

Agenda for a meeting of the InternetNZ Council
Friday 20 August 2010
Level 9 Grand Arcade Tower, 16 Willis St, Wellington

Start	Item	Person
10.00 am	Strategic discussion: Governance overview for new Councillors	President Vikram Kumar Susi Cosimo
10.30 am	Council alone time	President
11.00 am	Strategic discussion: Communications with Members	President
11.30 am	Strategic discussion: 2011/12 planning cycle	Vikram Kumar
12.00 pm	Apologies Declaration of Councillor interests Agenda consideration - in committee items	President
12.05 pm	Consent agenda item Ratification of minutes – 11 June 2010 a. President's Report b. Evote ratification	President
12.15 pm	Matters arising from the minutes Outstanding action points from previous meeting	President
12.20pm	Audit and Risk Committee Funds Investment Management Policy Appointment of Chair and new Committee Member	Cr Donald Clark Cr Michael Foley
12.25pm	Group Financials First quarter consolidated financial statements	President
12.30pm	Lunch	
1.00 pm	Strategic discussion: The Internet and Human Rights	Joy Liddicoat Jordan Carter
1.30 pm	Domain Name Commission Limited report Monthly report for May Monthly report for June First quarter report	Debbie Monahan Joy Liddicoat
1.40 pm	NZ Registry Services report First quarter report	Jay Daley Doug Mercer
1.55 pm	External Relations report	Keith Davidson
2.15 pm	Afternoon tea	
2.30 pm	InternetNZ operational CE's report Financial report to June 2010 Grants report Group cash in excess of reserves Cyberlaw Fellowship Membership update Ratification of Council meeting dates for 2011	Vikram Kumar
3.45 pm	General business Honouring the late Paul Reynolds	President
4.15 pm	Meeting ends	

Annotated Agenda for a meeting of the InternetNZ Council

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12.00 pm	Apologies Declaration of Councillor interests Agenda consideration - in committee items	President
12.05 pm	Consent agenda item <i>THAT the minutes of the meeting held on 11 June 2010 be received and adopted as a true and correct record, and THAT the following reports be received:</i> a. President's Report b. Evote ratification	President
12.15 pm	Matters arising from the minutes Outstanding action points from previous meeting	President
12.20pm	Audit and Risk Committee Funds Investment Management Policy Appointment of Chair and new Committee Member <i>THAT the Funds Investment Management Policy be adopted.</i>	Cr Donald Clark Cr Michael Foley
12.25pm	Group Financials First quarter consolidated financial statements <i>THAT first quarter consolidated financial statements be received.</i>	President
12.30pm	Lunch	
1.00 pm	Strategic discussion: The Internet and Human Rights	Joy Liddicoat Jordan Carter
1.30 pm	Domain Name Commission Limited report Monthly report for May Monthly report for June First quarter report <i>THAT the DNCL monthly report for May be received.</i> <i>THAT the DNCL monthly report for June be received.</i> <i>THAT the DNCL first quarter report be received.</i>	Debbie Monahan Joy Liddicoat
1.40 pm	NZ Registry Services report First quarter report <i>THAT the NZRS first quarter report be received.</i>	Jay Daley Doug Mercer
1.55 pm	External Relations report <i>THAT the External Relations report be received.</i>	Keith Davidson
2.15 pm	Afternoon tea	

2.30 pm

InternetNZ operational

Vikram Kumar

CE's report

Financial report to June 2010

Grants report

Group cash in excess of reserves

Cyberlaw Fellowship

Membership update

Ratification of Council meeting dates for 2011

THAT the Chief Executive's report be received.

THAT the financial report to 30 June 2010 be received.

THAT the Council notes the decisions and recommendations made by the Grants Committee regarding grants funding requests since the last Council meeting on 11 June 2010.

THAT the Council agree that the special dividend of \$2.4 million paid or payable by NZRS to InternetNZ in the financial year 2010-2011 be invested in accordance with the Funds Investment Management Policy.

THAT the Council discusses the desired outcomes and strategic alignment of InternetNZ's efforts in the cyberlaw area with its own goals.

THAT Council discusses if there are any other options that can be identified and evaluated to further InternetNZ's efforts in the cyberlaw area.

THAT the new members be approved.

THAT the proposed dates for 2011 Council meetings be accepted as the formal meeting dates of Council.

3.45 pm

General business

President

Honouring the late Paul Reynolds

4.15 pm

Meeting ends

InternetNZ Councillor Register of Interests

Officers and Councillors are required to register any interests, commercial, political or organisational, which they believe may be relevant to the perception of their conduct as a Councillor or Officer. Officers and Councillors are, however, still required to declare a Conflict of Interest, or an Interest, and have that recorded in the minutes.

Honoraria

Officers and Councillors receive the following annual honoraria:

President - \$18,000

Vice President - \$11,250

Councillor - \$9,000

Officers

Name: Frank March

Position: President, InternetNZ

Term: AGM 2009 - AGM 2012

Declaration Date: 21 March 2007, updated 12 August 2009

Interests:

- Holds two .nz domain name registrations
- Member of NZ Association of Scientists
- Employed by the NZ Government (Ministry of Economic Development), consequently: NZ representative on the Governmental Advisory Committee of ICANN
- Member of IPv6 Steering Group and administration team
- Member of the Institute of Directors
- Officer's Honorarium for InternetNZ

Name: Jamie Baddeley

Position: Vice President, InternetNZ

Term: AGM 2009 - AGM 2012

Declaration Date: 28 August 2007, updated 6 August 2009

Interests:

- Employee, FX Networks Ltd
- FX Networks are the ISP for both InternetNZ and NZRS
- Board member, ISPANZ
- Owner and Director of Viewpoint Consulting Ltd
- Viewpoint Consulting Ltd is a shareholder of FX Networks Ltd
- Registrant of vpc.co.nz, is.org.nz, internetstandards.org.nz

- Member of the New Zealand IPv6 Steering Group
- Officer's Honorarium for InternetNZ
- FX Networks is the core network provider for KAREN/REANNZ

Name: Donald Clark

Position: Councillor, InternetNZ
 Term: AGM 2008 - 2011
 Declaration Date: 20 April 2009

Interests:

- Holds several .nz domain name registrations
- CEO of REANNZ

Name: Michael Foley

Position: Councillor, InternetNZ
 Term: AGM 2009 - AGM 2012
 Declaration Date: 25 August 2007, updated 4 May 2010

Interests:

- Director of Voco Limited
- Vice Chairman of TUANZ Board
- Director of Domain Name Commission Ltd
- Domain Name Commission Director's fees
- Holder of .nz domain names
- Engaged by NZ Regional Fibre Group and Flute Network consortium of Southland/Otago electricity lines companies as advisor on UFB and RBI initiatives
- Member of Advisory Group for Enternet Online Limited (EOL)
- Councillor's Honorarium for InternetNZ

Name: Neil James

Position: Councillor, InternetNZ
 Term: AGM 2010 - AGM 2013
 Declaration Date: 28 August 2008

Interests:

- Deputy Chair, Advanced Network Capability Build Advisory Panel
- Member of Identity and Access Management for Education and Research (IMAGER)
- Supporting fibre development in the Dunedin region
- Fellow of NZCS
- Councillor's Honorarium for InternetNZ

Name: Hamish MacEwan

Position: Councillor, InternetNZ
 Term: AGM 2009 - AGM 2012
 Declaration Date: 24 August 2007; updated 21 August 2009

Interests:

- Self employed Open ICT consultant
- Works part-time as a recruitment consultant with SearchWorks
- Registrant of sundry .nz domains

- Councillor's Honorarium for InternetNZ

Name: Jonny Martin

Position: Councillor, InternetNZ

Term: AGM 2010 - AGM 2013

Declaration Date: 28 August 2007, updated 6 March 2009

Interests:

- Employee of Packet Clearing House
- Shareholder of FX Networks Ltd
- Director of the Asia Pacific Internet Association (APIA)
- Member of NZNOG and APRICOT organising committees
- Hold a number of .nz and .net domain names
- Councillor's Honorarium for InternetNZ

Name: Nathan Torkington

Term: AGM 2009 - AGM 2011

Declaration Date: 1 October 2009, updated 31 May 2010

Interests:

- Kiwi Foo Conference organiser
- Member of the advisory board to the Government Information Systems group within the Department of Internal Affairs
- Member of the Industry Advisory Board of the Auckland Bioengineering Institute
- Founder of Open New Zealand
- Sits on the Library Information Advisory Commission
- Blogger for O'Reilly Media
- Past consultant for Telecom New Zealand on innovation, and may continue to do so in the future
- Advisor to the American cloud computing startup Opscode
- Director of Information Systems and Strategy at Cambia
- Director, Silverstripe
- Director, He Hononga Software Ltd.
- .nz, .com, .org, .cn, .us domain registrant
- Councillor's Honorarium for InternetNZ

Name: Michael Wallmannsberger

Term: AGM 2008 - AGM 2011

Declaration Date: 31 July 2006, updated 4 May 2010

Interests:

- Employee of ASB Bank Limited
- Member of the New Zealand Labour Party.
- .nz domain name registrant
- Member of the Standards Council
- Member of the Institute of Directors
- Shareholder/Director, Wallmannsberger Ltd
- Councillor's Honorarium for InternetNZ

Name: Don Christie

Term: AGM 2010 - AGM 2013

Declaration Date: 10 August 2010

Interests:

- Director and shareholder of Catalyst IT Limited
- Catalyst in turn has interests in Flexible Learning Network and Truenet
- Member of the NZOSS
- Member of NZCS
- Member of the NZIIA
- Councillor's Honorarium for InternetNZ

Name: Lance Wiggs

Term: AGM 2010 - AGM 2013

Declaration Date: 9 August 2010

Interests:

- Beneficiary shareholder and consultant to Pacific Fibre Limited
- Owner and director of LanceWiggs Consulting
- Director and shareholder in several NZ companies operating online and which are owners of several .co.nz domain names
- Councillor's Honorarium for InternetNZ
- Director of Cadimage Limited, Graphisoft New Zealand Limited and Cadimage Group Limited
- Director of Powerkiwi Limited
- Director of Safepplus limited
- Director of Organik software limited
- Director of News Crowd Limited
- Director of Texmate New Zealand Limited
- Director of Lingopal Limited (Australia)
- Shareholder and advisor to Groupy Deals Limited
- Shareholder and advisor to Valuecruncher Limited
- Shareholder and advisor to Authentic Tours Limited
- Contracted to Fairfax Media for weekly columns

Name: Dave Moskovitz

Term: AGM 2010 - AGM 2011

Declaration Date: 9 August 2010

Interests:

- Registrant of .nz, .com, .org domains
- Councillor's Honorarium for InternetNZ
- Board memberships:
 - Think Tank Consulting Limited (Chair)
 - WebFund Limited (Chair)
 - Golden Ticket Limited (Chair)
 - WebFund Golden Ticket Holdings Limited
 - WebFund Smartshow Holdings Limited
- Shareholdings (all of the above, plus):
 - Ponoko Limited
 - Celsias Limited
 - 8interactive Limited
 - Numerous publicly listed companies
 - Admin Innovations Limited (through WebFund)
 - DIYFather Limited (through WebFund)

- Smartshow Limited (through WebFund)
- Non-profit Leadership:
- Trustee, Think Tank Charitable Trust
- Board member, AngelHQ Establishment Board
- Treasurer, Wellington Progressive Jewish Congregation
- Councillor, Wellington Regional Jewish Council
- Co-Chair, Wellington Council of Christians and Jews
- Other memberships:
- New Zealand Open Source Society
- Institute of Directors in New Zealand
- Springboard
- Royal Society

MINUTES OF COUNCIL MEETING

- Status:** Draft
- Present:** Frank March (President), Jamie Baddeley (Vice President), Liz Butterfield, Donald Clark, Michael Foley, Neil James, Hamish MacEwan, Judy Speight, Chris Streatfield, Michael Wallmannsberger, Nat Torkington.
- In Attendance:** Vikram Kumar (INZ Chief Executive), Susi Cosimo (Shared Services Unit Manager), Doug Mercer (NZRS Acting Chair), Jay Daley (NZRS Chief Executive), Graham Nahkees (NZRS Consultant), Joy Liddicoat (DNCL Chair), Debbie Monahan (Domain Name Commissioner), Keith Davidson (External Relations), Simon Riley (Member), Thomas Morgan (Member), Jordan Carter (Minute Taker).

Meeting Opened: *The President formally opened the meeting at 12.04pm, Council went into committee to discuss Board appointments and came out at 12.11pm.*

1. Apologies

Council received apologies from Jonny Martin, and from Donald Clark for partial attendance & Nat Torkington for lateness.

2. Declaration of Councillors Interests

The Vice President highlighted that FX Networks are now the backbone provider to KAREN.

Councillors were reminded to provide written confirmation of any changes to the register to susi@internetcz.net.nz.

3. Agenda Consideration – In Committee Items

The in-committee item was the first item in the agenda, dealing with the Nominations Committee recommendations.

4. Consent Agenda Item

- RN 19/10:** THAT the minutes of the meeting held on 19 March 2010 be received and adopted as a true and correct record, AND THAT the following reports be received:
- a. President's Report
 - b. Evote ratification

(President/Vice President)

CARRIED U

EVOTES

There have been two e-votes conducted since the last Council Meeting:

RN 20/10: THAT the e-votes be ratified.

Evote:		For:	Against:	Abstain:
I304101	President/Cr MacEwan That the application for funding from NZCS for \$75,000 over two years be declined at the current level of participation but that reconsideration occur if the applicant is able to muster a larger group of contributors representative of the beneficiaries of this programme.	Hamish MacEwan Nathan Torkington Liz Butterfield Jamie Baddeley Neil James Chris Streatfield Michael Wallmannsberger Donald Clark Judy Speight Jonny Martin Michael Foley		
I304102	President/Cr MacEwan That application from TUANZ for a grant of \$80,000 should be declined at this stage, with the proviso that InternetNZ uses its relationships and influence to encourage other potential funders of the project to consider investing. The applicant is also invited to reapply when the project and planning is more mature.	Hamish MacEwan Nathan Torkington Liz Butterfield Jamie Baddeley Neil James Chris Streatfield Michael Wallmannsberger Donald Clark Judy Speight Jonny Martin Michael Foley		

(President/Vice President)

CARRIED U

5. Matters Arising from the Minutes

There were no matters arising from the minutes. Pending Action Points are all completed, and no discussion required.

6. President's Report

Frank spoke briefly to his report noting the untimely and sad death of Paul Reynolds.

He spoke of the Nominations Committee's recommendations and noted that: Richard Currey's resignation of the DNCL Board created the need for someone to step in and complete his term, which has one year remaining. Also to note is that the NZRS Board would like to have Cr Wallmannsberger reappointed as their Council representative, this is dependent however on him being a Councillor. Cr Wallmannsberger has one year left on his Council term so can only be appointed for a one year term. Each term begins 1 August 2010.

RN 21/10: THAT Michael Wallmannsberger be appointed as the NZRS Council Representative for a one year term.

(President/Vice President)

CARRIED

Abstention: Michael Wallmannsberger

RN 22/10: THAT Richard Currey be appointed to the NZRS Board for a three year term.

(President/Vice President)

CARRIED U

RN 23/10: THAT Andy Linton be appointed to the DNCL Board for a three year term.

(President/Vice President)

CARRIED U

RN 24/10: THAT David Farrar be appointed to the DNCL Board for a three year term.
(President/Vice President)
CARRIED U

RN 25/10: THAT Kenneth Johnson be appointed to the DNCL Board for a one year term.
(President/Vice President)
CARRIED U

7. Audit and Risk Committee Report

Cr Streatfield presented a verbal report. The Committee met with the auditor yesterday. A minor suggestion was made to change the layout of audited accounts from next year with the Group as the first column and the Parent (INZ) the second, the reverse of the status quo. The audit confirmed that the society's accounting processes and systems are working well.

RN 26/10: THAT the verbal report of the Audit and Risk Committee be received.
(President/Cr Streatfield)
CARRIED U

The President thanked Cr Streatfield for the work chairing the Audit and Risk Committee and noted Cr Streatfield's upcoming resignation from Council and expressed his regret to see him leave Council.

8. CE Report

CE Update

Vikram Kumar spoke to the report. He noted the report is in two parts – the reactive work first, and the proactive part second. Vikram noted that on the personnel front, Keith has been extended for a year in his position as External Relations contractor.

There was a brief discussion about the role of the new website as a content management system and the issue of keeping it as an archive.

RN 27/10: THAT the Chief Executive's Report be received.
(President/Cr Streatfield)
CARRIED U

The meeting broke for lunch and returned to the Chief Executive's report after the DNCL and NZRS reports. It resumed at 1.02pm. Cr Clark arrived at the end of the lunch break.

Joy, Debbie, Jay, Doug and Keith joined the meeting. Simon Riley arrived at 1.05pm.

9. Domain Name Commission Limited Report

Joy spoke to the report, highlighting a few points and updating a couple of issues. The April report has a new part, underlining compliance and security work. The fourth quarter report shows that the projected loss is at \$125k, above budget due to contribution to office fit-out costs.

Joy also noted consultation is under way on the proposal to allow limited searches by registrant which would require changes to the current WHOIS Policy. One of the reasons for introducing such searches is to align with the dispute resolution policy. It is hoped good submissions will be received.

