

QUARTERLY REPORT

1 Oct to 31 Dec 2021

1. Summary

I am proud of the impact and achievements of our team in this quarter, with this report outlining significant work in a wide range of areas. We drew to the end of the year looking forward to a break, and to concluding the 2021/22 work programme in the coming quarter, and developing a new plan in line with the refreshed strategy for 2022/23 and beyond.

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>Develop an Internet for good 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 influence government policy to make sure we have an Internet that is good for all Kiwis.</p>	<p>Improve Digital Equity 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 Digital Equity Coalition Aotearoa and fund digital equity initiatives.</p>
<p style="text-align: center;">Grow .nz</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 replacing the registry to bring our technology into the 2020s.</p>	
<p>Provide new products We'll continue providing useful products that enable digital inclusion and safety online.</p> <p>We'll also look into the new digital identity technology and explore whether it can help Kiwis protect and control the data we share online.</p>	<p>Improve InternetNZ Our priority is to develop InternetNZ as a high performing organisation and an excellent place to work.</p> <p>We'll improve our flexible and distributed working systems, and support ongoing performance and development for staff.</p>

2. Strategic Goals 2021/22 - Q3 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

Goal 1: Develop an Internet for good	ON TRACK
<i>1.1: What is an Internet for Good? 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: Misinformation 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: Influencing government domestic policy 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: Regional Internet governance 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
Q3 Progress - Goal 1	
<p>1.1: We are partnering with Toi Aria and MEA (Kaye Maree Dunn) to codesign a process and undertake conversations to find out what everyday New Zealanders think about the Internet and what their aspirations are for it.</p> <p>In Q3 this project lost its project manager but we undertook korero with TA and MEA to lay the foundations for this work, and continued internal conversations within the our internal Internet for Good reference group in preparation for offering cross organisational input to this mahi.</p> <p>In Q4 we hope to replace the project manager and expect to put in place an agreement for services and how we will work together and to frame up the project.</p>	OFF TRACK

<p>1.1 We have continued with our on-demand grants focus to encourage and enable community led-solutions and research from tāngata whenua, Pasifika peoples, migrants and refugees, faith-based communities, the rainbow community and gender minorities, and people with disabilities. 21 korero have been held to access the application link in this quarter.</p>	<p>ON TRACK</p>
<p>1.2: We continued to work in partnership with Tohatoha to address the challenges of online misinformation. Our partnership with Tohatoha includes funding for its community engagement on misinformation.</p> <p>We supported Tohatoha’s panel discussion on misinformation and social media in the age of COVID in mid December, and we published a blog on misinformation before Christmas: https://internetnz.nz/news-and-articles/protecting-aotearoa-against-misinformationnew-blog-post/</p>	<p>ON TRACK</p>
<p>1.3: Government engagement this quarter included:</p> <ul style="list-style-type: none"> ● Lodging a written submission on the Digital Identity Systems Trust Framework Bill (https://internetnz.nz/assets/Archives/InternetNZ-Submission-on-the-DITF-Bill-2-December-2021.pdf), appearing in front of the Economic Development, Science, and Innovation Committee in support of this submission, and providing public commentary on digital identity issues (https://www.stuff.co.nz/technology/127140642/digital-identity-in-new-zealand-technical-choices-have-human-impacts) ● Continuing to engage with the Department of Internal Affairs on the Content Regulatory System Review. ● Engagement with NetSafe and other interested government agencies on the Aotearoa New Zealand Code of Practice for Online Safety and Harms and a joint press release on concerns with the process and substance of the proposed Code: https://internetnz.nz/news-and-articles/better-consultation-needed-for-new-online-safety-code/ ● Lodging a submission on the Government's digital strategy for Aotearoa, which included comment on the strategy’s pillar of trust: https://internetnz.nz/assets/Archives/2021-11-10-submission-digital-strategy.pdf 	<p>ON TRACK</p>

<p>1.4: Regional Internet Governance engagement and capacity building included:</p> <ul style="list-style-type: none"> • Ongoing APTLD contribution by Brent Carey (Domain Name Commission) in his role as a Board member. • DotAsia Board and Community Programmes Committee work (Ellen Strickland). 	ON TRACK
--	----------

Goal 2: Improve Digital Equity	ON TRACK
2.1: Digital Equity Coalition Aotearoa We'll support the establishment of Digital Equity Coalition Aotearoa (DECA) to help us achieve improved digital equity sooner.	ON TRACK
2.2: Online home for digital equity/inclusion 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.	ON TRACK
2.3: Evaluation 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: Funding We will help to fund digital equity initiatives by: <ul style="list-style-type: none"> • Giving grants to digital equity / inclusion initiatives. • Promoting government investment. • Unlocking private sector investment in this area. 	ON TRACK
Q3 Progress - Goal 2	
<p>2.1: We continued to support the establishment of DECA. This included work to support the transition to the new Stewardship Group, and work (which is ongoing) to develop and complete foundational processes and documents (such as financial delegations, policies and processes, comms and website), to establish core DECA offerings/mahi such as Community Panels for consultation and input on government digital inclusion policy, and to establish and support foundational constellations (Affordable Connectivity, Digital Inclusion & Devices, Ōtautahi Regional Digital Equity Group) and parallel processes (Māori for Māori, Pacific Digital Equity).</p> <p>Outside of DECA our digital equity policy work included lodging a submission on the Government's digital strategy for Aotearoa, which included comment on the strategy's pillar of inclusion (Mahi Tahī):</p>	ON TRACK

