

QUARTERLY REPORT

# 1 April to 30 June 2021

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## 1. Summary

This report is prepared to provide a single view of outcomes we have delivered in the past quarter.

There are five goals for the 2021/22 financial year. They will help us create an Internet for all New Zealanders that is safe, accessible and a place for good.

<p><b>Develop an Internet for good</b>          We must look at ways to improve our internet for us all</p> <p>We'll investigate what an 'Internet for good' looks like and <b>influence government policy</b> to make sure we have an Internet that is good for all Kiwis.</p>	<p><b>Improve Digital Equity</b>          Having access to the Internet, and being confident to use it, is more important than ever. We must improve digital equity across Aotearoa.</p> <p>We'll support the establishment of the <b>Digital Equity Coalition Aotearoa and fund digital equity</b> initiatives.</p>
<p style="text-align: center;"><b>Grow .nz</b></p> <p style="text-align: center;">We're investing in the .nz domain systems to make sure it's a world class registry for Aotearoa.</p> <p style="text-align: center;">We are <b>replacing the registry</b> to bring our technology into the 2020s.</p>	
<p><b>Provide new products</b>          We'll continue providing useful products that enable digital inclusion and safety online.</p> <p>We'll also look into the new <b>digital identity technology</b> and explore whether it can help Kiwis protect and control the data we share online.</p>	<p><b>Improve InternetNZ</b>          Our priority is to develop InternetNZ as a high performing organisation and an excellent place to work.</p> <p>We'll <b>improve our flexible and distributed working systems</b>, and support <b>ongoing performance and development for staff</b>.</p>

## 2. Strategic Goals 2021/22 - Q1 Progress

This section of the report gives Council an update on the projects related to our five Goals for the year. You can find the plan [here](#).

### Public Good Area

<b>Goal 1: Develop an Internet for good</b>	ON TRACK
<i>1.1: <b>What is an Internet for Good?</b> We need to define how the Internet needs to change for the better. We'll collaborate and instigate community discussion to determine what an 'Internet for good' is.</i>	ON TRACK
<i>1.2: <b>Misinformation</b> is a critical challenge to the Internet's usefulness. We'll work in partnership to address the challenges of online misinformation.</i>	ON TRACK
<i>1.3: <b>Influencing government domestic policy</b> Law and policy can support or harm the development of a good Internet. We'll continue to contribute to government policy work addressing online harms, including the Christchurch Call, and other legislation or policy that impacts on our Internet for good agenda.</i>	ON TRACK
<i>1.4: <b>Regional Internet governance</b> We'll strengthen our engagement in regional Internet governance and participate in forums like the Pacific IGF 2021, APTLD, APriGF and dotasia. These forums can help us shape others' work in line with our Internet for good vision.</i>	ON TRACK
<b>Q1 Progress - Goal 1</b>	
1.1: We have been framing up the community engagement side of this work and have assigned budget.	ON TRACK
1.2: Our partnership with Tohatoha includes funding for its community engagement on misinformation. We also wrote to the Prime Minister about the lack of government funding for community initiatives.	ON TRACK
1.3: Government engagement this quarter included: <ul style="list-style-type: none"> <li>• Submitting on the Bill amending the Films Videos and Publications Classification Act, engaging with stakeholders to inform our submission and running a members event on the Bill. The Government has recently announced it will not progress the proposal for an Internet filter, in line with our submission.</li> <li>• Engaging with the Department of Internal Affairs and Ministry of Culture and Heritage and others on the scope of the</li> </ul>	ON TRACK

<p>upcoming/recently announced media review (which will include the question of social media regulation).</p> <ul style="list-style-type: none"> <li>● Engagement with the Minister (and Ministry) of Culture and Heritage about the shortcomings of the Australian approach on media bargaining and platforms.</li> <li>● Conversations with the Digital Economy Minister and officials about a new digital strategy and the engagement process for this.</li> </ul>	
<p>1.4: Regional Internet Governance engagement and capacity building included:</p> <ul style="list-style-type: none"> <li>● Supporting organisation of Pacific Internet Governance Forum 2021 alongside APTLD in September 2021</li> <li>● Asia-Pacific Regional Internet Governance Forum preparation and liaison with potential New Zealand participants</li> <li>● DotAsia Board and Community Programmes Committee work</li> <li>● Spoke to New Zealand and Australia government leaders in ANZSOG Executive Fellows Program on Internet Governance</li> </ul>	<p>ON TRACK</p>

<b>Goal 2: Improve Digital Equity</b>	ON TRACK
2.1: <b>Digital Equity Coalition Aotearoa</b> We'll support the establishment of Digital Equity Coalition Aotearoa (DECA) to help us achieve improved digital equity sooner.	ON TRACK
2.2: <b>Online home for digital equity/inclusion</b> We'll launch an online home for digital inclusion to better connect, support and encourage collaboration and investment in the digital inclusion ecosystem. It will support the work of the Digital Equity Coalition Aotearoa.	OFF TRACK
2.3: <b>Evaluation</b> We're supporting community groups to learn how to evaluate their work. This will help to measure the impacts of digital inclusion initiatives.	ON TRACK
2.4: <b>Funding</b> We will help to fund digital equity initiatives by: <ul style="list-style-type: none"> <li>• Giving grants to digital equity / inclusion initiatives.</li> <li>• Promoting government investment.</li> <li>• Unlocking private sector investment in this area.</li> </ul>	ON TRACK
<b>Q1 Progress - Goal 2</b>	
2.1: Support for DECA continues with a newly appointed community manager and digital equity advocate, and a confirmed budget (provided by InternetNZ, Spark Foundation and Todd Foundation). The DECA kaupapa document has been updated (following community hui and feedback), and the transition from Establishment to Stewardship Group is in progress. Regular newsletters have started. A by Māori for Māori process is underway.	ON TRACK
2.2: We are now handing the site over to DECA as it has been built, for review and acceptance of the work that has been done to date. This will either close this item or give clarity about what else is needed to do to close it.	OFF TRACK
2.3: The evaluation programme has continued with another tranche of fundees and partners working with <i>Standard of Proof</i> , our subject matter experts in this area.	ON TRACK
2.4: Our focus for Q1 has been closing out the \$1.5m in grant funding provided in the 2020/21 grants rounds, and ensuring that the necessary contracts are in place for the grant-making made in Q4 of the last financial year.	ON TRACK

