we are contractually obliged to do or otherwise of top priority.

B. Activities that are highly desirable for InternetNZ to do.

C. Activities that are desirable for InternetNZ to do.

Current funding and reserves allows InternetNZ to undertake in 2004/05 all expenditure items listed.

It should be noted that only the 2004/05 budget is finalised and that the budgets for the two outlying years are indicative to allow a longer term view of the likely direction, but these will be subject to revision and adoption each year.

2. Strategy 1 – Management of .nz

Activity	Related	2004/05	2005/06	2006/07	Priority
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	Goals				
Operate the Office of the DNC – Personnel Costs	1.1, 1.2, 1.3, 1.4, 1.6	289,600			A
DNC Office Costs	1.1, 1.2, 1.3, 1.4, 1.6	86,500			A
DNC Professional Services	1.1, 1.2, 1.3, 1.4	179,000			A
DNC Communications	1.6	29,500			A
NZOC Meetings	1.1, 1.2, 1.3, 1.4, 1.6	47,500			A
Registrar Activities	1.2	35,000			A
.nz related Fees & Meetings	6.1, 1.1, 1.5	152,500			A
TOTAL EXPENDITURE		819,600	819,600	819,600	
Income – DNC Fee		830,400	830,400	830,400	
Surplus		10,800	10,800	10,800	

Please note that all direct .nz costs are funded out of the DNC Fee paid by NZRS. This budget is approved by the .nz Oversight Committee to whom the Council has delegated governance responsibility.

3. Strategy 2 - Advocacy and Representation to Government

Activity	Related Goals	2004/05	2005/06	2006/07	Priority
Cyberlaw Fellowship	2.1	85,000	85,000	85,000	A
Research for Parliamentary Submissions	2.2	10,000	30,000	30,000	C
Parliamentary Internet Caucus	2.2	5,000	5,000	5,000	B
Legal & Regulatory Committee	2.1, 2.2	3,000	3,000	3,000	A
TOTAL EXPENDITURE		103,000	123,000	123,000	
Income – Cyberlaw Sponsorship			40,000	40,000	
Deficit		103,000	83,000	83,000	

Cyberlaw Fellowship

This is for sponsorship of the InternetNZ Fellowship in Cyberlaw at the Victoria University of Wellington, as agreed in 2002. It is assumed that from 2005/06 onwards a co-sponsor will be located which will cover around half the cost.

Research for Parliamentary Submissions

This is to allow the Legal & Regulatory Committee to commission professional external assistance for important submissions to Parliament and Government, rather than relying on volunteers only.

Parliamentary Internet Caucus

It is intended to set up, similar to the UK, a Parliamentary Internet Caucus of interested MPs on a bipartisan basis. InternetNZ would provide logistical support and speakers as required.

Legal & Regulatory Committee

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

4. Strategy 3 – Supporting Industry Best Practice and Self-regulation

Activity	Related Goals	2004/05	2005/06	2006/07	Priority
Internet Code of Practice	3.1	100,000	20,000	20,000	A
Develop Best Practice Statements	3.2	15,000	15,000	15,000	C
TOTAL EXPENDITURE		115,000	35,000	35,000	
Income – COP			10,000	10,000	
Deficit		115,000	25,000	25,000	

Internet Code of Practice

The \$100,000 in 2004/05 is a ballpark figure, in lieu of acceptance of a detailed plan, to cover all the costs of advice, management and consultation for formulating a revised ICOP which is acceptable to a large proportion of the industry.

Once it has been established, we assume there will be some ongoing costs of a complaints board type body which would be half funded by INZ and half funded by signatories.

Develop Best Practice Statements

\$15,000 a year is budgeted to cover advice, management and consultation for formulating industry best practice statements in necessary areas at the rate of one or two a year.

Examples include digital copyright complaints, defamation complaints, spam complaints, etc.

