

30 June 2010



InternetNZ Annual General Meeting 2010 – Invitation

POST P.O. Box 11-881, Wellington, New Zealand
PHONE +64 4 495 2119
FAX +64 4 495 2115
EMAIL office@internetnz.net.nz
WEB www.internetnz.net.nz

Dear Member,

InternetNZ (Internet New Zealand Inc.) invites you to its 2010 Annual General Meeting.

This meeting will take place on the evening of Thursday 29 July, in the Square Affair Suite at the Wellington Town Hall, 111 Wakefield Street, Wellington.

As an InternetNZ Member, we ask you to reflect on the past year's work, and approve the budget and business plan for 2010/11.

If you plan to attend, please let us know by emailing us with "AGM" in the subject line at rsvp@internetnz.net.nz by 5pm, 21 July. Please note that it is essential to RSVP.

Programme

The evening will be structured as follows:

- 5.30 – 6.00 pm Refreshments
- 6.00 – 8.30 pm Annual General Meeting
- 8.30 – 9.00 pm Refreshments

AGM Papers

Please read and consider the following papers prior to the meeting:

- Agenda with proposed motions
- Minutes of the 2009 AGM
- Business plan and budget of 2010/11
- Annual Report 2009/10

The AGM papers can be found online here: www.internetnz.net.nz/meetings/annual-general-meetings?year=2010

If you are unable to attend, the AGM will be streamed live for your convenience by R2.co.nz. Full details will be provided closer to the date of the AGM.

If you would like another member to vote on your behalf a proxy form is available online with the AGM papers.

We hope you will join us in celebrating our success this past year, and contributing to our future.

Regards

A handwritten signature in black ink that reads "Vikram Kumar".

Vikram Kumar
Chief Executive

Agenda for the Annual General Meeting of Internet New Zealand Incorporated

Date: Thursday 29 July 2010

Venue: Square Affair Suite - Wellington Town Hall
111 Wakefield Street, Wellington

1800 **Meeting opens**

Apologies

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

1805 **Minutes of 2009 AGM and Matters Arising**

(MOVED: President/) "THAT the minutes of the 2009 AGM be received and adopted as a true and accurate record of the meeting."

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

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

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

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

(MOVED: President/) "THAT Grant Thornton be appointed auditor for the ensuing year."

1835 **CE Report**

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

1855 **2010/11 Budget**

(MOVED: President/) "THAT the 2010/11 Business Plan and Budget be adopted."

1905 **General Business**

1930 **Break**

2000 **DNCL Report**

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

2010 **NZRS Report**

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

2020 **Announcement of Election Results
& Vote on Constitutional Amendments**

2030 **Meeting closes**

MINUTES OF THE 2009 INTERNETNZ ANNUAL GENERAL MEETING

Status: Draft

Date: Thursday 30 July 09

Venue: Level 10, Exchange Place, 5 - 7 Willeston Street, Wellington

The evening started with a presentation from ICANN Chair, Peter Dengate Thrush. Peter talked about the organisational structure of ICANN. ICANN is an international not-for-profit organisation, registered in America and is responsible for IP address allocation, protocol identifier assignments, gTLDs and ccTLDs, name system (DNS) management and root server co-ordination.

Opened: The President (Pete Macaulay) officially opened the meeting at 6.40pm.

The President announced that voting had reopened at 5.30pm and will close at 7.30pm.

Apologies: Apologies were received from: Liz Butterfield, Nicola Duckett, Reg Hammond, Roger Hicks, Neil James, Mavis Mullins, Simon Stokes, Dennis Viehland, Murray Willis.

AGM 01/09 THAT the apologies for the 2009 AGM be received.
(President/Vice President)

CARRIED U

Minutes of 2008 AGM and Matters Arising:

The minutes of the 2008 AGM were taken as read. It was noted that the Connecting the Clouds book was released in 2008 not 2009 as was recorded in the 2008 minutes.

AGM 02/09 THAT the minutes of the 2008 AGM be received and adopted as a true and accurate record of the meeting.
(President/Gavin Adlam)

CARRIED U

President's Report:

The President noted that his written report was printed within the Annual Report however he wished to expand on a few points and cover some points that had happened since publication.

Pete thanked the members for their commitment to InternetNZ; the 2009 election was the most active since 2000. He also thanked contractor Simon Riley and Councillors with a special thanks to Chris Streatfield for the wealth of InternetNZ knowledge he shares with the group and Frank March for his support to the President. He also thanked the Boards with a special mention given to Anne Urlwin who has stepped down as Chair of NZRS. He finished by thanking the InternetNZ staff, notably Richard Currey for stepping into the acting CEO role.

Pete noted that Council now needs to have a strong emphasis on turning business development into strategies and then to action, while ensuring that the boards remain focused on governance and on looking after staff.

AGM 03/09 THAT the President's report be received.
(President/Cr Chris Streatfield)

CARRIED U

AGM 04/09 THAT the Annual Report be received.
(President/Cr Chris Streatfield)

CARRIED U

AGM 05/09 THAT the Audited Annual Accounts be accepted.
(President/Cr Donald Clark)

CARRIED U

AGM 06/09 THAT Grant Thornton be appointed auditor for the ensuing year.
(President/Peter Dengate Thrush)

CARRIED U

2009/10 Budget:

AGM 07/09 THAT the 2009/10 Business Plan and Budget be adopted.
(President/Vice President)

CARRIED U

Executive Director's Report:

The President invited Keith Davidson (Executive Director) to speak to his report. Keith noted that this was his last year as Executive Director for InternetNZ so would not be speaking of plans for the future; instead he focused on some points from the past year. Keith noted that benefits continue to be seen from the Structural Reform Project, Section 92a was a thorny issue, and the Policy Advisory Group (PAG) was created for those members who wished to be involved in policy debates. As the Policy Advisory Group was voluntary, it enabled members who didn't want to be involved in the debates to continue to receive member information without being in-undated with emails debating current issues.

AGM 08/09 THAT the report of the Executive Director be received.
(President/Cr Jamie Baddeley)

CARRIED U

The President thanked Keith for his report and gave a speech outlining Keith's achievements during his time with InternetNZ. He then advised that although Keith was not going to be an employee of InternetNZ, he was not leaving altogether, but has become a contractor. A gift was presented to Keith.

Keith replied with thanks and told a few farewell stories. He gave special thanks to Jordan Carter for his support and to Debbie Monahan and Nick Griffin.

CEO Report:

The President invited Richard Currey to speak to his report. Richard noted that since taking on his role as Chief Executive Officer for InternetNZ, he has observed that the organisation is in extremely good health. InternetNZ continues to do good work in the policy and advocacy areas and 2009 will see the primary focus being on the Copyright Review.

Members were reminded that the IPv6 Hui will be held in August 2009 and all members were encouraged to attend. The Hui will be held in Auckland, Wellington and Christchurch.

Richard then invited Paul Pettit from Curtis McLean to speak about the financial position and performance of the society for the financial year ending 31 March 2009. Paul summarised the financial reports in the Annual Report, noting equity was up nearly 1 million from 2008, net profit was up by just over \$200k, to \$813k due mostly to income from domain name

registrations being up by \$300k, he also stated that becoming a charitable organisation had saved the group approximately \$600k in taxes. Cr Donald Clark assured members that Council is continuing to keep a close eye on the group's cash position and how funds are being used.

The President announced that voting had closed at 7.30pm.

AGM 09/09 THAT the report of the Chief Executive Officer be received.
(President/John Hine)

CARRIED U

Domain Name Commission Limited Report:

The President invited Joy Liddicoat (DNCL Acting Chair) and Debbie Monahan (Domain Name Commissioner) to speak to their report. Joy and Debbie noted that the Domain Name Commission Limited has completed its first year operating as a separate legal entity; however the year was business as normal.

Most of the year's highlights are mentioned in the annual report but Debbie made special note of the following;

- Dot Bank is a work in progress.
- Dot Health was up and running as of 1 July 2009 and currently has three names registered.
- The first appeal under the DRS occurred involving the Country Channel. The result of the appeal was that the original decision was reversed.

AGM 10/09 THAT the DNCL Annual Report be received.
(President/Andy Linton)

CARRIED U

New Zealand Registry Services Report:

The President invited Donna Hiser (NZRS Chair) and Jay Daley (NZRS CEO) to speak to their report. Donna started by stating that the board has, out of necessity, been directly involved in operational aspects in the past but has stood back since the appointment of Jay Daley to NZRS. She confirmed that Doug Mercer has been reappointed to the board and that David Wright will be joining the board as a new appointee. Donna then thanked Anne Urlwin, who retired as the Chair of the Board at the AGM, outlining her achievements and wishing her the best for the future.

Jay spoke of highlights of the past year and gave a presentation on where NZRS is heading. The past year had seen domain name growth of 8.8%, charitable status was received in August 2008, Sebastian Castro has been appointed as a DNS specialist and Dave Baker has moved to the position of CTO.

There was discussion on DNS security. Concern was expressed by Cr Jonny Martin that discussions on DNS Security Extensions took place each year but it still had not been implemented. Jay assured the meeting that definite plans are now being made and DNSSEC will be implemented in due course. Debbie reported that in September 2009, Paul McKitrick will be coming on board with DNCL as the Compliance Manager. He will be heavily involved in the work NZRS is doing, including the DNS Security Extensions.

