28 June 2006

Dear Member

Join us in celebration.

The past year was filled with success for InternetNZ. We would like to take the opportunity to invite you to join in a celebration and to attend our 2006 Annual General Meeting.

The meeting is to be held at InternetNZ, Level 10, Exchange Place, 5-7 Willeston Street, Wellington on Friday 28 July 2006.

The evening's programme will be:
6.00 – 6.15pm   Drinks and nibbles
6.15 – 6.30pm   Presentation – Dr Judit Bayer, InternetNZ Cyberlaw Fellow
6.35 – 6.45pm   Presentation – Liz Butterfield, Hector's World Ltd
6.45 – 8.25pm   Annual General Meeting
8.25 – 9.30pm   Drinks and nibbles

Please find enclosed the following for your consideration prior to the meeting
- Agenda with proposed motions
- Minutes of the 2005 Annual General Meeting
- Business Plan & Budget 2006/07
- Annual Report 2005/06

Electronic copies of all the enclosed papers are available on the website, at www.internetnz.net.nz. An online vote will be requested of members prior to the AGM.

If you would like to attend, please RSVP to office@internetnz.net.nz by 15 July.

If you are unable to attend in Wellington, please note it is intended that we will allow remote participation by webcast and/or co-located meetings in Auckland and Dunedin. Full details will be provided closer to the date.

I would be delighted if you could join this celebration and be involved in decisions that will direct your society.

Regards

Keith Davidson
Executive Director

Agenda for the Annual General Meeting
of the Internet Society Of New Zealand Incorporated
Friday 28 July 2006

Venues: Wellington – InternetNZ Office, Level 10, Exchange Place, 5-7 Willeston Street
Auckland – NetSafe Office, L1, 75 Queen St
Dunedin – 10 Beaumont Road

1845 **Meeting opens**
Apologies
(MOVED: Chair/   ) "THAT the apologies be accepted".

1850 **Minutes of 2004 AGM and Matters Arising**
(MOVED: Chair/   ) "THAT the minutes of the 2005 AGM be received and adopted as a true and accurate record of the meeting."

1855 **President's Report** (on behalf of Council)
(MOVED: Chair/   ) "THAT the President's Report be received."
(MOVED: Chair/   ) "THAT the Annual Report be received."

1905 **Fellows Appointments**

1910 **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."

1915 **2006/07 Budget**
(MOVED: Treasurer/   ) "THAT the 2006/07 Business Plan and Budget be adopted."

1925 **Executive Director Report**
(MOVED: Chair/   ) "THAT the report of the Executive Director be received."

1935 **DNC/NZOC Report**
(MOVED: /   ) "THAT the DNC/NZOC Report be received."

1945 **NZRS Report**
(MOVED: /   ) "THAT the NRZS Annual Report be received."

1955 **General Business**

2015 **Announcement of Election Results & Vote on Constitutional Amendments**

2025 **Meeting closes**

Minutes of the 2005 AGM
of the Internet Society Of New Zealand Incorporated
Friday 29 July 2005

Welcome pre AGM function

Meeting opened at 6.10 p.m.

Apologies:
Apologies were received from:
Rick Shera
Frank Marsh
Paola Neilson

Minutes of 2004 AGM and Matters Arising:

David Farrar noted the previous Minutes as a true and correct record.

MOVED: David Farrar/Chris Streatfield

President noted motion from previous Minutes. Level of Council support in principle. No further action to be taken immediately. Target members communications plan to be adopted. Initial workshop of membership plan had been started. Summarised form anticipated. Wider issues to be considered first. Query as to response pending.

Presidents Report (presented by resigned president Keith Davidson and concluded by acting president David Farrar)
Keith Davidson spoke to his report. In summary a fruitful year and organisation considered to have made excellent progress in the past few years. Looks forward to retaining and continue working in his role.

Report put to motion.

MOVED: Chris Streatfield/Michael Wallmannsberger

David Farrar recalled Keith's previous achievements and his new role with the organisation as Executive Director.

Carried U
With applause

David Farrar noted the current progress with anti-Spam legislation. Also noted current debates, notably the regulatory debate and Telco debate. Feedback from participation very good from Commission down. Hopeful of good outcome

Peter Macaulay confirmed oral acceptance of offer regarding his new position.

Moved annual report be adopted.

Carried U

Fellows Appointments:
David Farrar stated that at this point in time there were no new appointments.

Voting:
Voting was declared closed.

