

QUARTERLY REPORT

1 Jan to 31 Mar 2022

1. Summary

This report covers the end of the 2021/22 financial year, and therefore is the end of this reporting period on the financial year. It is not our annual report, as that is done separately - it does however capture where these key work items are at the end of this reporting period. The final quarter of the year has continued the pattern of challenge, and I am pleased with how the team has met and responded to those challenges. Across the continuing disruption of the COVID-19 situation; delivering the largest project in our organisation’s history in the registry replacement, Project Mimosa; and with a change in Chief Executive and adoption of a new strategy, our team has worked hard and delivered a lot we are proud of.

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 - Q4 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
Q4 Progress - Goal 1	
<p>1.1: We have partnered with Toi Āria (Massey University research centre) and Making Everything Achievable (Kaye Maree Dunn) to co-design and undertake a process to find out what the people of Aotearoa think about and need from the Internet, to make the Internet better for people.</p> <p>This information will help InternetNZ undertake its mahi (including developing policy, delivering products, and making funding decisions) to make the Internet better for people in a way that is relevant to and benefits all New Zealanders.</p> <p>In Q4 staff across the organisation have continued to support this important project to achieve the following:</p> <ul style="list-style-type: none"> • Our Community Advisor has stepped in to the Project Manager role as a development opportunity; • Developed and agreed a process and tools for collaboration between INZ and TA and MEA; • Drafted and agreed an Engagement Agreement between INZ and MEA (as main contractor) including a Project Plan; 	ON TRACK

<ul style="list-style-type: none"> • Worked with AntiStatic to frame up and produce a literature review to support the engagement phase of the project; • Continuing korero with TA and MEA to design the engagement phase, and conversations within the internal Internet for Good reference group to offer cross organisational input and support to this mahi. 	
<p>1.1 We have distributed our on-demand grants pool of \$100k to encourage and enable community led-solutions and research from tāngata whenua, Pasifika peoples, migrants and former refugees, faith-based communities, the rainbow community and gender minorities, and people with disabilities. We undertook 30 korero in Q4 and these resulted in 10 grants which will be shared publicly in the coming months.</p>	ON TRACK
<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 development of their counter-misinformation initiative “A Bit Sus”, which has now completed training the first intake of 15 librarians on best practices for supporting youth and schools in countering misinformation and preventing its spread. This initiative includes an online ‘escape room’ game activity and has been well received by participants and also earned some media coverage.</p> <p>We published an opinion piece on misinformation in March: https://www.stuff.co.nz/opinion/300540507/how-do-we-stop-misinformation-being-a-superspreader</p>	ON TRACK
<p>1.3: Government engagement this quarter included:</p> <ul style="list-style-type: none"> • Continuing to engage with the Department of Internal Affairs on the Content Regulatory System Review. • Continuing to engage in the work of the Christchurch Call including supporting the network’s Co-Chairs, and participating in onboarding discussions for prospective new members. The Advisory Network also hired its new Coordinator, supported by grants from the New Zealand and French governments, and homed in the InternetNZ team. Discussions in the network are now turning more towards its core role of providing advice on substantive subject areas to member Governments, e.g. on dehumanisation on line platforms, and on transparency best practices. 	ON TRACK

<ul style="list-style-type: none"> We put in a submission to NetSafe on their proposed Aotearoa New Zealand Code of Practice for Online Safety and Harms, and sent a copy to Ministers including the Prime Minister. Our submission called for work on the Code to stop, because the approach of starting with online services was the wrong way to do this and that processes must start with local communities. In our letter to Ministers we called for government leadership on a shared process that gets all constituencies (including industry and civil society) working together on effective responses to online harms. 	
<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, including the AGM in February where he was re-elected to the Board. DotAsia Board and Community Programmes Committee work (Ellen Strickland). 	ON TRACK

Goal 2: Improve Digital Equity	ON TRACK
<i>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.</i>	ON TRACK
<i>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.</i>	ON TRACK
<i>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.</i>	ON TRACK
<p>2.4: Funding We will help to fund digital equity initiatives by:</p> <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
Q4 Progress - Goal 2	
<p>2.1: We continued to support the establishment and core work of DECA through:</p> <ul style="list-style-type: none"> Funding (as agreed last year) from Community Funding 	ON TRACK

- Providing structural support to DECA (including financial, HR, IT, legal, employment/pastoral, and governance through a seat on the Stewardship Group)
- Due to staffing gaps in the Policy Team we were unable to provide in kind support to the core mahi of DECA or participate in the constellation work; instead we supported DECA financially to hire short term contractors to undertake some of this establishment and core work.