## Product Area

<b>Goal 3: Grow .nz</b>	ON TRACK
<p>3.1: <b>Replacing the .nz registry</b> Working with the Canadian Internet Registration Authority, we will deploy and roll out a new registry system to replace the end of life 2002 Shared Registry System. This major investment will bring our technology for this core service into the 2020s.</p>	ON TRACK
<p>3.2: <b>Policy review of .nz</b> We are doing a comprehensive review of the .nz policies to make sure they're modern, robust, safe, world class and easier to read.</p>	ON TRACK
<p>3.3: <b>Promote the value of .nz</b> We'll be doing some work to determine how to promote the value of the .nz and show the relevance to coming generations.</p>	ON TRACK
<p>3.4: <b>Registry lock introduction</b> We'll introduce a registry lock service as an option for .nz domain name registrants. The registry lock will be a new security option for registrants.</p>	ON TRACK
<b>Q1 Progress - Goal 3</b>	
<p>3.1: <b>Registry Replacement Project</b></p> <p>The implementation phase of the project commenced as planned from the 1st of April. Overall the project is tracking well and on target for time and budget. Some of the key achievements over this period are:</p> <ul style="list-style-type: none"> <li>● CIRA contract agreed and signed.</li> <li>● Majority of the design work for the .nz features and customizations to the registry software have been completed.</li> <li>● Design completed for the Infrastructure and order placed.</li> <li>● Registrar engagement activities planned and technical working group setup</li> <li>● Change management strategy completed</li> <li>● Testing strategy well advanced</li> <li>● External consultancy to assist with security requirements engaged</li> </ul>	ON TRACK
<p>3.2: Following the latest phase of consultation in early 2021, Council made a decision to approve a new set of .nz rules. The new rules will come into force when the new registry system is up and running.</p>	ON TRACK

<p>3.3: We have evaluated a number of options for stimulating growth in .nz in the last quarter, including:</p> <ul style="list-style-type: none"> <li>- Working on easier email activation for own domains.</li> <li>- Connecting the domain registration process with the company registration process.</li> <li>- Digital identity.</li> </ul> <p>Further work will be done in Q2 to validate these options and also generate another set.</p>	ON TRACK
<p>3.4: The Registry Lock Business Case is now in the approval stage, and we have decided to launch this in advance of Mimosa. We intend to launch Registry Lock in Q2-3.</p>	ON TRACK

<p><b>Goal 4: Sell New Products</b></p>	
<p>4.1: <b>Defenz DNS Firewall</b> We have developed a new product called the Defenz DNS firewall which protects against a range of cyber threats. We'll promote and sell this product to New Zealand businesses to strengthen their security measures</p>	OFF TRACK
<p>4.2: <b>Broadband Map</b> We'll do ongoing improvements to the Broadband Map to improve quality and lower operating costs.</p>	ON TRACK
<p>4.3: <b>Digital identity</b> We'll explore the emerging digital identity technology. We will establish our role in this system (if any) and explore opportunities to provide products that could help us protect and control the data we share online</p>	ON TRACK
<p><b>Q1 Progress - Goal 4</b></p>	
<p>4.1: Defenz sales continue to be lower than budget expectations. The sales cycle is longer, and the contracted sale rate via resellers is lower, than that which was modelled in the Business Case. We are evaluating product enhancements from our suppliers that may be available in Q3-4, which may improve the market positioning of the product. In the meantime, the Acting Commercial Director is leading a full review of the progress of the Defenz product in Q2 to enable clear decision making as to how to continue with this product, based on costs, sales, prospects and investments to date.</p>	OFF TRACK
<p>4.2: Broadband Map is on track, and has not been substantively invested in in the last Quarter.</p>	ON TRACK
<p>4.3: Our focus is on the wider ecosystem and doing user facing research to understand perceptions, opportunities and concerns from New Zealanders. This will inform our Policy Team-led advocacy on the</p>	ON TRACK

government frameworks, and also inform potential market positioning for InternetNZ in Identity.	
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## Organisational Capability Area