Council was advised that a letter had been received from the New Zealand Bankers' Association saying that the project will not proceed given the changed priorities on the part of their members.

RN 28/10: THAT the .bank 2LD be removed as a potential second level domain.

(Cr Streatfield/Vice President)

CARRIED U

Joy circulated the DNCL Annual Report.

Frank noted and complemented both subsidiaries for the 100% uptime on all DNS servers and for the SRS.

Cr Torkington endorsed having DNCL staff speaking at other events, and encouraged this across the group.

RN 29/10: THAT the DNCL February monthly report be received.
THAT the DNCL March monthly report be received.
THAT the DNCL April monthly report be received.
THAT the DNCL fourth quarter report be received.

(President/Cr Streatfield)

CARRIED U

RN 30/10: THAT DNCL be thanked for the production of their Annual Report.

(Cr Streatfield/President)

CARRIED U

1.13pm – 1.16pm Keith Davidson and Susi Cosimo left the meeting.

10. NZ Registry Services Report.

Doug Mercer and Jay Daley spoke to the NZRS Report noting that Doug is Acting Chair while Donna is out of the country. The key focus on 100% uptime for DNS and SRS continues and arises through continuous improvements. The SRS is having an EPP (Extensible Provisioning Protocol) enhancement added at the current time. Registrar consultation on this was extensive.

Satisfaction with the current interface and NZRS approach has led some to ask whether other TLDs could be made available through NZRS systems (i.e. that NZRS become an ICANN-accredited registrar for other TLDs). This is being considered as a possible business development issue, and feasibility is now being investigated by the CE after soundings across the group indicated willingness for this to occur. Any progression will be a Group initiative, following the group business development strategy endorsed at the October 2009 joint strategy day. If the initiative is found to be viable it will be brought back to Council before substantial resources or commitment is invested.

Jay introduced the fourth quarter report, highlighting: growth in domain name registrations, EPP implementation for the SRS, review of operational structure and new time service network installation. On ENUM, Jay explained that discussions with the TCF had now paused as the TCF had concluded they were too busy with UFB to discuss ENUM for the next several months.

Graham Nahkees gave a presentation on the NZRS Board self-assessment. The process was thorough, including several stages: interviews with Chair and CE, survey of Board members, and an extensive Board workshop. The overall impression is that NZRS is in the top segment of similar sized companies, has a rigorous approach to its work, and readily reaches conclusions as to where improvements can be made.

RN 31/10: THAT the NZRS fourth quarter report be received.

(President/Cr Streatfield)

CARRIED U

Debbie, Joy, Jay, Donna and Graham departed at 1.34pm, with Jay and Debbie then returning for

Keith's report.

11. External Relations Report

The President opened the item by congratulating Keith on his election as Chair of APTLD. Keith spoke to his report, opening the floor for questions after his presentation. He noted in the consolidated report with DNCL on the Kuala Lumpur APTLD meeting and Nairobi ICANN meeting, there were no controversial issues.

Upcoming meetings of interest include the Asia Pacific Regional IGF (starting in Hong Kong on Monday), then ICANN Brussels, then APTLD Sri Lanka will be of interest. Keith noted his other activities (ICANN delegations & redelegations Working Group, chaired by Keith for the ccNSO; and the development of a possible Pacific sub-regional IGF. Don Hollander will be attending next weeks Pacific ICT Ministers meeting in Tonga, to promote the idea of the Pacific IGF, in place of Keith, due to the clash of timing of the Tonga and Hong Kong meetings.

Keith noted that in respect of PIP, there will be \$10k forthcoming from .asia as matching funding if InternetNZ decides to make the grant on the table later in the meeting.

Cr Butterfield was presented with an Australia/New Zealand Best Practice Award, given to Hector's World Ltd for best Security initiative. She thanked everyone for the award, describing it as a great honour and invited people to visit the Hector's World website, where some new materials have recently been launched: www.hectorsworld.co.nz.

RN 32/10: THAT the External Relations report be received.

(President/Cr Streatfield)

CARRIED U

Keith left the meeting at 1.55pm.

12. CE Report - continued Financial Report to April 2010

Vikram spoke to the report. Expenditure is in line with expectations other than a few timing issues. Overall, under spend is around \$51k. Under spend in grants reflects World Internet Project invoice being later than expected. The rest of the pages are the full numbers. Overall, one month into the year, the position looks good.

Councillors said the annotations were very helpful. Cr Wallmannsberger asked for the Profit and Loss graph to be replicated for the cash position.

Grants

Vikram noted that grants under \$5k are made by the Grants Committee, and grants over this amount require Council decision. After the decisions of the Grants Committee and Council, about \$100k remains in the grants pool. Councillors discussed the recommendations of the Grants Committee, working through each of the proposed grants in turn, discussing the background for each. The committee recommended supporting each of the three applications.

2.10pm - 2.23pm - Council broke for afternoon tea.

In the discussion, Councillors noted the importance of avoiding a perception that funding grants will necessarily recur in future. Vikram also noted that there will be a register of grants made and reports from each grant put up on the website.

There was discussion on whether the majority of the budgeted grants pool should be spent so early in the year, or whether some funds should be held back for use later in the year. It was agreed that Council needs to decide on the merits of a request as and when received. However, changes to this approach, such as using tranches, will need to be considered in a review of the

grants process.

RN 33/10: THAT Council note the decisions made by Grants Committee regarding funding requests from the “grants pool” since the last Council meeting on 19 March 2010.

(President/Vice President)

CARRIED U

RN 34/10: THAT Council approve a grant for \$42,000 from Computer Clubhouse Trust for Network of Aotearoa Clubhouse (NOAC).

(President/Vice President)

CARRIED U

RN 35/10: THAT Council approve a grant for \$15,241 from University of Otago to run the NZ Computer Crime and Security Survey.

(President/Vice President)

CARRIED U

RN 36/10: THAT Council approve a grant for \$10,000 from Pacific Internet Partners to provide travel grant fellowships for the Pacific Islands ICT community.

(President/Vice President)

CARRIED U

RN 37/10: THAT the financial report to 30 April 2010 be received.

(President/Vice President)

CARRIED U

Group Cash in excess of reserves

Vikram introduced the paper, talking through the work as it continued after the May special meeting of Council. The Council’s view is that cash in excess of reserves held by the three organisations individually should be held by the parent organisation. To deal with smoothing InternetNZ’s cashflow, a new dividend/license fee process will be developed.

NZRS need to work out its excess funds, and advise InternetNZ of the excess over current reserves requirements.

Vikram also outlined the proposed changes to the Treasury Management Policy, updating it from the current 2004 version. Cr Streatfield replied that point 5 should specify the Council rather than the CE, as it is a governance issue. He also noted that in respect of the proposed principles for Treasury management, they should be tied to the policy rather than separate – perhaps incorporated into this.

The Council discussed also the need to review on a regular basis the Society’s policy. Cr Clark was pleased to read the paper, which gives him a good deal of confidence in how the organisation’s funds are being managed.

Cr Wallmannsberger noted that the point of the Treasury Reserves Policy was to manage credit risk. The Council needs to be able to be sure that the Group’s overall credit risk exposure to an entity (such as a bank) is taken into consideration.

RN 38/10: THAT the Council ask the President to write to NZRS requesting:
NZRS calculate its cash requirements taking into account relevant factors including:

- Current and projected liquidity and the NZRS Liquidity and Reserves Policies including the impact of the recently agreed reduction in the .nz wholesale fee due to be implemented from 1

July 2010.

- NZRS forecasts for growth in domain name registrations and assessment of the ongoing risks to those forecasts.
- The impact of loss of interest income from reduced cash holdings.
- NZRS reply to the President with the amount it holds in excess of the amount as calculated above and an explanation as to how the figures were calculated, including details of any additional considerations to those above.
- NZRS pay InternetNZ the amount it holds in excess of the amount as calculated above by way of one or more special dividends upon maturity of the term deposits in which such excess amounts are currently held.

(President/Cr Clark)

CARRIED U

RN 39/10: THAT the Council adopt the amended Treasury Management Policy as appended.

(President/Vice President)

CARRIED U

Note: the amended Treasury Management Policy is as follows:

InternetNZ Treasury Management Policy
as amended on 11 June 2010

1. The Society shall adhere to the Constitution, Council Bylaws and to all relevant laws governing Incorporated Societies in its undertaking of any investment.
2. The Society will favour investments that entail minimal risk and which require the minimum of active management or participation by the Society, its Officers, or those appointed to oversee the investment process.
3. The Society has an obligation to establish investments that yield the best possible rate of return, subject *and subordinate* to the requirements of paragraphs (1) and (2).
4. The Society will not invest more than 50% or \$1,000,000, whichever is the lower value, of its total capital reserves in investments in a single entity without a specific vote of Council approving such investment.
5. InternetNZ Members are required to disclose any interest they may have, or know of, concerning an investment held by the Society, to the Council through the President.
6. The Chief Executive of InternetNZ shall have the responsibility to explore, establish and manage investments in accordance with this overall policy.
7. The Chief Executive shall report any change in the status of investments held by the Society as part of its regular reporting to Council.
8. The Society will include an abbreviated non-specific summary of investments in the annual report.

RN 40/10: THAT the CE review the Treasury Management Policy in consultation with the Audit and Risk Committee, with proposed changes being reported to the August Council meeting.

(President/Vice President)

CARRIED U

AP 06/10: CE to develop an Options Paper regarding the treatment of interest accruing from the capital funds to be received from NZRS pursuant to RN 38/10.

Delegation to Chief Executive

Vikram introduced his paper and spoke about the need for clear delegations.

RN 41/10: THAT Council resolves that Vikram Kumar, Chief Executive, be authorised to commit and approve on behalf of the Society with effect from 1 February 2010:

Staff

All matters related to employees and contractors including but not limited to appointment; salaries/rates and terms; leave; reimbursement of expenses; contracts; and terminations.

Financial

- Operational Expenditure

Operational expenditure within approved annual budget: no limit

Operational expenditure not within approved annual budget: \$5,000

Operational expenditure beyond the limits above shall be approved by Council prior to commitment.

- Capital Expenditure

Capital expenditure within annual budget: \$10,000

Capital expenditure not within approved annual budget: \$3,000

Capital expenditure beyond the limits above shall be approved by Council prior to commitment.

- Reimbursement of CE's expenses

All claims for reimbursement of expenses made by the Chief Executive shall require authorisation by the President.

Spokesperson, Representative

The Chief Executive shall be the primary spokesperson and representative on behalf of InternetNZ.

Others

All matters not specified above that are reasonably required for the smooth and efficient operations of the Society and implementation of the approved Business Plan subject to the limits imposed by the Constitution, Bylaws, and Council resolutions.

Sub-delegation

Within the scope and limits of this resolution, the Chief Executive shall be able to sub-delegate authority as required.

(President/Cr Torkington)

CARRIED U

Calendar

Susi introduced the calendar. A key date to note is the AGM in Wellington on Thursday 29 July, she also noted that the election process soon gets under way. Cr Butterfield asked about Auckland engagement with the AGM, and plans are still under development.

Membership Report

The membership report showing 223 members as on 2 June 2010 was noted.

RN 42/10: THAT the new members be approved.

(President/Cr Streatfield)

CARRIED U

13. General Business.

Policy Review Process

Cr Torkington raised the need for a proper Policy Review Process at Council. There are policies that are out of date or hard to locate. They should be kept up to date, reviewed regularly, and made easily available to Councillors. Vikram, noting that the current situation had developed over a long period of time and would take time and effort to work through, undertook to proceed with this.

Farewells

Cr Streatfield has resigned from Council and Cr Butterfield's term is expiring at the AGM and will not be standing for Council. Cr Speight, Cr James and Cr Martin intend to stand in the coming election. The President on behalf of Council thanked the outgoing Councillor's for their work.

RN 43/10: THAT Cr Streatfield, Cr Butterfield, Cr Speight, Cr James and Cr Martin be thanked for their work as InternetNZ Councillors.

(President/Vice President)

**CARRIED U
WITH ACCLAMATION**

Next Meeting: The next scheduled meeting is 20 August 2010.

Meeting Closed: The meeting closed at 3.30pm.

Signed as a true and correct record:

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Frank March, CHAIR

PRESIDENT'S REPORT TO AUGUST 2010 COUNCIL MEETING

Status: Final

Auhtor: Frank March

Recommendation: THAT the President's report be received

Activities

International

I attended two meetings in Europe: the ICANN/GAC meeting in Brussels 19-25 June which was followed by an open consultation meeting in Geneva the following week on the programme for the fifth IGF meeting to be held in mid-September in Vilnius, Lithuania.

A report from the ICANN/GAC meeting is attached.

The IGF open consultation meeting was interesting although my contribution was limited. I attended as a member of the Multistakeholder Advisory Group (MAG) but would not have done so if I had not already been in Europe for the ICANN meeting.

The IGF will take place over 14-17 September. It takes the form of around 80 workshops many of which feed into sessions on each of the following themes:

- Managing critical Internet resources
- Security, openness and privacy
- Access and diversity
- Internet governance for development (IG4D)
- Taking stock of Internet governance and the way forward
- Emerging issues: cloud computing.

After having attended numerous meetings and having read reasonably extensively on the issue I still have very little idea what IG4D actually means (as opposed to the usual need for regulatory reform and more cash for, or reduced costs of, access, which are general teleco issues).

I was slightly enlightened about the contribution that "youth" AKA "digital natives" is expected to make. This has been a major focus of the planning for this and the

previous IGF. Apparently “youth” is interested in social networking sites but is concerned at the threat to privacy. Along with the rest of us I guess.

A major interest for InternetNZ is the increasingly important role of regional and national IGFs, especially with the prospect of a Pacific region IGF next year.

Joint Human Rights Commission/ InternetNZ Roundtable on Human Rights and the Internet

I was privileged to take part in this roundtable organised by Joy Liddicoat and Jordan Carter. About half the participants were from InternetNZ. Joy asked me to introduce the Internet to the discussion and she introduced human rights as a concept which, surprisingly for me, does not have a much greater lineage than the Internet. Human rights as a concept was largely invented by the US, arose from Cold War considerations and is somewhat contentious in international circles. The parallels with the Internet are manifold. Jordan produced a paper as a discussion starter. The outcome from the roundtable is a need for the two organisations to continue working on this issue together. A report of the meeting will be available.

Changes to Council

In my last report I farewelled Chris Streatfield and Liz Butterfield who stepped down from Council. Following the results of the AGM I wish Judy Speight my best wishes and thank her for her service to Council. I welcome our new Councillors: Lance Wiggs, Dave Moskovitz and Don Christie. I also congratulate Neil James and Jonny Martin on their re-election. I look forward to working with our new members this year.

Report from ICANN/GAC Meeting and Associated Discussions

Brussels, June 2010

Frank March

The 38th ICANN meeting was held from 19-25 June 2010 in Brussels. I attended with full financial support from InternetNZ, and leave to attend from the Ministry of Economic Development.

I attended the meeting of the Governmental Advisory Committee (GAC) on Sunday to Wednesday, 19-23 June, as well as the ICANN Open Forum and other meetings. The GAC Communiqué from the Brussels meeting is attached.

Governmental Advisory Committee

This was a very well attended meeting with a record number of members in attendance.

It was Janis Karlins' last meeting as Chair as he has accepted a position with UNESCO. Heather Dryden of Canada has taken over as interim Chair to complete Janis' term. I have agreed to be one of a small support group to assist and advise Heather from afar.

The meeting provided further evidence that the ccNSO and the GAC have developed an extremely effective working relationship as evidenced by the successful launch of the cc IDN Fast-track and more recent work on a number of issues.

Significant Developments

1. Morality and Public Order (MAPO)

MAPO is one of the criteria for determining if an application for a new gTLD should be allowed to proceed. There is a question of how a string should be determined as contravening MAPO: there are no international legal guidelines. This has been a contentious matter ever since the MAPO provision was included in the second Draft Application Guidebook (DAG2). The issue dominated discussions during the meeting between the Board and the GAC. It is a concept plucked from international treaty text where it provides a basis for a country to reserve its position on a matter; that is it is a matter for each country to determine according to its own precepts. MAPO does not transfer into the reverse position as some sort of internationally agreed standard.

One issue that clouds MAPO is confusion between the meaning of a string itself and the content that may be indicated by the string. Examples are provided by .xxx, .gay, .tibet. These character strings in themselves are uncontentious but which imply content that may well be problematic for different countries.

ICANN (and perhaps the GAC) needs to find a way of overcoming this confusion of content and string meaning. Only the latter is relevant to ICANN's decision-making processes.

2. *GAC Advice to the ICANN Board*

Continuing a series of discussions about the relationship between the ICANN Board and the GAC and the role of GAC in ICANN, the ICANN Board/GAC Joint Working Group (JWG) presented an interim report highlighted that there continues to be a deep misunderstanding about how the GAC operates. This was even more apparent when the GAC met with the Board.

The GAC being intergovernmental and non-treaty based requires consensus before definitive advice can be provided. While the GAC can make every effort to achieve a consensus position on an issue, there is a trade-off between the time spent trying to achieve consensus and the need for timely advice to be tendered. In the absence of consensus, comments from the GAC necessarily have to reflect the range of views of members. Nevertheless, this is regarded as in itself being advice from the GAC to the Board.

One outcome of the JWG may be a departure from the time-honoured communiqué as a means of communicating between the GAC and other parts of ICANN, to a different format.