We continued to work through DECA to improve digital equity across Aotearoa. DECA's achievements this quarter included:

- Following the transition to a ten person [Stewardship Group](#), DECA embedded Kaihautū Māori, one of which is also a DECA Co-chair;
- The DECA website went live in November - in Q4 work continued on the next phase which will bring the mahi to life with photos, video and resource pages;
- DECA undertook ongoing relationship building with the digital equity community and ongoing relationship building and policy/advocacy conversations with relevant government agencies;
- DECA convened, codesigned, hosted and facilitated the first DECA Community Panel: a new tool which addresses issues of over-consulting, and issues around trust and needing to have more diverse and lived-experience voices heard. The first Community Panel was with BNZ who consulted with four frontline digital inclusion service leaders and users to develop its plan to implement the BNZ Digital Boost Alliance pledge of \$600k toward F2F digital skills training.
- The Pacific Digital Equity Parallel process confirmed a working group and started work on strategy.
- DECA granted funding to the Waitaha Digital Equity Regional group to develop regional digital equity framework and supporting resources.
- Confirmed the Te Tiriti embedding mahi, both internal to DECA and externally, supporting the wider digital inclusion community.
- DECA continued its establishment work with setting up robust financial and admin systems and processes, and researching and developing financial sustainability proposals.

InternetNZ's submission on the Government's digital strategy for Aotearoa was quoted in the Government's [Summary of Public Engagement](#) including on digital inclusion:

InternetNZ's submission said that the measure for Mahi Tahī — Inclusion should be expressed in terms of achieving digital equity in Aotearoa. The goal was to "connect people, not houses", and "it needed to be measured by the level of people's actual participation, including for the most excluded". The current proposed measures focused on access to connections

<p><i>but would need to be broadened to cover social barriers to digital equity, such as access to training programmes, community support, and the ultimate output of how many people are enabled to fully participate online.</i></p>	
<p>2.2: 20/20 Trust and the DECA Stewardship Group have discussed and agreed to have shared ownership of the Online Home. We will commence transfer in Q1. This is a pleasing result and demonstrates the partnership nature of DECA, and how this new eco system may work with other initiatives and focus areas.</p>	ON TRACK
<p>2.3: The digital inclusion evaluation toolkit was used by most of our 33 applicants for the last 2 stage grant round. Their use of the toolkit supported demonstrating their experience in evaluation, and guided the 11 applicants selected to submit a stage 2 application.</p> <p>The toolkit project work moved into its final promotional stage, with video content briefed to help build content we can share in months to come. Other opportunities to target other funders have also been planned.</p>	ON TRACK
<p>2.4: All applicants were supported by staff in our digital inclusion evaluation grant round to draft their initial evaluation plans. Over \$250k has been distributed, on the recommendation of our Funding Panel.</p> <p>A corporate organisation showed interest in our toolkit, and was briefed on our work in this area. They have suggested they may use the kit when seeking to fund organisations delivering for digital equity.</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	
3.1: Registry Replacement Project Overall the project is progressing well with focus on a couple of areas that are running behind schedule. Resourcing is at amber with tight resourcing of key person dependency in critical teams and the increased risk of absences due to illness. We have a resource mitigation plan in place and this is currently being progressed with additional contract resources coming on board. Some of the key achievements over this period are: <ul style="list-style-type: none"> ● Configuration (of customisations) for the registry system have been completed. ● Registrar operational test environment up and running. ● Security phase 2 plan complete and work is underway. ● Reporting and data migration work streams are on track and to plan. ● Registrar engagement workstream tracking to plan with regular comms. technical forums, webinars and updates to the web documents site. ● The go live registry migration planning has commenced and a series of migration dry runs will take place over May - June ● Go live date set at August 3rd 2022 and a final milestone checkpoint of this date set for the end of May - contingency go live September. 	ON TRACK

3.2: Policy review: The tranche two recommendations have been prioritised into three stages. Work on the tranche two recommendations categorised as priority one has begun, including drafting of clauses and steps identified in various work programs.	ON TRACK
3.3: To promote the value of .nz , we have continued with the two tactical marketing experiments and are moving the first - upselling of .nz domain names to the .co.nz only set of registrants - to execution.	ON TRACK
3.4: Registry Lock has been delayed until Q3 2022/23, as a result of resourcing constraints.	OFF TRACK