AGM 11/09 THAT the NZRS Annual Report be received.
(President/Cr Chris Streatfield)

CARRIED U

General Business:

Andy Linton put forward the following recommendation to Council;

“That a working group be formed to review the election processes of InternetNZ. This would:

- 1) audit the process for electing council,
- 2) make recommendations on whether the Officers of InternetNZ should be directly elected by the membership,
- 3) make recommendations on the continuing use of proxy votes in elections for councillors,
- 4) make recommendations on aligning the membership year with the financial year,
- 5) make recommendations on the membership fee structure,
- 6) make recommendations on the minimum period of membership before voting rights are granted (in elections and all general meetings), and
- 7) make recommendations on the formation of a Nominating Committee for Council

The working group would be appointed by Council and constituted from the general membership of InternetNZ as well as from Council and would report to a Special General Meeting.

That an SGM be held within sufficient time so that any changes can be implemented prior to the next AGM.”

Cr Chris Streatfield informed the meeting that motions are not allowed to be passed at AGM's unless 14 days notification is given. The above could therefore only be brought forward as a recommendation. He also expressed his support of the above.

Steven Heath stated he was not in favour of nominating committees and felt that the appointment of Councillors should be membership driven. He was indifferent about the membership fee structure changing but felt there were bigger issues that needed addressing and may involve the formation of several task forces.

John Hine wanted to see a point added to the above to include consideration of how Fellows are chosen.

Lawrence Millar asked that another point be added to the above to enable the membership list to be publicly available. Richard Currey stated that previously the membership lists were available to be viewed in the office while in the presence of a staff member. However there are a number of issues with this approach, including Privacy and access for Members not able to visit the office. Richard is preparing a discussion paper on this subject for Council to review.

Frank gave a speech thanking the outgoing President for all his hard work. Pete has been involved with InternetNZ since 2003 when he was the Executive Director. From 2005 to 2007, Pete was appointed as a Councillor and from 2007 to 2009 had been President. He came in amidst receipt of the Westlake Report on structural changes and although skeptical of the findings, pushed ahead with what was required. During Pete's time as President, he has managed to accomplish the following;

- Gained Charitable Status for the group.
- Initiated an 'All Boards' meeting.
- Became a Liz Dengate Thrush Foundation Trustee.
- Governed a mostly harmonious Council.
- Encouraged and achieved co-ordination across the group.

A gift was then presented to Peter and he was invited to reply. Pete thanked Frank for his well wishes and acknowledgement of his achievements. He stated that although his time as President hadn't been easy, in comparison to his predecessors, he had had a rather smooth time.

Announcement of Election Results:

The Returning Officer announced the election results as follows:

Officers:

Frank March – President – 3 years until 2012

Jamie Baddeley – Vice President – 3 years until 2012

Councillors:

Michael Foley – 3 years until 2012

Hamish McEwen – 3 years until 2012

Judy Speight – 1 year term until 2010

Liz Butterfield – 1 year term until 2010

The results were subject to a manual count and sign off by an independent Scrutineer. They are to be finalised on Friday 31 July 2009.

The Returning Officer informed that there will need to be a by-election due to Cr Jamie Baddeley being appointed to the role of Vice President. Details of the by-election will be provided by Friday 7 August 2009. David Farrar suggested that the next highest ranking candidate of the election should be appointed to the vacant councillor position, this was not agreed by all.

Hand Over to New Chair:

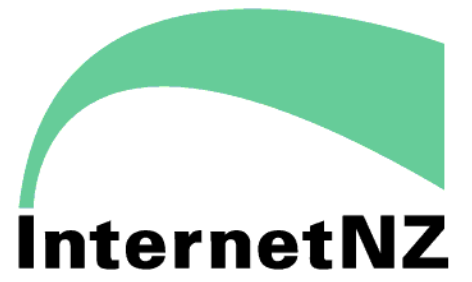
The outgoing President handed the chair over to the new President, Frank March.

Frank thanked outgoing President Pete Macaulay and outgoing Councillor Stuart Fleming for their contribution to InternetNZ. He then welcomed the new members stating that there had been a significant increase in membership numbers in the past few months and expressed his hope that they will all remain on board. Frank finished off by reminding the meeting that “InternetNZ does not offer any benefits to the membership, what it offers is a framework for people to give back to our community”.

Meeting closed: There being no further business, the 2009 Annual General Meeting closed at 8:44 p.m.

Signed as a true and correct record:

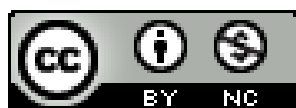
.....
Pete Macaulay, CHAIR



Business Plan 2010/11

TABLE OF CONTENTS

Overview	3
Introduction	3
Strategic direction	4
Our Approach	4
Being Proactive: Priority Focus Areas and “Business as Usual”	5
Consultation and Approval	5
Priority Focus Areas	6
Improving member engagement	6
Reaching out to the wider community	7
Telling the InternetNZ story better	8
Increasing organisational effectiveness	9
High quality policy advice	10
International efforts and relationships	11
Policy Work Plan	12
Introduction	12
Access	12
Openness	12
Rights and responsibilities	12
Budget Summary	14



July 2010

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Overview

Introduction

As the Internet continues to evolve and increasingly impacts our economic, social and cultural lives, InternetNZ's objective of "high performance and unfettered access for all" remains critically important. Our work towards protecting and promoting the Internet in New Zealand similarly continues to be important for our members and the wider community.

Over the past 40 years, the Internet has come a long way from its origins in research projects, military applications, and academia. An estimated quarter of the Earth's population now uses the Internet. The very success of the Internet is throwing up significant challenges for its future, including global technical debates about extensions and replacements. At the same time, work on the Internet Standards at IETF is critical.

At an access level, the rollout of the Government's Ultra Fast Broadband (UFB) and rural broadband initiatives marks the most extensive shakeup to the structure and environment of the telecommunications industry since Telecom's privatisation in 1990. InternetNZ has played a major role in setting and advocating the policy landscape for ubiquitous, high-speed network connectivity. These are now part of the Government's plans and we have to start moving conversations to the next step, thinking about a fibre network architecture and business approach that supports competition.

We need to advocate for policy settings that promote affordable take-up of fibre at the household level. Perhaps most importantly, we need to encourage thinking about the new services and possibilities of a New Zealand with ultra fast broadband.

InternetNZ also needs to stay across and actively engage on issues that continue to arise from previous improvements in the telecommunications and Internet access space, such as Local Loop Unbundling, so that the gains are not chipped away.

Most New Zealanders tend to think of the Internet as a channel or medium for communications, entertainment, news, business, etc. We therefore have to incorporate the social, cultural and economic impact of the Internet in our thinking and programme of work.

According to the second bi-annual survey recently released as a part of the World Internet Project New Zealand (part-funded by InternetNZ):

- Broadband usage has jumped to over 80% of Internet users, taking Internet presence over a threshold which makes it an established part of most New Zealanders' lives.
- Nearly half of Internet users are members of social networking sites. Perhaps it is not surprising then that two thirds of Internet users said the Internet was so important to their everyday lives that losing access to it would be a problem.
- About half of Internet users post online messages, images or videos, while one in ten earn income in this way.

Strategic direction

Four strategic goals have been used to guide the work of InternetNZ in the recent past.

One of these, governance and management of .nz, has been delegated to our wholly-owned subsidiaries, the Domain Name Commission Limited and New Zealand Domain Name Registry Limited.

The other three strategic goals, outlined below, continue to provide the overarching strategic framework within which we will operate over the next year:

- Advocacy and Public Policy
Goal: a policy and regulatory environment that ensures the security and stability of the Internet
- Technical Development and Innovation
Goal: world-class Internet infrastructure and capability in New Zealand
- Organisational Capability
Goal: an organisation capable of delivering the Society's Objectives and Strategic Plan

Our Approach

InternetNZ's scope of work is as broad as the term "Internet" itself. Our vision and goals require that we address issues ranging from technical standards through to societal impacts and opportunities.

We cannot do this on our own. The challenge for InternetNZ is to emerge both as a leader and contributor rather than trying to continuously grow in-house expertise and resources.

Our approach is to build, facilitate, and collaborate with a network of interested people and organisations. In addition to carefully selecting the areas that InternetNZ takes a lead, this requires us to:

- Look to our members for expertise, ideas, and involvement.
- Build strong relationships with selected strategic partners and like-minded organisations.
- Work closely with Government and local government.
- Reach out to the wider community.

Our success will then not be limited to what we do ourselves. It will include the efforts and outcomes that we influence, support, and facilitate.

The areas that InternetNZ leads can broadly be divided into two areas. The *reactive* areas are those that arise from others initiatives, such as Government policy or regulations. The *proactive* areas are ones we believe are important to meet our strategic goals.

Reactive areas are, by their very nature, difficult to quantify and predict. They are therefore excluded from the business plan. Nevertheless, given that they will probably take up at least half of our efforts over the year, are a critical determinant of how much resources and effort we can put into the proactive areas detailed in this business plan.

During the year it is likely that the reactive areas will be more or less than what we have allowed for in developing this business plan. We will therefore make changes to the business plan during the year to accommodate the increased or decreased effort put into reactive areas.