3. *Support for Law Enforcement Authorities' (LEA) Position on Whois*

I had been approached in New Zealand by the National Cybercrime Centre for New Zealand support in the GAC for a statement on the need for LEA access to, and for accurate, Whois records in the gTLD registries. The GAC had an extended discussion on this and was almost unanimously supportive with only Brazil opposed. This has resulted in the communiqué talking of 'an absolute majority of (members)' in support and 'some countries' seeking further refinement. By GAC standards this comes very close to voting.

Other Matters

1. *New IDN ccTLDs*

Perhaps the most important development at this ICANN meeting was the simultaneous approval of internationalized top level domains for China, Hong Kong and Taiwan. It was a momentous sight as representatives of the three 'economies' congratulated each other while receiving a standing ovation after the Council resolutions were agreed.

2. *.xxx Comes Back*

The decision to commence contract negotiation with ICM Registry for the .xxx TLD made headlines from this meeting. The decision followed the Board revisiting its earlier decision not to allow the .xxx application following the findings of an independent review panel. The process from here is not straight

forward and the Board may look to the GAC to justify not agreeing to a final contract.

3. *Internet Governance Forum (IGF)*

I attended an open forum on the future of the IGF. ISOC has conducted a survey of its members which suggests that regional and national IGFs should have a more significant role, that discussion at each IGF needs to focus on particular issues rather than the huge range currently discussed, and that the results should be more effectively disseminated. There was strong resistance to suggestions made in other international forums that IGF meetings should produce negotiated outcomes.

It is clear that the planned Pacific regional IGF will be an important contribution to the next phase of the IGF and will be one of what is a rapidly expanding circle of regional and national IGFs.

4. *Cross-constituency Consumer Discussion*

I contributed briefly to a panel discussion on consumer issues in ICANN. It was quickly established that in an ICANN context 'consumer' basically has to mean registrant. I took the opportunity to outline the registrant-centric self regulatory model that .nz operates under.

It is not clear quite where this will go since registrants supposedly are already part of the At Large Constituency.

Next ICANN/GAC meeting

The next GAC meeting will be held in Colombia, in December 2010 in conjunction with the 39th ICANN Meeting.

GAC Communiqué – Brussels

I. Introduction

The Governmental Advisory Committee (GAC) of the Internet Corporation for Assigned Names and Numbers (ICANN) met in Brussels, during June 19 - 23, 2010.

60 members and 4 observers participated in the meeting.

The Governmental Advisory Committee expresses gratitude to the EuRID for hosting the meeting in Brussels and thanks ICANN for supporting the GAC meeting.

II. Board/ GAC Joint Working Group on the Review of the Role of the GAC at ICANN

The JWG met in Brussels and the discussion focused on two main issues for the JWG report, GAC advice to the Board and the role of GAC liaisons. Regarding GAC advice to the Board, in the view of the JWG:

“Any explicit advice, in any written form, constitutes the advice foreseen in the Bylaws. The GAC also advises on the effectiveness of procedures for facilitating interactions between ICANN constituencies for the development of policy.

In addition, the GAC first seeks consensus in its work and this can take time to achieve. If consensus is not possible, a range of views can be provided as advice. The bylaws provide only for GAC advice to be given to the Board and do not include provisions for the other SOs/ACs to formally consider GAC advice”.

Several recommendations are identified, including the creation of a transparent register to record when GAC advice has been provided and to track whether/when/how the Board has taken into account or responded to particular advice from the GAC.

The JWG aims to finalize the report in Colombia and further JWG discussion is anticipated on ways that the Bylaws could formally acknowledge methods for the ICANN constituencies, including the GAC, to provide inputs into the policy development process at an early stage and as the process develops.

III. New gTLDs, including the Morality and Public Order issues

The GAC was grateful to receive a briefing update from ICANN staff on the changes incorporated in version 4 of the Draft Applicant Guidebook (DAG4). The GAC wishes to acknowledge the dedicated work of the ICANN staff in addressing the issues of concern for the GAC. The GAC will provide a full response to DAG4, including issues related to the Morality and Public order, in accordance with the timeline for the public consultation.

The GAC expects to receive response to its letter to the Board in relation to the DAG3.

The GAC believes that the new gTLD process should meet the global public interest consistent with the Affirmation of Commitments. It therefore urges ICANN to set technical and other requirements, including cost considerations, at a reasonable and proportionate level in order not to exclude developing country stakeholders from participating in the new gTLD-process. Key documents should be available in all UN languages. The GAC urges that the communications and outreach strategy for the new gTLD round be developed with this issue of inclusiveness as a key priority.

The GAC appreciates the exchange of views on these issues with the GNSO.

IV. Meeting with ccNSO

The GAC and the ccNSO held a constructive exchange regarding the scope and work to date of the ccNSO Delegation, Re-delegation and Retirement Working Group, based on a presentation of the Working Group's progress report and initial assessment. The GAC welcomed the ccNSO's invitation to provide comments on the texts and looks forward to further discussions during the annual meeting in December 2010. Other issues addressed during the exchange included an update from ccTLDs and GAC members on pending IDN ccTLD applications under the "fast track" process, the treatment of geographic names in new gTLDs. Moreover, the GAC supports the ccNSO's decision to work jointly with the GNSO, SSAC and ALAC to draft a charter for a potential cross-constituency WG to consider further ICANN's proposals regarding the security and stability of the DNS. The GAC notes that these issues are of significant public policy interest and indicates its willingness to collaborate with other parts of the ICANN community on this important issue.

V. Law enforcement Due Diligence Recommendations

An absolute majority of GAC members made the following statement:

- The GAC encourages the Board, the RAA Working Group and registrars to work with law enforcement agencies to address their concerns and implement necessary changes without delay.
- Following from the GAC's Nairobi Communiqué, the GAC requests an update of progress on consideration of these proposals, including the Board's consideration of the due diligence recommendations.
- Based on the deliberations in Brussels and the previous meetings, the GAC endorses the proposals from law enforcement agencies to address criminal misuse of the DNS, noting that implementation of these proposals must respect applicable law and respect all requirements concerning the processing of personal data, such as privacy, accuracy and relevance

Some countries felt that further efforts need to be deployed to clarify these proposals.

VI. Meeting with Accountability and Transparency Review Team (A&T RT)

The GAC met with the A&T RT to discuss a number of questions relating to the accountability and transparency of GAC interactions with ICANN. Much of the discussion covered the same areas as those coming out of the work of the JWG, including the nature and treatment of GAC advice provided to the Board and the need for early engagement in PDP activity with the ICANN constituencies. The GAC will work intersessionally to provide a written response to the A&T RT questions.

VII. Meeting with NRO

The GAC welcomed the briefing from the NRO with updates on IP address space management and the depletion of the IPv4 address space. The estimated depletion date for IPv4 addresses was August 2011 and the RIR estimated depletion date April 2012 based on the current allocation rate. The GAC and NRO highlighted the need and importance of cooperation between RIRs and governments for promoting deployment of IPv6 and for addressing the allocation needs for IPv6 address space throughout the world.

VIII. GAC Secretariat support

The GAC discussed a refined proposal to ensure appropriate Secretariat support for the GAC along the lines of a hybrid model, i.e. funded by governments with continued support from ICANN. The GAC accepted the offer from Brazil, Norway and The Netherlands to finance and host a Secretariat for the duration of 5 years

The donor countries have the intention to put in place a lean and flexible Secretariat providing professional and proactive support to the membership. They propose to

evaluate the Secretariat after three years in order to explore ways forward after the five year financial support currently guaranteed

These countries will start the necessary arrangements to have this Secretariat operational at the latest from the 41st ICANN/GAC meeting in June 2011, allowing a transition from the current Secretariat provided by India.

IX. Election of the GAC officers

Mr. Janis Karklins resigned from his post of the GAC Chair following his departure from the Latvian government. This resignation is effective on 24 June 2010.

Following provisions of the Article IX of the GAC Operating Principles the GAC appointed Ms. Heather Dryden from Canada to serve as an interim Chair and a non-voting GAC liaison to the Board for the remainder of current Chair's term which ends at the end of the first GAC meeting of 2011. This appointment is effective from 25 June 2010.

The GAC launched the process of nominations for the post of the Chair and three Vice-Chairs. Election of new officers will take place during the Cartagena meeting of the GAC.

Members of the GAC welcomed Ms. Heather Dryden and expressed their gratitude to the outgoing Chair Mr. Janis Karklins for his service to the GAC.

X. GAC Operating Principles

The GAC created an ad hoc working group that will review the GAC Operating Principles. The WG's proposals will be examined during the Cartagena meeting of the GAC.

* * * *

The GAC noted the Declaration of the Committee of Ministers of the Council of Europe adopted on 26 May 2010 on enhanced participation of its member states in Internet governance matters and welcomed the Council of Europe as an observer to the GAC.

The GAC warmly thanks all those among the ICANN community who have contributed to the dialogue with the GAC in Brussels.

The next GAC meeting will take place during the period of the ICANN meeting in Cartagena, Colombia.



Evote Ratification

Author: Susi Cosimo

There have been four e-votes conducted since the last Council Meeting:

Evote:		For:	Against:	Abstain:
0807101	President/Liz Butterfield That Colin Jackson be approved by as a Fellow of InternetNZ.	Michael Foley Nat Torkington Jamie Baddeley Liz Butterfield Jonny Martin Frank March Judy Speight Hamish MacEwan Michael Wallmannsberger Donald Clark		
0807102	President/Liz Butterfield THAT Laurence Zwimpfer be approved as a Fellow of InternetNZ.	Michael Foley Nat Torkington Jamie Baddeley Liz Butterfield Jonny Martin Frank March Judy Speight Hamish MacEwan Michael Wallmannsberger Donald Clark		

Evote:

2307101 President/Cr MacEwan
THAT the application for funding from
Catalyst IT for \$15,000 to be
Platinum Sponsors of the 2010 New
Zealand Open Source Awards be
approved.

For:

Chris Streatfield
Jamie Baddeley
Michael Wallmannsberger
Frank March
Michael Foley
Donald Clark
Judy Speight
Hamish MacEwan
Liz Butterfield
Jonny Martin

Against:**Abstain:**

2307102 President/Cr MacEwan
THAT the application for funding from
TrueNet Limited for \$30,000 for
the purchase of equipment and
contracted services to implement a
service to collect data and detail
information on the delivery of
services of public communications
providers and supply that to
interest groups and the providers
themselves be declined.

Chris Streatfield
Jamie Baddeley
Michael Wallmannsberger
Frank March
Michael Foley
Donald Clark
Judy Speight
Hamish MacEwan
Liz Butterfield
Jonny Martin

Recommendation: THAT the e-votes be ratified.

InternetNZ Funds Investment Management Policy

as proposed by the Audit and Risk Committee

Purpose

Maximise InternetNZ's long-term return on invested funds while appropriately managing risks.

Principles

1. Invested funds are accounted for separately from the InternetNZ operating budget as a distinct balance sheet line item.
2. Expenditure of a part or the whole of the funds held under this policy requires an appropriate resolution from Council.

Policy

1. The Society shall adhere to the Constitution, Council Bylaws and to all relevant laws governing Incorporated Societies in its undertaking of any investment.
2. The Society shall favour investments that entail minimal risk and which require the minimum of active management or participation by the Society, its Officers, or those appointed to oversee the investment process. "Minimal risk" investments are those that have a rating of at least A by Standard & Poor's or equivalent.
3. The Society has an obligation to establish investments that are likely to yield the best possible rate of return, subject *and subordinate* to the requirements of paragraphs (1) and (2).
4. The Society shall not invest more than 50% or \$1,000,000, whichever is the lower value, of its total capital reserves in investments in a single entity without an explicit vote of Council approving such investment.
5. Returns earned on invested funds shall be added back to the investment funds unless there is Council agreement directing otherwise.
6. InternetNZ Councillors, Officers, or those appointed to oversee the investment process are required to disclose any interest they may have, or know of, concerning an investment held by the Society, to the Council through the President.
7. The Chief Executive of InternetNZ shall have the responsibility to explore, establish and manage investments in accordance with this overall policy.
8. The Chief Executive shall report any change in the status of investments held by the Society as part of his/her regular reporting to Council.
9. The Society shall include an abbreviated non-specific summary of investments in the annual report.



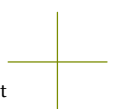
**Internet New Zealand
Consolidated Financial Statements
For the Quarter Ended 30 June 2010**





**Internet New Zealand
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For the Quarter Ended 30 June 2010**

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**Internet New Zealand
Exclusion of Liability Statement**



We have compiled the Financial Statements comprising Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cash Flows of Internet New Zealand

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information.

We have not carried out an audit or review engagement of the Financial Statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the material from which the Financial Statements have been prepared. Further, the Financial Statements have been prepared at the request of and for the purpose of the client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

Curtis McLean Limited
Chartered Accountants
Wellington
11-Aug-10





**Internet New Zealand
Consolidated Income Statement
For the Quarter Ended 30 June 2010**

	Group		INZ		NZRS		DNC Ltd	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Income	1,827,242	1,827,242	50,331	50,331	1,817,912	1,817,912	310,975	310,975
Other Income	12,825	12,825	527	527	12,298	12,298	0	0
Dividends Received	0	0	0	0	0	0	0	0
Interest Received	111,555	111,555	2,908	2,908	108,059	108,059	588	588
Total Income	1,951,622	1,951,622	53,766	53,766	1,938,269	1,938,269	311,562	311,562
Less Expenses								
Direct Expenses	306,030	306,030	0	0	608,005	608,005	0	0
Other Expenses	1,137,605	1,137,605	561,454	561,454	379,151	379,151	247,000	247,000
Total Expenses	1,443,635	1,443,635	561,454	561,454	987,156	987,156	247,000	247,000
Net Profit (Loss) Before Tax	507,987	507,987	(507,688)	(507,688)	951,113	951,113	64,562	64,562
Less Provision for Tax	0	0	0	0	0	0	0	0
Net Profit (Loss) After Tax	507,987	507,987	(507,688)	(507,688)	951,113	951,113	64,562	64,562

Notes:

The income and expenditure lines for the individual entities do not add to the Group totals due to the following intra-group entries being eliminated:

1. SSU Fees paid from one entity to the other
2. The DNCL fee paid by NZRS to DNCL





**Internet New Zealand
Statement of Movements in Equity
For the Quarter Ended 30 June 2010**

	Group		INZ		NZRS		DNC Ltd	
	Qtr	YTD	Qtr	YTD	Qtr	YTD	Qtr	YTD
Opening Equity	7,754,978	7,754,978	2,333,288	2,333,288	5,547,335	5,547,335	(125,644)	(125,644)
Plus:								
Shares Subscribed	0	0	0	0	30,000	30,000	580,000	580,000
Net Profit (Loss) After Tax	507,987	507,987	(507,688)	(507,688)	951,113	951,113	64,562	64,562
Less:								
Dividend Paid	0	0	0	0	0	0	0	0
Closing Equity	8,262,965	8,262,965	1,825,599	1,825,599	6,528,448	6,528,448	518,918	518,918



**Internet New Zealand
Balance Sheet
As at 30 June 2010**

	Group	INZ	NZRS	DNC Ltd
Current Assets				
Cash and Cash Equivalents	11,835,678	774,163	10,462,866	598,649
Other Current Assets	1,093,491	47,225	1,016,405	29,861
Total Current Assets	12,929,169	821,388	11,479,271	628,511
Property, Equipment & Software	974,732	371,947	599,931	2,854
Intangible Assets	647	0	647	0
Investments				
Shares and Loans	148,330	758,330	0	0
Total Assets	14,052,878	1,951,664	12,079,849	631,365
Less Liabilities:				
Deferred Income	5,285,105	0	5,285,105	0
Trade and Other Payables	504,807	126,065	266,296	112,447
Provision for Tax	0	0	0	0
Total Liabilities	5,789,912	126,065	5,551,401	112,447
Net Book Value of Assets	8,262,965	1,825,599	6,528,448	518,918
Represented By:				
Total Equity	8,262,965	1,825,599	6,528,448	518,918



**Internet New Zealand
Statement of Cashflows
For the Quarter Ended 30 June 2010**

	Group	
	Qtr	YTD
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from customers	2,045,646	2,045,646
Interest Received	111,555	111,555
Total Received	<u>2,157,201</u>	<u>2,157,201</u>
Cash was distributed to:		
Payments to Suppliers and Employees	1,650,005	1,650,005
Payment of Taxation	0	0
Total Payments	<u>1,650,005</u>	<u>1,650,005</u>
Net Flows From Operating Activities	<u>507,196</u>	<u>507,196</u>
Cash Flows From Investing & Financing Activities		
Cash was distributed to:		
Purchase of Property, Equipment & Software	195,234	195,234
Advance to Hector's World	0	0
Net Cash Flows From Investing & Financing Activities	<u>(195,234)</u>	<u>(195,234)</u>
Net Increase Decrease in Cash & Cash Equivalents	311,963	311,963
Plus Opening Cash	11,523,715	11,523,715
Closing Cash Carried Forward	<u>11,835,678</u>	<u>11,835,678</u>
Closing Cash Comprises		
Cash & Cash Equivalents	<u>11,835,678</u>	<u>11,835,678</u>
Cash Flow Reconciliation		
Net Profit (Loss) After Tax	507,988	507,988
Plus (Less) non cash items		
Depreciation	58,399	58,399
Amortisation	310	310
Subtotal	<u>566,697</u>	<u>566,697</u>
Movement in Working Capital		
(increase) decrease in receivables	(26,728)	(26,728)
increase (decrease) in payables	(238,352)	(238,352)
increase (decrease) in deferred income	205,579	205,579
Net Cash Flows From operations	<u>507,196</u>	<u>507,196</u>



Council
InternetNZ

Monthly .nz report – for May 2010

1. Statistics

The level of active .nz domain names increased from 396,661 to 399,151

- . An increase of 2,490.