Goal 4: Sell New Products	OFF 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>	OFF 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>	OFF TRACK
Q3 Progress - Goal 4	
4.1: Due to product performance and change in the market place we are reviewing this product for the next financial year.	CRITICAL
4.2: Our work on refreshing the Broadband Map has been delayed due to demands on the team from Project Mimosa, and due to leadership changes as we confirm the new General Manager, Customer and Product.	OFF TRACK
4.3: We continue to await a response on the DIA-led Request for Information process about the potential of InternetNZ's identity solutions.	OFF TRACK

Organisational Capability Area

Goal 5: Improve InternetNZ's performance	ON TRACK
<p>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.</p>	ON TRACK
<p>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.</p>	ON TRACK
<p>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.</p>	ON TRACK
<p>5.4 People strategy We'll develop a people strategy to support ongoing performance and development of our staff.</p>	ON TRACK
Q4 Progress - Goal 5	
<p>5.1: The challenges of the continued pandemic have supported and hindered our work in our goal of Together working better. As we encouraged staff to work from home over most of the quarter this has helped us look at new ways of communication but does not allow us the flexibility to truly give people the choice on where and when to work together as the office was not always an option. The teams have worked on splitting who is in the office together and we completed some work on essential/important work and plans to support resilience in these areas. We continued to also focus on</p> <ul style="list-style-type: none"> ● Leadership and change ● Knowledge sharing as we push forward with a new intranet platform and content. 	ON TRACK
<p>5.2: Risk Management. We have finished the deployment of our GRC system and delivered the first reports to the Audit and Risk Committee. Improvements are still planned, but remain to be scheduled.</p>	ON TRACK
<p>5.3: The move to the new Wellington office was completed in Q3 but due to supply issues we continue to close out the remaining items. The increased risk under the red traffic light status we have been under for much of Q4 has encouraged staff to work from home but as</p>	ON TRACK

we have moved to orange we look forward to utilising the workspace to its potential.	
5.4: Our People strategy - has seen our continued focus on <ul style="list-style-type: none">● Staff Wellbeing and Morale overall● Staff retention continues to be high● Introduction of new workload prioritisation framework to help with challenges on our work levels and resourcing.	OFF TRACK

Other Significant Work

Public Good	
<p>Māori Aspirations</p> <p>6.2: Māori Design Group (MDG) - the group met online in in February and discussed the following points:</p> <ul style="list-style-type: none"> • Engaging with whānau, hapū, and iwi • Key policy issues that may affect Māori in the digital space • Our revised strategy for 2022 onwards • Council aspirations <p>The next MDG meeting will be in April 2022. This is a members only meeting to discuss the work involved in MDG moving forward</p> <p>6.3: Internal Māori capability training for staff and Council- we have developed a set of in-house resources for staff and Council on how to apply a tikanga-based practise to the work we do and how we operate as an organisation under tikanga Māori particularly in Māori settings (whakataū/pōhiri, engaging with Māori communities and businesses). We will be undergoing a series of cultural capability training for Council in May.</p>	ON TRACK
<p>Nethui 2021 - The Omicron outbreak and the RED settings of the COVID Protection framework in Q4 did not allow us to hold 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> <p>Jordan Carter was elected to a second year as Vice-Chair of the ccNSO Council, and Brent Carey was reelected (in January) to his role on the APTLD Board and then to the Vice-Chair's role once more, beyond the quarter but before this report was finalised.</p> <p>Consideration for an update for Council on international strategy at the May 2022 meeting also began to be prepared.</p> <p>The team maintained a watching brief on United Nations developments, and on calls by some parties to remove Russian participation from ICANN processes due to the country's invasion of Ukraine in February 2022. The prevailing view seems to be that</p>	ON TRACK

deliberate disruption of participation in the global Internet policy or governance processes would do more harm than good, alongside broad condemnation of Russian actions.	
Organisational Capability Area	
Annual General Meeting - A report from the returning officer on 2021 Council Election was presented at February Council meeting and staff have been working on next steps before the 2022 election..	ON TRACK
Governance Policies - In Q3r Council adopted the Council Charter and Governance policies as its governance policy framework . No further work was completed in Q4 - next area under review is TOR's for committees,	ON TRACK
Security and Risk management No major security incidents were recorded during Q4. Our Risk Register was provided to the Audit and Risk Committee which provided direction on improvements.	ON TRACK
Membership - Membership is summarised in the separate membership report.	ON TRACK

3. .nz Summary

We have continued to see growth in registrations of .nz domain names, with the count of active .nz names reaching 741,000 in Q4, up from 737,000 as reported in Q3.