<b>Goal 5: Improve InternetNZ’s performance</b>	ON TRACK
<i>5.1: <b>Together working better programme</b> We want to be a successful flexible first organisation. We’ll embed flexible, distributed and asynchronous working systems and processes to support this. It’ll have twin goals of enhanced employee wellbeing and greater organisational resilience to shocks like natural disasters, pandemics etc.</i>	ON TRACK
<i>5.2: <b>Risk management improvements</b> High quality risk management is essential given the importance of the work we do. We’ll work on new systems to manage enterprise and IT risk, to improve reporting and management of risks and the relevant mitigations across the group.</i>	ON TRACK
<i>5.3: <b>Moving Premises</b> We’re relocating the Wellington office from Boulcott St to Willis St. The new office will be smaller and better suited to a flexible way of working.</i>	ON TRACK
<i>5.4 <b>People strategy</b> We’ll develop a people strategy to support ongoing performance and development of our staff.</i>	ON TRACK
<b>Q1 Progress - Goal 5</b>	
<p>5.1: The Together Working Better programme is one of the top three projects for the organisation. Our focus over Q1 has been:</p> <ul style="list-style-type: none"> <li>● Implementing some short term changes to support communication and collaboration. <ul style="list-style-type: none"> <li>○ Review and introduction of new rituals</li> <li>○ New guidelines on common tools - Slack</li> </ul> </li> <li>● We have also introduced our new Flexible First Policy to staff that now guides how we work.</li> <li>● Commenced work on <ul style="list-style-type: none"> <li>○ New Leadership development framework</li> <li>○ Review of our “Intranet” to support knowledge and information management practices</li> </ul> </li> </ul>	ON TRACK
5.2: As reported to the A&R committee last month we have entered into agreement with <a href="#">Resolver</a> to provide a Governance, Risk and Compliance ‘GRC’ solution for the group. This product will encompass Enterprise Risk Management in addition to IT Risk Management. The	ON TRACK

project has commenced and we plan to go-live in August or September	
5.3: This quarter has been very active in preparing for the move, with the signing of the agreement to lease two floors at 18 Willis Street. We are in the final stages of design and finishes for the two floors and our move date is estimated at 29th October 2021. This work is closely linked to our Together Working Better Programme as the environment design is based on new flexible ways of working.	ON TRACK
5.4: Our People strategy - we continue to work on this in line with our goal to develop InternetNZ as a high performing organisation and an excellent place to work. Q1 has seen some focus on <ul style="list-style-type: none"> <li>• Health, Safety and Wellbeing of staff</li> <li>• Relook at our Values statements</li> <li>• Performance reviews and development plans for FY 2021/22</li> <li>• Developing measures to focus our strategic work</li> </ul>	ON TRACK

## Other Significant Work

<b>Public Good</b>	
<p><b>Māori Aspirations</b></p> <p>6.1: <b>Partnering with Māori</b> - Ipurangi Aotearoa signed a partnership agreement with Waka Ama NZ. The partnership with Waka Ama NZ will allow for Ipurangi Aotearoa to engage more widely with Māori communities outside of the known Māori Internet community. This partnership is a perfect opportunity to look at helping Māori harness the power of the internet, no matter where they reside, and this will also be a good opportunity for us to grow our Māori membership base.</p> <p>6.2: <b>Māori Design Group</b> - we have finalised recruitment of the newly established Māori Design Group - a group of recognised experts that have a wide range of expertise, knowledge and experiences in te ao Māori.</p> <p>6.3: <b>Te Tiriti training for staff</b> - through a partnership with CORE Education, we will be commencing the first set of Te Tiriti training sessions on 16 August and 31 Aug. This will be facilitated by Dr Hana O'Regan (CEO of CORE and Waitangi Tribunal member). Tikanga and Te Reo training will commence in September.</p> <p>6.4: <b>Dangerous Online Speech Response Taskforce</b> - as a result of the increasing online hate targeted towards Māori, individuals, and other communities, we have established a temporary taskforce (similar to the COVID19 Response Group) to triage enquiries, or concerns made to Ipurangi Aotearoa by members of the public. The intention of this</p>	ON TRACK



<p>group is to look at ways on how we may respond to online hate and how we escalate complaints to appropriate organisations/authorities. It is NOT intended to take over the role of NetSafe or act as a security monitoring service.</p> <p><b>6.5: Māori Engagement Strategy</b> - we have finalised a draft Māori engagement strategy that has a core focus on 4 key areas that the organisation should focus on when engaging with Māori communities. These areas include; cultural intelligence, advocacy, partnerships and engagements, and awareness. This is currently with SLT for final consideration on how the organisation may adopt this as part of the wider organisational strategy.</p>	
<p><b>Nethui 2021</b> - We have met and worked with Waikato Tainui and Te Wānanga o Aotearoa to develop a partnership for a NetHui-style event, with a te ao Māori focus for this financial year. To do this with an appropriate kaupapa and inclusive of Māori community participation from the ground up, we have moved this event to March 2022.</p>	ON TRACK
<p><b>Funding (general)</b> Funding work is summarised in Goal 1 - digital inclusion.</p>	ON TRACK
<p><b>International</b></p> <ul style="list-style-type: none"> <li>● Participated in international fora including: <ul style="list-style-type: none"> <li>○ ICANN71</li> <li>○ RightsCon 2021</li> </ul> </li> <li>● Christchurch Call 2nd Anniversary Summit engagement <ul style="list-style-type: none"> <li>○ Participated in the Community and Algorithms work streams in preparation for the event</li> <li>○ Participated in summit, including as civil society speaker</li> </ul> </li> <li>● Committed to host Christchurch Call Advisory Network secretariat/coordinator role, funded by MFAT.</li> </ul>	ON TRACK
<p><b>Organisational Capability Area</b></p>	
<p><b>Annual General Meeting</b> - the 2021 AGM will be held on Thursday 29th July, primarily online. A significant focus of Q1 has been preparing for this event and for the associated election.</p>	ON TRACK
<p><b>Governance Policies</b> - evolution of an updated Governance Policies framework is paused in this quarter while the Council elections are held, and will be taken up with the new Council following the AGM.</p>	ON TRACK
<p><b>Security and Risk management</b></p> <p>In Q1 our new Security Engineer joined the team. The security team has been busy with work on the registry replacement project, some physical security areas including the new building design and as mentioned above in 5.2 the implementation of a new enterprise and IT risk management system.</p>	ON TRACK