	30 Apr 10	31 May 10	Creates	Renewal	Net Change
.ac	1,752	1,740	23	21	328
.co	343,095	345,367	7338	7,964	63,354
.cri	14	14	0	0	1
.geek	963	981	20	33	204
.gen	1,293	1,285	20	17	283
.govt	1,041	1,046	6	5	972
.health	106	108	1	2	0
.iwi	70	70	0	1	14
.maori	581	576	13	12	84
.mil	23	23	0	0	3
.net	22,070	22,146	448	453	4,352
.org	22,654	22,800	393	423	4,313
.parliament	7	7	0	0	7
.school	2,992	2,988	22	20	1257
Total	396,661	399,151	8,284	8,951	75,172
Growth over previous month	3,167 0.8%	2,490 0.6%			

Registry Performance

- **SRS % Availability and Performance**

Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
100	100	99.58	99.98	100	99.91	100	100	100	100	100	100

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	As per SLA	May 2010	Av last 12 months

Domain Details Query	<0.50	0.03	0.04
Domain Update	<0.80	0.19	0.29
Domain Create	<0.80	0.25	0.32
Get Message	<0.50	0.03	0.04
WHOIS	<0.50	0.09	0.10
UDAI Valid Query	<0.50	0.11	0.13

▪ **DNS % Availability and Performance**

Server	% Availability												
	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	
NS1	100	100	100	100	100	100	100	100	100	100	100	100	100
NS2	100	100	100	100	100	100	100	100	100	100	100	100	100
NS3	100	100	100	100	100	100	100	100	100	100	100	100	100
NS4	100	100	100	100	100	100	100	100	100	100	100	100	100
NS5	100	100	100	100	100	100	100	100	100	100	100	100	100
NS6	100	100	100	100	100	100	100	100	100	100	100	100	100
NS7	100	100	100	100	100	100	100	100	100	100	100	100	100

Performance Stress Testing

Measurements are in milliseconds.

	UDP	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	TCP	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
NS1	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16
NS2a	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.15	0.15
NS2b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.15	0.16
NS3a	<5	0.05	0.05	0.05	0.05	0.05	0.07	<50	0.16	0.16	0.16	0.15	0.15	0.18
NS3b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16

SRS Zone Pushes

These figures show the average time taken from the point that the first Primary begins the zone push to the time that the last of the secondary's acknowledges that it is up to date.

Measurement	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Average Time (sec)	46	29	25	24	27	42	59

2. .nz Policies and Procedures

- A review of three policies commenced in March and continued over May, closing on 21 June 2010. The three policies being reviewed are the Process on de-authorisation of a

<http://www.dnc.org.nz/may10-reviews>. As at the time of writing this report, no submissions had been received.

3. Registrar Authorisation and Connection

Registrars authorised	75
Registrars connected	71

Number authorised during the month: One - AussieHQ

Number de-authorised during the month: Nil

Number connected during the month: Nil

4. Other .nz matters

- The IDN Sunrise period which started on 6 May 2010 continued over June. It is due to finish early July with the characters ā, ē, ī, ō and ū permissible characters in .nz domain names from late July. Information is available at <http://dnc.org.nz/story/nz-domain-names-macrons>.
- A letter was received from the New Zealand Bankers' Association advising that the Council for the Association had decided to terminate the .bank.nz project. The letter cited the reason for this as "because the interest within the banks in migrating to .bank as a domain name has waned substantially in recent times".

5. Compliance and Security

- The work on the DNSSEC policy development is ongoing with the first round of public consultation planned for around July.
- The Manager, Compliance and Security attended the AusCERT conference. He spoke at the Online Crime Symposium and was invited to be a member of the panel at the ISP Workshop.
- Information Security Interest Group (ISIG) meets monthly and the Manager, Security and Compliance was their speaker for May. He delivered an overview of the major security incidents that occurred in NZ in 2009. This was used to facilitate a discussion on security incidents and incident reporting, such as data breach disclosure, feedback from which was provided to InternetNZ in relation to their submission on the Law Commission review of the Privacy Act.

6. Dispute Resolution Service

- As of the end of May, there were twelve disputes progressing through the DRS, with five valid complaints received during the month. These figures are about average for May. Two disputes were settled through mediation. One dispute was sent to mediation and two referred to Experts. Two Expert decisions were received, one resulting in a transfer, the other in the complaint being dismissed. Four domain names were transferred as the result of previous Expert decisions.

7. DNC Office

- The DNC team had a planning day following the recent Board strategy day. An updated work plan was produced from the day and reporting against that will be part of regular reporting to the Board.

Joy Liddicoat
Chair, DNCL

Council
InternetNZ

Monthly .nz report – for June 2010

1. Statistics

The level of active .nz domain names increased from 399,151 to 402,331. An increase of 3,180.

A table showing net growth over the last 12 months is shown in Appendix 1.

	31 May 10	30 June 10	Creates	Renewal	Net Change
.ac	1,740	1,771	47	378	31
.co	345,367	348,082	7,913	63,452	2,715
.cri	14	14	0	1	0
.geek	981	994	27	206	13
.gen	1,285	1,289	19	292	4
.govt	1,046	1,053	7	989	7
.health	108	111	3	3	3
.iwi	70	72	1	16	2
.maori	576	583	15	89	7
.mil	23	26	3	5	3
.net	22,146	22,312	490	4,309	166
.org	22,800	23,017	511	4,275	217
.parliament	7	7	0	7	0
.school	2,988	3,000	29	1,242	12
Total	399,151	402,331	9,065	75,264	3,180
Growth over previous month	2,490 0.6%	3,180 0.8%			

Registry Performance

▪ **SRS % Availability and Performance**

Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10
100	99.58	99.98	100	99.91	100	100	100	100	100	100	100

Outages during month greater than 5 minutes: Nil

Transaction	Average Response Times (in seconds)		
	As per SLA	June 2010	Av last 12 months

Domain Details Query	<0.50	0.03	0.04
Domain Update	<0.80	0.23	0.28
Domain Create	<0.80	0.25	0.31
Get Message	<0.50	0.03	0.04
WHOIS	<0.50	0.08	0.10
UDAI Valid Query	<0.50	0.08	0.13

▪ **DNS % Availability and Performance**

Server	% Availability												
	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	June 10	
NS1	100	100	100	100	100	100	100	100	100	100	100	100	100
NS2	100	100	100	100	100	100	100	100	100	100	100	100	100
NS3	100	100	100	100	100	100	100	100	100	100	100	100	100
NS4	100	100	100	100	100	100	100	100	100	100	100	100	100
NS5	100	100	100	100	100	100	100	100	100	100	100	100	100
NS6	100	100	100	100	100	100	100	100	100	100	100	100	100
NS7	100	100	100	100	100	100	100	100	100	100	100	100	100

Performance Stress Testing

The figures are derived from the 'stress testing' of the name servers. 1201 UDP and 121 TCP transactions are used. Measurements are in milliseconds.

	UDP	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	TCP	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10
NS1	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.16
NS2a	<5	0.05	0.05	0.05	0.05	0.05	0.06	<50	0.16	0.16	0.16	0.15	0.15	0.15
NS2b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.15	0.16	0.19
NS3a	<5	0.05	0.05	0.05	0.05	0.07	0.07	<50	0.16	0.16	0.15	0.15	0.18	0.25
NS3b	<5	0.05	0.05	0.05	0.05	0.05	0.05	<50	0.16	0.16	0.16	0.16	0.16	0.15

SRS Zone Pushes

These figures show the average time taken from the point that the first Primary begins the zone push to the time that the last of the secondary's acknowledges that it is up to date.

Measurement	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10
Average Time (sec)	29	25	24	27	42	59	67

2. .nz Policies and Procedures

- A review of three policies commenced in March and continued until it closed on 21 June 2010. The three policies being reviewed were the Process on de-authorisation of a

registrar, Transfer to another registrar and the Roles and responsibilities policies. No submissions were received and no changes are proposed to the policies.

3. Registrar Authorisation and Connection

Registrars authorised	75
Registrars connected	72

Number authorised during the month: Nil

Number de-authorised during the month: Nil

Number connected during the month: Monaghan Consultants connected in May

4. Other .nz matters

- The IDN Sunrise period continued over June. It is due to finish early July with the characters ā, ē, ī, ō and ū permissible characters in .nz domain names from late July. Information is available at <http://dnc.org.nz/story/nz-domain-names-macrons>.
- There was a meeting of the DNCL Board on 1 June. This was the last meeting for David Russell and Richard Currey as Directors and their contribution to the Domain Name Commission is very much acknowledged and appreciated. Minutes of the Board meeting are online at <http://dnc.org.nz/content//minutes-dncl-board-meeting-1-june-2010.html>.

5. Compliance and Security

- The work on the DNSSEC policy development is ongoing with a draft consultation paper planned for the August Board meeting.

6. Dispute Resolution Service

- As of the end of June, there were eleven disputes progressing through the DRS, with four valid complaints received during the month. These figures are about average for June. One dispute was sent to mediation and one referred to an Expert. Two Expert decisions were received, resulting in transfers. Two domain names were transferred as the result of previous Expert decisions, and one unlocked as the result of a decision dismissing the complaint.

7. DNC Office

- In June, the DNC attend the Asia Pacific Regional Internet Governance Forum (APriGF) in Hong Kong, the ICANN meeting in Brussels and the APTLD meeting in Colombo. A travel report summarising each of these conferences can be read in Appendix 2.

Joy Liddicoat
Chair, DNCL

Appendix 1

	31 Jul 2009	31 Aug 2009	30 Sept 2009	31 Oct 2009	30 Nov 2009	31 Dec 2009	31 Jan 2010	28 Feb 2010	31 Mar 2010	30 Apr 2010	31 May 2010	30 June 2010	Creates June 2010	Renewals June 2010	Net Change May/June 2010
.ac	1,676	1,691	1,703	1,716	1,718	1,713	1,721	1,739	1,746	1,752	1,740	1,771	47	378	31
.co	315,703	319,397	322,888	325,743	328,098	329,928	332,459	335,799	340,200	343,095	345,367	348,082	7,913	63,452	2,715
.cri	15	15	15	15	15	15	15	15	15	14	14	14	0	1	0
.geek	887	905	912	926	935	941	945	942	952	963	981	994	27	206	13
.gen	1,219	1,236	1,239	1,242	1,244	1,247	1,241	1,249	1,287	1,293	1,285	1,289	19	292	4
.govt	996	1,000	1,005	1,014	1,019	1,021	1,024	1,033	1,035	1,041	1,046	1,053	7	989	7
.health	4	4	45	74	87	97	97	100	105	106	108	111	3	3	3
.iwi	69	69	69	69	70	70	70	68	70	70	70	72	1	16	2
.maori	568	565	569	567	566	554	562	581	582	581	576	583	15	89	7
.mil	21	22	22	22	21	21	21	21	23	23	23	26	3	5	3
.net	20,774	20,931	21,127	21,268	21,414	21,437	21,639	21,724	21,936	22,070	22,146	22,312	490	4,309	166
.org	21,192	21,321	21,565	21,738	21,872	21,959	22,128	22,309	22,547	22,654	22,800	23,017	511	4,275	217
.parliament	7	7	7	7	7	7	7	7	7	7	7	7	0	7	0
.school	2,900	2,921	2,933	2,940	2,949	2,954	2,966	2,970	2,989	2,992	2,988	3,000	29	1,242	12
Total	366,031	370,084	374,099	377,341	380,015	381,964	384,895	388,557	393,494	396,661	399,151	402,331	9,065	75,264	3,180
Growth over previous month	3,682 1.0%	4,053 1.1%	4,015 1.1%	3,242 0.9%	2,674 0.7%	1,949 0.5%	2931 0.8%	3,662 1.0%	4,937 1.3%	3,167 0.8%	2,490 0.6%	3,180 0.8%			
variance against budget#	1,682	2,053	2,015	1,242	674	-51	931	1,662	2,937	917	240	930			

*For 2009/10 budget was 2,000 net growth per month; from 1 April 10 budget is 2,250

June 2010 Travel Report

Asia Pacific Regional Internet Governance Forum (APrIGF)

Hong Kong; 15 and 16 June 2010

This meeting was set up as an Asia Pacific's regional meeting, prior to the fifth Internet Governance Forum (IGF) which is to be held in Lithuania later this year. It was intended to be a preparatory meeting complementing the global IGF and to potentially be the foundation for ongoing, regular regional IGF meetings.

Representatives from the anticipated multi-stakeholder groups were present with speakers representing government and a host of non-governmental organisations including business interests and civil society representatives.

It began with a "Setting the Scene" session with speakers including those who had been involved in the early days of the Working Group on Internet Governance, whose report resulted in the establishment of the IGF. The scene was set for how the IGF was not a decision making forum but rather looked to address various policy issues covering openness, diversity, access and security and other matters which are of interest to all Internet stakeholders. In order to do that, an open forum was required that supported equal and open participation by all relevant stakeholders.

Following on from the general introduction session were sessions on:

- Security: Cyber security and network confidence
- Openness: Challenges and criticalness of an open Internet culture
- Access: The digital divide in Asia
- Managing critical Internet resources
- Diversity: Challenges and opportunities for Internationalised Domain Names
- Emerging issues: Role of civil society in Internet Governance
- The way forward: The next model of the IGF

One of the negative aspects of the global nature of the Internet is that no one organisation, government or private sector, is able to contain cyber threats alone or on a solely domestic basis. Dangers and risks continue to evolve and the meeting heard about some initiatives being undertaken to address the question "how do we protect and what should we be doing to protect, particularly children".

In respect of undertaking business online, what contributes to trust was also discussed. Authentication sets out who you are, authorisation tells whether you are permitted and encryption attempts to stop others hearing or seeing. Successful online transactions enabling a trusted interaction depend on a combination of security, privacy, protections and usability. While the openness of the Internet is a key aspect, it also presents a challenge to security.

One topic discussed, and which appears to be getting increasing attention, is the concept of access to the Internet as a "human right". As access to the Internet increases, so too do new opportunities in employment, commerce, education and general socio economic development. Access to the Internet is not equal however, and there are increasing gaps between those who have access and those who don't. This so called "digital divide" is shaping as a major issue as those without reliable and reasonable access to the Internet face hurdles in their development.

It is also one of the reasons that the issue of Internet access as a human right is being raised. Economic and geographic factors impact on accessibility and the level of connection and the

meeting heard about various initiatives to try and improve Internet access to poor and rural areas.

The Internet, and access to it, is also increasingly being referred to as critical infrastructure and within that, the DNS, IP addresses, root servers and interconnection as critical internet resources. IPv6 implementation is not a high priority for many end users as it should be, but the imminent exhaustion of IPv4 addresses means it is a significant issue for many and there is an ongoing push to educate and provide reasons for organisations to prepare for IPv6. The meeting heard from a panel of speakers about initiatives around critical infrastructure matters including IPv6.

A key development in the domain name industry has been the increasing deployment of Internationalised Domain Names (IDN) and there was a panel of speakers providing updates on activities in this area. IDNs have been a priority in Asia where often the only reason people need access to ASCII characters is to complete the TLD on a domain name. IDN names within a ccTLD have been around for quite a while around Asia and now, with the ongoing work on IDN ccTLDs it will not be long before citizens in some countries are able to access the Internet solely in their own language.

There is a wide range of topics to be covered under the title of "Internet Governance" as can be seen from the brief summary of things covered at this Hong Kong regional meeting. To be successful it is important that IGF forums hear from a wide variety of stakeholders, each with an equal voice. This inaugural Asia/Pacific regional meeting showed the value in getting people together in a smaller, more focused group sharing information prior to the global meetings.

It was agreed at the meeting that this regional approach should continue and plans are being made for a second conference next year. There have also been discussions around holding a Pacific-centred IGF meeting and, with the wide range of topics to discuss, this can only benefit those in the Pacific countries in moving forward in a number of Internet related areas.

ICANN Brussels 20-25 June 2010

ICANN 38 held in Brussels will be remembered by many for two key decisions made by the Board. The most significant was the approval for IDN strings to be entered into the root for China, Taiwan and Hong Kong IDN ccTLDs. These have been delegated to the existing ccTLD managers and are expected to be operational any time from one to six months from now. A significant step because, once in place, people in those countries will not need to know ASCII characters to access various sites and emails.

A second significant decision was to allow the .xxx application to proceed, albeit with a bit of a work still to be done by the applicant and the ICANN staff. This will involve checking the contract terms and conditions negotiated some time ago are still in accordance with the ever changing ICANN contract requirements. This contract will then be provided to the GAC for comment before going back before the Board. The decision means that, providing certain conditions and requirements are met, .xxx will be introduced.