Treasurer's Report:
Chris Streatfield spoke to his report.
Peter asked given currency flows through the Society, as to which safeguards or security checks could be indicated to vet applications for spending and monitoring of budgets. Chris responded that current set procedures fed through the existing consultative process of committees appear to meet requirements satisfactorily. Some areas of improvements could exist involving office resourcing. No major issues so far requiring major changes.

Moved Treasurer's Report be received.

MOVED: Chris Streatfield/Rodney Prescott

Carried U

2005/6 Budget:
Chris Streatfield advised the meeting that the 2004/5 Annual Report was the best promotional item and could be widely circulated in its present format. Moving to the Business Plan it was noted that content remains mainly unchanged. Usual update of expenditure noted.

Moved2005/6 be adopted.

MOVED: David Farrar/Chris Streatfield

Carried

Executive Director Report:
Peter Macaulay spoke to his report. Noted that this would be his last appearance in the role of Executive Director.

Peter Dengate-Thrush spoke to the meeting bringing news of the ICANN meeting in Luxembourg anticipating ICANN members' forthcoming visit to New Zealand and ensuing benefits for NZ community. Commented favourably on the recent smooth transition between New Zealand and Taiwan.

Peter Macaulay was presented with a gift in appreciation of his services.

MOVED: David Harris/David Farrar

DNC/NZOC Report:
David Farrar welcomed Colin Jackson and Debbie Monahan to the meeting.

Debbie reported that among highlights of 2004/5 were 150,000 names, noted on 8 April 2005. Growth of .nz space had exceeded expectations. Significant was the fee reduction by registrars in response to reduction policy. July 2004 saw largest growth in registrations.

DNC office reported as busy on communications plan during year. Two brochures produced out of Plan 4. Several policy reviews taken during the year i.e. Role and Responsibilities policy reviews, Zone Transfer Policy reported to be completed and in place and a WHOIS Server Policy currently under review. Minor achievement during year was to convince Registrars of market share statistics. Steady growth maintained in Domain Names over past two years.

David Harris asked whether internally sweepstake growth might exceed half a million. Debbie anticipated target could be reached in shorter time given current ratings. David Harris queried second fastest 2LD. Debbie estimated .org percentage wise. Thanks given to Debbie and Colin for work achieved over past year.

MOVED: Mark Harris/David Farrar

Carried U

General Business:
Stafford Guest spoke to the meeting and brought greetings from Niue. Niue would consider sponsorship to support ICANN conference in Wellington next year. Looks forward on behalf of Niue to working with new Council and building further relationships with supporting bodies.

NZRS Report:
David Farrar welcomed Carol Stigley to the meeting.

Carol Stigley NZRS Chair spoke to meeting. Confirmed steady progress. Good retained earnings and funds for reinvestment. Key factors:- strong domain name growth, close management of expenses, outsourcing contract let to Catalyst, adoption of Good Corporate Governance Principles and Clean Financial Audits. Highlights include SLA availability for SRS met 11/12 times and DNS met 12/12 times. Very thorough business plan in place. Business Continuity Plan completed. Good stability noted in staff and Boards. 2005-2006 contingency plans noted. Projections 2006 – 2008 to include undertaking of an SRS – DNS review, a BCP test programme and an outsourcing Contract review/renewal.

Andy Linton asked for progress on SRS –DNS. Carol replied presently on hold. David Farrar explained further that difficulties existed internationally regarding privacy laws. .doc UK have developed a changed specification which could improve implementation measures in next 12 months. David Harris noted that certification authorities issues were still high on Technical Committee agenda.

Carol said that she has stood down from Chair and will be replaced by Anne Urwin.

President asked Michael Wallmannsberger, secretary, to report on behalf of shareholders. Michael thanked Carol for her thorough and competent job in role as chair of NZRS.

Carried U
With applause

 Further thanks given to NZRS Board.

Carried U
With applause

Reporting
MOVED: John Hine/Rodney Prescott

Carried U

Apricot 2008
David Farrar invited Keith Davidson to speak to meeting on Apricot 2008 (the Asia Pacific Regional Internet Conference on Operational Technologies). Pros and cons were introduced.

Tangible benefits included:- up-skilling of the NZ and Pacific Island technical communities, confirming of InternetNZ's reputation for facilitating international conferences, networking of the technical community with others in the Asia Pacific region and increased NZ awareness of newer IP-based protocols.

Intangible benefits included:- the possibility of Asia Pacific techies recognising NZ as either a place to live and work, or as a tourist destination, the showcasing of NZ as tech-astute and relating to Internet technologies; and assistance in advancing the objectives of the Digital Strategy.