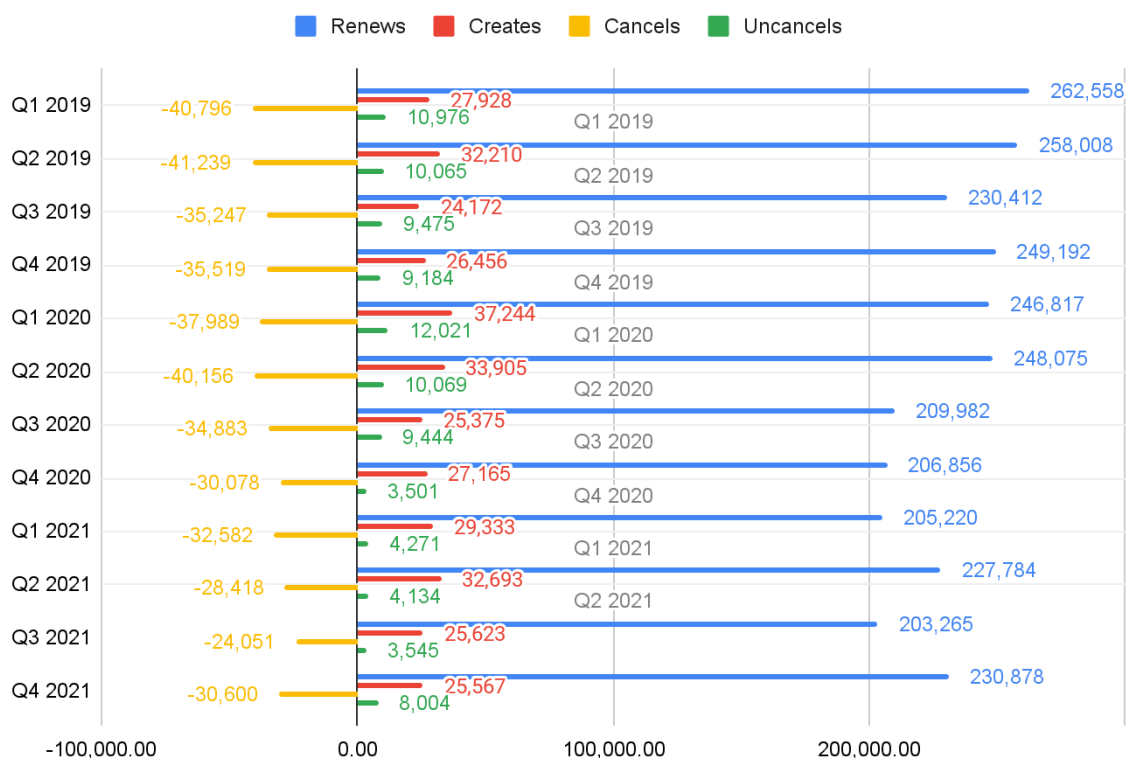
Our focus continues to be on the new Registry replacement work in Project Mimosa. This continues to be a significant commitment - the largest in our history - and occupying significant financial and human resources. It also establishes a new baseline of operation from which we can build new opportunities for InternetNZ, our Registrars and their Registrants.

Due to the change in Chief Executive, our progress on a number of other items has been delayed. Specifically:

- Marketing experiments, moving more slowly than preferred.
- Recruitment of the new General Manager, Customer and Product, which will be complete in Q1 of 2022/23.