Prior to the Board meeting on the Friday, there had been the usual wide range of meetings held. A summary of some of the key topics is included in this report. If anyone is particularly interested in something, transcripts of the session may be available at [http://brussels38.icann.org/brussels38/documents?tid\[\]=172&tid\[\]=354](http://brussels38.icann.org/brussels38/documents?tid[]=172&tid[]=354).

A number of the sessions related to the ccNSO focused on administrative type issues or security. Administrative topics included those on the ICANN budget and operating plans, the ccNSO review and strategic issues. Security topics included DNSSEC, anti-phishing and law enforcement. There was also a key session relating to the work of the Delegation and Re-delegation Working Group.

One issue that has been around for a while but which is getting greater attention is that of ccTLD contributions to ICANN. Greater level of transparency in the costs of ICANN that can be associated with ccTLD activity is allowing for more information to be obtained on what would be a suitable level of contribution by the ccTLDs however there remains disagreement on what ICANN considers costs appropriate for ccTLDs to contribute to.

There remains no process for determining how any amount payable by the ccTLDs as their contribution should be spread across those contributing. A few ccTLDs have contracts with ICANN and pay based on those, others pay as per the amount specified in their Exchange of Letters or similar formalised relationship with ICANN, yet others do not contribute.

It was agreed that any payments to ICANN by ccTLD managers should remain voluntary. It was also agreed that it was time for the ccNSO to put in place a way of identifying what costs are appropriate for the ccNSO/ccTLDs to contribute to and also options on how those costs should be allocated. The ccNSO Council at their meeting agreed to establish a ccTLD Financial Contributions to ICANN Working Group, reflecting the views of the general meeting.

There were other financial matters raised with the ICANN budget particularly around long term savings and why one-off expenses such as the .xxx legal expenses were impacting on the current operating budget rather than being taken from the reasonable contingency fund. Specific responses to the questions asked were not always forthcoming so the ccNSO continues to try and obtain the detailed information they consider important to enable informed comment on the strategic and operating plan.

How the ccNSO is functioning has been measured as part of a survey undertaken as part of the review into the ccNSO. The draft review report was produced just prior to the ICANN meeting and was presented by the review team to the meeting before questions and discussions. There were a number of recommendations made by the review team and not all of them were supported by the meeting attendees. There appeared to be differences in interpretation of results and whether all issues were within the scope, and indeed properly covered in the survey. Comments on the draft review report close at the end of July.

One expense that ccTLD managers do consider appropriate is that associated with IANA. As usual, there was an IANA update provided and this showed the increasing take up of IDN ccTLDs - 12 IDN requests due to the IDN Fast Track process. IANA have also added support for IDN, and DNSSEC lookups in their WHOIS server, and were fast approaching the signing of the root which was planned for mid July.

An interesting presentation (with .nz shortly to introduce the macron vowels into .nz domain names) was the update from the Anti-Phishing working group. Their figures do not support concern that IDN characters would contribute greatly to phishing cases with only 12 out of 28,775 phishing domain names involving IDNs. Other interesting information included that approx 80% of those phishing domain names were compromised/hacked and only around 20% being maliciously registered. 81% of malicious registrations were made in only 5 TLDs - .be, .com, .eu, .net and .uk.

Another working group report related to the Delegation and Re-delegation of ccTLDs, chaired by Keith Davidson. The working group has done a lot of work evaluating historical re-delegations against the published process and outlined their results - with the backing of an

extensive report detailing each evaluation. This report is currently open for comment and the working group outcome will be a recommendation to the ccNSO Council regarding any next steps which may include starting a policy development process (PDP) to define/refine current processes for the delegation, re-delegation and also retirement of ccTLDs.

This delegation/re-delegation work was also one of the topics at the joint GAC/ccNSO meeting along with an update on the IDN Fast Track and IDN PDP working group. There is also a plan to set up a cross constituency working group looking at the DNS CERT and other security and stability of the DNS proposals from ICANN. This group would involve representatives from the gNSO, ccNSO, SSAC and ALAC. GAC supported this initiative.

APTLD Colombo 27 and 28 June 2010

This meeting was Keith Davidson's first full, public meeting since being appointed Chair of APTLD. After a 'lighting of the lamp' ceremony, Keith started by saying that the last two weeks had demonstrated developments made in the Internet - from hearing about the initial discussions about having different languages through to the delegation to the root of IDN ccTLDs. Keith also gave an introduction to Colombo and thanked them for hosting APTLD. (In fact, Keith commented that Sri Lanka was a major producer of Keith's 3 necessities for life - coffee, tobacco and beer if it is recalled correctly!)

In line with the usual APTLD approach, the meeting heard from the local hosts. First up was the Director/Legal Advisor of the ICT Agency of Sri Lanka who explained the initiatives being undertaken by the government. These included 'key legislation' developed specifically for ICT growth. It was interesting to hear of the special projects being put in place in the North of the country following the cessation of hostilities, reflecting the fact that they are further behind in technology than other parts of the country. Like New Zealand, Sri Lanka has a Telecommunication Regulatory Commission - unlike New Zealand they also have a National CERT.

Following this was a general background and update on .lk, which was celebrating their 20th anniversary, having been set up in June 1990. They are working on having two IDN ccTLDs delegated to ensure all the community is accommodated equally. It was interesting to observe that on the majority of billboards, particularly those out of the city centre, a phone number was more likely to be included than a domain name. They are hoping that this situation will change as they introduce their IDN ccTLDs and as the government's planned ICT developments take place.

A key topic discussed was that around IDN ccTLDs and the meeting heard from a number of ccTLDs about the work they were doing in this area. A presentation from .cn outlined what they'd learnt from going through the Fast Track process with IANA as an aid for others looking at applying. Apart from the requirements to get the IANA ccTLD into the root, it is clear that the development of local policies, when faced with complex and multiple scripts, is a major issue for many.

Updates from members, regional organisations and ICANN were also part of the agenda, as is usual practice. There was not a lot of new information imparted at this conference but it was better than the previous APTLD meeting and now that they have a permanent General Manager in place it is expected that the content and benefit of APTLD meetings will improve.

Some enthusiasm for greater engagement in APTLD was expressed during ICANN Brussels, and the APTLD board approved a membership application from the Russian IDN ccTLD Manager at Colombo.

The APTLD Board is still grappling with issues relating to membership and membership fees, and will be working towards resolving its strategy by the 2011 AGM in Hong Kong.

Keith Davidson and Debbie Monahan
Jay Daley (ICANN meeting)

July 2010

Dr Frank March
 President
 InternetNZ
 P O Box 11881
 WELLINGTON

Dear Frank

First Quarter 2010/11 .nz report

This report summarises the key results for the first quarter 2010/11 financial year. It includes information provided in the three monthly reports (April, May and June), plus financial information. There is nothing in this report that is confidential.

1. Statistics

- Over the quarter, .nz domain names have increased from 393,494 to 402,331, a net increase of 8,837 or 2.2%.

	As at 31 Mar 10	As at 30 Apr 10	As at 31 May 10	As at 30 Jun 10	Net Change over qtr
.ac	1,746	1,752	1,740	1,771	25
.co	340,200	343,095	345,367	348,082	7,882
.cri	15	14	14	14	-1
.geek	952	963	981	994	42
.gen	1,287	1,293	1,285	1,289	2
.govt	1,035	1,041	1,046	1,053	18
.health	105	106	108	111	6
.iwi	70	70	70	72	2
.maori	582	581	576	583	1
.mil	23	23	23	26	3
.net	21,936	22,070	22,146	22,312	376
.org	22,547	22,654	22,800	23,017	470
.parliament	7	7	7	7	0
.school	2,989	2992	2,988	3,000	11
Total	393,494	396,661	399,151	402,331	8,837
Net Growth	4,937	3,167 0.8%	2,490 0.6%	3,180 0.8%	8,837 2.2%

2. Registry Performance

- SLA targets achieved for April, May and June
- SRS availability over the quarter was April 100%, May 100% and June 100%.
- DNS availability over the quarter was 100% for each of the three months

3. .nz Policies and Procedures

- A review of three policies was held over the quarter, with the consultation period running from March through to June 2010. The three policies reviewed were the Process on de-authorisation of a registrar, Transfer to another registrar and the Roles and responsibilities policies. The consultation outline is online at <http://www.dnc.org.nz/march10-reviews> and no submissions were received.
- Consultation closed on the review of the Second Level Domains Policy. Three submissions were published at <http://www.dnc.org.nz/2LD-review09>. The Board considered these at its April meeting.
- Consultation started on proposed changes to the WHOIS policy to enable limited searches of the .nz register by registrant name. The consultation paper is at <http://dnc.org.nz/registant-search-functionality>.

4. Registrars

- At the end of June 2010 there were 75 authorised Registrars with 72 of these connected to the production system and offering services to registrants.

5. Other Key Activities

- The IDN Sunrise period started on 6 April 2010 and ran over the quarter finishing early July. There is information (<http://dnc.org.nz/story/nz-domain-names-macrons>) and a FAQ section (<http://dnc.org.nz/story/faq-idns>) on the DNC website to assist people with the use of macrons in .nz domain names.
- The work on the DNSSEC policy development is ongoing with the first round of public consultation planned for around August.
- A letter was received from the New Zealand Bankers' Association advising that the Council for the Association had decided to terminate the .bank.nz project. The letter cited the reason for this as "because the interest within the banks in migrating to .bank as a domain name has waned substantially in recent times".
- Though their terms continue until 31 July, the June 1 board meeting was the last attended by Richard Currey and David Russell so the opportunity was taken to farewell them and to acknowledge their significant contribution to the Domain Name Commission.

6. Documents published

- Minutes of the DNCL Board meeting on Friday 9 April 2010 were published - http://dnc.org.nz/content/Minutes_9_April_2010.html.
- Minutes of the DNCL Board meeting on Tuesday 1 June 2010 were published - <http://dnc.org.nz/content/minutes-dncl-board-meeting-1-june-2010.html>.

7. Planned activities next quarter

- Implementation of IDNs into .nz during July
- Continue the consultation on additional search functionality for .nz domain names
- AGM to be held on Thursday 29 July
- Board meeting planned for August will be the first attended by David Farrar and Kenneth Johnston
- First consultation paper on DNSSEC implementation to be published

8. Financial

	June 2010			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
<u>INCOME</u>						
5050 · Authorisation Fees	0	750	(750)	0	2,250	(2,250)
5080 · DRS Complaint Fees	1,800	2,700	(900)	9,000	8,100	900
5100 · Management Fees	100,658	100,658	0	301,975	301,975	0
5000 · Income - Other	0	0	0	0	0	0
7010 · Interest Income	199	1,000	(801)	588	3,000	(2,412)
Total Income	102,658	105,108	(2,451)	311,562	315,325	(3,762)
<u>EXPENDITURE</u>						
DNCL Board and Projects	11,171	18,683	7,512	24,008	26,349	2,341
Communications	0	7,416	7,416	5,400	22,248	16,848
Dispute Resolution Services	6,400	8,716	2,316	15,600	26,148	10,548
DNC Registrar Activities	349	875	526	2,368	2,625	257
International	11,573	20,000	8,427	38,481	56,000	17,519
Office and Administration	11,413	11,875	462	33,852	35,625	1,773
Personnel and Staff	42,604	40,916	(1,688)	116,899	122,748	5,849
Professional Services	4,543	6,333	1,790	10,393	18,999	8,606
Total Expenditure	88,052	114,814	26,762	247,000	310,742	63,742
Net Profit/Loss	14,606	(9,706)	24,312	64,562	4,583	59,980

Notes:

- Figures for DNCL Board and Projects, along with International, reflect phasing in expenditure which is likely to even out over the next three quarters.

9. Board recommendation

This report outlines activities in the first quarter of the financial year.

The Board of DNCL **recommends** that the Council of InternetNZ receives this report.

Please do not hesitate to contact me if you have any questions.

Yours sincerely

Joy Liddicoat
Chair, DNCL

29 July 2010

Frank March
President
InternetNZ
PO Box 11 881
Wellington

Dear Frank

Re: 1st Quarter 2010 - 2011 Report

We enclose our first quarterly report of the 2010 - 2011 year, the quarter ended 30th June 2010. The report, which I submit on behalf of the Board, consists of the summarised management accounts and a commentary on financial, operational, and strategic issues in relation to the company's performance. There is nothing in the report that we regard as confidential.

This report meets the requirement of the Reporting Policy incorporated in the July 2008 INZ - NZRS Operating Agreement.

1. Financial

Enclosed are Statements of:

- Financial performance; and
- Financial position

These statements are based on our management accounts for the quarter.

The net profit before tax of \$951,113 for the quarter was 11.8% above the budgeted \$851,005.

Domain name growth was above budget for the quarter (actual 8,837 versus budgeted 6,750). April's net growth at 3,167, May's net growth at 2,490 and June's net growth at 3,180 were all above the 2,250 per month budgeted for 2010 - 2011. Actual domain name fee income for the quarter was above budget (actual \$1,817,912 versus budgeted \$1,797,736).

As at 30 June 2010, the company's funds in bank and on deposit totalled \$10,462,866, above the budgeted \$10,431,399. Pre-paid domain name fees (deferred income) were also above budget at the end of the quarter (actual of \$5,285,105 against the budgeted \$5,167,824), reflecting the above budget domain name growth.

The company's internally-imposed liquidity ratio was amply met.

2. Operational

a) Registrars

At the end of the quarter there were 73 authorised registrars in production.

b) System availability

SRS, DNS and Whois availability is noted in the table below.

	<i>SLA %</i>	Apr 10	May 10	Jun 10
SRS	99.90%	100	100	100
DNS	100%	100	100	100
Whois	99.90%	100	100	100

c) Domain name growth

The breakdown of domain name growth by second level domain is noted in the table below.

	30 Apr 2010	31 May 2010	30 Jun 2010
.ac	1,752	1,740	1,771
.bank	0	0	0
.co	343,095	345,367	348,082
.cri	14	14	14
.geek	963	981	994
.gen	1,293	1,285	1,289
.govt	1,041	1,046	1,053
.health	106	108	111
.iwi	70	70	72
.maori	581	576	583
.mil	23	23	26
.net	22,070	22,146	22,312
.org	22,654	22,800	23,017
.parliament	7	7	7
.school	2,992	2,988	3,000
Total	396,661	399,151	402,331
Growth over previous month	3,167	2,490	3,180
Variance against budget	917	240	930

3. Other Key Strategic and Operational Activities

a) Project programme

Work on the Shared Registry System continues with the previously reported major projects:

- The implementation of EPP. This is a major addition to the SRS, requiring some fundamental changes 'under the hood' to the design of SRS. Work on this continues with implementation due for the end of winter 2010.
- A major review of SRS. As reported in our last quarterly report, we have kicked off a major review of the SRS to ensure that future changes can be made easily and quickly, that any design flaws that are worked around can be corrected and to ensure the technology choices are still appropriate in the current technical landscape.
- Planning for DNSSEC is almost complete and implementation should begin soon. DNSSEC is the most technically challenging work that we have ever engaged in and all precautions are being taken to ensure that we get it right.

b) Business development

Following on from the request from our Registrars' Advisory Group that we consider becoming a gTLD registrar, we have carried out detailed initial investigations into the requirements and processes of operating as a gTLD registrar to identify if any showstoppers are present. So far none have been found and we will be moving to the next phase of financial modelling.

Our CE has presented to the TCF board on ENUM but has since heard that they are too busy with UFB to consider restarting work on ENUM for some time, possibly not until the end of the year.

c) Budget/Fee setting process and timetable

During the quarter, following the InternetNZ Council resolution to reduce the .nz wholesale fee, preparations were made for the fee reduction to take place on July 1st. We were also able to finalise our 3-year budget, incorporating the fee reduction.

Our CE and one of our directors, David Farrar, participated in the Group Financial Strategy day, and reiterated our view that any cash in excess of reserves within NZRS was held on behalf of the society and would be transferred to InternetNZ when requested if the normal solvency tests were met.

d) Community engagement

Our CE gave a talk on DNSSEC and the emerging systemic security threats to the Wellington chapter of the Information Security Interest Group that was very well attended.

Following the publication of the latest ComCom report on broadband measurement, we have initiated a conversation with the ISP community on their nameserver provision, considering specifically their placement, performance and strategy for DNS service delivery. This has been well received and a number of others have taken up the discussion in public, while we have been contacted privately by a number of ISPs who have provided confidential

information on their DNS service and interconnection strategy to help us understand how we best serve them.

e) International participation

Our CE, who is an elected board member of the Registration Infrastructure Security Group, attended the inaugural AGM along with the DNC, in Washington DC. The group aims to provide a means for registries, registrars and security companies to share data in the fight against e-crime, in a secure and trusted environment. This group has made significant progress on both the legal agreements necessary to underpin the data sharing and the technical protocols that are needed to conform to local privacy laws and database rights.

Both our CE and I attended the ICANN meeting in Brussels, which was notable for the following developments:

- On behalf of the National Cyber Crime Centre (NC3), our CE and the DNC met with the UK Serious Organised Crime Agency to discuss plans for law enforcement engagement within the ICANN/registry community. We have since followed this up with a discussion document for NC3 to take forward with their international colleagues.
- Work began on a community derived set of requirements that might lead to a DNS-CERT, absorbing the impact of the unsubstantiated comments by the ICANN CEO in March that the DNS was under threat like never before.
- Discussions with the ccNSO about business development, including both marketing of domains and diversification, have now become a regular feature. At this meeting one of the world's largest registrars warned the ccTLD community that the introduction of many new TLDs will mean ccTLDs competing for shelf space and success at that will hinge on how easy they are to do business with.
- The first IDN TLDs were agreed by ICANN. Interestingly the requirement for community support was somewhat hazy in regard in regard to applications from non-democratic countries.
- Progress was made on multiple ICANN initiatives, including the almost final draft of the Application Guidebook for new TLDs, paving the way for their introduction next year.