**Membership** - we have continued to roll out our engagement plan for membership, building off the highest in 8 years total membership as of 31 March 2021 of 417; up from 386 at the end of 2020. Testimony to the success of this engagement programme is the improved rate of renewal, up to 67% compared to 65% last year. Renewal has been a significant focus of Q1, as has continuing the member engagement pattern of regular events, such as the most recent one on the Christchurch Call policy process.

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### 3. .nz Summary

The primary focus in our .nz business is preparing for the new registry replacement, in Project Mimosa. As well canvased in this report, Mimosa requires the following from our Commercial team:

- Support interactions to engage with our Registrar customer base and start preparing them for technical transition.
- Scoping and development inside Mimosa of the Registrar requirements to support the full set of Registrar facing services.

Alongside Project Mimosa, we have three notable pieces of work:

1. Developing ideas to promote the value of .nz. As described in Goal 3.3 in the Strategic Goals section above.
2. Preparing the annual Registrar survey, for the purposes of gathering data to enable further improvement for our Registrar customers.
3. Developing the Registry Lock product, as described in Goal 3.4 of the Strategic Goals section.

Overall, the .nz registry has seen further incremental growth in Q1 of this financial year, adding just over 1000 names in the quarter and closing just shy of 725,000. This indicates two things:

1. That the price increase of 20% introduced in October 2020 has not dampened demand for .nz domain names, and our assumption that there is unlikely to be negative elasticity effects was thus far correct.
2. That the total number of domains has returned to the “pre-COVID” level of growth, which equates to level over the year or single digit percentage increases.

This underscores the need for us InternetNZ to move forward with our work in Strategic Goal 3.3, and develop new ways of promoting the use and utility of .nz domain names. Growing the use of .nz is one of the primary methods InternetNZ has to further invest in our social good outcomes; the current trend level of low incremental growth will not achieve that investment outcome.

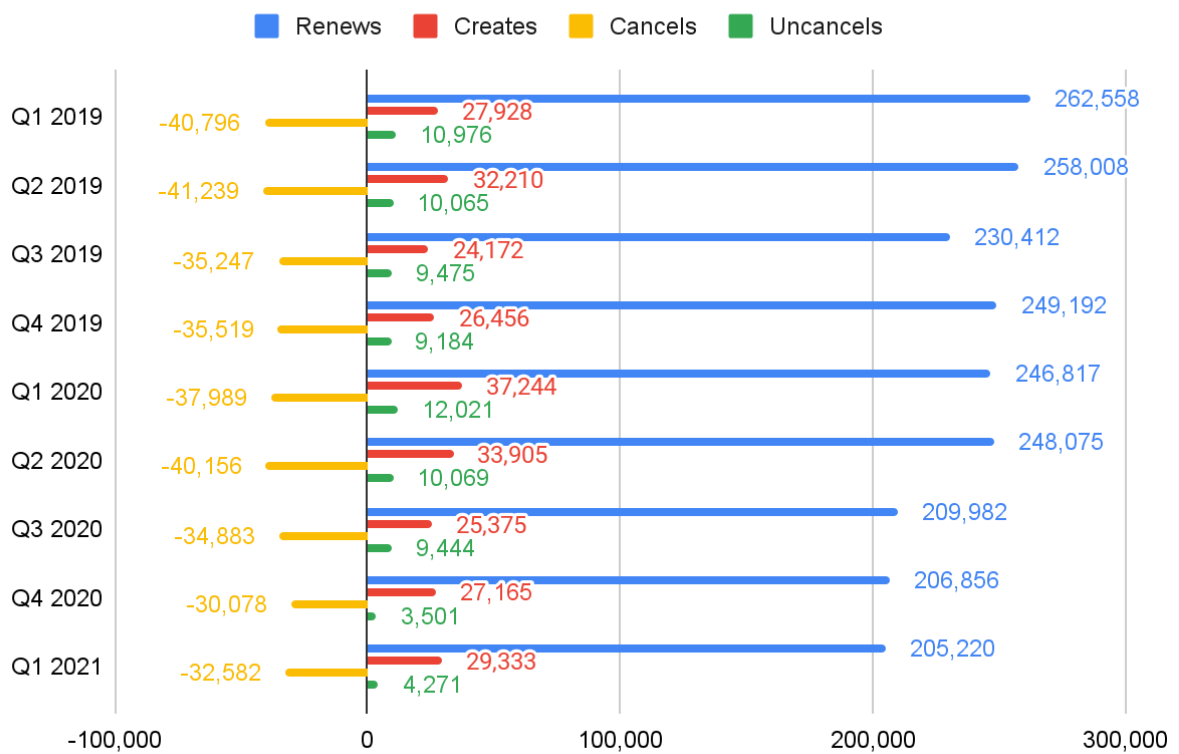
To instead achieve those outcomes, InternetNZ will be looking in the next quarters at:

1. How we partner to grow the reach, relevance and uptake of .nz in particular industry verticals.

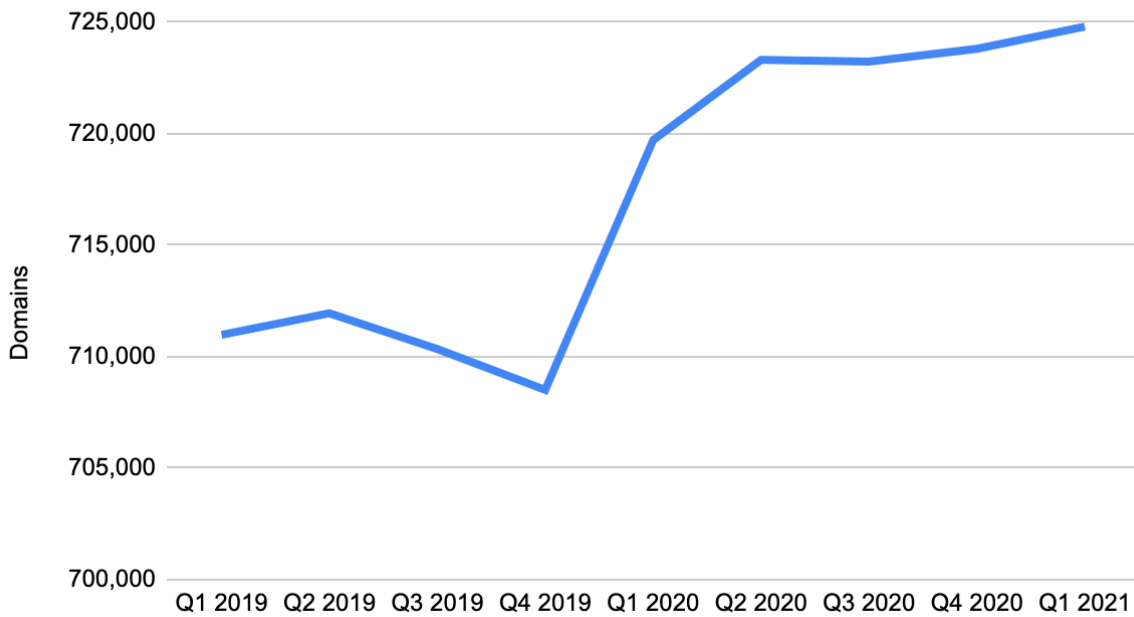
- Whether and how we bring marketing of .nz into the mix, as this is currently not part of InternetNZ's toolkit.
- How we build account management and channel stimulation into our relationships with Registrars.

## Domains

### Creates, Cancels and Renewals

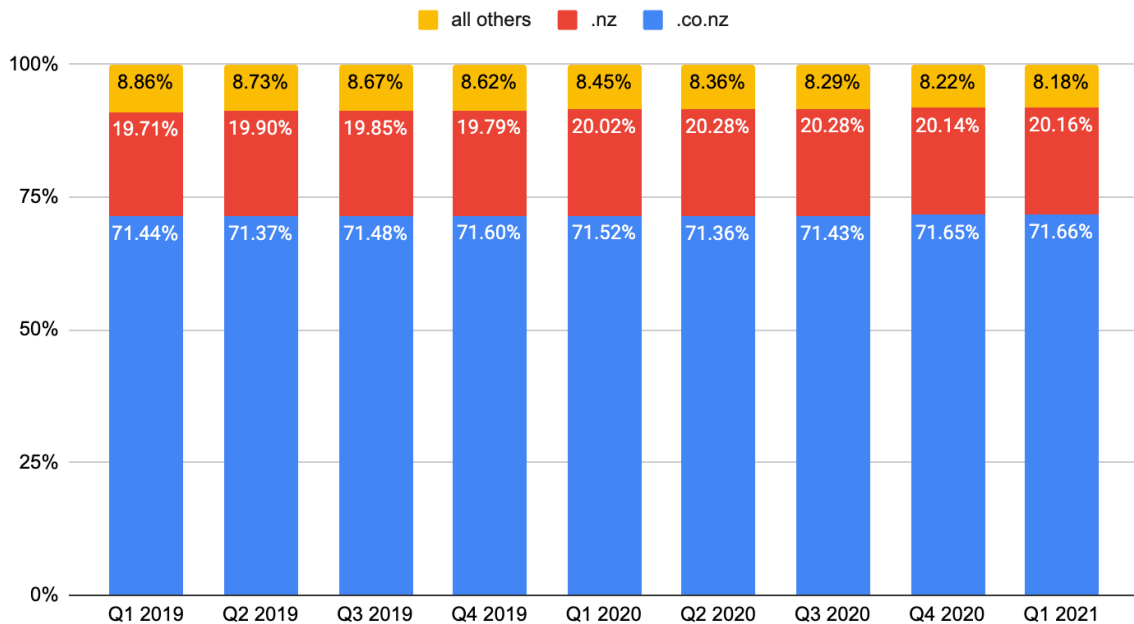


## Total .nz Domains



Overall our total registered domain names continue to be just under 725,000. With 2021 continuing with a degree of uncertainty we are not anticipating significant growth.