<p>https://internetnz.nz/assets/Archives/2021-11-10-submission-digital-strategy.pdf.</p>	
<p>2.2: 20/20 Trust and DECA have prepared a proposal to put forward to the DECA Stewardship Group for both organisations to hold and run the Online Home collaboratively. The DECA Stewardship Group will consider the proposal and make a decision this quarter.</p>	ON TRACK
<p>2.3: Under our evaluation programme work, our subject matter experts Standard of Proof have delivered a report on their learnings from their work with our grantees, and an evaluation toolkit. We are looking to promote the digital inclusion evaluation toolkit further this quarter, and to support community groups to use the toolkit. This will help to better understand the impacts of digital inclusion initiatives.</p> <p>The grant round which opened this quarter has a priority for organisations with strong evaluation planning, or wishing to increase their evaluation capability and capacity (and for organisations which are kaupapa Māori). 38 korero were held with organisations about potential grant applications, with the evaluation toolkit being promoted for use by all.</p>	ON TRACK
<p>2.4: The latest grants round to fund digital equity initiatives was launched. It has now closed and 32 applications will be assessed in Q4.</p>	ON TRACK

Product Area

Goal 3: Grow .nz	ON TRACK
3.1: Replacing the .nz registry 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.	ON TRACK
3.2: Policy review of .nz We are doing a comprehensive review of the .nz policies to make sure they're modern, robust, safe, world class and easier to read.	ON TRACK
3.3: Promote the value of .nz We'll be doing some work to determine how to promote the value of the .nz and show the relevance to coming generations.	ON TRACK
3.4: Registry lock introduction 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.	OFF TRACK
Q3 Progress - Goal 3	
<p>3.1: Registry Replacement Project</p> <p>The implementation phase of the project commenced as planned from the 1st of April 2021. 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"> • No change to the overall delivery timeline range given in the business case (July - Sept 2022). • Configuration (of customisations) for the registry system are on track to be completed by March 2022 • Infrastructure - Early access registrar test environment up and running • Registrar slack channel established and feedback from the early access registrars received • QA testing completed for the first three monthly software releases • Security - phase 1 completed and the phase 2 plan has been developed and agreed • Reporting and data migration work streams are on track and to plan. • Go live date to be confirmed early February 	ON TRACK

3.2: Policy review: our assessment of the second tranche of recommendations from the .nz Advisory Panel - whether these recommendations are desirable or feasible - led to discussion with the .nz Policy Committee and refinements to the prioritisation of this work. During the quarter, we also appointed our first in-house legal counsel to be the go to person on the .nz rules.	ON TRACK
3.3: To promote the value of .nz , we have commissioned both of the tactical marketing experiments referred to in the previous report: <ul style="list-style-type: none"> - One on enticing further upselling of .nz domain names to the .co.nz only set of Registrants, in partnership with some Registrars. This experiment is in active development now. - Another to explore opportunities for bundling the .nz product with other resold IT products. This is in scoping with the external partner involved. 	ON TRACK
3.4: We have rephased Registry Lock to launch around the Mimosa go-live in Q3 2022/23, as a result of team and market constraints.	OFF TRACK

Goal 4: Sell New Products	ON TRACK
4.1: Defenz DNS Firewall <i>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</i>	CRITICAL
4.2: Broadband Map <i>We'll do ongoing improvements to the Broadband Map to improve quality and lower operating costs.</i>	ON TRACK
4.3: Digital identity <i>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</i>	ON TRACK
Q3 Progress - Goal 4	
4.1: As advised in the Q2 report, and In light of the performance of the product and the reduction in staff capacity in Commercial, we will no longer actively develop the market for DEFENZ. We will instead focus on supporting current customers and their sales processes, and discussing the future of the product with them.	CRITICAL

4.2: We have focused our discussions on interviewing the range of users of the Broadband Map to understand current use cases, data provision arrangements, and expectations of further development. The Commerce Commission has heightened its expectations of the telecommunications network operators in providing accurate information about the availability and extent of network service provision, which is creating a revised set of requirements for the Map.	ON TRACK
4.3: The Product Team has supported the Policy-led efforts to intersect with legislative and regulatory efforts on the Trust Framework for Digital Identity. We await a response on the DIA-led Request for Information process about the potential of InternetNZ's identity solutions.	ON TRACK

Organisational Capability Area

Goal 5: Improve InternetNZ's performance	ON TRACK
<i>5.1: Together working better programme 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: Risk management improvements 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: Moving Premises 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 People strategy We'll develop a people strategy to support ongoing performance and development of our staff.</i>	ON TRACK
Q3 Progress - Goal 5	
5.1: We continue our work around support our goal of Together working better with focus on areas <ul style="list-style-type: none"> • Leadership and change • Knowledge sharing as we push forward with a new intranet platform and content. • Support flexible working arrangements (especially in the changing pandemic environment) 	ON TRACK