Our DNS Specialist attended both the DNS-OARC meeting and the RIPE meeting immediately following. Much of his work there was on the operational considerations for implementation of DNSSEC and the signing of the root.

f) Support of InternetNZ policy work

Our CE supported the InternetNZ Policy Director in a follow up meeting with the TCF in the response to their consultation on the future of numbering administration. The TCF have since withdrawn their plans and the NAD has agreed to concentrate on tackling the substantive issues around numbering rather than reforming governance.

We are supporting InternetNZ in a minor fashion on the UFB project, helping to explain technical documents and looking at interconnection strategies, which links to our work on national DNS service provision.

4. Outlook: Strategic Issues and Key Operational Activities

Key activities for the second quarter of the 2010 - 2011 financial year include:

a) Project programme

- Release of EPP.
- Continuing the full review of SRS.
- Installation of a new time server network. Work on this is almost complete.
- Launch of our new web site.

b) Business development

The major work will be the financial modelling of becoming a gTLD registrar, which if satisfactory will allow the Chairs and CEs group to consider the next steps.

5. Board Recommendation

The Board of NZRS recommends that the Council of InternetNZ receives this report.

Please do not hesitate to contact me if you have any queries.

Yours sincerely



Donna Hiser
Chairman



New Zealand Domain Name Registry Limited
Financial Statements
For the Quarter Ended 30th June 2010

Prepared By

Curtis McLean Limited
Chartered Accountants
Wellington NZ





New Zealand Domain Name Registry Limited
Exclusion of Liability Statement
For the Quarter Ended 30th June 2010

We have compiled the Financial Statements comprising Statement of Financial Performance, Statement of Movements in Equity and Statement of Financial Position of New Zealand Domain Name Registry Limited for the period ended 30th June 2010.

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information.

We have not carried out an audit or review engagement of the Financial Statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the material from which the Financial Statements have been prepared. Further, the Financial Statements have been prepared at the request of and for the purpose of the client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

Curtis McLean Limited
Chartered Accountants
Wellington NZ



New Zealand Domain Name Registry Limited
Statement of Financial Performance
For the Quarter Ended 30th June 2010

	This Quarter			Year to Date			Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Last Year
Registry Fees	1,817,912	1,797,736	20,176	1,817,912	1,797,736	20,176	6,960,027	6,840,284
Less Direct Expenses								
DNC Management Fee	301,975	301,975	-	301,975	301,975	-	1,207,899	1,150,380
DNS Expenses	136,364	166,949	(30,584)	136,364	166,949	(30,584)	656,366	522,995
SRS Expenses	121,319	122,452	(1,133)	121,319	122,452	(1,133)	489,806	461,152
Other IT	48,347	31,307	17,040	48,347	31,307	17,040	113,949	58,816
TBSR	-	-	-	-	-	-	-	28,007
Total Direct Expenses	608,005	622,683	(14,677)	608,005	622,683	(14,677)	2,468,020	2,221,350
Gross Profit	1,209,907	1,175,053	34,853	1,209,907	1,175,053	34,853	4,492,007	4,618,934
Less Other Expenses								
Depreciation & Amortisation	58,709	85,106	(26,397)	58,709	85,106	(26,397)	528,888	203,560
Overhead Expenses	320,442	338,941	(18,500)	320,442	338,941	(18,500)	1,350,459	1,542,211
ICANN Sponsorship	-	-	-	-	-	-	-	1,000
Total Other Expenses	379,151	424,047	(44,897)	379,151	424,047	(44,897)	1,879,347	1,746,771
	830,756	751,006	79,750	830,756	751,006	79,750	2,612,660	2,872,163
Plus: Other Income								
Interest	108,059	99,999	8,060	108,059	99,999	8,060	398,526	433,088
Rent Received	-	-	-	-	-	-	-	149,307
Tenants Share of Expenses	-	-	-	-	-	-	-	36,203
Rental Lease Incentives Income	12,298	-	12,298	12,298	-	12,298	-	-
Net Profit Before Tax	951,113	851,005	100,108	951,113	851,005	100,108	3,011,186	3,490,761

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement





New Zealand Domain Name Registry Limited
Statement of Financial Performance
For the Quarter Ended 30th June 2010

	This Quarter			Year to Date			Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Last Year
Net Profit Before Tax	951,113	851,005	100,108	951,113	851,005	100,108	3,011,186	3,490,760
Less: Interest Expense	-	-	-	-	-	-	-	521
	<u>951,113</u>	<u>851,005</u>	<u>100,108</u>	<u>951,113</u>	<u>851,005</u>	<u>100,108</u>	<u>3,011,186</u>	<u>3,490,239</u>
Provision For Tax	-	-	-	-	-	-	-	-
	<u>951,113</u>	<u>851,005</u>	<u>100,108</u>	<u>951,113</u>	<u>851,005</u>	<u>100,108</u>	<u>3,011,186</u>	<u>3,490,239</u>

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement





New Zealand Domain Name Registry Limited
Statement of Movements in Equity
For the Quarter Ended 30th June 2010

	This Year to Date	Last Year Full Year
Share Capital		
Opening Share Capital	30,000	30,000
Share Capital as at 30th June 2010	<u>30,000</u>	<u>30,000</u>
Retained Earnings		
Opening Retained Earnings	5,547,335	4,547,096
Plus:		
Net Tax Paid Profit (Loss) for Year	951,111	3,490,239
Less:		
Dividend Declared	<u>-</u>	<u>2,490,000</u>
Retained Earnings as at 30th June 2010	<u>6,498,446</u>	<u>5,547,335</u>
Equity as at 30th June 2010	<u>\$6,528,446</u>	<u>\$5,577,335</u>

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement



New Zealand Domain Name Registry Limited
Statement of Financial Position
As At 30th June 2010

	Actual	End of Quarter Budget	Variance	LY Actual	End of Year Budget	LY Actual
Equity						
Share Capital	30,000	30,000	-	30,000	30,000	30,000
Retained Earnings	6,498,446	6,398,343	100,103	5,022,017	5,948,520	5,547,335
Total Equity	6,528,446	6,428,343	100,103	5,052,017	5,978,520	5,577,335
Liabilities:						
Creditors & Accruals	266,298	347,385	(81,087)	218,950	370,270	310,960
Deferred Income - Registry Fees	5,285,105	5,167,824	117,281	4,712,124	4,881,985	5,079,526
Rent in Advance	-	-	-	-	-	-
Total Liabilities	5,551,403	5,515,209	36,194	4,931,074	5,252,255	5,390,486
Funds Employed	12,079,849	11,943,552	136,297	9,983,091	11,230,775	10,967,821
Represented By:						
Current Assets						
Funds Held	10,462,866	10,431,399	31,467	8,557,930	9,620,699	9,532,943
Debtors & Prepayments	1,015,872	935,092	80,780	939,462	846,799	982,179
Provision For Tax	533	-	533	222,878	-	533
	11,479,271	11,366,491	112,780	9,720,270	10,467,498	10,515,655
Non Current Assets						
Fixed Assets	599,931	576,477	23,454	260,936	763,277	451,209
Intangible Assets	647	584	63	1,885	-	957
Total Non Current Assets	600,578	577,061	23,517	262,821	763,277	452,166
Total Assets	12,079,849	11,943,552	136,297	9,983,091	11,230,775	10,967,821

These Financial Statements have not been reviewed or audited and should be read in conjunction with the attached Exclusion of Liability Statement



New Zealand Domain Name Registry Limited
Statement of Cash Flows
For the Quarter Ended 30 June 2010

	This Quarter			Year to Date			Last Year (YTD)	Full Year	
	Actual	Budget	Variance	Actual	Budget	Variance		Budget	LY Actual
Cash Flows From Operating Activities									
Cash Was Provided From:									
Registry Fees Received	2,231,455	2,168,876	62,579	2,231,455	2,168,876	62,579	2,068,144	7,743,178	8,172,640
Other Receipts	56,968	99,999	(43,031)	56,968	99,999	(43,031)	108,371	399,059	626,494
	<u>2,288,423</u>	<u>2,268,875</u>	<u>19,548</u>	<u>2,288,423</u>	<u>2,268,875</u>	<u>19,548</u>	<u>2,176,515</u>	<u>8,142,237</u>	<u>8,799,135</u>
Cash Was Distributed To:									
Payments to Suppliers and Employees	1,037,291	1,077,587	(40,296)	1,037,291	1,077,587	(40,296)	1,074,361	4,214,419	4,356,623
Net Taxation Paid	0	(533)	533	0	(533)	533	(179,917)	0	(417,164)
Net Dividend Paid	0	0	0	0	0	0	295,188	2,610,000	2,490,000
Net GST Paid	122,367	135,863	(13,496)	122,367	135,863	(13,496)	136,945	363,810	392,810
	<u>1,159,658</u>	<u>1,212,917</u>	<u>(53,259)</u>	<u>1,159,658</u>	<u>1,212,917</u>	<u>(53,259)</u>	<u>1,326,577</u>	<u>7,188,229</u>	<u>6,822,269</u>
Net Cashflows from Operating	<u>1,128,765</u>	<u>1,055,958</u>	<u>72,807</u>	<u>1,128,765</u>	<u>1,055,958</u>	<u>72,807</u>	<u>849,938</u>	<u>954,008</u>	<u>1,976,866</u>
Cash Flows from Financing Activities									
Cash was Provided From:									
Share Capital	0	0	0	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash was Distributed To:									
Repayment of Redeemable Preference Shares	0	0	0	0	0	0	0	0	-
Inland Revenue Use of Money Interest	0	0	0	0	0	0	0	0	0
Net Cash flows from Financing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
Cash Flows from Investing Activities									
Cash was Provided From:									
Fitout Contribution	0	0	0	0	0	0	0	0	0
Cash was Distributed To:									
Purchase of Fixed Assets & Formation Expenses	198,841	157,500	41,341	198,841	157,500	41,341	13,964	866,250	165,880
Net Cash flows from Investing Activities	<u>(198,841)</u>	<u>(157,500)</u>	<u>(41,341)</u>	<u>(198,841)</u>	<u>(157,500)</u>	<u>(41,341)</u>	<u>(13,964)</u>	<u>(866,250)</u>	<u>(165,880)</u>
Net Increase (Decrease) in Cash Held	<u>929,924</u>	<u>898,458</u>	<u>31,465</u>	<u>929,924</u>	<u>898,458</u>	<u>31,465</u>	<u>835,974</u>	<u>87,758</u>	<u>1,810,986</u>
Plus Opening Cash Balance	<u>9,532,943</u>	<u>9,532,941</u>	<u>2</u>	<u>9,532,943</u>	<u>9,532,941</u>	<u>2</u>	<u>7,721,958</u>	<u>9,532,941</u>	<u>7,721,957</u>
Closing Cash Carried Forward	<u>10,462,866</u>	<u>10,431,399</u>	<u>31,467</u>	<u>10,462,866</u>	<u>10,431,399</u>	<u>31,467</u>	<u>8,557,931</u>	<u>9,620,699</u>	<u>9,532,943</u>
Closing Cash Comprises									
ASB Bank Cheque Account	1,047,274	-	-	1,047,274	-	-	965,832	9,620,699	674,319
ASB Bank Call Account	107,654	-	-	107,654	-	-	206,392	0	107,386
Term Deposits	9,307,938	-	-	9,307,938	-	-	7,385,707	0	8,751,238
Total Cash Held	<u>10,462,866</u>	<u>10,431,399</u>	<u>31,467</u>	<u>10,462,866</u>	<u>10,431,399</u>	<u>31,467</u>	<u>8,557,931</u>	<u>9,620,699</u>	<u>9,532,943</u>

Keith Davidson - External Relationships
Report to InternetNZ Council Meeting of 20 August 2010

International Activities

1. International Meetings

A consolidated summary report from Debbie, Jay and I is included elsewhere in the Council papers covering the Asia Pacific IGF Hong Kong meetings, ICANN Brussels and APTLD Sri Lanka. These meetings were a very busy time for me, with the release of the ICANN ccNSO Working Group interim report on issues relating to delegations, redelegations and retirements of ccTLDs being released at ICANN Brussels, and also chairing the APTLD Colombo meeting were major consumers of my time. I would be happy to answer any questions arising from the combined INZ report.

I also attended on line the ISOC Advisory Council meeting on 30 July, as well as a number of ICANN Working group and APTLD board conference calls.

Don Hollander stood in for me at the Pacific ICT Ministers meeting in Tonga in late June (due to the timing clash with the AP Regional IGF in Hong Kong which I had committed to attending).

The Brussels ICANN meeting announced the proposal to amend the bylaws to enable the ICANN Chair to be remunerated for that role, and have sought submissions on the proposal. InternetNZ's submission affirmed support for payment to be made and suggested it appropriate to backdate remuneration for the current chair. Submissions have closed, with only 7 submissions made, 6 in favour of the change and one against.

2. IETF Hosting Bid

I am still actively involved in discussions with ISOC and the IETF regarding our bid to host the July 2012 IETF meeting in NZ. Discussions between Sky Convention Centre and ISOC and IETF meeting organizers are progressing well and I am hopeful that a firm commitment for Auckland will be forthcoming from the IETF in the very near future.

3. Oceania / Pacific Sub-Regional IGF

Don Hollander was very successful at the Pacific ICT Ministers Tongan meeting, and the Ministers resolved to support a Pacific IGF for Noumea in April 2011, in conjunction with the already scheduled Pacific Islands Telecommunication Association (PITA) meeting. It was hard to conceive any real success without these ICT Ministers supporting it, and it is useful to now progress this meeting as a true multi-stakeholder participatory meeting. By the

time of the Council meeting I will have set up a mailing list for organizers of this event, and currently I have commitments for funding at US\$10,000 each from InternetNZ, APNIC, auDA and \$5,000 from APTLD. I am expecting further commitments from ISOC and Verisign at \$10,00 apiece, and will make application to the World Bank for up to \$50,000 funding once I am confident I have \$50,000 committed locally. The Secretariat of the Pacific Community (SPC) will act as local host for Noumea and provide meeting logistics etc. So much of the funding will be used for travel fellowships to ensure multistakeholder participation from throughout the 15 Pacific Island Forum countries, including representatives from Governments, civil society and business. Some funding will also be used for travel expenses for some keynote speakers to this event. The focus of the meeting will obviously be the specific and unusual issues faced by the remote Pacific Islands relating to the key IGF themes of access, security, diversity and openness. A one day workshop facilitated by APTLD will be part of this event, which will seek to engage Pacific ccTLD managers, regulators and those interested in the domain name space.

The Pacific Island Chapter of ISOC also have their annual meeting scheduled for 14 - 17 September in Vanuatu, at which time I will be attending the main IGF meeting in Lithuania, so again Don Hollander has been contracted to attend this meeting to promote the Pacific IGF concept and work on building issues of relevance for inclusion on the PacIGF programme. Further, some promotion of this event should also occur at this months APNIC meeting and later in the year at PacNOG.

4. Future International Meetings

With the recent moves by the ITU asserting itself on issues relating to the Internet's unique identifiers, under the guise of "enhanced cooperation", there are many political games afoot as the ITU works towards its 4 yearly plenipotentiary meeting in Mexico in October. There appears to be a ploy to engage Pacific support for the ITU through workshops such as the August Rarotonga meeting, where ccTLD operations magically appear in ITU reports on telephony numbering plans! Following the discussions at the last Council meeting, and following up with MED's Frank March, I have now been included on the New Zealand Government delegation for the ITU Plenipotentiary, and it is pleasing that two MED staff will also be participating in Mexico. Certainly too, recent activity has stimulated a number of like minded ccTLDs and organisations like ISOC to take the Plenipotentiary meeting more seriously.

My scheduled international meetings for the remainder of the current financial year has now been amended for more active participation at the relevant ITU events and now covers the following trips:

- ITU / Diplo Workshop, Rarotonga 23 - 27 August 2010
- Russian States ccTLDs, Samara { 7 - 10 September 2010
- IGF Vilnius {14 - 17 September 2010

- ITU Plenipotentiary, Guadalajara { 9 - 22 October 2010
- APTLD, Amman {30 - 31 October 2010

- ICANN Cartagena 5 - 12 December 2010

- APTLD, APAN, APRICOT, HK Feb . Mar 2011

Please note that this will mean I will be in Mexico when Council meets in October, but depending on time differences and the agenda for the ITU meeting, it is possible that I could join the Council meeting by phone if there are any items of significance for Council at that time.

With the September Vilnius IGF meeting, it should be noted that a fairly significant New Zealand delegation will attend, all of whom are InternetNZ members, including Peter Dengate Thrush, Frank March, Joy Liddicoat, Liz Butterfield, Vikram Kumar, Andrew Cushen (Vodafone) and myself. This is a major change from past years where NZ and INZ participation has been light.