Being Proactive: Priority Focus Areas and “Business as Usual”

To provide InternetNZ with a focus over 2010/11 within the overall strategic direction, we will deliver on five priority areas proactively:

- Improving member engagement
- Reaching out to the wider community
- Telling the InternetNZ story better
- Increasing organisational effectiveness
- High quality policy advice

InternetNZ will also continue to work in its “business as usual” areas, including:

- Council and member services
- Regulatory issues, submissions, and related conferences/workshops
- Building networks and relationships, both domestically and internationally
- Leadership and support for Pacific Islands initiatives
- Leadership and support for ongoing initiatives, such as IPv6
- The Shared Services Unit (SSU) will provide administrative support to InternetNZ, its two subsidiaries, and the other organisations we provide this as a means of support (IPv6 Trust, NZNOG, NZITF, and Liz Dengate Thrush Foundation).

Consultation and Approval

The overall strategic direction, five priority focus areas, proposed budget, and policy work programme were discussed with members at meetings in Auckland on 22 February 2010 and in Wellington on 24 February 2010. Members were invited to provide further comments on an updated draft via the members-announce mailing list.

The draft Business Plan was then discussed by Council at its meeting on 19 March 2010. Minor edits were suggested and the draft accepted.

All comments and feedback have now been incorporated into this business plan. It is therefore presented to members for discussion and adoption at the 2010 AGM.

Vikram Kumar

Chief Executive

Priority Focus Areas

The five priority focus areas for 2010/11 are:

- Improving member engagement
- Reaching out to the wider community
- Telling the InternetNZ story better
- Increasing organisational effectiveness
- High quality policy advice

Our international efforts and relationships, though “business as usual”, is also a priority area and is included here as a sixth focus area.

The priority areas are all inter-related. Progress in one focus area is dependent upon progress in other priority areas. Implementation of the business plan is therefore being accompanied by changes in InternetNZ to a more collective decision-making style of operations (though the Chief Executive remains accountable).

Improving member engagement

The outcomes we will work towards are:

- We better understand our members, their interests, and areas where they want to see improvements.
- Members find it easier to contribute to policy development in areas that interest them.
- Better member support services, including online self-service.
- The value proposition of being a member is clear and positive.

Specific activities that we will undertake in 2010/11 towards these outcomes are:

Activity/project	Details
Strategic thinking	Define INZ’s member segments and how they engage. Develop an engagement plan for each segment.
Annual survey of members	Conduct a survey regards INZ’s engagement with members. Use the results to fine-tune and/or enhance membership engagement.

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Activity/project	Details
Improve the contribution of highly-engaged members to policy development	<p>Assess members' policy areas of interest via a survey, analyse, and feed into policy development as required.</p> <p>Communicate with specific groups of members based on their areas of interest and invite them to share their views.</p> <p>Investigate existing processes for member contribution to policy development (i.e. PAG) and consider how these could be enhanced.</p>
Maintain/enhance member section of website	Complete and launch secure part of our website internetnz.net.nz
Better articulate the member value proposition, including additional benefits	<p>Review existing member benefits and consider additional benefits</p> <p>Membership working group to articulate value proposition</p>
Re-do membership brochure/form	To include 'who & what is INZ', why become a member, sign-up form (online & offline)
Hold member information and networking evenings	<p>At least 2 per year, Auckland & Wellington</p> <p>Focus on under-cooked subject areas</p>

Reaching out to the wider community

The outcomes we will work towards are:

- InternetNZ partners with other organisations and assists communities of interest in subject areas aligned with our mission to protect and promote the Internet in New Zealand.
- Areas for InternetNZ's future policy work are identified.
- InternetNZ is increasingly seen as a critical component for the success of the Internet in New Zealand.

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Specific activities that we will undertake in 2010/11 towards these outcomes are:

Activity/project	Details
Partnerships	Improved definition of partnerships; identification of partners; and putting in place better ways of working with them. Includes identification of an account manager for each partner and a paper on each partner on why we have them and what we do with them, to feed into strategy day and online.
Pilot community of interest platform	"Learn by doing" Brainstorm potential components of platform. Pilot the communities of interest approach and develop a further plan of action. The initial interest areas will be identified based on the areas of interest to the wider community. Examples of potential areas include online privacy; Internet security; cyberlaw; social media; technical policy and standards; and network economics.
Communities of interest platform development	Further develop and implement the platform for communities of interest in subject areas aligned with our mission.
Improving the community platform	Identify and develop plans for improving the community platform and ways to further support and promote the communities of interest in future years.

Telling the InternetNZ story better

The outcomes we will work towards are:

- InternetNZ is better recognised for its valuable and trusted role in protecting and promoting the Internet in New Zealand.
- The work done internationally on behalf of New Zealand is considered valuable and appropriate.
- Greater recognition that .nz arrangements are considered best practice for ccTLDs globally.
- Greater recognition of the work done on behalf of the community to support and fund a network of partners, projects, and causes that collectively reinforces our mandate.

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Specific activities that we will undertake in 2010/11 towards these outcomes are:

Activity/project	Details
Vision, branding	Clarify Group/INZ strategic positioning Review branding
Strategic plan	Develop a marketing and comms plan for INZ
Early years project	Use a wiki approach to record and promote the early years of INZ
Publishing grants decisions	Details of grants given and outcomes posted online
Online video competition	New Zealanders make and submit video on how the Internet has changed their lives. Voting, cash prizes.
Online project competition	New Zealanders submit proposals for Internet-based projects
Tactical opportunities	Proactively look for opportunities to tell the INZ story

Increasing organisational effectiveness

The outcomes we will work towards are:

- Work done to improve organisational capability continues.
- Members, Council, and stakeholders have confidence that InternetNZ operates efficiently and effectively.
- There is continuous operational improvement.

Specific activities that we will undertake in 2010/11 towards these outcomes are:

Activity/project	Details
Expenditure Review	This is a review to look at major areas of expenditure to confirm that InternetNZ is getting the best value from its spend. The review is to also include an assessment of INZ's procurement process.

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Activity/project	Details
Shared Services Unit (SSU) Review	Review to include: History Break down of services Shared services vs Shared office services What can the unit do better? What is the unit not doing well? Should some things be out sourced? Future roadmap

High quality policy advice

The outcomes we will work towards are:

- InternetNZ is increasingly seen as the leading Internet policy advocate in New Zealand. Our policy advocacy is valued, respected, and trusted.
- We react quickly and flexibly to issues related to our area of interests, including Government-led initiatives.
- Our proactive programme of work reflects the policy challenges facing the Internet in New Zealand and globally.
- The principles that drive our policy are clearly articulated and drive all our work.
- Key policy makers and legislators are well informed on Internet issues.

Specific activities that we will undertake in 2010/11 towards these outcomes are:

Activity/project	Details
Policy Conference	A large scale event that highlights key policy theme and breaks even
Statement of policy principles	A coherent statement of the principles that drive InternetNZ policy and advocacy work, that have buy-in across the organisation.
Educating policy makers	Legislators, Ministers and key officials are aware of the Internet's affects on their policy domains.
Proactive Policy Work Programme	Programme defined and implemented over the year. More details are in the next section.

Activity/project	Details
Relationships	<p>Build relationships and strengthen dialogue with key decision makers in government, local government and Parliament so as to:</p> <p>be aware of their priorities and future work areas;</p> <p>adopt a more collaborative approach;</p> <p>and position InternetNZ as a non-partisan, independent, trusted and valuable partner.</p>

International efforts and relationships

The outcomes we will work towards are:

- Understanding issues and developments related to the Internet at the global level to ensure alignment of InternetNZ objectives and planning. Also, where necessary, taking the lead on introducing into New Zealand relevant issues that originate overseas.
- Maintaining key relationships and positions of influence within regional and global Internet institutions and decision-making fora to influence policies and practices and promote InternetNZ's objectives.
- With a particular focus on the Pacific Islands region, assisting other overseas Internet-related organisations, and local communities aiming to create such organisations, to develop and implement strategies that enshrine an "open and uncapturable" Internet.
- Maintaining the status of New Zealand as an active and notable participant in Internet development, including being a regular venue for internationally significant Internet events.

Specific activities that we will undertake in 2010/11 towards these outcomes are:

- Increased engagement at the Internet Governance Forum.
- Promote self regulation of the Internet at the global level and work against any inappropriate regulations that are being considered as a response to the growing threats to security, privacy and freedom.
- Work towards New Zealand being chosen as the venue for the July 2012 IETF meeting (with sufficient external funding).
- Facilitate a collaborative effort in the Oceania region to establish a Pacific-based Internet Governance Forum in 2010 to have input into future global IGF's.
- Ongoing support of and dialogue with Pacific Island partners to help them increase the resilience and capacity of their Internet connections and the usefulness of their Internet institutions, both nationally and regionally, including the identification and engagement of potential sponsors.
- Widespread engagement with international partners to build coalitions of support for current activities and responses to local issues.

Policy Work Plan

Introduction

The areas for proactively focussing our policy work plan in 2010/11 was discussed and agreed at the Group Strategy Day in September 2009 and further refined in consultation with members and Council thereafter.

Access

The Internet is accessible to everyone, a fast network that ends the bandwidth constraint for all New Zealanders.

Openness

The Internet remains open and uncaptureable, with its protocols and local governance maintaining an open platform for innovation and change.

Rights and responsibilities

Citizens benefit from the Internet and the changes it is spurring – they know how to make use of the opportunities its presents, and can do so safely and responsibly.

Specific activities that we will undertake in 2010/11 towards these outcomes are:

Activity/project	Details
Access	
World Internet Project	Support the WIP and continue to propagate its work.
Digital Divides	Develop a greater understanding of these in NZ context, and hold a seminar to discuss.
Converged regulator	Develop a proposed framework for content and network regulation of broadcast, telco and Internet industries.
Rural broadband	Support an appropriate rural broadband event.
Openness	
Filtering	Monitoring of and submissions against government filtering plan.
Open Internet	A thematic conference for the end of the year, building on PublicACTA model to identify the issues attacking openness.
Net neutrality	Paper written and published on the topic in the NZ setting.