<p>5.2: We have completed our rollout of the Resolver Governance, Risk and Compliance 'GRC' solution. The first risk assessments have been commenced and the reporting is due at the first Audit and Risk Committee meeting this year.</p>	<p>ON TRACK</p>
<p>5.3: The move to the new Wellington office was completed in December, with the formal opening with mana whenua happening on Monday 6 December. We look forward to welcoming Council and members to the space as conditions allow. Staff experience so far in the new space has been very positive.</p>	<p>ON TRACK</p>
<p>5.4: Our People strategy - has seen our focus on</p> <ul style="list-style-type: none"> ● Staff Wellbeing and Morale overall (including the effect of COVID lockdowns and other recent changes). ● Staff recruitment, retention and workloads. <p>Development of an overarching strategy to guide this is behind, which is why it is marked as off-track.</p>	<p>OFF TRACK</p>

Other Significant Work

Public Good	
<p>Māori Aspirations</p> <p>6.2: Māori Design Group (MDG) - the group met online in November 2021 to continue the discussion on the role MDG plays in co-design, collaborate and partner with Council and staff. MDG identified areas that they might be interested in being across:</p> <ul style="list-style-type: none"> • Ipurangi Aotearoa’s strategy/goals/purpose refresh • Key issues Māori communities are facing in relation to digital and internet • MDG engagement with Māori communities • The relationship between MDG, Council and the support from staff <p>The next MDG meeting will be in February 2022</p> <p>6.3 Staffing - in this quarter we employed a Principal Māori Sector Partnerships and Relationships Advisor, and a Senior Māori Sector Outcomes Advisor, that is helping the Chief Advisor Māori progress with building Ipurangi Aotearoa’s Māori capability in order to effectively engage with Māori.</p> <p>6.4: Internal Māori capability training for staff - we are developing a set of in-house resources for staff that provides staff tools on how to apply a tikanga-based practise to the work we do and how we operate as staff under tikanga Māori particularly in Māori settings (whakatau/pōhiri, engaging with Māori communities and businesses).</p>	ON TRACK
<p>Nethui 2021 - The prospect of an Omicron outbreak and the RED settings of the COVID Protection framework in Q3 (and now realised at the time of writing this report) creates an unresolvable set of challenges to hold an in person NetHui event this business year. We will assess the prospects of an event as part of the planning for 2022/23.</p>	CRITICAL
<p>Funding (general) - Funding work is summarised in Goal 1 - digital inclusion.</p>	ON TRACK
<p>International - our focus on international work in the last quarter has been continuing with ICANN remote processes including through ccNSO, APTLD processes, and ongoing Christchurch Call work particularly through our involvement with the Christchurch Call Advisory Network (CCAN).</p>	ON TRACK

<p>Our involvement with CCAN has significantly featured working through the process and hiring of a secretariat/coordinator role with the Advisory Network chairs.</p> <p>During this reporting period we attended and participated in the sixteenth United Nations IGF (remotely) and in the 72nd ICANN public meeting (online only).</p> <p>Jordan Carter was elected to a second term as a ccNSO Council member representing the Asia Pacific, and Brent Carey was reelected (in January) to his role on the APTLD Board in January 2022, beyond the quarter but before this report was finalised.</p> <p>We have contracted Konstantinos Komaitis to provide some backfill support given Ellen’s secondment to DPMC, an arrangement we will review as part of the development of next year’s plan.</p>	
<p>Organisational Capability Area</p>	
<p>Annual General Meeting - A report on the process of the elections held last quarter is being prepared for release in Q4.</p>	<p>ON TRACK</p>
<p>Governance Policies - At the December Council meeting the Council adopted the Council Charter and Governance policies as its governance policy framework with effect 6 December 2021 and repealed some existing governance policies (as per minutes).</p>	<p>ON TRACK</p>
<p>Security and Risk management A major world-wide security incident dominated our time late in December. The log4shell vulnerability presented risks which our team dealt with promptly. We continue to monitor.</p> <p>Our implementation of a risk management software system is complete, with the first risk assessment launched. First reports are due with Audit and Risk at the 15 March meeting.</p> <p>This quarter also saw the deployment of new security capabilities for the new registry servers. This “endpoint detection and response” (EDR) tooling gives us more insight and protection than we had previously.</p>	<p>ON TRACK</p>
<p>Membership - Membership is summarised in the separate membership report.</p>	<p>ON TRACK</p>

3. .nz Summary

We have continued to see growth in registrations of .nz domain names, with the count of active .nz names reaching 737,000 in Q3, up from 733,000 as reported in Q2.