5. Strategy 4 - Protect the Internet

Activity	Related Goals	2004/05	2005/06	2006/07	Priority
Anti-Spam Campaign	4.1	60,000	5,000	5,000	A
Internet Patents	4.1	5,000	5,000	5,000	B
Enum	4.1	30,000	50,000	50,000	A
Internet Safety Group	4.1, 5.3	10,000	15,000	15,000	B
TOTAL EXPENDITURE		105,000	75,000	75,000	
Government – Anti-Spam		20,000			
Telcos - Enum Contributions		15,000	25,000	50,000	
Deficit		70,000	50,000	25,000	

Anti-Spam Campaign

This is to cover costs (as detailed at <http://www.internetnz.net.nz/public/anti-spam/spam031004campaign.pdf>) of the campaign, including a workshop on possible legislation, website maintenance, legal advice and other costs. It is estimated that a further \$20,000 will be needed to promote the *stopspam.net.nz* website to Internet users, subject to successful application for funding from the Government.

Internet Patents

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

Enum

In 2004/05 it is estimated Enum activity will continue to be mainly consultation, workshops and influencing policy. 2005/06 has provision for additional expenditure – possibly for a testing environment, and from 2006/07 onwards it is assumed any expenditure will be matched by income.

Internet Safety Group

The Internet Safety Group (<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. On top of existing support from staff, we propose contributions of \$40,000 over three years to the ISG as a general sponsorship. Applications for specific initiatives will be considered out of the general projects budget.

6. Strategy 5 - Promote the Internet

Activity	Related Goals	2004/05	2005/06	2006/07	Priority
Interoperability	5.1	50,000			A
Next Generation Internet	5.1, 8.1	5,000	5,000	5,000	A
Responsible Internet Usage	5.5		20,000		B
Communications Plan	5.2	7,500		7,500	C
Communications	5.4, 7.1	133,000	73,000	73,000	A

Outreach Cmte	5.1, 5.2, 5.3, 5.4, 5.5	3,000	3,000	3,000	A
TOTAL EXPENDITURE		198,500	101,000	88,500	
Interop Grants		50,000			
Resp Int Use Sponsorship			10,000		
Deficit		148,500	91,000	88,500	

Interoperability

The extent of InternetNZ's further involvement in the broadband application interoperability testing is unknown. It is assumed that any expenditure incurred will be matched by tagged income. \$50,000 as a nominal figure in and out is listed.

Next Generation Internet

To cover the cost of annual membership of NGI-NZ.

Responsible Internet Usage

\$20,000 is proposed to cover a campaign to promote responsible Internet usage, with an expectation that sponsorship would meet half the costs of the campaign.

Communications Plan

\$7,500 in year 1 and year 3 for external advice in putting together a strategic communications plan for InternetNZ.

Communications

The major item is the INZ website, with \$70,000 budgeted for a full redevelopment in 2004/05 and \$10,000 per year thereafter to cover future minor changes. Annual items include the AGM at \$5,000, advertising at \$5,000, an annual report at \$15,000 and \$30,000 for technical services to cover mailing lists, e-democracy, and website support, plus a small amount for staff travel and domain names.

Outreach Committee

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

7. Strategy 6 - NZ in the global Internet

Activity	Related Goals	2004/05	2005/06	2006/07	Priority
Non .nz International Travel	6.1	10,000	10,000	10,000	B
International Committee	6.1, 6.2	3,000	3,000	3,000	A
Pacific Support	6.2	10,000	10,000	10,000	B
Feasibility study into hosting an ICANN meeting	6.1	5,000			C
WSIS Consultation	6.1, 2.2, 4.1	5,000			B
Subsidise NZ attendance to int technical fora	6.1	5,000	5,000	5,000	C

TOTAL EXPENDITURE		38,000	28,000	28,000	
MFAT – Pacific			5,000	5,000	
Deficit		38,000	23,000	23,000	

.nz related fees and meetings

These costs are funded out of the DNC Fee paid by NZRS. This budget is approved by the .nz Oversight Committee to whom Council has delegated governance responsibility.

Other Int Travel

This is to cover the cost of attending meetings not related to .nz – primarily the AGM of APNIC and associated APRICOT meetings.

International Committee

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

Pacific Support

Intended for assisting Internet development in the Pacific through training, grants, travel etc. It is expected that from year 2 onwards half the costs will be met by Government grant.