5. Australia / New Zealand Best Practice Awards

These awards were designed to encourage greater understanding of the IGF objectives, and primarily organised by auDA, with InternetNZ as the co-sponsoring organization. Following on from the inaugural year's awards, entries are now being sought for the 2010 awards, and again Frank March and I have been asked to judge some categories of these awards. While there has been no cost for InternetNZ to participate, it may be appropriate for InternetNZ to consider sponsoring any NZ award winners to attend the awards ceremony in Melbourne in October.

Local Activities

I continue to serve on the NZ IPv6 taskforce, which helps to keep me in contact with some of the key technical folks in NZ and I can conduit information to and from the international arena on this topic.

The Liz Dengate Thrush Foundation Internet Industry Awards was a tremendous event and as a trustee of that foundation, would like to record my gratitude for the massive support from InternetNZ for this event.

Keith Davidson
12 August 2010

CE's Report

Author: Vikram Kumar

Purpose of Paper: Report on progress since last Council meeting on 11 June 2010

Council priorities

At the last Council meeting, as a result of the Council self-evaluation, three priorities were specified. Progress on them:

1. Improved membership engagement and communications
Details are under the "Improving member engagement" business priority below.
2. Broader, more representative membership
There has been a significant increase in membership of 24 (about 10%) since the last Council meeting. A small part of this was in the period just before the AGM but has been above-trend in the last few weeks. This is believed to be due to the efforts of individual members as well as a higher public profile.
3. Increased operational reporting at Council meetings
This report provides more details than recent CE reports.

Operational progress

Submissions:

Date	To	Subject
23 July	Ministry of Economic Development	Telecom's request for a fourth variation to the Operational Separation Undertakings
2 July	Law Commission	Review of the Privacy Act: summary of Internet-related issues
18 June	NZ Youth Parliament	Inquiry into digital copyright infringement
17 June	Commerce Select Committee	Copyright (Infringing File Sharing) Amendment Bill

The most important of these was in relation to Telecom's request for a fourth variation to the Operational Separation Undertakings. Our submission was prepared and lodged with consulting assistance from our legal advisors.

We argued that Telecom's proposed variation, especially in not migrating broadband customers to the same service that competitors use (the fundamental Equivalence of Inputs that operational separation was designed to secure) would effectively bring operational separation to an end. Arguments about what should happen in a UFB world ignore the fact that the copper network will be a mainstay for several years, and competition needs to continue there.

Other operational areas:

- IPv6 Task Force Secretariat support and ongoing work progressing the Task Force's action plan. A survey of the top 100 CIOs was launched as well as a new website. The InternetNZ-hosted IPv6-TechSig list continues to be a powerhouse of technical discussion.
The Task Force has contracted Grant Symons as a coordinator with a brief to be an industry liaison, identify pathfinder organisations, and coordinate assistance. We continue to assist ISPANZ and IETF with secretariat duties as required.
- InternetNZ presented to the Commerce Select Committee oral hearings on the Copyright (Infringing File Sharing) Amendment Bill on 5 August. This was well received.
The oral submissions were presented by Jordan Carter in conjunction with Rick Shera. The focus of the submission was on whether termination is a good idea, with several more detailed points being made. We are cautiously hopeful that the Committee will recommend the removal of the account suspension provisions on the basis of their unworkability, but a range of other considerations may see them remain.
We also attended and reported on the other two sessions of the Committee's hearings.
- Jordan and Richard attended the ACCC regulatory conference in Brisbane, which was dealing with market structures for industries. Structural separation vs. operational separation was a key discussion point with reference across differing sectors. This was well timed given the ongoing changes that are happening to the UFB in New Zealand, where regulation appears to be being tilted towards investors to incentivise enough private funds to make UFB happen, without due consideration for the interests of consumers in the long run. This issue will continue to be a big one for us for some time to come.
- We successfully ran the Annual General Meeting, Council election, and voting on motions (Constitutional, members). Running the election and preparing for the AGM was the major focus for the Shared Services Unit during June and July. This included supporting the President and members as requested.

- Jointly with the Law Commission, we organised two half-days of roundtables focused on the Internet-specific issues related to their review of the Privacy Act. Significantly, this effort was praised both by the Law Commission and the Office of the Privacy Commissioner besides the positive comments from people attending the meetings. In particular, bringing together people with diverse backgrounds – from technical to legal to policy to business – was key in developing insights into privacy issues from multiple perspectives.
- Attendance at TelCon11, roundtable discussion on changes to Canadian copyright legislation, the Ministry of Consumer Affairs workshop on Consumer Law.
- Continued participation in the TCF Layer 2 workshops defining technical standards for LFCs for Layer 2 services. This was attended by the telco industry, UFB bidders, MED, Commerce Commission and Crown Fibre Holdings. There was a high level of cooperation due to no one at this stage knowing the UFB winners.

Business Plan strategic priorities

1. Improving member engagement

- An open evening was held in Auckland on 31 June 2010 with 20 people attending. The evening featured a presentation on social media by member Sandra Newton and a screening of “Us Now”, a British documentary film about the power of mass collaboration, the government and the Internet. Open evenings are being positioned as a way for our members to share their expertise and experience with the wider community.
- A plan to better get members’ inputs into the strategic planning for the next financial year was discussed at the AGM. Feedback has been generally favourable. As a first step, members will be invited to provide comments to a consultation document. This includes in-person meetings on 1 September in Auckland and 3 September in Wellington.
- The survey of members' Policy Areas of Interest was used to shortlist subject matter experts to contribute to the June privacy roundtables and participate in content development for the TVNZ7 Internet Debate.
- In-person PAG meetings in Wellington have been planned for August and September.

2. Reaching out to the wider community

- We partnered with TVNZ on the TVNZ 7 Internet Debate, Who is responsible for safety and privacy online, telecast on 11 August. We also promoted discussion of the topics online and organised workshops on the topics prior to the debate. The debate was aimed at introducing a broad audience to these topics and provides both TVNZ and us with opportunities to learn the use of multiple platforms to support a live event.

- MFAT briefed the FreeACTA community before the Lucerne round. There was discussion with MFAT about what commercial scale means and the variety of approaches globally on that.
- We supported the launch of The Orb website by NetSafe, which provides a one-stop Online Reporting Button to advise half a dozen government agencies of illegal activity on the Internet.
- There were considerable efforts put into software patents, in particular to voice our opposition to any changes to the Commerce Select Committee recommendation of excluding software from the ambit of patents and clarifying the Government's position on embedded software. A key feature of our efforts was to organise meetings and coordinate action with key stakeholders.

3. Telling the InternetNZ story better

- We supported the second Internet Industry Awards out of the operational budget instead of the grants pool as was done last year. InternetNZ's contribution to the success of the Awards was well recognised. Our role "in ensuring the internet is an open and safe environment" was acknowledged by Hon Steven Joyce, Minister for Communications and Information Technology, at the Internet Industry Awards.
- Instead of an online video competition, we organised Tweet2Win, a Twitter based competition about people's love/hate of the Internet. While we learned some valuable lessons, overall the competition was successful in meeting its goals.
- The first Fellows and Officers Lunch was organised on the day of the AGM to honour the contributions of the Fellows and Officers of the Society to the development of the Internet in New Zealand and to InternetNZ.
- Along with the Law School of the Victoria University of Wellington, we jointly organized a public lecture on the work done by the Cyberlaw Fellow, Jonathan Penny. The lecture was well attended by a diverse audience that expressed an appreciation of the value of the research work. Jonathan's work was well aligned and useful for the subsequent meeting on the Internet and human rights organised jointly with the Human Rights Commission.
- Overall, due both to the initiatives listed above and in other sections of this report, InternetNZ's public profile has been raised and our story better known and appreciated. This has been aided by media coverage of some of our grants, such as that to Computer Clubhouse.

4. Increasing organisational effectiveness

- Completed a review of domain names registered by InternetNZ. A hand-over of surplus domain names is in progress to appropriate owners and domain names that are no longer needed will be cancelled.
- Review of cleaning contractors. The Shared Services Unit is investigating options for cleaners to ensure that we are receiving the best value for our money.

- We decided to publish the 2010 Annual Report in-house and online only. A part of the budgeted amount for the Annual Report will be used to design and publish a more enduring publication of our activities.

5. High quality policy advice

- Work started on a statement of the principles that drive our policy and advocacy. A clear public statement of the principles we apply in our policy work will increase the transparency about our perspective.
- The current work plan has been revised to re-schedule some proactive policy tasks for the remaining period of the year. A few items have slipped due to the pressures of the reactive component of our work.
- We have consciously begun to raise InternetNZ's profile on policy issues, with Telecom's operational separation variation submission the first big example. Where we have well defined policy positions we will try and improve our media profile on them. A higher profile spreads our message more broadly, and gives us more influence in trying to persuade decision makers -- as long as that profile is well thought through and credibly backed up with substance.

Personnel

Elena Ivanova has been recruited as an Administration Assistant in the vacancy created by Laura Turnbull's resignation to join DNCL.

Recommendation:

that the CE's Report be **received**.

InternetNZ June 2010 Financial Report

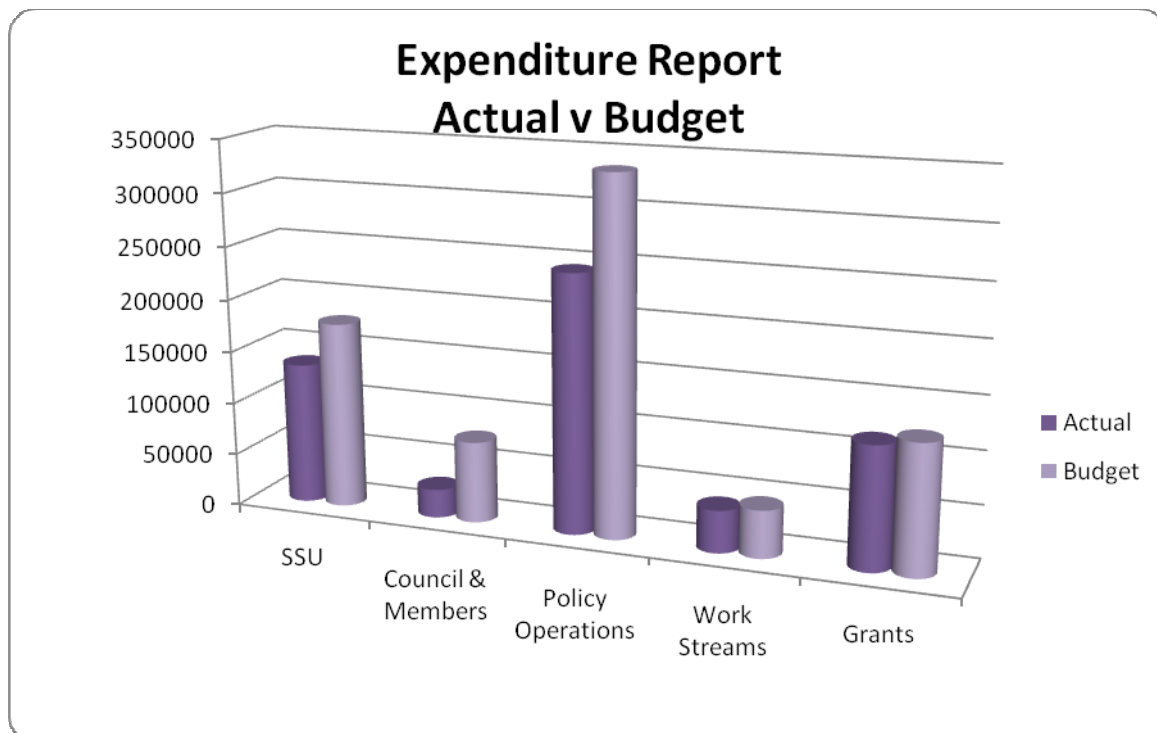
Author: Vikram Kumar

Purpose of Paper: Provide an update on the financial performance of InternetNZ to June 2010

Condensed Expenditure Report Actual v Budget As of 30 June 2010

	YTD Actual	YTD Budget	Variance
SSU	134,578	177,442	42,864
Council & Members	27,069	77,291	50,222
Policy Operations	244,065	335,549	91,484
Work Streams	40,050	45,000	4,950
Grants	115,692	122,000	6,308
Total	561,454	757,282	195,828

Note: the above information is expenditure only and excludes income



Commentary to Accounts

In the first quarter of the financial year 2010/11 (April to June 2010), InternetNZ made a loss of \$507,688 against the budgeted loss of \$706,532. The under-spend was \$198,843.

Actual to Budget Variances

All areas of expenditure were below budget. The major variances against budget were:

- Remuneration is under budget by \$47,941. We have had one vacancy, that of Administration Assistant in the SSU. In addition to remuneration coming back to projected levels, there are also recruitment costs that will show up in the next set of financials. There has also been some under-spend on contractors.
- Accounting Fees are over budget by \$4,519 due to the completion of the 2010 annual financial statements. This cost should even out.
- General Office Expenses are under budget by \$18,752 which is due to more control on miscellaneous expenses. In addition, Printing and Stationery is under budget by \$8,838. This is mainly on account of the decision not to print the annual report. \$20,000 was budgeted for that cost over June/July.
- Honoraria is under budget by \$24,313, primarily due to two councillors declining honoraria payments.
- Sponsorship is marginally under budget by \$8,306 which is a timing issue and should even out over the year.
- International Travel is under budget by \$9,000. This is a timing issue and should even out over the year.
- National Travel is above budget by \$9,587 due to Councillors travelling for the March and June Council meetings and various other travel requirements such as those needed for the PublicACTA conference.
- Expenditure on updates to the website is under-spent by \$11,007. This reflects a decision to postpone updates until after the AGM.
- Workstream budget is under-spent by \$63,750. This is partly on account of expenditure classification that is being addressed.

Expected Major Budget Variances

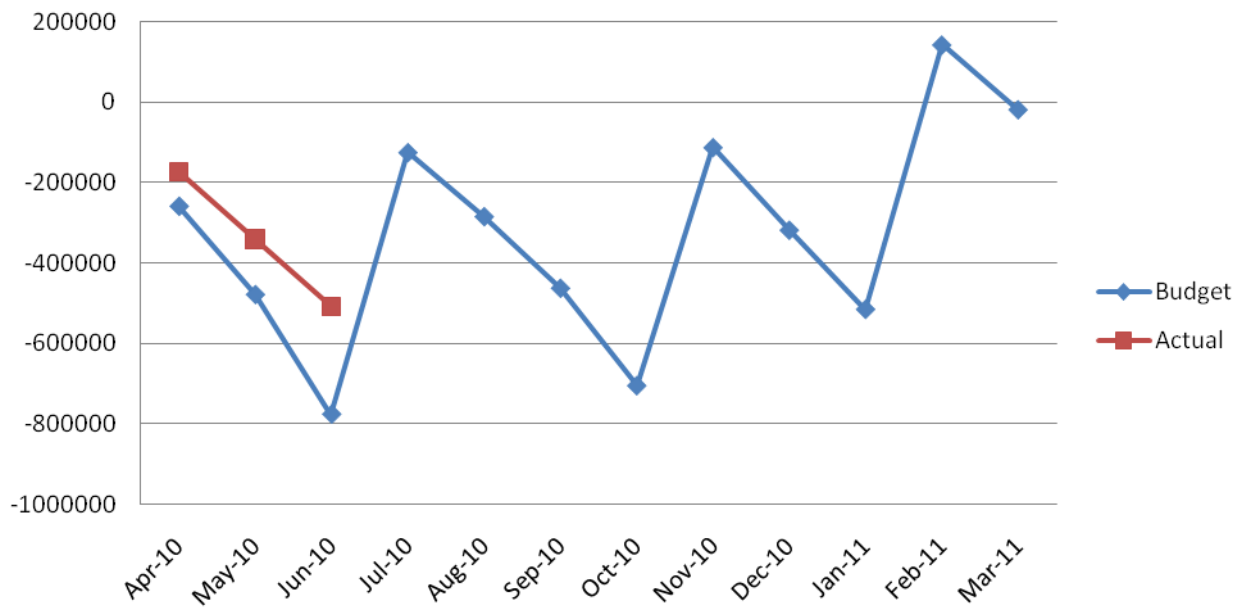
There are currently no known major budget variances expected other than those listed previously.

Change to Budget Allocations within Overall Approved Amount

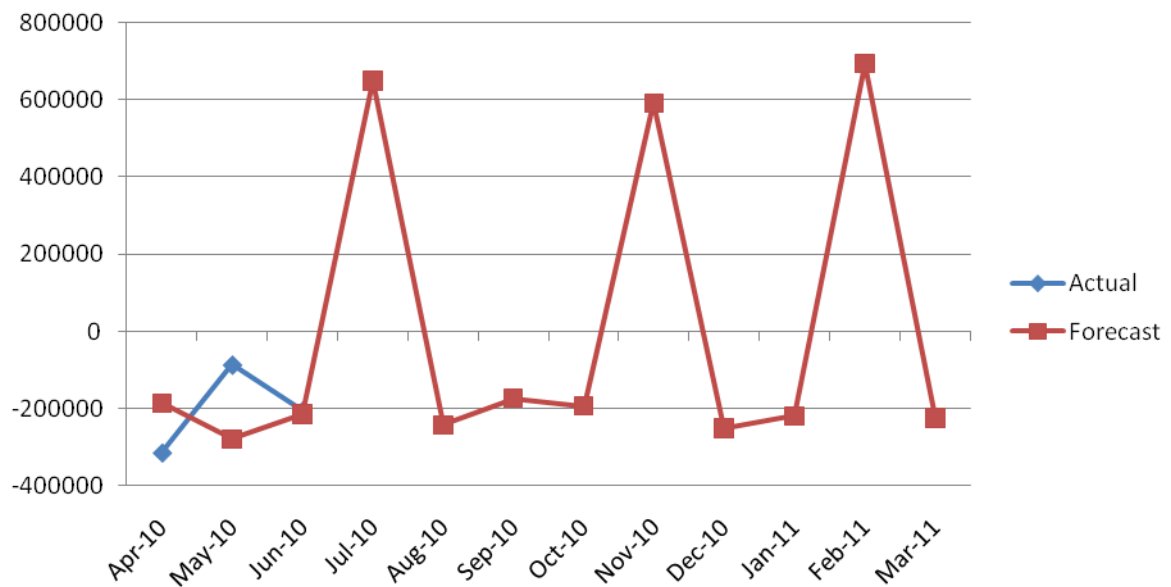
Within the approved InternetNZ budget for 2010/11, I propose to increase the grants pool by 25%, from \$400,000 to \$500,000. There will be a corresponding reduction in other components of the operational budget.