Domains

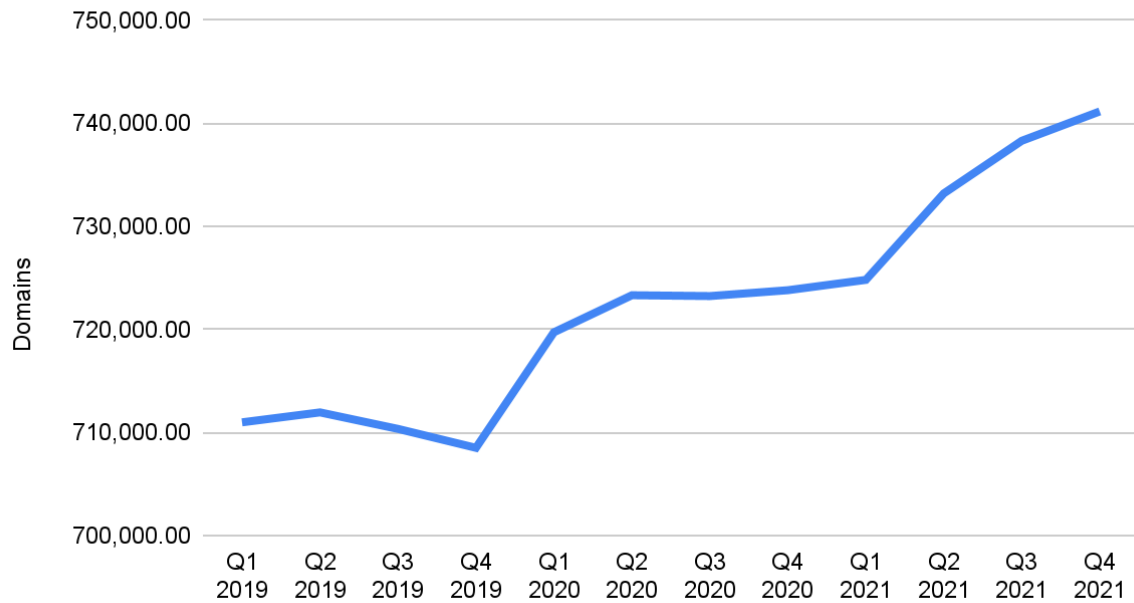
Creates, Cancels and Renewals



Q4 showed a marked increase in renewals, which roughly correspond to seasonal upwards trends from January to March. Particularly notable is the larger number of transactions of cancelling a domain, offset by the similarly increased number of transactions of uncancelling a domain.

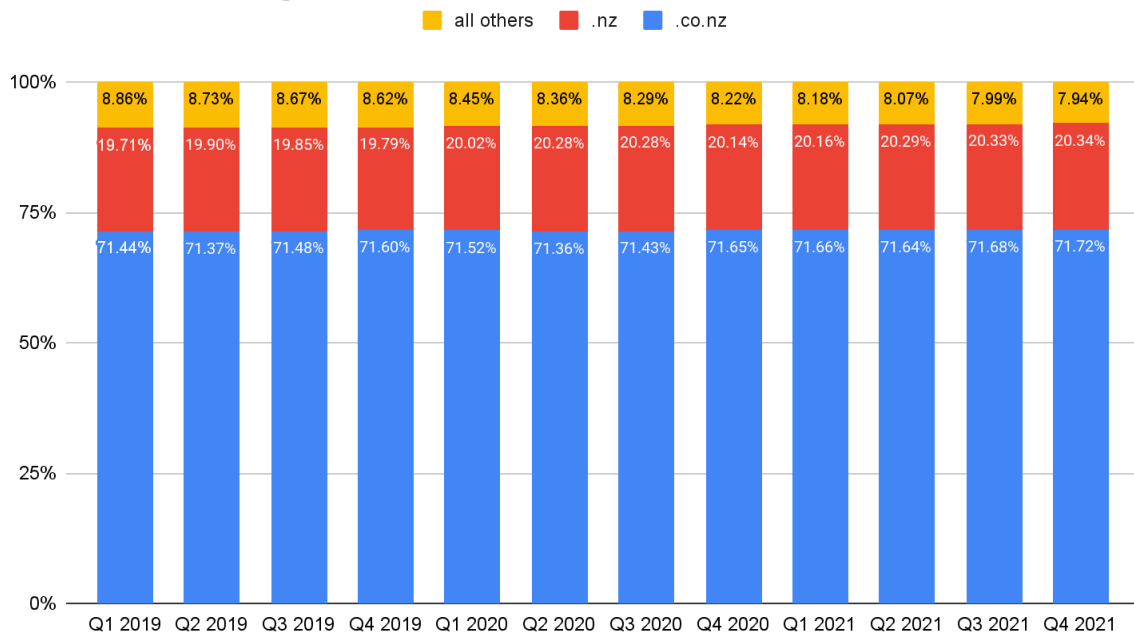
From our recent data analysis on .nz deferred revenue, we observed a shift to longer prepayment of 1 year from previously 1 month for many registrations, which is changing the pattern of renewals. We expect to see the trend showing up in the coming quarters, by when we can tell an integral story.

Total .nz Domains



Q4 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.