Feasibility study into hosting an ICANN meeting

To investigate the likely costs, potential cost recovery through sponsorships, and overall feasibility of hosting an ICANN meeting in 2006 or 2007.

Subsidise NZ attendance to international technical forums

To allow New Zealanders, where appropriate, to attend relevant technical for a such as IETF face-to-face meetings.

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8. Strategy 7 - Supporting volunteers, members and the organisation

Activity	Related Goals	2004/05	2005/06	2006/07	Priority
Volunteer Support – Council	5.1	53,000	53,000	53,000	A
Volunteer Support – Other Committees	5.1	12,000	12,000	12,000	A
Staffing	7.7	246,000	262,800	270,190	A
Office Expenses	All	90,500	90,500	90,500	A
Professional Fees & Advice	All	24,500	24,500	24,500	A
Planning & Consultation	7.4	7,500	7,500	7,500	B
Membership Campaign	5.1, 5.2, 5.3, 5.4, 5.5	8,000			B
Employment Policy Review	7.7			5,000	A
TOTAL EXPENDITURE		441,500	450,300	462,690	
Membership Fees		15,000	20,000	25,000	

Interest		80,000	60,000	50,000	
Deficit		346,500	370,300	387,690	

Volunteer Support - Council

\$25,000 to cover travel to six Council meetings a year, \$24,000 to cover honoraria, (\$12,000 President, \$4,000 others) and \$4,000 for officers' travel.

Volunteer Support – Other Committees

\$6,000 to cover teleconference and travel costs for meetings of the Executive Committee and \$3,000 each for the Governance/Constitutional and Audit Committees.

Staffing

The staffing requirements are being evaluated at present, but for now the budget covers the Executive Director and two other staff with 5% increases allowed for in 2005/06 and 2006/07.

Office Expenses

This includes \$26,500 rent, \$7,000 power, \$19,000 telecommunications and \$20,000 equipment depreciation.

Professional Fees & Advice

This covers accountancy, audit and legal fees.

Planning & Consultation

To cover costs of workshops and professional facilitation

Membership Campaign

It is intended to produce membership materials next financial year to increase profile and membership of INZ.

9. Strategy 8 - Supporting Internet Innovation and Technical Leadership

Activity	Related Goals	2004/05	2005/06	2006/07	Priority
Network Operators	8.1, 8.2	10,000	10,000	10,000	B
DNSSEC	8.1	10,000			B
Ipv6	8.1	5,000	5,000	5,000	C
Multicast	8.2	10,000	10,000	10,000	C
Tech Committee	8.1, 8.2, 8.3	3,000	3,000	3,000	A
Tech Scholarships/Grants	8.3	10,000	20,000	20,000	B
TOTAL EXPENDITURE		48,000	48,000	48,000	
Deficit		48,000	48,000	48,000	

NZNOG

Budget provision to allow for sponsorship and support of network operators technical conferences such as NZNOG.

DNSSEC

A provision is made to cover some costs out of the investigation and consultation into introducing DNSSEC into the .nz TLD.

IPv6

To cover costs of an IPv6 Taskforce to help coordinate NZ's introduction of IPv6 and associated activities like the IPv6 testing at WIX.

Multicast

For education, testing and other activities relating to Multicasting.

Technical Committee

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

Technical Scholarships and Grants

To help promote technical innovation in New Zealand, grants and/or scholarships for Internet-related technical projects.

10. Overall Budget

In looking at the overall budget, it is important to note that currently InternetNZ has considerable surplus funds from a final \$1.5 million dividend from Domainz in 2002/03 and the sale of Domainz for a similar amount in 2003/04.

As at 31 March 2004, current net assets were just under \$2.9 million.

Council set a dividend policy in late 2003 for NZRS as follows:

2004/05	\$240,000
2005/06	\$400,000
2006/07	\$500,000

This was deliberately set at levels significantly lower than expected expenditure for INZ to allow the .nz fee to be reduced (a 12.5% reduction takes effect from 1 July 2004), knowing this would lower the funds held by InternetNZ over three years by around \$1 million. It was expected that in 2007/08, dividends from NZRS would be broadly in line with expenditure, taking into account other income. Also, it was projected that at all times InternetNZ would retain at least \$1 million net current assets, which is a healthy level of reserves.