Andy Linton mentioned that he had attended three similar conferences, however he had noted remarkably few NZ'ers present. Peter Dengate-Thrush commented that more reciprocal events could be beneficial. Andy Linton queried whether a bid would have to be in before Perth conference. Keith Davidson said it would have to be entered before December. Further investigation of local involvement received general approval. Keith requested ongoing feedback. Howard Frederick reported from Auckland that two local parties could be interested in hosting the Apricot Conference. To be followed up with Keith.

Announcement of Election Results & Vote on Constitutional Amendments
The President announced the election results (in no particular order).

Michael Wallmannsberger reported on vacancies and nominations for elections to Council.

Amendments of constitution noted.

Elections for President. Nominations for President were Colin Jackson and Rodney Prescott. Colin Jackson elected as President.

Nominations for Vice President David Farrar and Brendan Murray. David Farrar elected as Vice President.

Elections for two year standing on Council were David Harris, Peter Macaulay, Mark Harris, Jennifer Northover and Simon Riley.
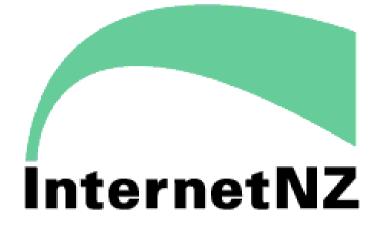
Elected for one year standing on Council was Rodney Prescott.

Thanks given to voters.

Carried U
With applause

President thanked retiring Councillors Jonathan AhKit and Brendan Murray.

The meeting closed at 7.50 p.m.

Business Plan
2006 – 2007

Version 1.0
19 April 2006

Introduction

This is the final business plan for InternetNZ written under the 2004-2007 Strategic Plan. It should be read in conjunction with that Strategic Plan, whose goals and strategies are summarised below:

1. **Management of .nz**
   1.1. Ensure that the .nz DNS meets the needs of registrants.
   1.2. Maintain a fair and competitive market for .nz registrars.
   1.3. Ensure .nz is operated to industry best practice.
   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 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.

In assembling this Plan, Council assessed bids from Committees, and the ongoing business of the Society. The first expenditure budget was then prioritised and the proposed spending was cut by about $450,000, to arrive at the current figure. The draft Plan was then subject to discussion by members at meetings in Auckland, Wellington and Christchurch in early April 2006. This version reflects those changes and is for the Council's consideration and debate at its meeting on 28 April.

Any changes that arise from that meeting will lead to an amended Business Plan, which will then be recommended to the members for adoption at the AGM. End of Year financial numbers will also replace the current projection in the version submitted to members.

The budget amounts proposed for beyond the 2006/07 year are all subject to change: Council will be developing a new strategic plan for 2007/2010, and this year's Business Plan does not prejudge that work.

Keith Davidson
Executive Director

Strategy 1 – Management of .nz

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Operate the Office of the DNC – Personnel Costs	311,900				
DNC Office Costs	90,500				
DNC Professional Services	142,000				
DNC Communications	27,000				
NZOC & Others Cmttes	167,000				
Registrar Activities	13,100				
.nz related Fees & Meetings	152,500				
TOTAL EXPENDITURE	914,000	941,000	957,000		
TOTAL INCOME	914,000	928,000	957,000		
Surplus	8,800	(13,000)	-	-	-

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

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

Please note further that the DNC's budget is being restructured in June 2006 and that the final version of this Business Plan may show different information to that shown above.

Strategy 2 - Advocacy and Representation to Government

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Cyberlaw Fellowship	85,000	0	85,000	85,000	85,000
Research for Parliamentary Submissions	30,000	15,000	30,000	30,000	30,000
Parliamentary Internet Caucus	5,000	0	5,000	5,000	5,000
Public Policy Committee	5,000	14,000	10,000	10,000	10,000
TOTAL EXPENDITURE	125,000	29,000	130,000	130,000	130,000

Cyberlaw Fellowship

This is for sponsorship of the InternetNZ Fellowship in Cyberlaw at the Victoria University of Wellington, as agreed in 2002. Dr Judit Bayer from Hungary was appointed in 2005 and took up the position at the start of 2006.

Research for Parliamentary Submissions

This is to allow the Public Policy Committee to commission professional external assistance for important submissions to Parliament and Government, when and if required over and above staff resources. An example is the 2005 work in proceedings before the Commerce Commission, which required InternetNZ having legal representation.

Parliamentary Internet Caucus

InternetNZ has proposed, similar to the UK, a Parliamentary Internet Caucus of interested MPs on a bipartisan basis. This proposal has been accepted and will begin meeting in 2006. InternetNZ will provide logistical support and speakers as required.