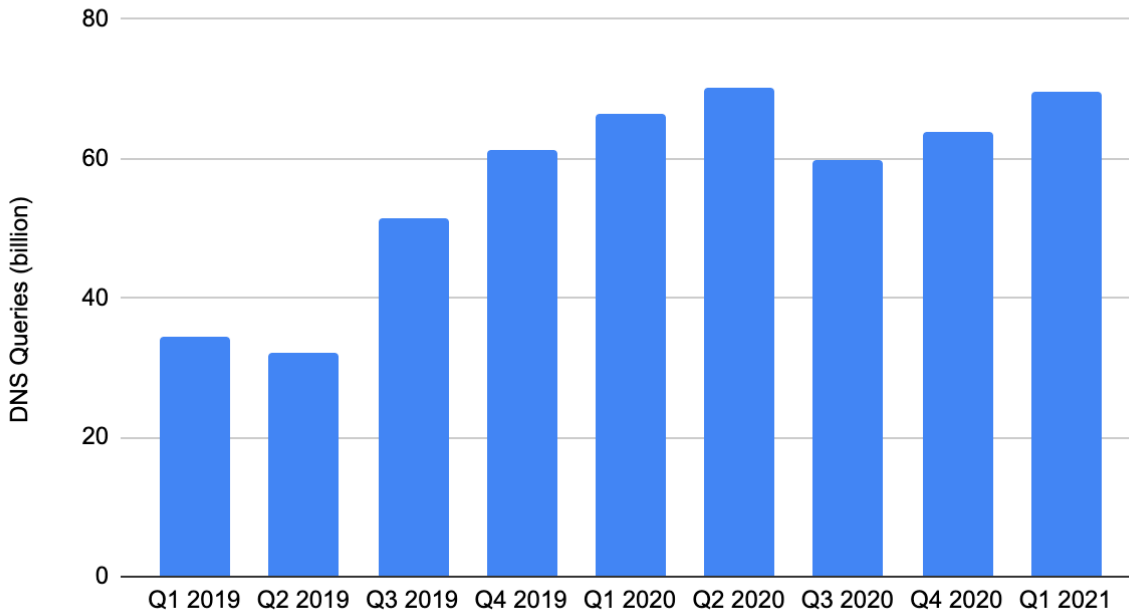
## 2nd & 3rd Level Registrations



There has been very little movement between the ratio of .nz and .co.nz names over the last year.

## Infrastructure

## DNS Queries



No significant anomalies to report on with DNS queries.

## Service Levels

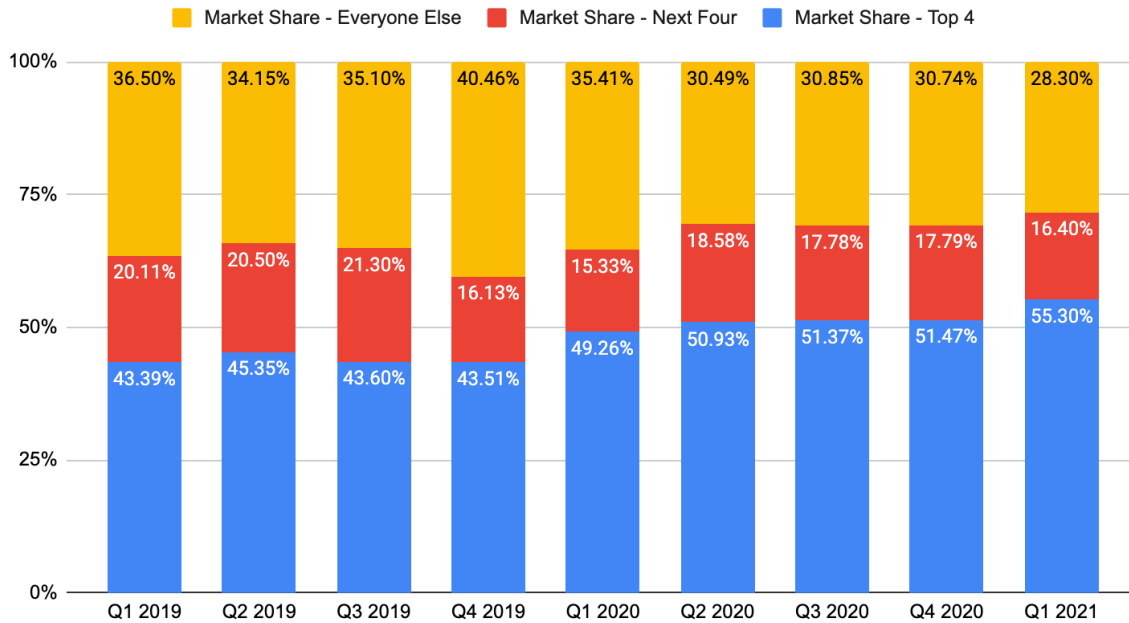
	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
<b>DNS</b>	100%	100%	100%	100%	100%	100%	100%	<b>100%</b>
<b>SRS</b>	100%	100%	100%	100%	100%	100%	100%	<b>100%</b>

## Market

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
<b># of Registrars</b>	90	87	87	87	80	80	78	<b>78</b>