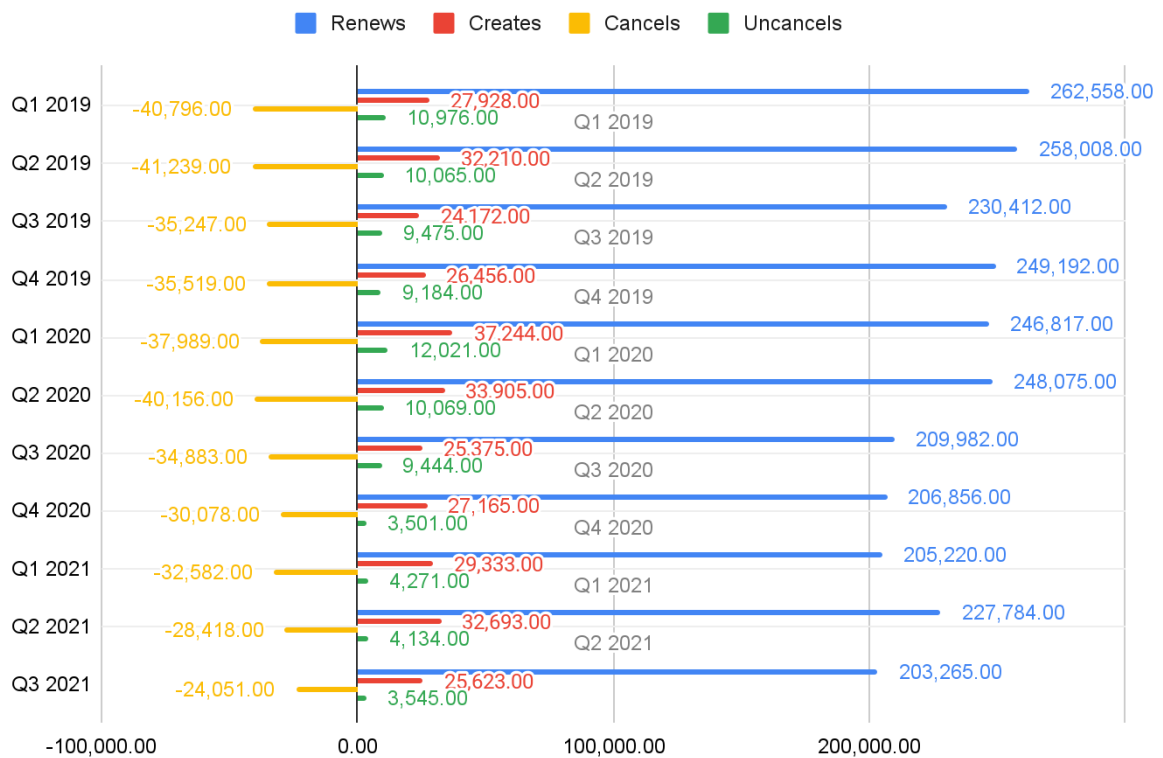
Our focus continues to be on the new Registry replacement work in Project Mimosa. We have resolved some of the capacity limitations in our support function by adding a new staff member to support, which better enables this team to perform BAU support as well as Mimosa-facing registrar preparation for transition, testing, and development of the full set of registrar-facing services.

Alongside Project Mimosa, we have continued to develop the two marketing and promotional concepts mentioned in the last report, and commissioned these for Q4. These are small, tactical concepts to test the viability and scale of active marketing intervention - while they are therefore unlikely to manifestly change the number of registrations, they are designed to over-recover their costs and inform further, larger activity *if* they are successful.

With Project Mimosa underway, and with the recruitment process for a new General Manager of Customer and Product not yet complete, the team is operating at capacity in terms of .nz activity. We are pleased and proud of achieving ongoing growth in .nz through these limitations.