Public Policy Committee

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

Strategy 3 – Supporting Industry Best Practice and Self-regulation

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Internet Code of Practice	30,000	4,500	20,000	-	-
Best Practice Statements	10,000	-	-	-	-
TOTAL EXPENDITURE	40,000	4,500	20,000	-	-

Internet Code of Practice

This project is at a balance point, with uncertainty about whether the Code should be implemented as written or developed in conjunction with the code being prepared by the TCF for ISP consumer complaints. Consultations are ongoing with ISPs to decide how to advance the project, but whatever the outcome it will come to an end in the 2006/07 financial year.

Some input is also being sought from InternetNZ to assist with the development of an Internet Café Code of Practice.

Develop Best Practice Statements

Past budgets have provided for work in this area but the provision of best practice is now most likely to be done through internal staff resource, and/or promulgated by ISPANZ rather than InternetNZ.

Strategy 4 - Protect the Internet

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Anti-Spam Campaign	40,000	16,000	20,000	10,000	10,000
APCAUCE Secretariat	5,000	4,000	8,000	8,000	8,000
Broadband Campaign			90,000	0	0
Enum	100,000	49,000	40,000	20,000	10,000
Enum TF Meetings			5,000	5,000	5,000
Internet Patents	5,000	18,000	5,000	5,000	5,000
Internet Regulatory Issues	15,000	4,000	50,000	70,000	70,000
Internet Safety Group	20,000	20,000	20,000	20,000	20,000
ISG – Online Safety Conf.			20,000	0	0
Peering	10,000	100	7,500	5,000	5,000
Peering TF Meetings			5,000	5,000	5,000
TOTAL EXPENDITURE	195,000	111,100	270,500	148,000	138,000

Anti-Spam Campaign - This is to cover ongoing of education, seminars, conferences, submissions on legislation, helping set up government agency.

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

Broadband Campaign - This line is to cover the costs of campaigning for a positive outcome to the government's ongoing review of telecommunications regulatory frameworks.

Enum - In 2006/07 Enum activity will continue to be mainly consultation, workshops and influencing policy. There is also a small provision for meeting expenses of the Task Force.

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.

Internet Regulatory Issues - Given experience in 2005/06, this line is at a higher amount than previously, to fund a range of engagement with government on regulatory issues not covered by the budget for parliamentary submissions. The main focus in the current year is on broadband issues and telecommunications regulation.

Internet Safety Group - The Internet Safety Group (www.netsafe.org.nz) is a very important sibling organisation of InternetNZ, and many of its activities fall within INZ's objectives and goals. The reduction in sponsorship in out years is in recognition of NetSafe's success in attracting broad and extensive funding on its own account.

ISG – Online Safety Conference - this is to provide for InternetNZ to sponsor this conference at a Gold sponsorship level.

Peering - Some funding is provided for peering activities/research, and a small budget allowed for meetings of the Task Force.

Strategy 5 - Promote the Internet

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Communications	212,500	141,000	152,500	124,500	126,500
Communications Plan	37,000	5,000	-	7,500	-
History of NZ Internet	25,000	0	25,000	5,000	5,000
ICT Premier Awards	10,000	10,000	-	-	-
Interoperability	5,000	0	-	-	-
Next Generation Internet	5,000	5,000	5,000	5,000	5,000
Responsible Internet Usage	20,000	0	-	-	-
TOTAL EXPENDITURE	282,500	161,000	182,500	142,000	136,500
Interop Grants	25,000	0			
Resp Int Use Sponsorship	10,000	0			
Deficit	247,500	161,000	182,500	142,000	136,500

Communications
INZ website $30,000
AGM $7,500
Advertising $10,000
Annual report $10,000
Technical Services $40,000
Members Meetings/Consult $20,000
General Communications $35,000

Communications Plan
$7,500 every second year for external advice in putting together a strategic communications plan for InternetNZ.

History of NZ Internet
The development of a general history of the Internet in New Zealand remains a project to be completed.

Interoperability
This project has come to an end.

Next Generation Internet
To cover the cost of annual membership of NGI-NZ.

Responsible Internet Usage
No funds are proposed for this project at this point.

Strategy 6 – NZ in the global Internet

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
APTLD Secretariat	10,000	9,500	30,000	30,000	30,000
APNIC Membership	6,000	4,000	6,000	6,000	6,000
ICANN March 2006 meeting	250,000	565,000			
International Committee	5,000	1,000	5,000	5,000	5,000
Internet Governance Travel			15,000	20,000	20,000
ISOC Membership		8,000	8,000	8,000	8,000
Int'l Travel (non-nz)	25,000	12,500			
Pacific Support	25,000	20,000	25,000	25,000	25,000
Travel – APRICOT	15,000	7,000	15,000	20,000	20,000
WSIS Consultation	40,000	9,500			
TOTAL EXPENDITURE	376,000	636,500	104,000	109,000	109,000
ICANN Sponsorships	80,000	342,000			
Special Fee for ICANN	170,000	300,000			
Deficit	126,000	(5,500)	104,000	109,000	109,000

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

APNIC Membership – this covers InternetNZ's membership of the Regional Internet Registry.