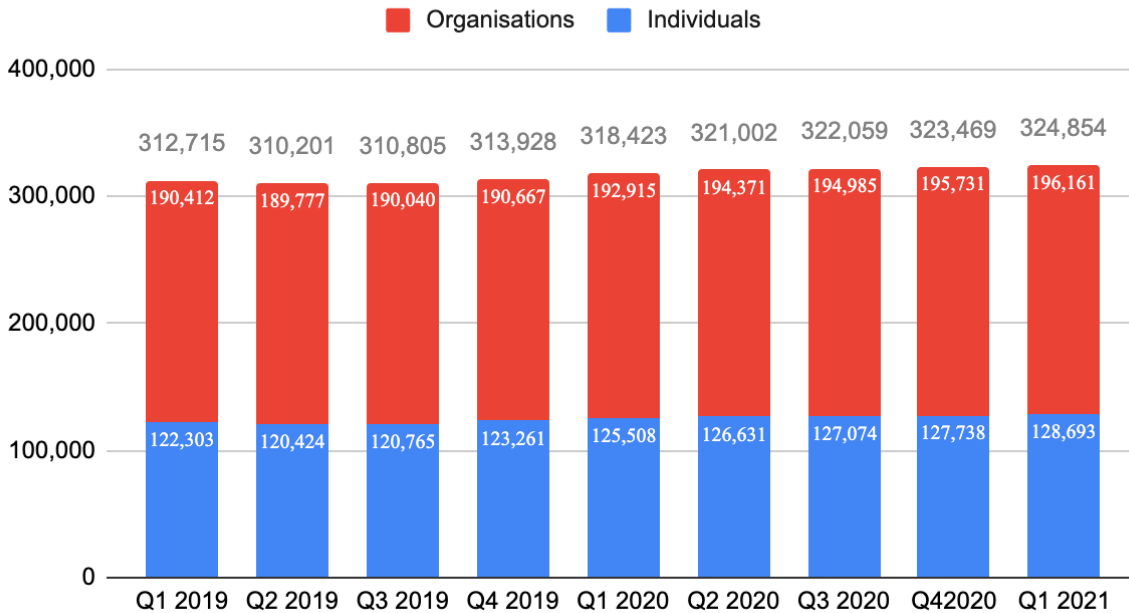
Our current number of registrars is the result of several registrar accounts closing (mix of consolidation and exit) and a few new ones being added.

## Market Share



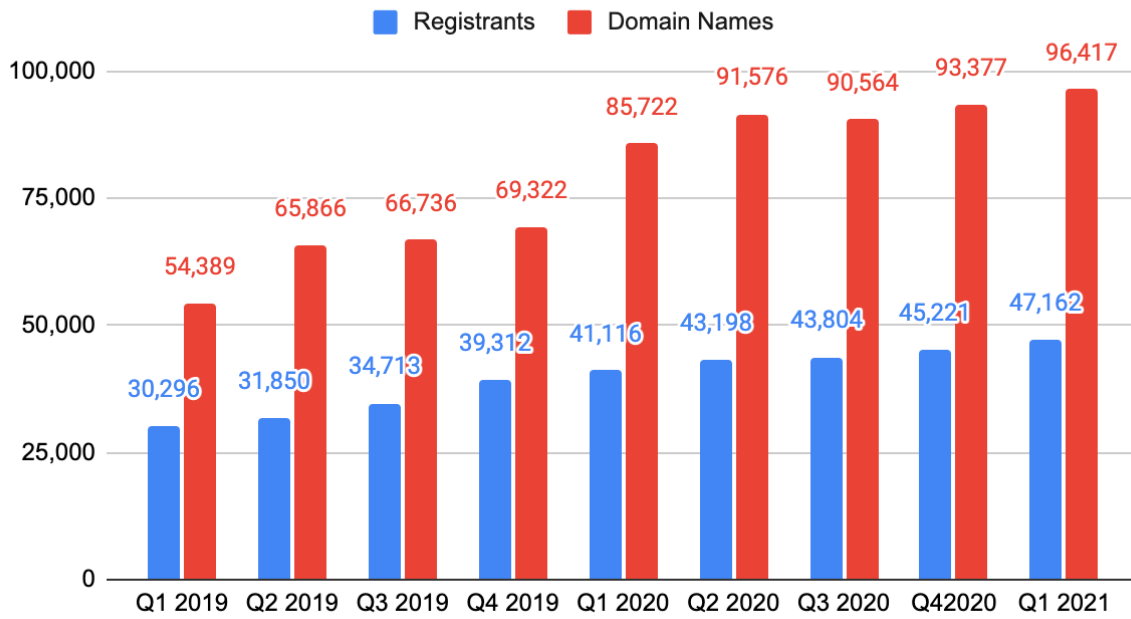
The past four quarters have been relatively static but due to recent acquisition activity we can expect the mix to change over the coming year.

## Unique Registrants, Individuals and Organisations



The proportion of individuals and organisations remains relatively unchanged.