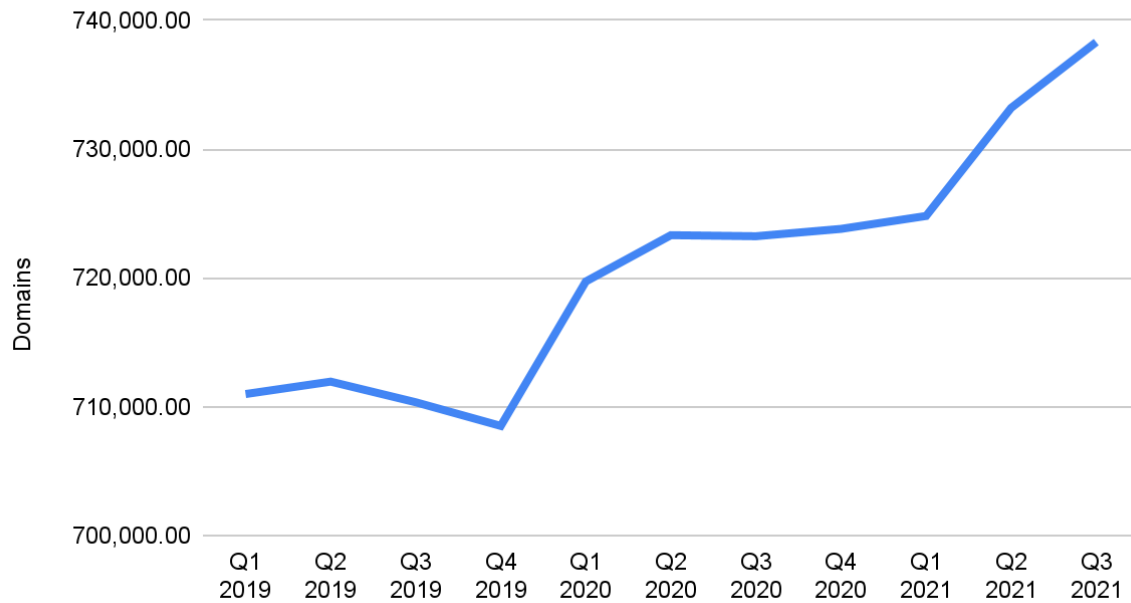
Domains

Creates, Cancels and Renewals



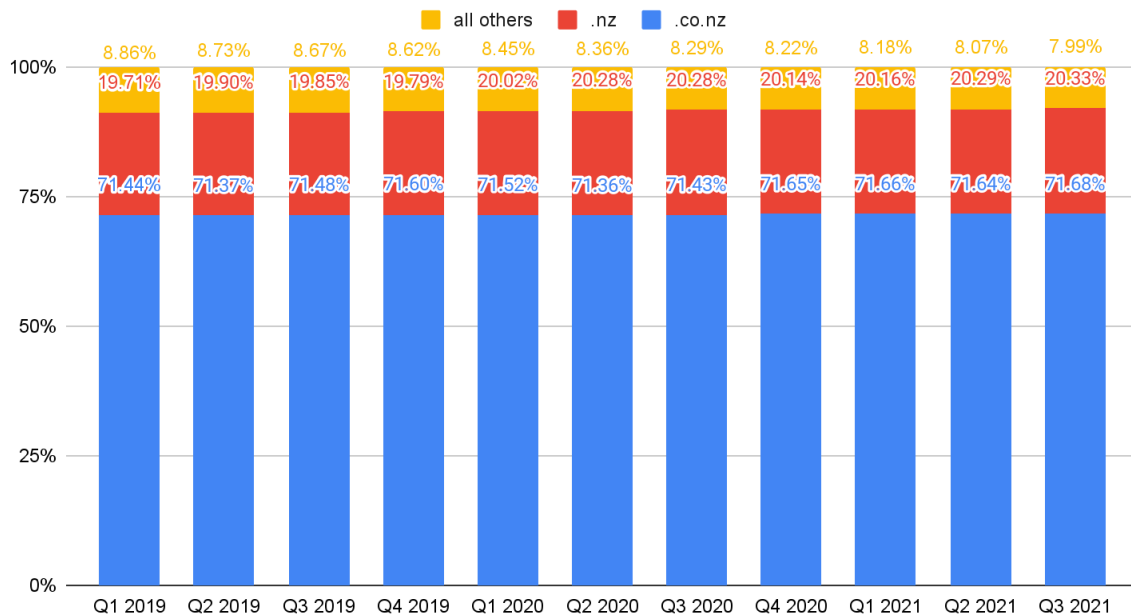
Q3 showed a marked decrease in renewals and creates, both of which roughly correspond to seasonal trends for the third quarter - though in the case of renewals the lowest result in this reporting history is concerning. Particularly notable and also decreasing however is the out of trend result in cancellations of domain names. Overall, the decreasing renewal rate over the last two years is indicative of churn in the .nz market, offset by the higher average rate of creates and lower average rate of cancellations.

Total .nz Domains



Q3 showed continued, sustained increases in the number of domains registered, now approaching a new all time high.

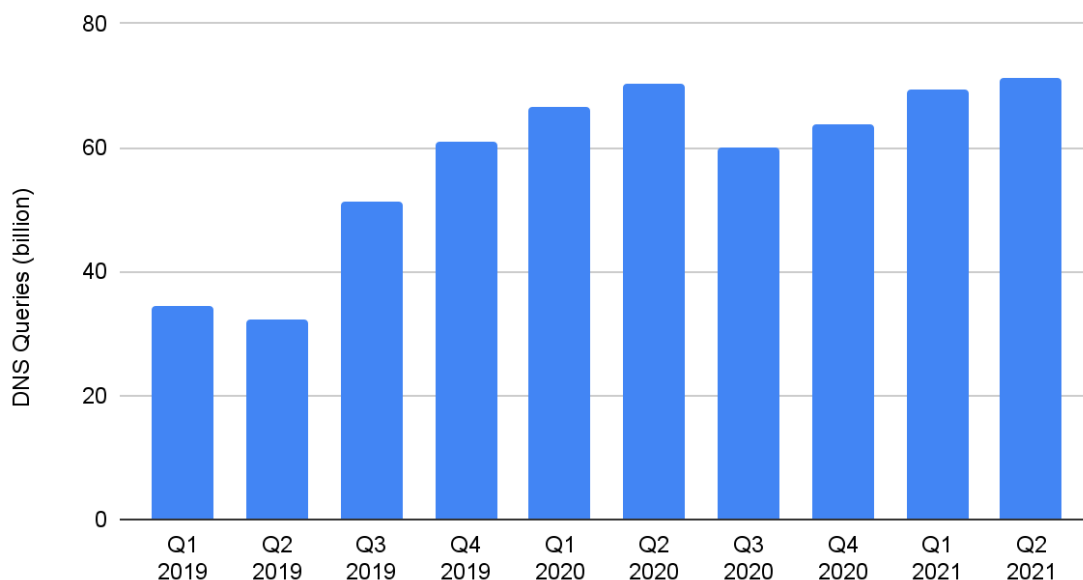
2nd & 3rd Level Registrations



The division between different types of .nz registration continues to be static. The marketing tactic on upselling .nz domain names to .co.nz holders will experiment with influencing this ratio in Q4.