There has been discussion about whether taking higher dividends now would allow INZ to make greater interest off retained funds and be able to have lower dividend levels in the future. Calculations show the effect would be minimal.

If, for example, no deficits were run in the next three years (which would result in either an increase in the .nz fee or a near cessation of activities) this would result in 2007/08 of extra interest income of only \$40,000 a year, equal to around 2% of total expenditure.

There was also a desire from some members that we increase revenue sources outside the .nz fee and dividends from NZRS.

For each year the total amount of budgeted revenue from non .nz sources is:

2004/05	\$180,000
2005/06	\$170,000
2007/08	\$175,000

Below are the overall budgets for each of the three years. They show the activity in each strategic area, the level of general dividend from NZRS, and the amount allocated to general projects which can be allocated during the year by way of application to Council, recognising that experience has shown that not all activities can be known a year out.

2004/05	Income	Expenditure	Surplus
General Income - Dividends	\$240,000		\$240,000
Strategy 1	\$830,400	\$819,600	\$10,800
Strategy 2	\$0	\$103,000	-\$103,000
Strategy 3	\$0	\$115,000	-\$115,000
Strategy 4	\$35,000	\$105,000	-\$70,000
Strategy 5	\$50,000	\$198,500	-\$148,500
Strategy 6	\$0	\$38,000	-\$38,000
Strategy 7	\$95,000	\$441,500	-\$346,500
Strategy 8		\$48,000	-\$48,000
General Project Budget		\$100,000	-\$100,000
Total	\$1,250,400	\$1,968,600	-\$718,200

2005/06	Income	Expenditure	Surplus
General Income - Dividends	\$400,000		\$400,000
Strategy 1	\$830,400	\$819,600	\$10,800
Strategy 2	\$40,000	\$123,000	-\$83,000
Strategy 3	\$10,000	\$35,000	-\$25,000
Strategy 4	\$25,000	\$75,000	-\$50,000
Strategy 5	\$10,000	\$101,000	-\$91,000
Strategy 6	\$5,000	\$28,000	-\$23,000
Strategy 7	\$80,000	\$450,300	-\$370,300
Strategy 8		\$48,000	-\$48,000
General Project Budget		\$100,000	-\$100,000
Total	\$1,400,400	\$1,779,900	-\$379,500

2006/07	Income	Expenditure	Surplus
General Income - Dividends	\$500,000		\$500,000
Strategy 1	\$830,400	\$819,600	\$10,800
Strategy 2	\$40,000	\$123,000	-\$83,000
Strategy 3	\$10,000	\$35,000	-\$25,000
Strategy 4	\$50,000	\$75,000	-\$25,000
Strategy 5	\$0	\$88,500	-\$88,500
Strategy 6	\$5,000	\$28,000	-\$23,000
Strategy 7	\$75,000	\$462,690	-\$387,690
Strategy 8		\$48,000	-\$48,000
General Project Budget		\$100,000	-\$100,000
Total	\$1,510,400	\$1,779,790	-\$269,390

Here are the three years' surplus/deficits side-by-side.

2004 – 2007	2004/05	2005/06	2006/07
General Income - Dividends	\$240,000	\$400,000	\$500,000

Strategy 1	\$10,800	\$10,800	\$10,800
Strategy 2	-\$103,000	-\$83,000	-\$83,000
Strategy 3	-\$115,000	-\$25,000	-\$25,000
Strategy 4	-\$70,000	-\$50,000	-\$25,000
Strategy 5	-\$148,500	-\$91,000	-\$88,500
Strategy 6	-\$38,000	-\$23,000	-\$23,000
Strategy 7	-\$346,500	-\$370,300	-\$387,690
Strategy 8	-\$48,000	-\$48,000	-\$48,000
General Project Budget	-\$100,000	-\$100,000	-\$100,000
Total Surplus/Deficit	-\$718,200	-\$379,500	-\$269,390

The total deficit over three years, if every proposed activity was funded, is just over \$1.3 million. This will leave net current assets of around \$1.5 million.

David Farrar
Vice-President
For the Executive Committee