Service Levels

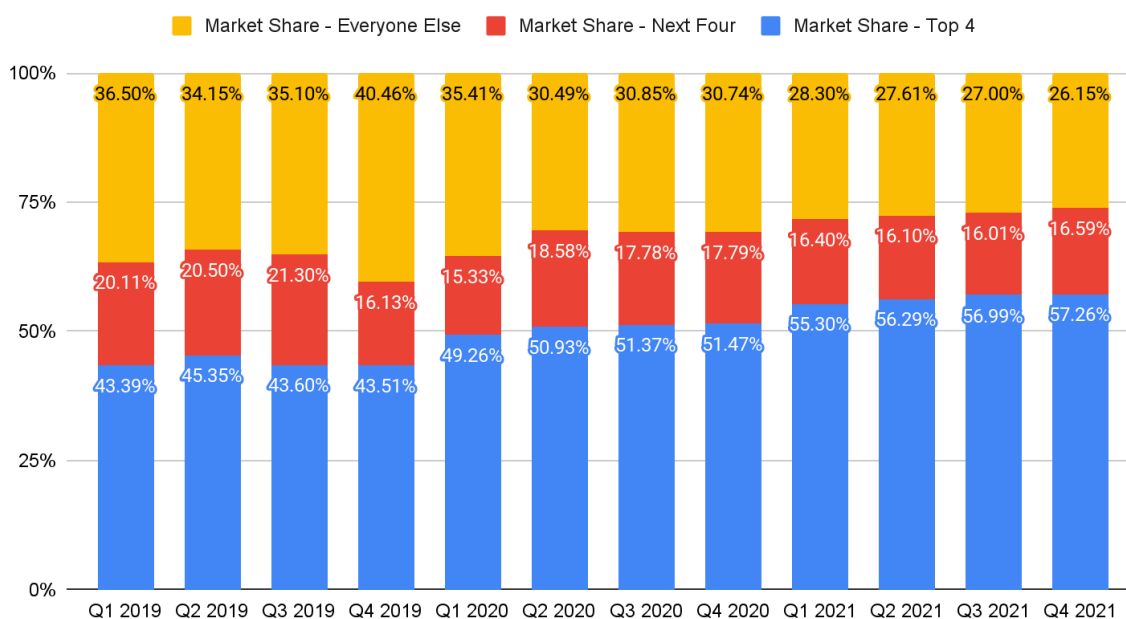
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
DNS	100%	100%	100%	100%	100%	100%	100%	100%
SRS	100%	100%	100%	100%	100%	100%	100%	100%

Market

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
# of Registrars	87	80	80	78	78	79	76	74

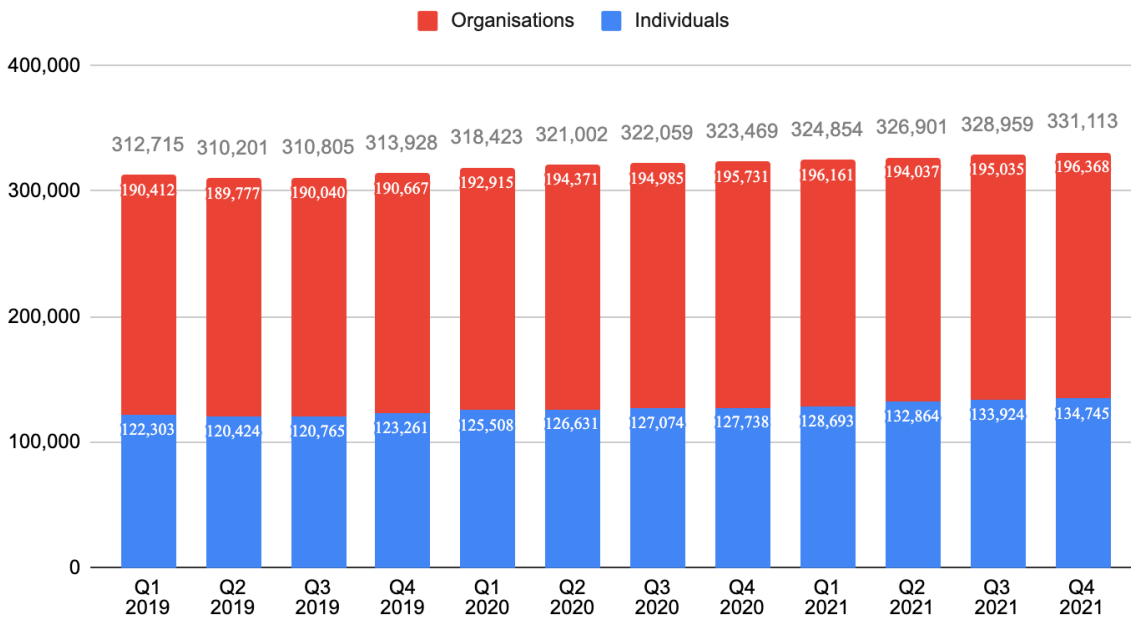
We have seen the number of authorised registrars decline again in the last quarter due to ongoing consolidation in the market.