ICANN 2006 Meeting – gross cost of hosting the March 2006 ICANN Meeting in Wellington.

International Committee – this is to cover the teleconference and travel costs for meetings of the Committee.

Internet Governance Travel – this is to provide for InternetNZ representation at international meetings relating to Internet governance. It replaces the "WSIS Consultation" line, which comes to an end.

ISOC Membership – this is to provide for InternetNZ's membership of ISOC, agreed by Council in 2005.

Pacific Support – intended for assisting Internet development in the Pacific through training, grants, travel etc. It is expected that some of the costs will be met by Government grant.

Travel – APRICOT – this is to provide for non .nz attendance at the regional APRICOT conference. It used to be presented as the "Int'l Travel (non-nz)" line, which comes to an end.

Strategy 7 - Supporting volunteers, members and the organisation

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Volunteer Support – Council	76,500	100,000	114,700	114,700	114,700
Volunteer Support – Cttees	23,000	39,000	23,000	23,000	23,000
Staffing	310,000	338,000	497,000	522,000	547,000
Staff Recruitment	30,000	25,000	15,000	15,000	15,000
Office Expenses	142,500	135,000	129,750	131,000	131,000
Professional Fees & Advice	47,000	19,000	29,000	29,000	29,000
Planning & Consultation	12,500	11,000	5,000	5,000	5,000
Employ. Policy Review				5,000	
TOTAL EXPENDITURE	641,500	667,000	813,450	844,700	864,700

Volunteer Support - Council
$35,000 to cover travel to six Council meetings a year, $69,600 to cover honoraria, ($24,000 President, $12,000 other Officers and $9.600 other member of Exec Ctte). $7,500 for governance training. balance for Officers' travel.

Volunteer Support – Other Committees
$15,000 to cover teleconference and travel costs for meetings of the Executive Committee, $5,000 for the Governance/Constitutional Committee and $3,000 for the Audit Committee.

Staffing
Includes $7,000 staff training and $10,000 staff travel. Covers Executive Director, Office Administrator, Research/Policy Officer, Technical Analyst, Project Administrator, Communications resource and 1/3 of Receptionist.

Office Expenses
Bank Charges $1,500, Cleaning $1,000, Comp Consumables $5,000, Conferences $3,750, Domain Names $2,500, General $20,000, Insurance $18,000, Power $3,000, Postage $2,000, Printing $8,000, Rent $40,000, and Telecommunications $25,000.

Professional Fees & Advice
This covers accountancy, audit and legal fees.

Planning & Consultation
To cover costs of workshops and professional facilitation

Strategy 8 - Supporting Internet Innovation and Technical Leadership

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Tech Capability Dev't Fund			50,000	50,000	50,000
IPv6	15,000	3,000	30,000	20,000	20,000
NZNOG Sponsorship	10,000	10,000	10,000	10,000	10,000
Cert. Authority Scoping			25,000	0	0
CERT Scoping			5,000	0	0
Tech Committee	5,000	6,000	5,000	5,000	5,000
The following lines are covered by items above or not planned for 06/07					
Multicast	2,500	0			
Innovation Fund	20,000	0			
Technical Library	3,000	0			
Subsidise NZ attendance to int'l technical fora	10,000	0			
Tech Scholarships/Grants	10,000	0			
TOTAL EXPENDITURE	75,500	19,000	125,000	85,000	85,000

Technical Capability Development Fund
A re-developed "Innovation Fund" designed to cover many of the line items identified above as not funded in the 2006/07 year. The fund gives the Technical Committee capacity to do small project work on issues of concern that arise in the course of the year.

IPV6
To cover costs of an IPv6 Taskforce to help coordinate NZ's introduction of IPv6, and to hold a national Hui for the development of "the roadmap for deployment of IPv6 in NZ", in August 2006.

NZNOG
To enable sponsorship and support of network operators technical conferences such as NZNOG.

Certification Authority Scoping
To scope the possible development of a New Zealand-based Certification Authority.

CERT Scoping
To scope the development of a Computer Emergency Response Team for NZ.