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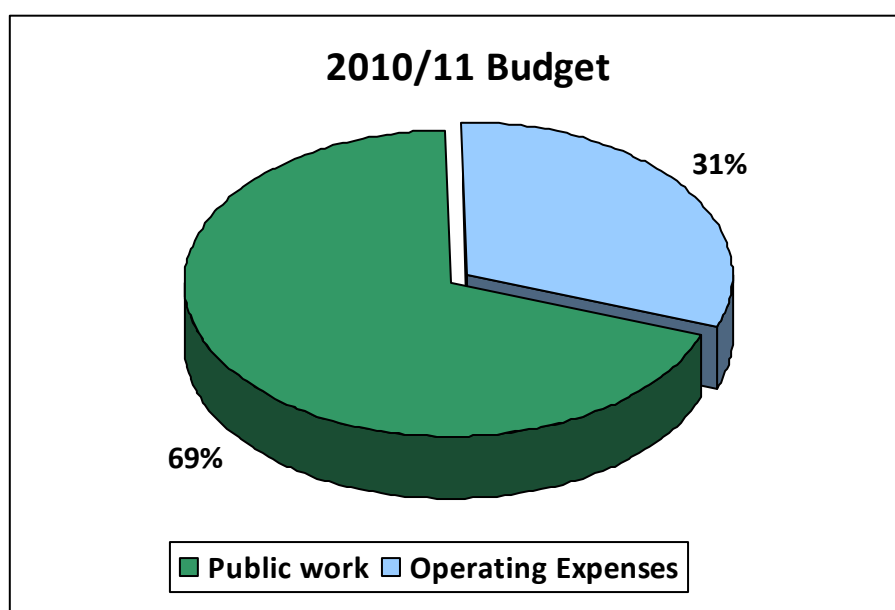
Activity/project	Details
Internet guides	Prepare “what is the Internet” guides for key audiences – targeted, policy-relevant information
Rights & Responsibilities	
ACTA	PublicACTA; continue to monitor and follow up as negotiations proceed.
Copyright	unConference format, to either discern new business models, or propose legislative reform.
Cybercitizenship	Collaboration with NetSafe to explore this term and its relevance to us and to them in ongoing work.
Human Rights	Convene with the Human Rights Commission a round-table considering the impact of the Internet on human rights.

Budget Summary

	Budget 09/10	Actual 09/10	Budget 10/11
Public work			
Grants	\$437,500	\$346,266	\$400,000
Work Streams	\$455,000	\$204,630	\$455,000
Policy Office	\$1,031,495	\$1,066,087	\$969,000
Operating expenses			
Council/Members	\$272,500	\$299,983	\$272,000
SSU	\$556,726	\$678,377	\$543,000
TOTAL	\$2,753,221	\$2,595,343	\$2,639,000

Notes regarding actual expenditure 2009/10 compared to budget:

- The Shared Services Unit (SSU) Actual 09/10 includes money spent on the fit-out of and move to the new office which was partly reimbursed by NZRS and DNCL as their contribution. Excluding these, SSU would have been on budget.
- Work Streams is under budget for 2009/10 due to contingent sums not being required, some work streams costing less than anticipated, and re-prioritisation of work meaning some work streams were not undertaken. A larger work programme has been planned for 2010/11.





ANNUAL REPORT

2009 – 2010



Annual Report 2009 - 2010

InternetNZ (Internet New Zealand Inc) is an open membership, incorporated society, established to promote and protect the Internet in New Zealand.

It has overall responsibility for the .nz domain name space, and is an advocate for the interests of Internet users and domain name registrants in New Zealand and overseas.



July 2010
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Level 9, Grand Arcade Tower
16 Willis Street
Wellington 6011

P.O. Box 11-881
Wellington 6142
New Zealand

Free phone: 0800 101 151
Phone: +64 4 472 1600
Fax: +64 4 495 2115

www.internetnz.net.nz

President's Report



This has been a challenging year for me personally in my first year as President and an exciting one for InternetNZ.

The 2009 AGM followed closely on the dissolution of the Executive Board and the resulting significant management changes. As a transitional move we appointed an Acting CEO – Richard Currey – to oversee staff and manage the work of the policy office. My thanks go to Richard for his contribution. He provided InternetNZ with much needed stable and sure administration during a crucial time. He was also a great support for me personally.

Rounding off the management transformation, Vikram Kumar was appointed InternetNZ Chief Executive in January 2010, responsible to the Council for oversight of staff and managing the work of the Policy and Shared Services Units. Vikram has a fine ICT pedigree, honed in central Government circles, and I have greatly enjoyed working with him since his appointment, in pursuit of InternetNZ's raft of organisational objectives.

The past year has seen InternetNZ continue its business-as-usual stewardship of the .nz domain name space. At the same time we have made significant progress towards ensuring the Internet in New Zealand is open and continuing to perform at a high level.

That the staff successfully progressed a full plate of Internet advocacy and public policy in the midst of great structural upheaval is a credit to their work ethic and tenacity. Significant work was done by staff in such areas as fibre access, copyright and Internet filtering. Pleasingly, InternetNZ's profile was considerably raised in the eyes of the general public through the New Zealand IPv6 Hui, the R v the Internet Seminar and PublicACTA events.

Internationally, InternetNZ continues to wield influence at a range of fora including ICANN (the Internet Corporation for Assigned Names & Numbers), IGF (Internet Governance Forum) and APTLD (the Asia Pacific Top Level Domain Association). Keith Davidson has significant standing in the international Internet community and we are lucky to have him stay on as a contractor, flying the flag for InternetNZ and advancing our cause at these meetings.

Congratulations are also due to Keith for his recent appointment as Chair of APTLD, a move which greatly enhances New Zealand's position on the international Internet governance stage.

In a group-wide sense, InternetNZ and its two subsidiary companies – New Zealand Registry Services and the Domain Name Commission – continue working well together. We have worked to improve the financial reporting for the InternetNZ Group to assist transparency in the expectation that this will assist members' understanding of how we operate.

My thanks go to all of InternetNZ's Council and Board members for their work over the year. I especially wish to thank outgoing Councillors Liz Butterfield and Chris Streatfield, and DNCL board member David Russell. All three have brought considerable technical, business and ICT strategy skills to bear and will be sorely missed.

Finally I would like to take the opportunity to thank the InternetNZ membership for their support and commitment to InternetNZ during a busy year.

InternetNZ is first and foremost a membership organisation and, as well as working hard to maintain our excellent policy focus, we fully intend improving communication with members and member engagement in policy development..

With the continued support of members, and a professional and committed staff and Council, I am certain that next year will be as satisfying as this one has.

Frank March, President

A handwritten signature in black ink, appearing to read 'Frank March', written in a cursive style.

Chief Executive's Report



“The Internet changes everything” is an overused cliché. However, as with many clichés, it contains a kernel of truth. Most people will agree that the Internet is disruptive, with profound social, cultural and economic impacts. The everyday impacts are easier to see but it is in the longer-term that we will see massive change including new business models, new forms of entertainment, and new expectations from Government.

Of course, the Internet doesn't change everything. We will remain our essential human selves, with all that it means for our values, our social norms, and our humanity.

For all the change that the Internet has caused, it is in many ways still in its infancy. Over the next few years, with better and faster Internet access will come new services, new opportunities, and a blurring between the real and cyber worlds. Roll-out of the Government's Ultra Fast Broadband Initiative (UFB) and more capable mobile devices are two examples of immediate impact.

There will also be many challenges. Some of these could be quite fundamental, such as global technical debates about extensions and replacements to the Internet brought on by its very success and its role as critical national infrastructure.

InternetNZ has played a major role in setting and advocating the policy landscape for ubiquitous, high-speed network connectivity. These are now part of the Government's plans and we have to start moving conversations to the next step. This will include thinking about how regional networks inter-connect, services that will run on UFB, and an approach that supports competition and open access.

Finally, there are numerous challenges in relation to wider impacts of the Internet such as copyright, centralised government filtering, privacy, security, and digital skills.

InternetNZ will continue to operate in a rapidly changing environment. The challenge for us is to be flexible and nimble yet anchored by well-developed principles and community relationships. Many of the things we did in the past will continue to remain important but we will also need to continually evolve and take on new skills, new mindsets, and new ways of working.

Signs of change are evident. The Highlights section in this Annual Report shows the many achievements of the organisation in 2009 – 2010. At the same time, our Business Plan for 2010 – 2011 shows where we intend to focus in the coming year. There is both continuity and change, finely balanced.

Even as the Internet and InternetNZ evolves, we need to keep our roots strong. The expertise and abilities of our members to contribute to protecting and promoting the Internet for New Zealanders is a valuable asset. So is our relationship with Government and the many organisations that we work with. These have made us a critical part of the New Zealand Internet community, a position that imposes on us many expectations and responsibilities.

The last year was a period of financial stress for New Zealand and globally. While things have started to get better, we are more likely to go to a new “normal” rather than return to where we were before the crises hit. This new “normal” will have significant impact on not-for-profit organisations, including sustained financial constraints. We and our partner organisations will have to focus even more sharply on delivering better outcomes with fewer resources.

I have no doubt that the coming year will be challenging, but InternetNZ will face up to these challenges and deliver on the exciting opportunities before us.