Infrastructure

DNS Queries



This chart has not been updated with DNS Query numbers for Q3, due to re-engineering of the data pipeline underway between Data & Insights and IT Operations. This reporting will be updated in future quarters once this data pipeline is rebuilt.

Service Levels

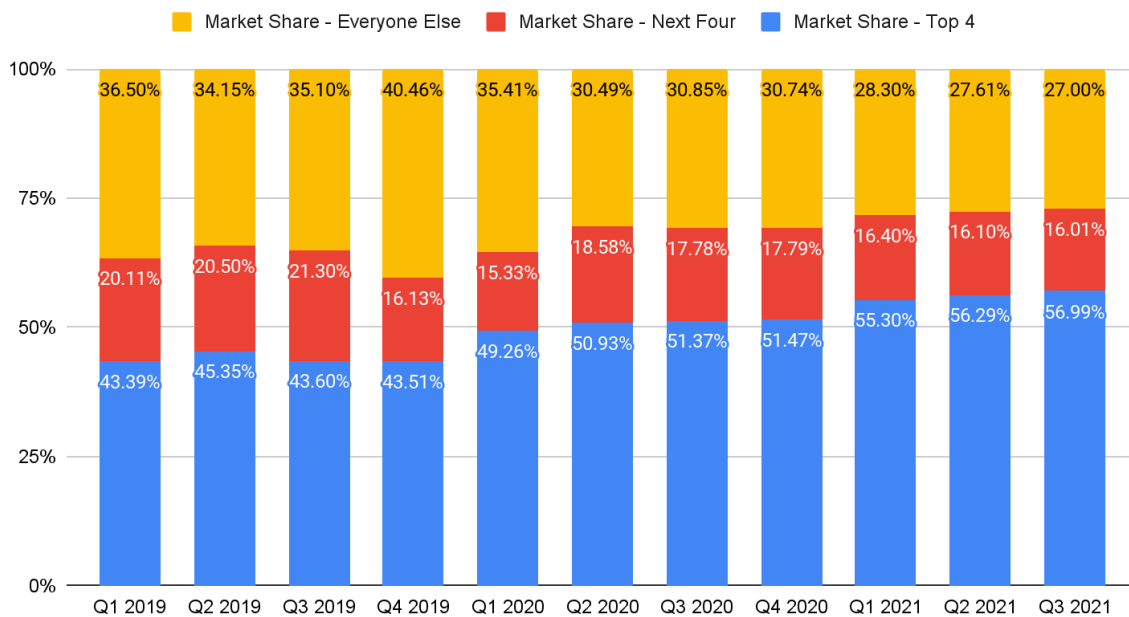
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
DNS	100%	100%	100%	100%	100%	100%	100%
SRS	100%	100%	100%	100%	100%	100%	100%

Market

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
# of Registrars	87	80	80	78	78	79	76

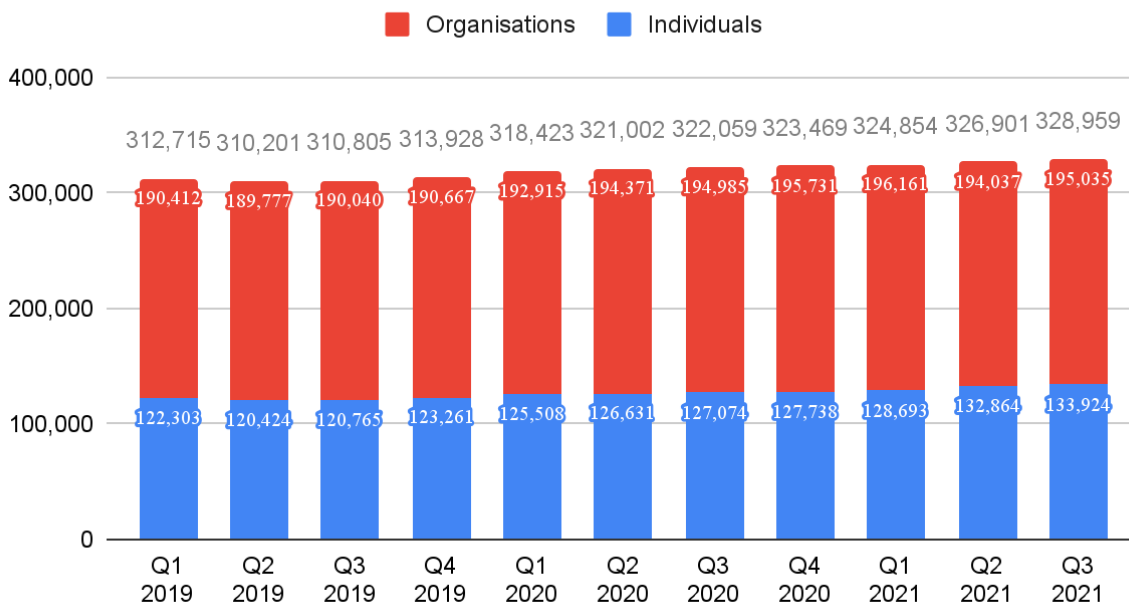
We have seen the number of authorised registrars decline again in the last quarter due to ongoing consolidation in the market.