Market Share



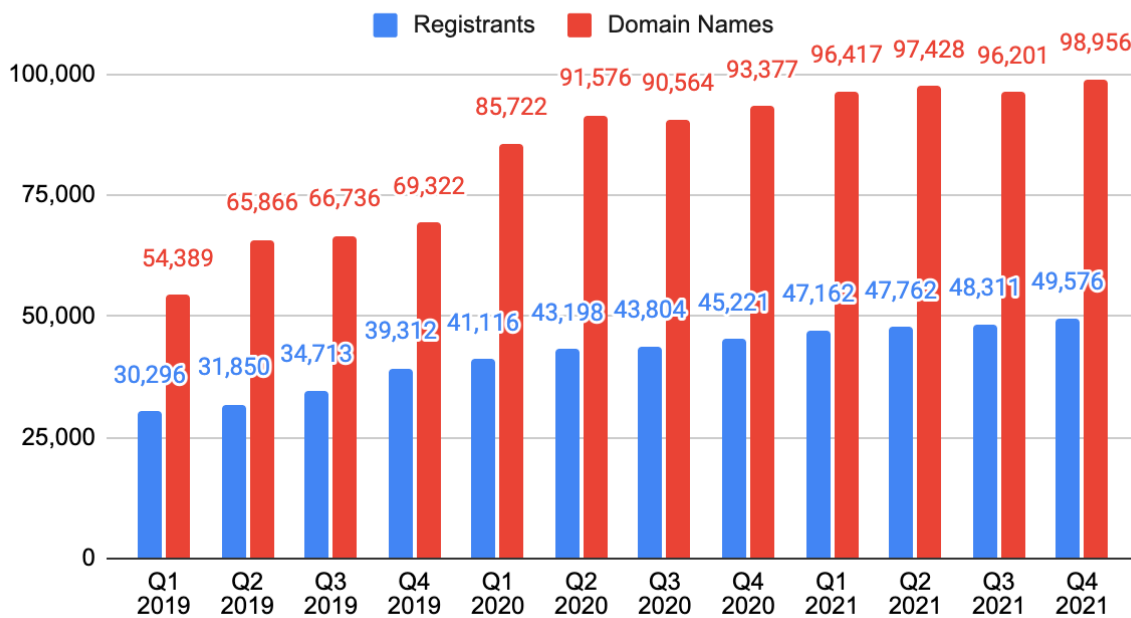
The concentration of market share in the top 4 registrars continues, while the market share of smaller registrars are shrinking, which aligns to the consolidation activities happening in the registrar market.

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.

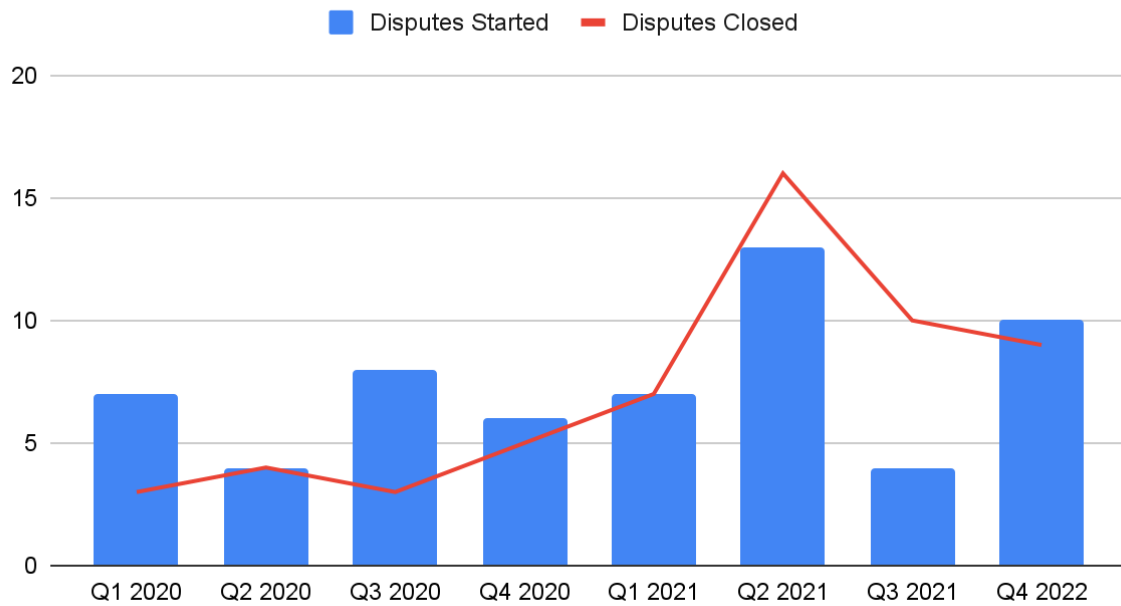
Individual Registrant Privacy Option Uptake