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

Special Projects and Capital Budget

Special Projects

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

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
Special Projects Fund	100,000	100,000	100,000	100,000	100,000
Structural Review			100,000		
Internet Foundation			10,000		
World Internet Project			25,000	25,000	25,000
Membership Campaign			30,000	30,000	30,000
TOTAL EXPENDITURE	100,000	100,000	265,000	155,000	155,000

The Special Projects Fund is an ongoing line item, giving Council the capacity to respond to events as they occur. Last year it was spent in a wide range of projects. The other items – Council has agreed a full review of InternetNZ's structure; the formation of an Internet Foundation requires some funds for legal advice and establishment costs.

The World Internet Project (www.worldinternetproject.net) is a major, international, collaborative project looking at the social, political and economic impact of the Internet and other new technologies. Auckland University of Technology is looking for independent organisations like InternetNZ to support this initiative.

Membership Campaign is to continue from the membership plan to grow actual members of InternetNZ

Capital Budget

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

Activity	2005/06 Budget	2005/06 Projected	2006/07 Budget	2007/08 Budget	2008/09 Budget
10th Floor Fitout			40,000		
Access Grid			50,000		
Miscellaneous/Replacement			25,000	40,000	35,000
TOTAL CAPEX			115,000		
Funded by Depreciation			50,000	40,000	35,000
NET CAPEX			65,000	0	0

The capital expenditure shown above is partly funded by a depreciation allocation in 2006/07 and for convenience's sake, fully funded by depreciation in the out years. This is highlighted in the following pages.

Annual Budget Summary 2006/2007 to 2008/2009

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

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

2006 – 2009	2004/05 Actual	2005/06 Budget	2005/06 Proj.	2006/07 Budget	2007/08 Budget	2008/09 Budget
Income						
Dividend from NZRS	597,015	500,000	500,000	1,400,000	1,583,000	1,766,000
Other Income	161,433	430,000	824,000	201,000	180,500	190,500
Management Fee for .nz *	837,067	914,000	914,000	957,000	-	-
Total Income	**$1,595,513**	**$1,844,000**	**$2,238,000**	**$2,580,500**	**$1,763,500**	**$1,956,500**
Expenditure						
Strategy 1 *	704.025	914,000	941,000	957,000	-	-
Strategy 2	8,427	125,000	29,000	130,000	130,000	130,000
Strategy 3	13,821	40,000	4,500	20,000	-	-
Strategy 4	82,955	195,000	111,100	270,500	148,000	138,000
Strategy 5	103,309	277,500	161,000	182,500	142,000	136,500
Strategy 6	78,824	355,000	636,500	104,000	109,000	109,000
Strategy 7	573,564	628,500	667,000	813,450	844,700	864,700
Strategy 8	59,843	75,500	19,000	125,000	85,000	85,000
Special Projects	99,308	100,000	103,000	265,000	155,000	155,000
Capital Budget				65,000	-	-
Total Expenditure	**$1,724,076**	**$2,710,500**	**$2,672,100**	**$2,867,450**	**$1,608,700**	**$1,618,200**
Operating Surplus	**-$128,563**	**-$866,500**	**-$434,100**	**-$351,950**	**$154,800**	**$338,300**

The 2006/07 year reflects a moderate deficit of 14% of overall income, and the 2007/08 year and beyond shows operating surpluses – depending of course on predicted domain name growth.

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

*** The DNC budget is established only on a year by year basis, and therefore is not included in the outlying years. It should be noted that the "Management fee for .nz" will offset the "Strategy 1" expenditure.**

Overall Financial Position

In looking at the overall budget, it is important to note that currently InternetNZ has considerable surplus funds of around $1.8 million. It was decided in 2003 to run a deficit for up to three years, with the expectation of break even budgets in 2007/08.

This year's business plan shows the budget breaking even as expected, primarily due to increased dividends.

As at 31 March 2006, current net assets are predicted to be $2.4m. Of this, $0.6m is retained surplus of the DNC, and is therefore not available for expenditure by the Society generally. Overall available funds at 1 April 2006 are approximately $1.8m.

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

2005/06	$500,000
2006/07	$1,400,000
2007/08	$1,583,000
2008/09	$1,766,000

The amounts for the last two years are indicative only, as noted.