Market Share



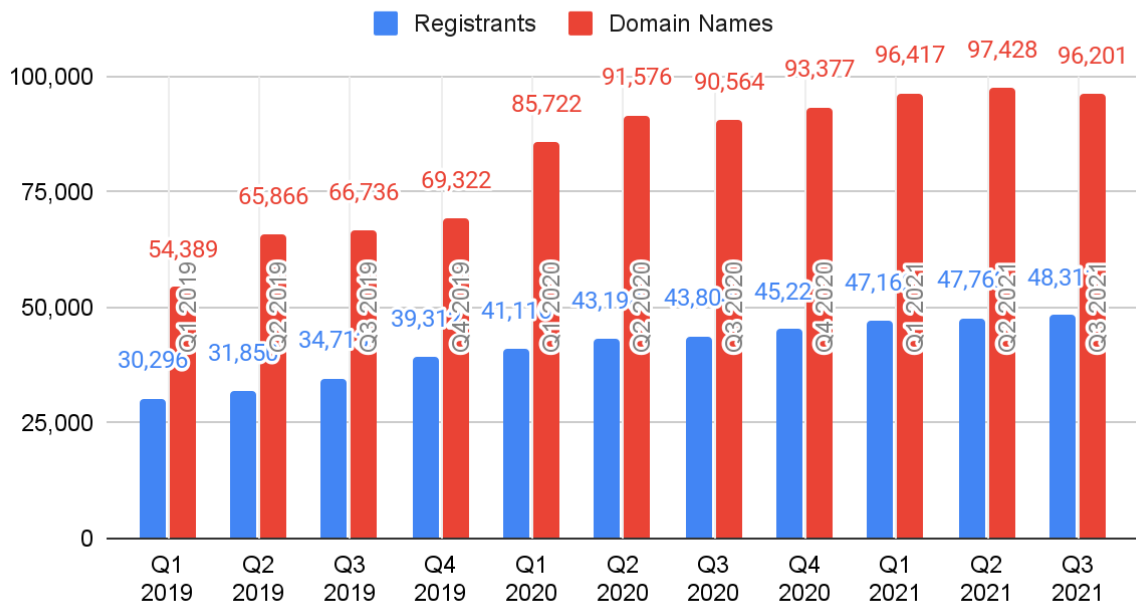
While on a quarterly basis there is little change, over the last two years there has been a significant shift in market shares for different registrar segments, with a marked decline in concentration in the top four and a corresponding increase in market share particularly with smaller registrars.

Unique Registrants, Individuals and Organisations



Matching the trend in overall increase in the size of the .nz register, we are experiencing growth in both the number of organisations and individuals registering domain names.

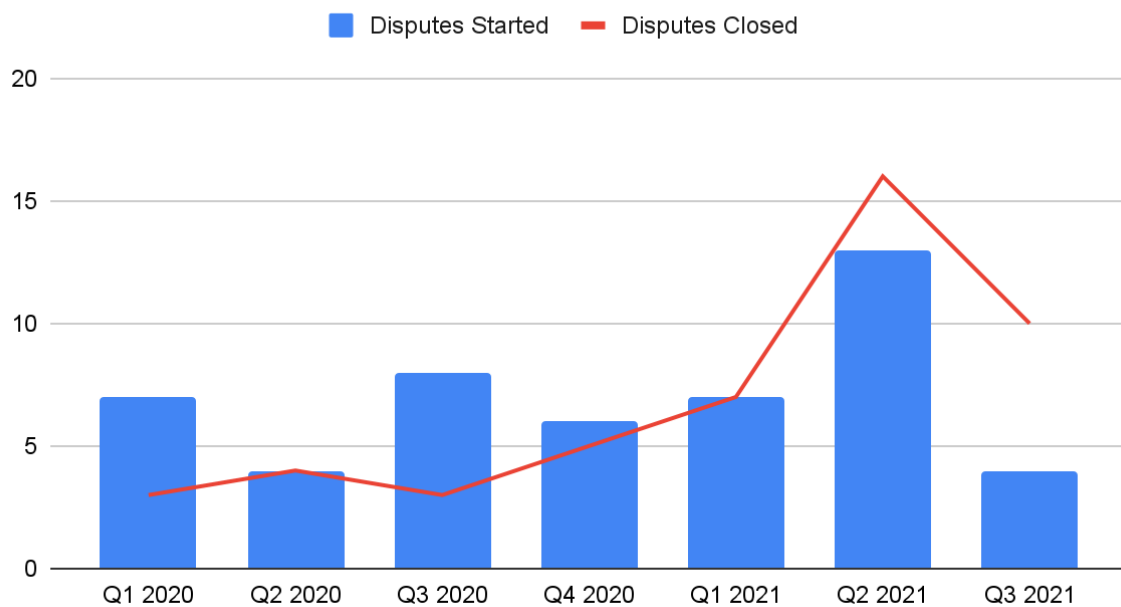
Individual Registrant Privacy Option Uptake