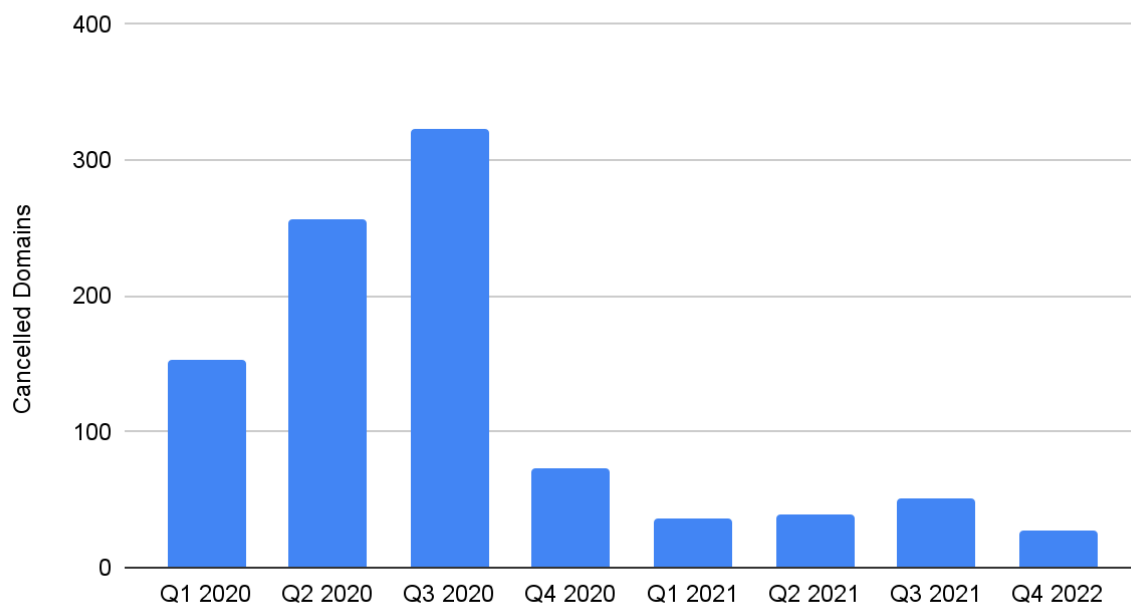
Q4 2021 has seen a small increase in both the number of domain names and the number of registrants utilising IRPO.

Compliance and disputes (Domain Name Commission Data)

Disputes Started and Disputes Closed



Compliance Cancelled Domains



4. New Product Development Summary

This quarter represents the last time we will report on New Product Development as a separate breakout of this report. The previous InternetNZ strategy called out product development as a strategic opportunity for innovation and revenue growth.

The new InternetNZ strategy sees product development as a component of how we deliver to the range of opportunities and goals we hold as an organisation. We will still do product development; however, we won't chase after new product development for its own sake.

Operationally, capacity in the team continues to be limited due to increasing requirements from Project Mimosa, and awaiting the confirmation of the new General Manager to lead this work.

The current state of our product suite is as follows.

1. **Digital Identity** We continue to await a response to the Request for Information process led by DIA.
2. The **Broadband Map** work in collaboration with users and stakeholders has been delayed due to the Chief Executive transition, and
3. We have stopped active development and sales on **Defenz** as we review the product.
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).