This is on account of the grants pool being depleted to 7.7% and the under-spend in the first quarter operational expenditure freeing up some funds.

Profit and Loss Y-T-D Actual v Budget



Cumulative Cash Flow Actual v Forecast



Recommendation:

THAT the financial report to 30 June 2010 be received.

InternetNZ
Profit and Loss Statement
As of 30 June 2010

	<u>Apr - Jun 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Income			
500 · Operating Income			
530 · SSU Recharge	50,000	50,000	0
542 · Membership - Corporate	100	0	100
546 · Membership - Individual	231	0	231
Total 500 · Operating Income	50,331	50,000	331
570 · Sundry Income	527	0	527
580 · Investment Income			
583 · Dividends	0	0	0
586 · Interest	2,908	750	2,158
Total 580 · Investment Income	2,908	750	2,158
Total Income	53,766	50,750	3,016
Expense			
600 · Remuneration			
601 · ACC Levy	0	1,608	-1,608
625 · Miscellaneous Staff Costs	0	3,028	-3,028
630 · Recruitment	5,490	13,750	-8,260
635 · Staff Training	436	6,000	-5,564
651 · Wages & Salaries			
651-01 · Kiwi Saver - Employer Cont	5,738	1,320	4,418
651 · Wages & Salaries - Other	165,392	188,356	-22,964
Total 651 · Wages & Salaries	171,129	189,676	-18,547
653 · Wages - Casual & Temporary	1,367	1,247	120
654 · Wages – Contractors	36,690	45,540	-8,850
655 · Contracted Technical Services	7,796	10,000	-2,204
Total 600 · Remuneration	222,908	270,849	-47,941
800 · Operating Expenses			
801 · Accountancy Fees	16,019	11,500	4,519
805 · Advertising & Marketing	1,438	1,000	438
809 · Bank Charges	400	563	-162
811 · Conferences	17,280	10,000	7,280
813 · Consultants	1,502	5,003	-3,501
816 · Depreciation	12,480	12,500	-20
817 · Domain Names	1,756	1,000	756
818 · Entertainment	3,832	4,750	-918
820 · General Office Expenses	4,498	23,250	-18,752
822 · Governance Training	0	0	0

824 · Honoraria	8,938	33,250	-24,313
826 · Legal Fees	48,166	53,747	-5,581
829 · Meeting Costs	10,351	13,497	-3,146
835 · Postages & Couriers	1,079	1,003	76
851 · Repairs and Maintenance	2,245	3,750	-1,505
853 · R & M - Software	2,246	4,320	-2,074
855 · Printing & Stationery	6,162	15,000	-8,838
857 · Sponsorship	113,694	122,000	-8,306
860 · Subscriptions	3,688	5,750	-2,062
870 · Telecommunications	21,423	23,000	-1,577
872 · Travel & Accom - International	21,636	33,506	-11,870
873 · Travel & Accom - National	31,684	22,097	9,587
885 · Web Site Updates & Hosting	493	11,500	-11,007
899 · Workstream Budget	<u>0</u>	<u>63,750</u>	<u>-63,750</u>
Total 800 · Operating Expenses	331,010	475,736	-144,725
900 · Overheads			
915 · Cleaning Costs	2,661	3,000	-339
933 · Electricity	3,013	5,400	-2,387
950 · Insurance	1,861	1,997	-136
975 · Rent Paid	0	0	0
980 · Security	0	300	-300
989 · Sundry Expenses	<u>0</u>	<u>0</u>	<u>0</u>
Total 900 · Overheads	<u>7,536</u>	<u>10,697</u>	<u>-3,161</u>
Total Expense	<u>561,454</u>	<u>757,282</u>	<u>-195,828</u>
Net Income	<u><u>-507,688</u></u>	<u><u>-706,532</u></u>	<u><u>198,843</u></u>

InternetNZ
CASH FLOW FORECAST

	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Total
	Actual	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Act/Proj.
RECEIPTS													
Invoiced Sales	21,117	30,138	14,282	16,553	22,125	18,749	19,782	19,782	19,780	19,782	19,782	19,780	241,652
Sundry	407	-4,258	4,444	0	0	0	0	0	0	0	0	0	593
Dividends	0	0	0	870,000	0	0	0	870,000	0	0	870,000	0	2,610,000
Interest Received	181	1,574	1,153	2,103	2,815	2,385	1,962	2,505	2,944	2,358	2,952	3,537	26,469
Loan Receipts	6,596	0	0	0	0	0	0	0	0	0	0	0	6,596
Fit Out	386,953	0	0	0	0	0	0	0	0	0	0	0	386,953
Office Equipment	2,989	4,680	4,680	0	0	0	0	0	0	0	0	0	12,349
Sundry Payables	0	2,025	0	0	0	0	0	0	0	0	0	0	2,025
Prepayments	0	621	620	0	0	0	0	0	0	0	0	0	1,241
Lease Incentives	24,595	0	0	0	0	0	0	0	0	0	0	0	24,595
Provision for Doubtful Debts	2,048	0	0	0	0	0	0	0	0	0	0	0	2,048
GST	0	41,417	1,091	0	59,293	0	23,939	0	46,447	0	31,844	0	204,031
	444,886	76,197	26,270	888,656	84,233	21,134	45,683	892,287	69,171	22,140	924,578	23,317	3,518,552
PAYMENTS													
Invoiced Costs	251,443	107,129	170,280	69,070	187,553	124,552	145,647	220,179	253,279	173,125	163,280	179,873	2,045,410
ACC Levies	0	0	0	0	0	0	1,809	0	0	0	0	0	1,809
Salary & Wages	44,779	40,760	40,340	47,786	47,786	47,786	47,786	47,786	47,785	47,786	47,786	47,786	555,952
Computer Hardware	51,879	0	0	0	0	0	0	0	0	0	0	0	51,879
Furniture & Fittings	318,004	0	0	0	0	0	0	0	0	0	0	0	318,004
Software	34,672	0	0	0	0	0	0	0	0	0	0	0	34,672
Asset Suspense	4,680	5,348	4,680	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	59,708
Sundry Payables	2,041	0	4,050	0	0	0	0	0	0	0	0	0	6,091
Prepayments	22,230	0	0	0	0	0	0	0	0	0	0	0	22,230
Accruals	9,158	0	0	0	0	0	0	0	0	0	0	0	9,158
Interest Receivable	1,719	0	0	0	0	0	0	0	0	0	0	0	1,719
RWT Paid	644	598	0	0	0	0	0	0	0	0	0	0	1,242
PAYE	17,530	8,625	12,814	28,047	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	187,016
GST	1,636	0	0	0	0	0	0	0	0	0	0	0	1,636
	760,415	162,460	232,164	149,903	255,339	192,338	215,242	287,965	321,064	240,911	231,066	247,659	3,296,526

NET CASH FLOW	-315,529	-86,263	-205,894	738,753	-171,106	-171,204	-169,559	604,322	-251,893	-218,771	693,512	-224,342	222,026
OPENING BANK	1,381,851	1,066,322	980,059	774,165	1,512,918	1,341,812	1,170,608	1,001,049	1,605,371	1,353,478	1,134,707	1,828,219	1,381,851
CLOSING BANK	1,066,322	980,059	774,165	1,512,918	1,341,812	1,170,608	1,001,049	1,605,371	1,353,478	1,134,707	1,828,219	1,603,877	1,603,877

Grants

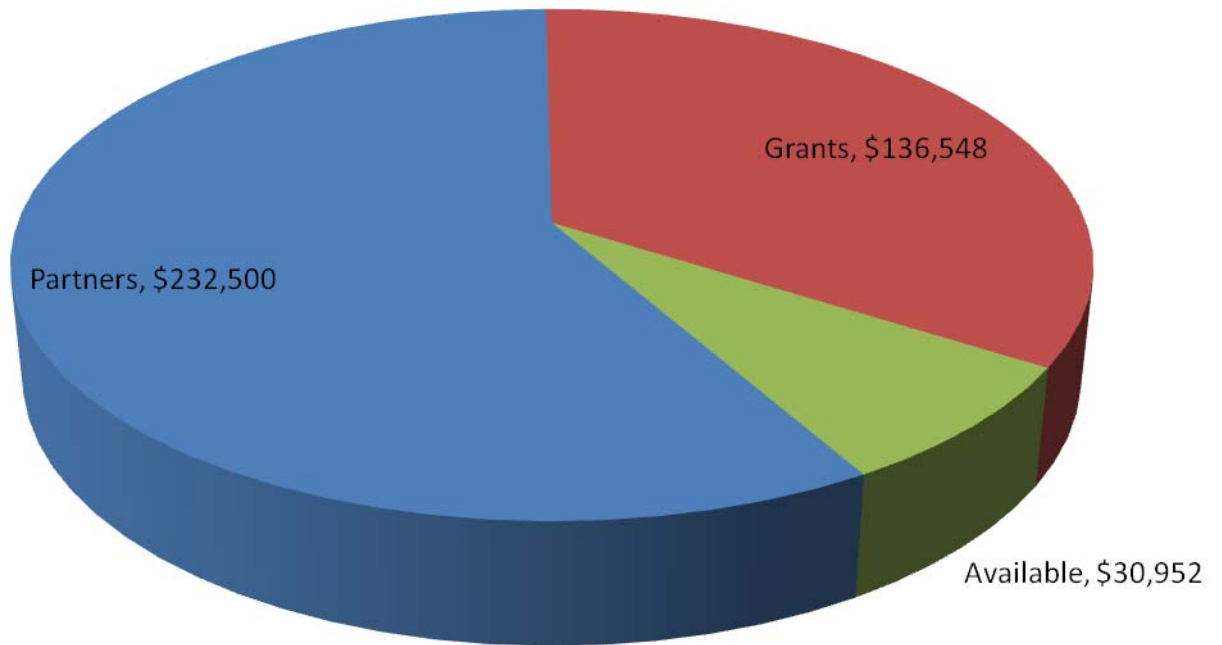
Author: Vikram Kumar

Purpose of Paper: Inform Council about decisions and recommendations made by Grants Committee

Decisions/recommendations made by Grants Committee since last Council meeting

Applicant	Amount Requested	Purpose	Decision	Amount Approved
Pacific Internet Partners	\$10,000	Provide Pacific Islands ICT community travel grant fellowships	approved	\$10,000
Dean Pemberton	\$3,814	Attend APNIC 30 conference	approved	\$1,907
NZ Choral Federation, Auckland	\$5,000	To record THE BIG SING National Finale	declined	
TrueNet Ltd.	\$30,000	Purchase equipment and contracted services to collect data on delivery of public comms services providers	declined	
Catalyst IT	\$15,000	Sponsor NZOSA 2010 Awards	approved	\$15,000
Wellington Regional 2020 Communications Trust	\$800	Part fund two Engage Your Community (EYC) events	approved	\$800
NZ Institute for the Study of Competition and Regulation	\$5,000	Support visit of keynote speaker Professor Andrea Renda	declined	
NetSafe Inc	\$5,000	Co-sponsor Ulearn ICT in Education Conference 2010		\$5,000

Taking into account the above decisions, the current balance in the grants pool of \$400,000 for 2010/11 is \$30,952:



Recommendation:

That the Council **note** the decisions and recommendations made by the Grants Committee regarding grants funding requests since the last Council meeting on 11 June 2010.

Group cash in excess of reserves

Author: Vikram Kumar

Purpose of Paper: Recommend investment of Group cash in excess of reserves

Background

Following the discussion and resolution at the last Council meeting, President Frank March wrote to NZRS regarding consolidation of Group cash in excess of reserves. The Chair of the NZRS Board of Directors replied on 29th July 2010:

- After taking into consideration all relevant factors, NZRS proposes to pay INZ four special dividends by November 2010 totaling \$2.4 million. This is in addition to the ordinary dividends already intimated.
- The assumptions in reaching the figure have been detailed. If these assumptions do not hold for the next three years then it may impact the ability of NZRS to pay INZ future budgeted ordinary dividends.
- NZRS liquidity ratio, after excluding funds earmarked as per their reserves policy, will remain satisfactory.

Current position

INZ has received \$600,000 as the first scheduled special dividend. This has been invested in line with the proposed Funds Investment Management Policy, specifically as a 100 day term deposit with National Bank with interest payable on maturity.

Investment of future payments from NZRS

We propose that the balance payment of special dividends from NZRS to November 2010 (\$1.8 million) and the amount already invested as above (\$0.6 million plus interest) be invested in accordance with the Funds Investment Management Policy.

Disclosure of interests

Decisions regarding investments under the Funds Investment Management Policy will be made by the Chief Executive with the assistance of the Accounting Technician.

Both of these staff members have “normal” banking relationships as detailed below which will not raise any conflict of interest issues:

Vikram Kumar, Chief Executive

Bank of New Zealand

Sandra Glasgow, Accounting Technician

Bank of New Zealand, Kiwibank, National Bank,
Westpac

Recommendation:

That the Council **agree** that the special dividend of \$2.4 million paid or payable by NZRS to InternetNZ in the financial year 2010-2011 be invested in accordance with the Funds Investment Management Policy.

Cyberlaw Fellowship

Author: Vikram Kumar

Purpose of Paper: To provide an update on the Cyberlaw Fellowship. Discuss goals and options

Current Status

Since November 2003 InternetNZ has had an agreement with the Law School of the Victoria University of Wellington (VUW) to part fund the position of a Cyberlaw Fellowship.

In a letter dated 26 January 2010 following Council's resolution of December 2009, we had advised VUW that "InternetNZ believes that there is value in re-examining the basis of the original arrangement and assessing whether there is an alternative that would produce outcomes that would better meet InternetNZ's objectives.

We propose that we suspend the scheme at the end of the current appointment while we give further consideration to options."

Accordingly, with the completion of Jonathan Penney's work, the Cyberlaw Fellowship is currently on hold.

Comments

1. VUW is keen to continue the Cyberlaw Fellowship with, if required, changes to the original agreement.
2. The Cyberlaw Fellows have undertaken valuable research and the results widely appreciated. The teaching aspects of the Fellowship have had more mixed results.
3. The estimated amount of funding for the current financial year from prior commitments is \$37,500. This amount has been set aside in the grants pool budget.

4. We are currently identifying and evaluating different options including:
 - An annual Cyberlaw symposium
 - Funding Cyberlaw research by NZ-based lawyers or academics, possibly in association with VUW
 - A R&D lab modelled on the “Do Tank”¹ pioneered by Beth Noveck at the New York Law School
5. A lack of clearly articulated and agreed outcomes from InternetNZ’s funding of Cyberlaw initiatives and strategic alignment with our goals is hampering the identification and evaluation of options.

Recommendation:

1. That Council **discusses** the desired outcomes and strategic alignment of InternetNZ’s efforts in the cyberlaw area with its own goals.
2. That Council **discusses** if there are any other options that can be identified and evaluated to further InternetNZ’s efforts in the cyberlaw area.

¹ <http://dotank.nyls.edu/>

InternetNZ Membership Report

Status: Final

Author: Susi Cosimo

InternetNZ Membership as at:

	10 August 2010	2 June 2010
Fellows:	17	15
Individual:	161	138
Professional Individual:	45	40
Small Organisation:	28	23
Large Organisation:	8	7
Total Membership:	259	223

Tentative 2011 Council meeting dates

Status: Staff final

Author: Susi Cosimo

The following are the proposed Council meeting dates for 2011:

2011

Friday - 25 March 2011

Friday - 10 June 2011

Friday - 19 August 2011

Friday - 21 October 2011

Friday - 9 December 2011

Recommendation:

THAT the proposed dates for the 2011 Council meetings be accepted as the formal meeting dates of Council.

COUNCIL MINUTE TERMINOLOGY

- Agree** “That Council agree...” this is usually followed with a specific decision, policy position or course of action.
- Adopt** “That the report be adopted.” When Council adopts a report or paper, it is accepting that the contents of the document, including any recommendations, are agreed with and become the InternetNZ position and action plan.
- Amend** “That Council amend” This term is for a resolution that seeks to amend a proposed resolution, and should set out clearly what is to be deleted and what is to be added.
- Receive** “That Council receive...” This is a neutral term which captures for the record that a report, document, proposal etc has been noted by the Council. It does not imply that any recommendations in the proposal are to be acted on: that would require “adoption” as well.