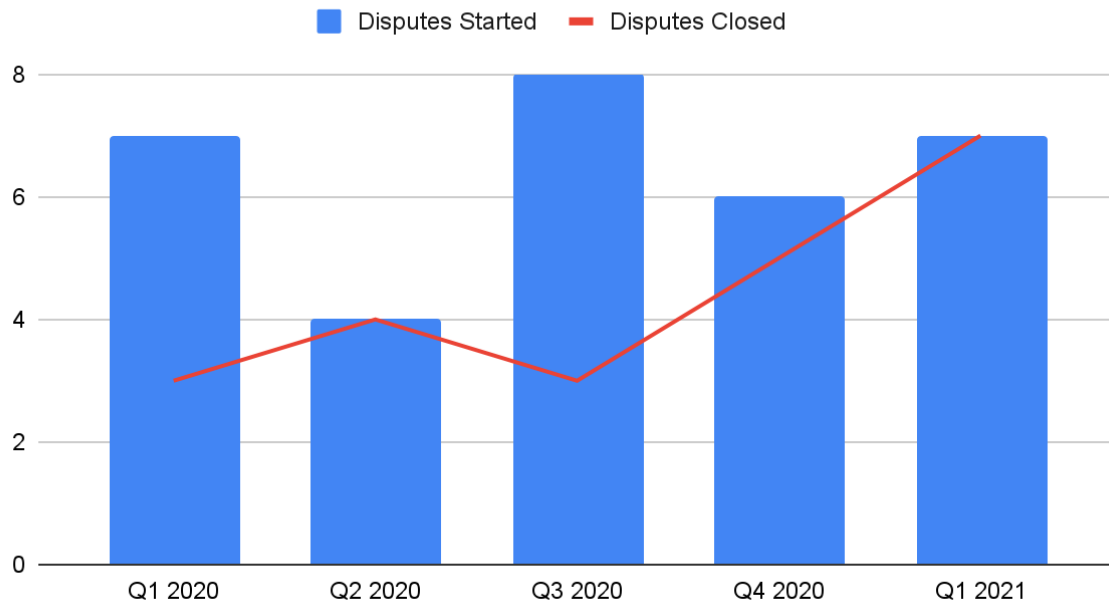
## Individual Registrant Privacy Option Uptake



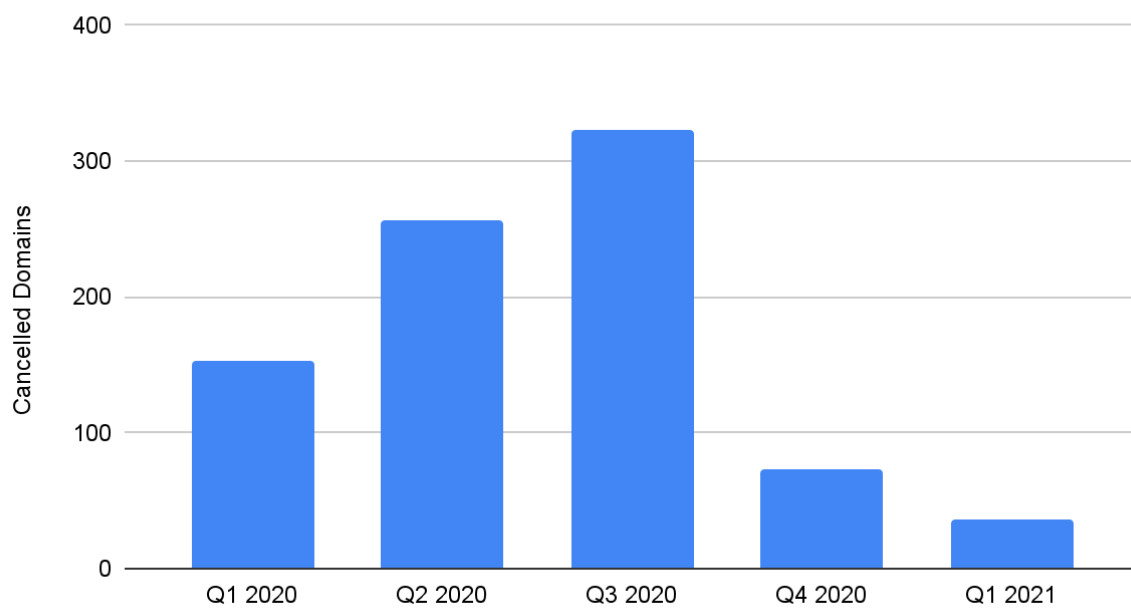
The privacy option continues to increase in popularity.

## Compliance and disputes (Domain Name Commission Data)

### Disputes Started and Disputes Closed



### Compliance Cancelled Domains





## 4. New Product Development Summary

For the first quarter of this financial year our focus on a discrete set of work items has continued to allow capacity to support the organisation's key projects and create a space whereby we can finish more work that we start.

1. **Defenz** remains a focus of our business development efforts. 2021 is the year we either make good gains in growth or potentially decide not to progress further. We do have some interesting opportunities in the pipeline that will determine the potential in this product from here.
2. **Registry Lock** is nearing the end of design work and we have a good sense of how the service will operate and this has been tested with some registrars with great feedback. Next steps are to plan the launch and update a business case for approval.
3. With **Digital Identity** the team has continued an experiment to ingest a digital version of a physical identity document. This is progressing well. Additionally InternetNZ remains engaged with the DIA work on a new Trust Framework and is an actively involved stakeholder in helping shape the rules.
4. The **broadband map** continues to be updated with coverage data from infrastructure providers around the country. Getting all data agreements continues to be a focus, while also engaging with other potential collaborators to explore further enhancements to the product.

### Product development pipeline

IDEAS BACKLOG	EXPLORE & VALIDATE	BUILD	ACTIVE	STOPPED
16	1	1	3	0
Themes: <ul style="list-style-type: none"> <li>• Digital identity</li> <li>• Broadband</li> <li>• Data products</li> <li>• .nz features</li> <li>• Security</li> </ul>	<ul style="list-style-type: none"> <li>• Digital identity Experiments</li> </ul>	<ul style="list-style-type: none"> <li>• Registry lock design</li> </ul>	<ul style="list-style-type: none"> <li>• .nz</li> <li>• Broadband Map v2</li> <li>• Defenz</li> </ul>	

This is an InternetNZ report. Matters related specifically to DNCL are covered in the report from the company to the shareholder (InternetNZ)