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

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

InternetNZ 2006/2007 Budget

For Member approval

Account	2006/2007 BUDGET		DRAFT	DRAFT
	0.99 Bus Plan	Post Consult	2007/08	2008/09
Income				
1 **Total DNC Income**	**957,000**	**957,000**		
Society Income				
2 Dividend	1,400,000	1,400,000	1,583,000	1,766,000
3 Interest	180,000	180,000	110,000	80,000
4 Ind Membership	6,000	6,000	2,000	2,000
5 Corp Membership	14,000	14,000	5,000	5,000
6 APTLD Secretariat Fee		22,500	22,500	22,500
7 Sundry Income	1,000	1,000	1,000	1,000
8 **Total Society Income**	**1,601,000**	**1,623,500**	**1,723,500**	**1,876,500**
9 Project Income	0	0	40,000	80,000
10 **Total Income**	**2,558,000**	**2,580,500**	**1,763,500**	**1,956,500**

The Society - Expenditure

11 **Strat 1: Total DNC Expenditure**	**957,000**	**957,000**		
Strat 2: Advocacy and Representation				
12 Cyberlaw Fellowship	85,000	85,000	85,000	85,000
13 Public Policy Committee	5,000	10,000	10,000	10,000
14 Parliamentary Caucus	5,000	5,000	5,000	5,000
15 Research for Parl Submissions	30,000	30,000	30,000	30,000
16 **Total**	**125,000**	**130,000**	**130,000**	**130,000**
Strat 3: Industry Self-Regulation				
17 Internet Code of Practice	20,000	20,000	0	0
18 Best Practice	0	0	0	0
19 **Total**	**20,000**	**20,000**	**0**	**0**
Strat 4: Protect the Internet				
20 Antispam	10,000	20,000	10,000	10,000
21 APCauce Secretariat	8,000	8,000	8,000	8,000
22 Broadband Campaign		90,000	0	0
23 ENUM Meetings	5,000	5,000	5,000	5,000
24 ENUM	40,000	40,000	20,000	10,000
25 Internet Regulatory Issues	70,000	50,000	70,000	70,000
26 Internet Safety Group	20,000	20,000	20,000	20,000
27 ISG - Online Safety Conference		20,000		
28 PAG (patents)	5,000	5,000	5,000	5,000
29 Peering Task Force	5,000	5,000	5,000	5,000
30 Peering Activities	7,500	7,500	5,000	5,000
31 **Total**	**170,500**	**270,500**	**148,000**	**138,000**

InternetNZ 2006/2007 Budget

For Member approval

Account	2006/2007 BUDGET		DRAFT	DRAFT
	0.99 Bus Plan	**Post Consult**	**2007/08**	**2008/09**
Strat 5: Promote the Internet				
32 Advertising	10,000	10,000	10,000	10,000
33 AGM	7,500	7,500	7,500	7,500
34 Annual Report	10,000	10,000	10,000	10,000
35 History Project	25,000	25,000	5,000	5,000
36 ICT Premier Awards	0	0	0	0
37 Comms Plan(ning)	0	0	7,500	0
38 Communications	25,000	35,000	25,000	25,000
39 Interop	0	0	0	0
40 Next Generation Internet	5,000	5,000	5,000	5,000
41 Member Meetings/Consultations	20,000	20,000	20,000	20,000
42 Responsible Internet Usage	0	0	0	0
43 Technical Services	40,000	40,000	42,000	44,000
44 Website (was Revamp)	30,000	30,000	10,000	10,000
45 **Total**	**172,500**	**182,500**	**142,000**	**136,500**
Strat 6: International (non-DNC)				
46 ICANN Meeting	0	0		
47 APTLD Secretariat	15,000	30,000	30,000	30,000
48 APNIC Fees	6,000	6,000	6,000	6,000
49 ISOC Fees	8,000	8,000	8,000	8,000
50 Special Travel Apricot/APTLD	0	0		
51 International Travel (non NZ)	15,000	15,000	15,000	15,000
52 International Cmte	5,000	5,000	5,000	5,000
53 Pacific Support	15,000	25,000	25,000	25,000
54 WSIS Consultation (IG non-ICANN)	15,000	15,000	20,000	20,000
55 WSIS Support	0	0		
56 **Total**	**79,000**	**104,000**	**109,000**	**109,000**