Vikram Kumar, Chief Executive

A handwritten signature in black ink that reads "Vikram Kumar". The signature is written in a cursive style and is underlined with a single horizontal stroke.

InternetNZ Overview

InternetNZ (Internet New Zealand Inc) is New Zealand's leading Internet advocacy organisation. Our vision is of the Internet, open and uncaptureable. Our mission is to protect and promote the Internet for New Zealand.

We provide independent, leading expertise to government, industry and community stakeholders on a range of Internet policy and technical issues. We maintain close links with the best in the business around the world, and apply that knowledge to the benefit of New Zealand. We also support public good initiatives including cyberlaw research, Internet safety, and technical empowerment, both locally and globally.

We favour self-regulation, but where appropriate we advocate stronger regulatory intervention should issues of market power threaten the openness and accessibility of the Internet.

InternetNZ is also delegated manager of the .nz country code top level domain (ccTLD) and represents New Zealand at a global level through that role.

InternetNZ is a non-profit, open membership, incorporated society, overseen by a council elected from its members. There are two subsidiaries, the Domain Name Commission (DNC), which develops and enforces policies for the .nz domain name, and .nz Registry Services (NZRS), which maintains and publishes the register of .nz domain names, and operates the Domain Name System (DNS) for .nz.



1. Management of .nz

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

2. Advocacy and Public Policy

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

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

3. Technical Development and Innovation

Goal: World-class Internet infrastructure and capability in New Zealand

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

4. Organisational Capability

Goal: An organisation capable of delivering the Society’s Objectives and Strategic Plan

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



ACTA

The veil of secrecy surrounding the Anti Counterfeiting Trade Agreement (ACTA) was kept tightly drawn for much of 2009 – 2010. ACTA is an attempt to establish a global IP rights enforcement regime that will significantly impact peoples' digital freedoms. In April 2010, InternetNZ assisted the public in voicing concerns through an open conference dubbed PublicACTA. The output of PublicACTA — a

document called the Wellington Declaration — garnered over 8000 supporting signatures and was presented to the New Zealand Government negotiating team. The draft ACTA text was subsequently released, and InternetNZ continues to lobby against ACTA's Internet provisions.

Broadband Initiative

The Government's plan for deploying ultrafast broadband to 75% of New Zealanders was further developed during 2009 – 2010. InternetNZ strongly supports this initiative and continues to take a close interest in the policy framework to ensure that the final structure of the Government's \$1.5 billion investment will deliver fibre-to-the-home in as many places as possible.

Copyright

In 2009 – 2010 the Government came up with a new proposal to deal with the vexed issue of illicit peer-to-peer filesharing. The Copyright (Infringing File Sharing) Amendment Bill will repeal Section 92a of the Copyright Act 1994. It sets out a fairer regime that is focused on public education via notices, and tests allegations of infringement through a Tribunal process. InternetNZ remains concerned however that suspension of peoples' Internet accounts remains a final penalty and continues to argue that this is a disproportionate response to digital copyright infringement.



Cyberlaw Fellowship

Colombia Law School graduate Jonathan Penney was appointed Cyberlaw Fellow in August 2009. The Cyberlaw Fellowship is a joint project funded by InternetNZ and Victoria University, designed to support the development of expertise in Internet-related legal issues. Jonathan has been actively involved with InternetNZ's efforts in the copyright realm, notably ACTA, and his research focus this year is 'the Internet as a right'.

Filtering

In 2009 – 2010 the Department of Internal Affairs (DIA) deployed a voluntary filtering system that allows ISPs to block access to a blacklist of child abuse material. This attracted robust comment among InternetNZ members and a working group was formed to technically analyse the filtering system and consider its policy implications. InternetNZ subsequently released a position paper rejecting centralised filtering as an acceptable approach for New Zealand to take. The paper sets out the basis for this position and calls on the DIA to conduct a thorough study of the extent of access of child abuse material on the Internet and the best ways of addressing it.

World Internet Project

InternetNZ continued its support for the WIP (World Internet Project) New Zealand Survey, part of an international research initiative that tracks global trends in Internet use. The latest survey, released in March 2010, shows that 83% of New Zealanders are using the Internet. Two thirds of survey respondents said the Internet was so important to their everyday lives that losing access to it would be a problem. Nearly half of users report using social networking sites. The survey is an extremely useful resource for InternetNZ, our strategic partners and the wider community in terms of developing future policy initiatives aimed at increased and better use of technology.

R v the Internet

InternetNZ, the Law Commission and the Ministry of Justice jointly hosted a seminar in December 2009 for legal and Internet professionals to discuss a range of issues around suppression orders, contempt of court and the Internet. Over 80 people attended to discuss undermining of suppression orders online, the lack of jurisdiction over material hosted outside New Zealand, and whether or not online discussion of trials should be considered contempt of court.

Submissions to Government

InternetNZ continued its interaction with the Government and Parliament on a range of legislative and regulatory issues. Major submissions were filed with government agencies on the broadband investment initiative, IP interconnection, the Anti Counterfeiting Trade Agreement, software patents, copyright reform and Internet filtering.

IPv6 (Internet Protocol Version 6)

In 2009 – 2010 the New Zealand IPv6 Task Force was established to develop an IPv6 action plan, training and education options, and assist with IPv6 implementation planning. The Task Force supercedes the New Zealand IPv6 Steering Group and is aligned with the Global IPv6 Forum. Its work is strongly supported by InternetNZ, which provides funding and ongoing Secretariat support.



InternetNZ also helped organise a series of IPv6 Hui in August 2009 to tackle the need for New Zealand corporate and industry networks to implement IPv6. Keynote speaker, 'Father of the Internet' Vint Cerf, declared that the remaining pool of IPv4 addresses will be fully exhausted by 2011 and urged the audience of CIOs to "implement IPv6 now".

NZNOG

NZNOG (New Zealand Network Operators' Group) is an independent structure for which InternetNZ provides secretariat and sponsorship support. The January 2010 NZNOG conference, held in Hamilton, attracted over 100 network operators and featured expert speakers on technical subjects including IPv6, video peering and ENUM.

Collaboration

To further InternetNZ's goal of protecting and promoting the Internet we have collaborated with a number of groups. In 2009 – 2010, strong links were maintained with the New Zealand IPv6 Taskforce, NZNOG, NetSafe, AUT, Victoria University Law Faculty and the Liz Dengate Thrush Foundation. Our aim is to continue building long-term relationships with organisations that work towards one or more of our objectives, maximising the effectiveness of each other's resources and strengths.

Grants Funding

InternetNZ provides grants funding for projects aligned with our objectives. Any person or organisation can apply for funding, with applications assessed by a Grants Committee.

In 2009 – 2010, funding was provided for a range of ICT initiatives, including:

- Broadband measurement at Waikato University's WAND research group
- Linux.conf.au conference fellowships
- .nz honeypot malware project
- Samoa telecentre rebuild (post-September 2009 earthquake & tsunami)
- NetSafe strategic partnership
- New Zealand World Internet Project survey
- Cyberlaw Fellowship at Victoria University's Law Faculty
- New Zealand IPv6 Taskforce support

InternetNZ launches new website

InternetNZ launched a new website in March 2010, providing richer and more connected content. The site encourages two-way dialogue via a blog and links to InternetNZ's Twitter and Flickr accounts. There is more information in key areas such as our strategic partnerships and grants funding, and the website is fully IPv6-enabled.

Event Sponsorships

InternetNZ supported a variety of Internet-related events in 2009 – 2010, including the:

- IPv6 Hui
- Kiwicon conference
- Linux.conf.au conference
- NZNOG 2010
- Foo Camp 2010
- Open Government Data Bar Camp



InternetNZ moves office

In October 2009 InternetNZ moved to new premises at Grand Arcade Tower on Wellington's Willis Street. The new office provides a more efficient use of space, with staff from InternetNZ, the DNC and NZRS working together on one level.

International Activity

APTLD

(Asia Pacific Top Level Domain Association)

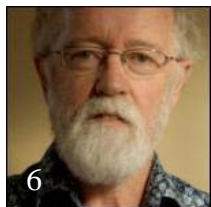
APTLD is the association for ccTLD managers in the Asia Pacific region. In 2009 – 2010 InternetNZ representatives attended meetings in Beijing and Kuala Lumpur, gaining valuable information regarding technological and operational issues of domain name registries in the Asia Pacific region.

ICANN

ICANN (Internet Corporation for Assigned Names and Numbers) is the private sector, non-governmental institution that coordinates the technical resources at the Internet's heart – the global DNS root. In 2009 – 2010, InternetNZ continued its participation at ICANN meetings internationally, with key focus areas being Internationalised Domain Names, new gTLDs and DNS security.