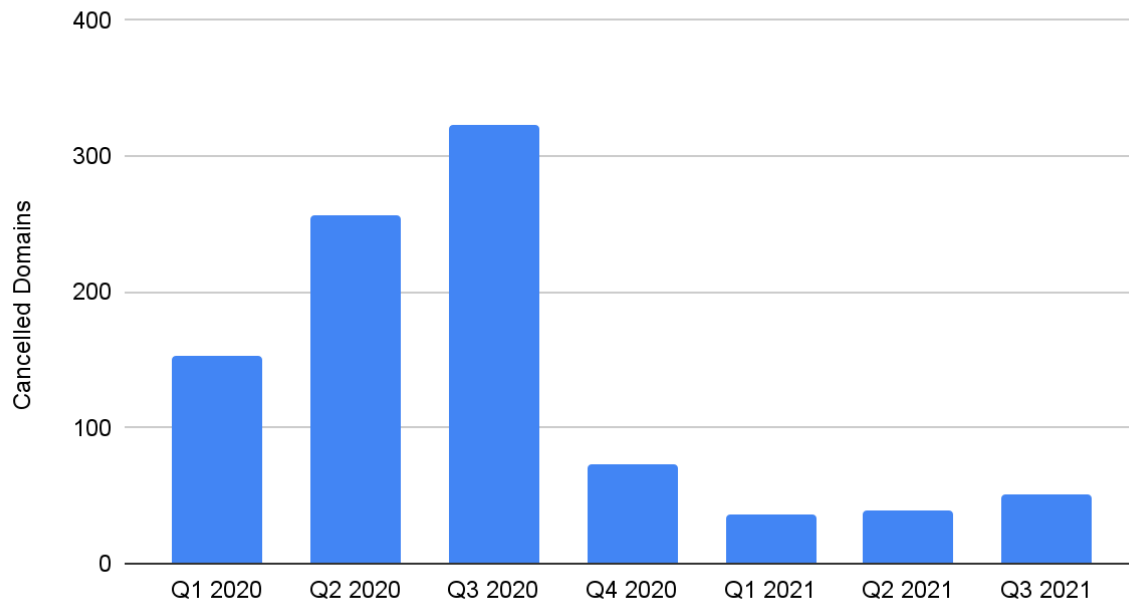
Q3 2021 has seen a small decrease in the number of domain names utilising IRPO, but a sustained small increase in the number of registrants.

Compliance and disputes (Domain Name Commission Data)

Disputes Started and Disputes Closed



Compliance Cancelled Domains



4. New Product Development Summary

Our focus on the third quarter has been to adapt to the reduced capacity of the team following departure of key staff; trim workload, expectations and deliverables accordingly; focus on business-critical contributions particularly to Project Mimosa, and supporting the team as we confirm strategy and approach to Product and Customer and await the recruitment of a new General Manager to lead this work.

The current state of our product suite is as follows.

1. **Digital Identity** We await a response to the Request for Information process led by DIA, and anticipate receiving this in Q4. The Product team has supported Policy team-led advocacy around the development of a Trust Framework, including supporting the submission process on this framework, Select Committee interaction and guidance and support for wider community involvement.
2. The **Broadband Map** has received a lot of focus in the last quarter due to increased requirements from the telecommunications network providers. This is due to the Commerce Commission asking the telecommunications industry to provide more data and higher quality insights to consumers about what solutions are available to them. In Q4, we will workshop these requirements with the users and stakeholders in the Map in order to design the next phase of development, for delivery in 2022/23.

3. As advised in the last quarterly report, we have stopped active development and sales on **Defenz**. We will more fully evaluate the product in 2022/23.
4. The launch of **Registry Lock** has been delayed into 2022/23 to align with the Mimosa launch. We have advised Registrars of this, and no negative feedback was received.

Product development pipeline

IDEAS BACKLOG	EXPLORE & VALIDATE	BUILD	ACTIVE	STOPPED
16	1	1	2	1
Including: <ul style="list-style-type: none"> • Broadband • Data products • .nz features • Security 	<ul style="list-style-type: none"> • Digital identity 	<ul style="list-style-type: none"> • Registry lock 	<ul style="list-style-type: none"> • .nz • Broadband Map v2 	<ul style="list-style-type: none"> • Defenz

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

Jordan Carter
Group Chief Executive

February 2022