InternetNZ 2006/2007 Budget

For Member approval

Account	2006/2007 BUDGET 0.99 Bus Plan	Post Consult	DRAFT 2007/08	DRAFT 2008/09
Strat 7: The Society				
57 Accountancy Fees	14,000	14,000	14,000	14,000
58 Audit Cmte	3,000	3,000	3,000	3,000
59 Audit Fees	10,000	10,000	10,000	10,000
60 Bank Charges	1,500	1,500	1,500	1,500
61 Cleaning	1,000	1,000	1,000	1,000
62 Comp Consumables	5,000	5,000	5,000	5,000
63 Conferences/Events	3,750	3,750	5,000	5,000
64 Council Meeting	35,000	35,000	35,000	35,000
65 Depreciation	50,000	50,000	40,000	35,000
66 Domain Names	2,500	2,500	2,500	2,500
67 Executive Cmte	10,000	15,000	15,000	15,000
68 General Expenses	20,000	20,000	20,000	20,000
69 Gov & Const Cmte (+Rem Panel)	5,000	5,000	5,000	5,000
70 Honoraia	67,200	67,200	67,200	67,200
71 Insurance	18,000	18,000	18,000	18,000
72 Governance Training	7,500	7,500	7,500	7,500
73 Office Power/Rates/Insurance	3,000	3,000	3,000	3,000
74 Planning	5,000	5,000	5,000	5,000
75 Postage/Couriers	2,000	2,000	2,000	2,000
76 Printing/Stationery	8,000	8,000	8,000	8,000
77 Professional Services	5,000	5,000	5,000	5,000
78 Recruitment	15,000	15,000	15,000	15,000
79 Rent	40,000	40,000	40,000	40,000
80 Staff Costs	450,000	480,000	505,000	530,000
81 Staff Training	7,000	7,000	7,000	7,000
82 Telecommunications	25,000	25,000	25,000	25,000
83 Travel - Officers	5,000	5,000	5,000	5,000
84 Travel - Staff	10,000	10,000	10,000	10,000
85 **Total (excl depreciation: non-cash)**	**778,450**	**813,450**	**839,700**	**864,700**
Strat 8: Technical Leadership				
86 Innovation Fund	0	0	0	0
87 Tech Capability Devt Fund	50,000	50,000	50,000	50,000
88 IPv6	30,000	30,000	20,000	20,000
89 Library	0	0	0	0
90 Muliticast	0	0	0	0
91 NZNOG Conference Sponsorship	10,000	10,000	10,000	10,000
92 INZ at Tech Fora O/S	0	0	0	0
93 NZ International Bring-Ins	0	0	0	0
94 Tech Cmte	5,000	5,000	5,000	5,000
95 Technical Scholarships	0	0	0	0
96 Cert. Auth. Scoping	25,000	25,000	0	0
97 CERT Scoping	5,000	5,000	0	0
98 Technical Guides	0	0	0	0
99 Broadband Monitoring	0	0	0	0
100 Online Meeting Software	0	0	0	0
101 **Total**	**125,000**	**125,000**	**85,000**	**85,000**

InternetNZ 2006/2007 Budget

For Member approval

Account	2006/2007 BUDGET 0.99 Bus Plan	Post Consult	DRAFT 2007/08	DRAFT 2008/09
102 **Special Project Fund**	100,000	100,000	100,000	100,000
103 **Structural Review**	100,000	100,000	0	0
104 **Internet Foundation**	10,000	10,000	0	0
105 **World Internet Project**	25,000	25,000	25,000	25,000
106 **"Membership"**	12,000	30,000	30,000	30,000
107 **Total**	**247,000**	**265,000**	**155,000**	**155,000**
108 **Total Society Expenses**	**1,717,450**	**1,910,450**	**1,608,700**	**1,618,200**
109 **Total DNC Expenses**	**957,000**	**957,000**	**0**	**0**
110 **TOTAL ALL EXPENSES**	**2,674,450**	**2,867,450**	**1,608,700**	**1,618,200**
111 **TOTAL ALL REVENUE**	**2,558,000**	**2,580,500**	**1,763,500**	**1,956,500**
112 **NET CAPEX**	**65,000**	**65,000**	**0**	**0**
113 **OPERATING SURPLUS (DEFICIT)**	**-181,450**	**-351,950**	**154,800**	**338,300**

Capital Expenses Budget				
114 10th Floor Fit-Out	40,000	40,000		
115 Access Grid	50,000	50,000		
116 Miscellaneous (funded by depreciation expense)	25,000	25,000	40,000	35,000
117 **Total**	**115,000**	**115,000**	**40,000**	**35,000**
118 **less depreciation**	**50,000**	**50,000**	**40,000**	**35,000**
119 **NET CAPEX**	**65,000**	**65,000**	**-**	**-**

Cashflow Implications of Draft Budget 2006/2007

The following table shows the anticipated changes in financial assets (excluding the DNC's retained funds and InternetNZ's equity in NZRS) based on the budget outlined on previous pages.

Date	Financial Reserves	Surplus (Deficit)
31-Mar-05	2200000	
31-Mar-06	1800000	-351,950
31-Mar-07	1448050	154,800
31-Mar-08	1602850	338,300
31-Mar-09	1941150	

InternetNZ - Net Financial Assets at 31 March