InternetNZ Directory 2009-2010



1. **Frank March**
President 2009 – 2012
Vice President 2007 – 2009
Secretary 1997 – 2001
Council 1994 – 1997, 2006 – 2007
InternetNZ Fellow – awarded 2001

2. **Jamie Baddeley**
Vice President 2009 – 2012
Council 2006 - 2009

3. **Liz Butterfield**
Council 2007 – 2010
InternetNZ Fellow – awarded 2006

4. **Donald Clark**
Council 2008 – 2011

5. **Michael Foley**
Council 2007 – 2012

6. **Neil James**
Council 2008 – 2010
InternetNZ Fellow – awarded 2001

7. **Hamish MacEwan**
Council 2007 – 2012

8. **Jonny Martin**
Council 2006 – 2010

9. **Judith Speight**
Council 2006 – 2010

10. **Chris Streatfield**
Council 2008 – 2011
Council 2001 - 2002
Secretary 2006 – 2008
Treasurer 2002 – 2006

11. **Nathan Torkington**
Council 2009 - 2011

12. **Michael Wallmannsberger**
Council 2008 – 2011
Council 2002 – 2003
Treasurer 2006 – 2008
Secretary 2003 – 2006

Audit Report

Audit
Grant Thornton New Zealand Audit
Partnership
L13, AXA Centre
80 The Terrace
PO Box 10712
Wellington 6143

T +64 (0)4 474 8500
F +64 (0)4 474 8509
www.grantthornton.co.nz

The Members and Stakeholders of Internet New Zealand and Group

We have audited the financial statements on pages 2 to 18. The financial statements provide information about the past financial performance and cash flows of Internet New Zealand Incorporated and its subsidiaries (the Society and Group) for the year ended 31 March 2010 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 7 to 11.

Council's Responsibilities

The Council are responsible for the preparation and presentation of the financial statements which fairly reflects the financial position of the Society and Group as at 31 March 2010 and results and cash flows for the year ended on that date.

Auditors' Responsibilities

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

Basis of Opinion

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

- the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- whether the accounting policies used are appropriate to the company'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 statements are 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 statements.

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

Unqualified Opinion

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

In our opinion the financial report on pages 2 to 18 fairly reflects the financial position of the Society and Group as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 11 June 2010 and our unqualified opinion is expressed as at that date.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
22 June 2010

Internet New Zealand Incorporated
Annual Report
For the Year Ended 31st March 2010

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ

Annual Report
For the Year Ended 31st March 2010

Schedule of Contents

	Page
- Annual Report	1
- Statement of Comprehensive Income	2
- Statement of Changes in Equity	3
- Balance Sheet	4
- Statement of Cashflows	5-6
- Accounting Policies	7-12
- Notes to the Financial Statements	13-18
- Audit Report	19-20

Annual Report
For the Year Ended 31st March 2010

Financial Result

The Group Net Profit for the year, after taxation, was \$1,043,715 (2009 \$813,887).

	2010		2009	
	Parent	Group	Parent	Group
Retained Earnings as at 1 April	2,166,712	6,711,266	2,333,707	5,897,379
Net Profit (Loss) After Taxation	<u>166,576</u>	<u>1,043,715</u>	<u>(166,995)</u>	<u>813,887</u>
Retained Earnings as at 31st March	<u>\$2,333,288</u>	<u>\$7,754,981</u>	<u>\$2,166,712</u>	<u>\$6,711,266</u>

Dividend

Dividends of \$2,490,000 were received from New Zealand Domain Name Registry Limited, a wholly owned company, for the year ended 31st March 2010 (2009 \$2,112,000).

Remuneration of Council

During the year Council received the following remuneration:

Fees Paid

Frank March - President	19,750
James Baddeley - Vice President	10,500
Liz Butterfield	750
Donald Clark	nil
Stewart Flemming	3,000
Michael Foley	9,000
Neil James	9,000
Hamish MacEwan	9,000
Jonny Martin	9,000
Peter McCaulay	8,000
Judy Speight	9,000
Chris Streatfield	9,000
Nat Torkington	5,250
Michael Wallmannsberger	9,300

\$110,550

For and on Behalf of the Council

President

Vice President

11 June 10 **Date**

Internet New Zealand Incorporated
Statement of Comprehensive Income
For the Year Ended 31st March 2010

	Note	2010		2009	
		Parent	Group	Parent	Group
Registry Fees		-	6,840,284	-	6,361,318
Other Income		231,029	139,888	41,557	159,696
		<u>231,029</u>	<u>6,980,172</u>	<u>41,557</u>	<u>6,521,014</u>
Less Expenses					
Registry Services		-	1,751,221	-	1,702,246
Domain Name Commission		-	650,430	-	659,618
Public Policy		628,283	628,283	507,788	507,788
Society		1,040,260	1,040,261	987,641	965,060
Technical Leadership		191,263	191,263	99,034	99,034
Audit Fees		9,504	27,376	6,401	25,105
Employee Remuneration		593,756	1,603,189	639,771	1,494,540
Finance Cost		6,596	6,596	45,074	51,134
Depreciation & Amortisation	5,6	32,771	237,751	31,076	208,470
Rent		92,909	211,263	46,212	214,958
Loss on Disposal of Fixed Assets		-	56,533	-	-
Total Expenses		<u>2,595,342</u>	<u>6,404,166</u>	<u>2,362,997</u>	<u>5,927,953</u>
Surplus/(Deficit) from Operations		(2,364,313)	576,006	(2,321,440)	593,061
Plus Other Income/(Expenses)					
Dividend Income		2,490,000	-	2,112,000	-
Interest		16,294	467,709	42,445	660,396
Sundry Income		24,595	-	-	-
Surplus/(Deficit) for the Year		<u>166,576</u>	<u>1,043,715</u>	<u>(166,995)</u>	<u>1,253,457</u>
Less:					
Income Tax Expense	1	-	-	-	439,570
Profit for the Year		<u>166,576</u>	<u>1,043,715</u>	<u>(166,995)</u>	<u>813,887</u>
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the Year		<u>\$166,576</u>	<u>\$1,043,715</u>	<u>(\$166,995)</u>	<u>\$813,887</u>
Attributable to:					
Minority Interest		-	-	-	-
Internet New Zealand Incorporated		<u>166,576</u>	<u>1,043,715</u>	<u>(166,995)</u>	<u>813,887</u>
		<u>\$166,576</u>	<u>\$1,043,715</u>	<u>(\$166,995)</u>	<u>\$813,887</u>

The Notes form part of these Financial Statements and should be read in conjunction with them.



Internet New Zealand Incorporated
Statement of Changes in Equity
For the Year Ended 31st March 2010

	Note	2010		2009	
		Parent	Group	Parent	Group
Retained Earnings					
Opening Retained Earnings		2,166,712	6,711,266	2,333,707	5,897,379
Total Comprehensive Income for the Year					
Net Profit (Loss) After					
Taxation		166,576	1,043,715	(166,995)	813,887
Other Comprehensive Income		-	-	-	-
Retained Earnings as at 31st March		<u>\$2,333,288</u>	<u>\$7,754,981</u>	<u>\$2,166,712</u>	<u>\$6,711,266</u>

The Notes form part of these Financial Statements and should be read in conjunction with them.



Internet New Zealand Incorporated
Balance Sheet
As At 31st March 2010

	Note	2010		2009	
		Parent	Group	Parent	Group
Current Assets					
Cash and Cash Equivalents	3	1,381,851	11,523,715	1,518,686	9,983,001
Other Current Assets	4	102,420	1,066,763	104,436	1,377,158
Total Current Assets		<u>1,484,271</u>	<u>12,590,478</u>	<u>1,623,122</u>	<u>11,360,159</u>
Property, Plant & Equipment					
	5	375,538	649,295	67,579	339,451
Investments					
Shares in Subsidiaries	10	610,000	-	610,000	-
Hector's World Limited Loan	9	148,330	148,330	94,926	94,926
Total Investments		<u>758,330</u>	<u>148,330</u>	<u>704,926</u>	<u>94,926</u>
Intangible Assets					
	6	8,295	189,559	3,955	22,619
Total Assets		<u>2,626,434</u>	<u>13,577,662</u>	<u>2,399,582</u>	<u>11,817,155</u>
Less Liabilities:					
Current Liabilities					
Deferred Income - Current	12	-	3,524,629	-	3,156,877
Trade and Other Payables	7	293,146	743,155	232,870	633,841
Total Current Liabilities		<u>293,146</u>	<u>4,267,784</u>	<u>232,870</u>	<u>3,790,718</u>
Term Liabilities					
Deferred Income	12	-	1,554,897	-	1,315,171
Total Liabilities		<u>293,146</u>	<u>5,822,681</u>	<u>232,870</u>	<u>5,105,889</u>
Net Assets		<u>\$2,333,288</u>	<u>\$7,754,981</u>	<u>\$2,166,712</u>	<u>\$6,711,266</u>
Represented by:					
Total Equity		<u>\$2,333,288</u>	<u>\$7,754,981</u>	<u>\$2,166,712</u>	<u>\$6,711,266</u>

For and on Behalf of the Council


President


Vice President

11/6/10
Date

The Notes form part of these Financial Statements and should be read in conjunction with them.



Internet New Zealand Incorporated
Statement of Cash Flows
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
Cash Flows From Operating Activities				
Cash was Provided From				
Net Receipts from Customers	-	7,420,211	-	6,705,928
Net GST Received	-	-	-	20,193
Receipt of Taxation	-	382,188	-	-
Interest Received	15,081	465,896	55,722	656,048
	<u>15,081</u>	<u>8,268,295</u>	<u>55,722</u>	<u>7,382,169</u>
Cash was Distributed To:				
Payments to Suppliers and Employees	2,218,691	5,870,814	2,403,160	5,742,337
Payment of Taxation	2,087	-	1,989	772,041
Net GST Paid	16,068	25,178	4,934	-
	<u>2,236,846</u>	<u>5,895,992</u>	<u>2,410,083</u>	<u>6,514,378</u>
Net Flows Operating Activities	(2,221,765)	2,372,303	(2,354,361)	867,791
Cash Flows From Investing & Financing Activities				
Cash was Provided From				
Dividend Received	2,490,000	-	2,112,000	-
Share Redemption	-	-	-	-
	<u>2,490,000</u>	<u>-</u>	<u>2,112,000</u>	<u>-</u>
Cash was Distributed To:				
Shares in Subsidiary	-	-	580,000	-
Interest Expense	-	521	-	-
Loan to Hectors World	60,000	60,000	140,000	140,000
Purchase of Fixed Assets & Intangibles	345,070	771,068	41,442	182,686
	<u>405,070</u>	<u>831,589</u>	<u>761,422</u>	<u>332,686</u>
Net Cash Flows From Investing Activities	2,084,930	(831,589)	1,350,558	(322,686)
Net Increase (Decrease) In Cash Held	(136,835)	1,540,714	(1,003,803)	545,105
Add: Opening Cash Balance	<u>1,518,686</u>	<u>9,983,001</u>	<u>2,522,489</u>	<u>9,437,896</u>
Closing Cash Carried Forward	<u>1,381,851</u>	<u>11,523,715</u>	<u>\$1,518,686</u>	<u>\$9,983,001</u>
Closing Cash Comprises				
Cash and Cash Equivalents	<u>1,381,851</u>	<u>11,523,715</u>	<u>\$1,518,686</u>	<u>\$9,983,001</u>
Total Closing Cash	<u>\$1,381,851</u>	<u>\$11,523,715</u>	<u>\$1,518,686</u>	<u>\$9,983,001</u>

The Notes form part of these Financial Statements and should be read in conjunction with them.



Internet New Zealand Incorporated
Statement of Cash Flows (Continued)
For the Year Ended 31st March 2010

Cash Flow Reconciliation

	2010		2009	
	Parent	Group	Parent	Group
Net Profit (Loss) After Taxation	166,576	1,043,715	(166,995)	813,887
Add/(deduct) Non - cash items				
Finance Cost	6,596	6,596	45,074	45,074
Depreciation	29,289	210,330	28,848	195,713
Interest Expense	-	521	-	-
Amortisation	<u>3,482</u>	<u>27,421</u>	<u>2,228</u>	<u>12,757</u>
	39,367	244,868	76,150	253,544
Movement in working capital				
(increase)/decrease in receivables	43,164	(29,460)	(48,354)	(69,178)
(increase)/decrease in GST receivable	(16,068)	(24,190)	(4,934)	11,590
increase/(decrease) accounts payable	60,276	175,139	(131,388)	(78,054)
(increase)/decrease interest receivable	(1,213)	(1,813)	13,277	(4,348)
(increase)/decrease tax receivable	(2,087)	382,188	(1,989)	(332,471)
(increase)/decrease prepayments	(21,780)	(82,155)	21,872	25,526)
Loss on Disposal of Fixed Assets	-	56,533	-	-
increase/(decrease) deferred income	<u>-</u>	<u>607,478</u>	<u>-</u>	<u>247,295</u>
	62,292	1,083,720	(151,516)	(199,640)
Dividend Received	<u>(2,490,000)</u>	<u>-</u>	<u>(2,112,000)</u>	<u>-</u>
Net Cash Flow Operations (as per Cash Flow Statement)	<u>\$(2,221,765)</u>	<u>\$2,372,303</u>	<u>\$(2,354,361)</u>	<u>\$867,791</u>

The Notes form part of these Financial Statements and should be read in conjunction with them.



Accounting Policies
For the Year Ended 31st March 2010

Significant Accounting Policies

Internet New Zealand Incorporated ("INZ") is a society domiciled in New Zealand. The consolidated financial statements of INZ for the year ended 31st March 2010 comprise INZ and its subsidiaries (together referred to as the "Group"). The financial statements were authorised for issue by the councillors.

The principal activity of INZ is to keep the Internet open and uncaptureable, protecting and promoting the Internet for New Zealand.

(a) Statement of compliance

The Group financial statements have been prepared on the basis of being a public benefit entity. Adjustments have been made where appropriate to any profit orientated subsidiaries to restate accounting policies to those of a public benefit entity.

These financial statements are prepared in compliance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) complying with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Group qualifies for Differential Reporting because it is not publicly accountable and does not qualify as a large entity as defined in the framework for Differential Reporting by the New Zealand Institute of Chartered Accountants. The Group has not taken advantage of any of the Differential Reporting Exemptions.

The group is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

(b) Basis of preparation

Presentation Currency

The financial statements are presented in New Zealand dollars. They are prepared on a historical cost basis except for investments which are stated at their fair value.

Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Changes to Accounting Policies

The Group has adopted the following new interpretations, revisions and amendments to NZ IFRS which are relevant to and effective for the Group's financial statements for the annual period beginning 1 April 2009:

- NZ IAS 1 Presentation of Financial Statements

Accounting Policies
For the Year Ended 31st March 2010

Adoption of NZ IAS 1 Presentation of Financial Statements (Revised 2007)

The Group has adopted NZ IAS 1 Presentation of Financial Statements (Revised) in its Financial Statements. This standard has been applied retrospectively. The adoption of the standard does not affect the financial position or profits of the Group, but gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were recognised directly in equity are now recognised in other comprehensive income.

NZ IAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of Comprehensive Income'.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been consistently applied by Group entities.

(c) Basis of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being INZ (the parent entity) and its subsidiaries as defined in NZ IAS-27 "Consolidated and Separate Financial Statements". A list of subsidiaries appears in note 10 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

In preparing the consolidated financial statements, all interentity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(d) Employee entitlements

The provisions for employee entitlements to wages, salaries, annual leave and long service leave payments represent the amount for which there is a present obligation to pay resulting from employees' services provided up to balance date.

(e) Financial assets

Financial assets consist of cash, deposits and receivables. Upon recognition financial assets are recognised at fair value. Subsequent to initial recognition financial assets are classified as loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are restated at amortised cost using the effective interest rate method.

(f) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.



Accounting Policies
For the Year Ended 31st March 2010

(g) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

(h) Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST) except for trade debtors, receivables and payables that are stated inclusive of GST.

(i) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at a fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income immediately, unless the relevant asset is carried at a fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Income Tax

The Group was registered as a Charity under the Charities Act 2005 and therefore exempt from income tax under Section CW41 & CW42 of the Income Tax Act 2007 effective from when it was granted charitable status.

Internet New Zealand Inc is registered as a charity in terms of the Charities Act 2005 with effect from 30 June 2008. The wholly owned subsidiaries, New Zealand Domain Name Registry Limited and Domain Name Commission Limited were registered as charities in terms of the Charities Act 2005 with effect from 19 August 2008 and 10 October 2008 respectively.

Current tax (with respect to the the comparative year)

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).



Accounting Policies
For the Year Ended 31st March 2010

Current tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the current tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- differences relating to goodwill not deductible for tax purposes,
- the initial recognition of assets or liabilities that affect neither the accounting nor taxable profit,
- investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Intangible assets

Trademarks

Trademarks are finite life tangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 7 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Software

Software is a finite life intangible asset and is recorded at cost less accumulated amortisation. Amortisation is charged on a diminishing value basis over the estimated useful life.

(l) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost as deemed cost less accumulated depreciation and impairment losses, see accounting policy (i).

Accounting Policies
For the Year Ended 31st March 2010

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses, see accounting policy (n). Lease payments are accounted for as described in accounting policy (l).

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

(iv) Depreciation

Depreciation is charged on a diminishing value or straight line basis on all property, plant and equipment over the estimated useful life. Depreciation is charged to the Statement of Comprehensive Income. The principal rates used to calculate depreciation are -

Leasehold Improvements	11.4 - 31.2% DV
Furniture & Fittings	11.4 - 48.0% DV
Office Equipment	9.6 - 80.4% DV or SL
Computer Hardware	31.2 - 80.4% DV

(o) Provisions

Provisions are recognised when the consolidated entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(p) Revenue recognition**Rendering of services**

Revenue from a contract to provide services is recognised when the services are performed.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(q) Capital Management

The Group's capital is accumulated surpluses from trading. The Group manages its revenue, expenses, assets and liabilities prudently in order that the objectives of the ultimate charitable group are met. The Group has no external third party imposed capital management requirements.



Notes To The Financial Statements
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
1. Income Tax				
Taxable Profit/(loss) from Operations	-	-	(166,995)	1,279,774
Non-Deductible Expenses	-	-	10,933	17,759
Imputation Credits Received	-	-	<u>346,746</u>	<u>-</u>
Taxable Profit/(Loss)	-	-	190,684	1,297,533
Income Tax at 30%	-	-	57,205	389,260
Imputation Credits Received	-	-	<u>(346,746)</u>	<u>-</u>
	-	-	(289,541)	389,260
Losses from previous year	-	-	(2,002,988)	(2,001,132)
Losses forfeited on charitable status	-	-	2,292,529	1,172,302
Transfer to losses to Carry Forward	-	-	<u>-</u>	<u>-</u>
	-	-	-	(439,570)

The Net Profit of the subsidiaries was taxable to the date they were granted charitable status. The entire group now has charitable status and is exempt from income tax.

Current Tax Assets and Liabilities

Current Tax Assets

Tax refund Receivable	4,419	8,664	2,332	405,127
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Current Tax Payables

Income Tax Payable	-	-	-	13,741
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2. Imputation Credit Account

Opening Balance	-	-	-	1,637,924
Plus:				
Resident Withholding Tax Paid	-	-	-	174,472
Income Tax Payments	-	-	-	<u>640,503</u>
	-	-	-	814,975
Less:				
Imputation Credits attached to Dividends Paid	-	-	-	1,040,239
Credits lost on charitable status	-	-	-	1,353,650
Income Tax Refunds Received	-	-	-	<u>59,010</u>
Closing Balance	-	-	-	-

The Notes form part of these Financial Statements and should be read in conjunction with them.



Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
3. Cash and Cash Equivalents				
Cash on Hand	400	400	400	400
Cash at Bank	1,010,937	2,463,812	3,361,772	2,490,591
Term Deposits	<u>370,514</u>	<u>9,059,503</u>	<u>156,514</u>	<u>7,492,010</u>
Total Cash and Equivalents	1,381,851	11,523,715	1,518,686	9,983,001
4. Other Current Assets				
Trade receivables	23,609	793,451	66,773	763,458
Interest Receivable	3,230	171,255	2,017	169,442
GST Receivable	43,961	-	27,893	27,893
Tax Receivable	4,419	8,664	2,332	405,127
Pre-payments	27,201	93,393	5,421	11,238
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	102,420	1,066,763	104,436	1,377,158

The Notes form part of these Financial Statements and should be read in conjunction with them.



Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

5. Property, Plant & Equipment

Parent

The following gives details of the cost or valuation of assets and depreciation written off to date:

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Depreciation For Year</u>	<u>Accumulated Depreciation</u>	<u>Book Value This Year</u>
Furniture & Fittings	351,643	11,953	42,256	309,387
Computer Hardware	205,389	14,707	144,320	61,068
Office Equipment	12,454	2,629	7,371	5,082
	<u>\$569,486</u>	<u>\$29,289</u>	<u>\$193,947</u>	<u>\$375,537</u>

<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Depreciation For Year</u>	<u>Accumulated Depreciation</u>	<u>Book Value Last Year</u>
Furniture & Fittings	64,717	5,362	30,303	34,414
Computer Hardware	157,941	21,735	129,614	28,327
Office Equipment	9,580	1,751	4,742	4,838
	<u>\$232,238</u>	<u>\$28,848</u>	<u>\$164,659</u>	<u>\$67,579</u>

Group

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Depreciation For Year</u>	<u>Accumulated Depreciation</u>	<u>Book Value This Year</u>
Leasehold Improvements	-	3,912	-	-
Furniture & Fittings	351,643	11,953	42,256	309,387
Office Equipment	102,197	18,006	53,212	48,985
Computer Hardware	947,057	176,459	656,134	290,923
	<u>\$1,400,897</u>	<u>\$210,330</u>	<u>\$751,602</u>	<u>\$649,295</u>

<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Depreciation For Year</u>	<u>Accumulated Depreciation</u>	<u>Book Value Last Year</u>
Leasehold Improvements	102,091	7,116	47,117	54,974
Furniture & Fittings	64,717	5,362	30,303	34,414
Office Equipment	255,478	11,032	181,442	74,036
Computer Hardware	684,910	172,203	508,883	176,027
	<u>\$1,107,196</u>	<u>\$195,713</u>	<u>\$767,745</u>	<u>\$339,451</u>

The Notes form part of these Financial Statements and should be read in conjunction with them.



Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

6. Intangible Assets

Parent

The following gives details of the cost or valuation of assets and amortisation written off to date:

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value This Year</u>
Software	55,296	3,482	47,002	8,295

<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value Last Year</u>
Software	47,474	2,228	43,519	3,955

Group

<u>This Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value This Year</u>
Software	891,597	26,183	702,995	188,602
Trademark	10,446	1,238	9,489	957
	<u>\$902,043</u>	<u>\$27,421</u>	<u>\$712,484</u>	<u>\$189,559</u>

<u>Last Year</u>	<u>Cost or Valuation</u>	<u>Amortisation For Year</u>	<u>Accumulated Amortisation</u>	<u>Book Value Last Year</u>
Software	702,509	11,519	680,258	22,251
Trademark	8,619	1,238	8,251	368
	<u>\$711,128</u>	<u>\$12,757</u>	<u>\$688,509</u>	<u>\$22,619</u>

The Notes form part of these Financial Statements and should be read in conjunction with them.



Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

	2010		2009	
	Parent	Group	Parent	Group
7. Trade and other Payables				
Trade Payables	210,356	618,270	158,989	422,414
GST Payable	-	26,923	-	79,006
Employee Benefits	33,599	97,962	73,881	118,680
Lease Incentives	49,191	-	-	-
Tax Payable	-	-	-	13,741
Other	-	-	-	-
	293,146	743,155	232,870	633,841

8. Financial Instruments

Credit Risk

Financial instruments which potentially subject the parent and group to credit risk consist principally of bank balances and accounts receivable.

The parent and group has a credit policy which is used to manage this exposure to credit risk. As part of this policy limits on exposures with counter parties have been set and are monitored on a regular basis.

The parent and group performs credit evaluations on all customers requiring credit and does not require collateral. The parent and group further minimises its credit exposure by limiting the amount of surplus funds placed with any one financial institution at any one time.

9. Related Party Disclosures

Transactions between Subsidiaries

Internet New Zealand Incorporated (INZ) owns 100% of New Zealand Domain Name Registry Limited (NZDNRL) and Domain Name Commission Limited (DNCL).

INZ receives dividends declared and paid by NZDNRL during the year totalling \$2,490,000 (2009 \$2,112,000).

Up to 13 November 2009 INZ and DNCL were sub-tenants of the premises occupied by NZDNRL. INZ and DNCL paid rent of \$222,182 and outgoings of \$54,497 (total \$276,679, 2009 \$141,217) to NZDNRL during the year.

Subsequent to 13 November 2009 NZDNRL and DNCL are sub-tenants of the premises leased by INZ. NZDNRL and DNCL recognised rent incentive expenses of \$12,298 and \$12,298 to INZ in the current year.

During the year, NZDNRL and DNCL made contributions of \$60,000 and \$75,000 to INZ for the office premises fit out cost.

Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

Key Management Personnel

The Company has a related party relationship with its directors and executive officers.

Liz Butterfield, an INZ councillor, is the Managing Director of Hector's World Limited that has received a loan of \$200,000 from INZ. The loan is interest free and repayable in 2013. The carrying value of the loan represents the present value of the future receivable applying amortised cost using the effective interest method.

Except as stated above there are no other related party transactions.

10. Subsidiaries

Name of Entity	Country of Incorporation	2010	2009
Parent Entity			
Internet New Zealand Incorporated	New Zealand		
Subsidiaries			
New Zealand Domain Name Registry Limited	New Zealand	100%	100%
Domain Name Commission Limited	New Zealand	100%	100%

11. Operating Leases

	2010		2009	
	Parent	Group	Parent	Group
Less than one year	79,975	79,975	-	197,045
Between one and two years	137,100	137,100	-	-
Between three and five years	274,200	274,200	-	-
More than five years	<u>217,075</u>	<u>217,075</u>	<u>-</u>	<u>-</u>
Total	708,350	708,350	-	197,045

12. Deferred Income

The group has invoiced clients for \$5,079,526 (2009 \$4,472,048) in advance. \$3,524,629 of this is current and \$1,554,897 is non-current.

13. Contingent Liabilities and Commitments

At 31 March 2010 the Group had no contingent liabilities or commitments (2009 \$Nil).

14. Segmental Reporting

The Group operates significantly within one region being New Zealand with one predominant source of revenue. Management reporting decision making is based upon this single segment.

The Notes form part of these Financial Statements and should be read in conjunction with them.



Notes To The Financial Statements (Continued)
For the Year Ended 31st March 2010

15. Standards & Interpretations to published standards that are not yet effective

At the date of authorisation of these financial statements certain new standards, amendments and interpretations to existing standards have been published but are not yet effective at balance sheet date and have not been early adopted.

The company has assessed the relevance of new standards, interpretations and amendments and has determined that the following may be relevant to its operations.

NZ IFRS 9 - *Financial Instruments: Classification and Measurement* was issued on the 12th of November 2009 and companies that do not wish to adopt early are required to apply from 1 January 2013.

NZ IFRS 9 requires an entity to classify financial assets at either amortised costs or fair value. Currently the Company is required to classify its financial assets into one of four categories: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity.

Given at present all financial assets are classified as loans and receivables and will continue to be measured at amortised cost when NZ IFRS 9 is adopted, no impact is expected from the implementation of this standard.

Proxy Form - InternetNZ Annual General Meeting 2010

I am a financial member of InternetNZ.

I hereby appoint a financial member of InternetNZ, to vote my proxy at the AGM of InternetNZ to be held on Thursday 29 July 2010.

My proxy is valid for (eliminate two of the following):

All issues

Elections only

Selected issues (please list below):

.....
.....
.....

My Proxy Holder is assigned FULL /PARTIAL/ NO (eliminate two) discretion in the casting of my vote/s.

Signed:

Date:

You will need to send your Proxy Holder your online voting login and password as well. We suggest that you do this by direct contact with your Proxy Holder, but if you prefer you may include these in the space below and the office will pass the information on to them on your behalf.

Online login:

Online password:

Please note that all details must be filled in for this to be acceptable as an instrument of proxy. All proxies must be received at the Society's office 48 hours before the scheduled start of the AGM either by posting to:

InternetNZ
PO Box 11-881
Wellington 6142

Or by facsimile to:
+64 4-495-2115

For more information, please refer to section 11.5 of the InternetNZ constitution:
www.internetnz.net.nz/content/constitution