

22 OCTOBER 2019

Jamie Baddeley
President
InternetNZ

PO Box 11 881
Level 11, 80 Boulcott Street,
Wellington 6011,
New Zealand
Office: +64 4 472 1600
Email: info@dnc.org.nz
www.dnc.org.nz

**domain name
commissionnz**

Dear Jamie

Please find enclosed DNCL's end of second-quarter report for the 2019/2020 financial year.

Domain Name Commission Limited
Income Statement
For the Quarter Ending 30 September 2019

| | Jul - Sep 2019 | | | | Year-to-Date | | | |
|----------------------------------|------------------|----------------|-------------------|---------------|-----------------|-----------------|-----------------|------------------|
| | Q2 Act (\$) | Q2 Bud (\$) | Q2 Var (\$) | Q2 Var (%) | YTD Act (\$) | YTD Bud (\$) | YTD Var (\$) | FY Bud (\$) |
| INCOME | | | | | | | | |
| 5050 · Authorisation Fees | 5,609 | 0 | 5,609 | 0% | 8,609 | 3,000 | 5,609 | 6,000 |
| 5080 · DRS Complaint Fees | 10,000 | 10,000 | 0 | | 14,000 | 16,000 | (2,000) | 34,000 |
| 5100 · Management Fees | 335,001 | 335,001 | (0) | 0% | 670,002 | 670,002 | (0) | 1,340,000 |
| 7010 · Interest Income | 5,053 | 2,250 | 2,803 | 125% | 5,158 | 2,280 | 2,878 | 13,500 |
| 1540 · Sundry Income | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Total Income | 355,663 | 347,251 | 8,412 | 2% | 697,769 | 691,282 | 6,487 | 1,393,500 |
| EXPENDITURE | | | | | | | | |
| DNCL Board | 7,175 | 8,998 | (1,823) | -20% | 14,350 | 16,246 | (1,896) | 36,000 |
| Communications | 6,606 | 11,750 | (5,144) | -44% | 9,578 | 17,500 | (7,922) | 25,000 |
| Compliance | 0 | 27,000 | (27,000) | | 0 | 33,000 | (33,000) | 69,000 |
| Dispute Resolution Services | 12,684 | 15,776 | (3,093) | -20% | 19,279 | 26,252 | (6,973) | 103,000 |
| Registrars | 2,545 | 8,349 | (5,804) | -70% | 8,622 | 16,698 | (8,076) | 24,000 |
| International | 7,965 | 8,000 | (35) | 0% | 45,542 | 46,000 | (458) | 143,800 |
| Office and Administration | 71,090 | 70,744 | 346 | 0% | 137,380 | 141,588 | (4,208) | 283,200 |
| Personnel and Staff | 112,765 | 151,504 | (38,739) | -26% | 219,663 | 292,668 | (73,005) | 604,114 |
| Professional Services | 107,708 | 8,502 | 99,206 | 1167% | 148,985 | 17,004 | 131,981 | 45,000 |
| Projects | 26,849 | 8,700 | 18,149 | 209% | 26,849 | 17,400 | 9,449 | 35,000 |
| Total Expenditure | 355,387 | 319,323 | 36,064 | 11% | 630,249 | 624,356 | 5,893 | 1,368,114 |
| Depreciation | 3,761 | 6,000 | (2,239) | -37% | 7,593 | 10,800 | (3,207) | 30,000 |
| Other Comprehensive Items | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Net Profit/Loss | (\$3,485) | 21,928 | (\$25,413) | -116% | \$59,927 | \$56,126 | \$3,801 | (\$4,614) |

** Included

litigation costs: Q1 = \$30,392.77 Q2 = \$100,368.27 YTD = \$130,761.04

**Keeping .nz
fair for everyone.**

Expenditure Notes:

The result for the month is a small improvement on the budgeted surplus.

Communications: the reported overspend for the month was for branded staff polos + branded mirage Vacuum bottles: YTD this segment remains underspent by \$7.9K.

International: reported a variance due to budget phasing - Brent attended APTLD in Singapore while Dylan attended the eSafety conference in Sydney: YTD spend is almost on par with budget.

Professional Services: continues to show litigation costs not contained within the Annual Budget.

Projects: A number of engagement events with stakeholders to promote Dispute Resolution schematics saw overspend in this area for the month.

All other areas reported underspend for the month, with a reported surplus of \$14.3K, \$2.5K better than budgeted surplus for the month: YTD results reports a similar outcome.

Dispute Resolution

DNCL has completed its dispute resolution as a service public consultation. Staff are currently grouping findings into changes to the service that can be done now or changes that will require the .nz Policy panel to consider as part of the review of .nz policy.

DNCL is recruiting for additional Experts to join the Panel of Experts to hear disputes.

DNCL released four Expert decisions this quarter and completed the migration of historical cases to the New Zealand Legal Information database. This allows New Zealand Domain Name decisions to be more easily indexed and searched.

Compliance and Enforcement

DNCL is implementing its 2019/2020 compliance approach developed in conjunction with Registrars and Deloitte.

The DNCL has developed a number of varied compliance approaches designed to keep .nz data of high quality and to combat domain name registration, content and infrastructure abuse.

The fake webshop detection tool developed in conjunction with InternetNZ Research team is detecting between 5-40 domain names on average per week for DNCL intervention work.

The DNCL is actively working with the InternetNZ Research team on a phishing detection tool which is near ready to pilot.

Monitoring and detection work of security and public harms is also being supplemented with commercial threat feeds. A joint working group with InternetNZ's security and registry operations senior staff is identifying and piloting appropriate threat feeds for DNCL use.

Having internally developed and commercial threat feeds available for DNCL's use has advanced DNCL's monitoring role from where it was 12 months ago and will help keep .nz fair for everyone.

The DNCL has also been validating registration details in the .ac.nz domain name space and has had more than 60 domain name registrants validate their contact details to date.

Pickens Review implementation

This quarter DNCL received the final report from David Pickens, the Independent Reviewer. The Board agreed a company response to the review, and the two were published together on the website in August. We look forward to InternetNZ's response, and to working together to implement the key findings of the review.

DNCL Board recruitment

This quarter DNCL has been working with InternetNZ Organisational Services Director Catherine Fenwick on the recruitment processes for the renewal of two director positions on the DNCL Board.

Other Matters

DNCL is defending a motion to dismiss application brought by Domain Tools after it unsuccessfully appealed against DNCL being awarded a preliminary injunction in the Ninth Circuit.

DNCL has been actively supporting APTLD in the region this quarter. The DNC has been appointed as the Australasian member representative for the Working Group responsible for developing APTLD's Transparency and Accountability Framework. DNCL is also working with InternetNZ Outreach and Engagement on preparations for APTLD's September 2021 meeting in Fiji.

The DNCL also has welcomed two new staff members, Cameron Jones and Ann Ibrahim

Yours sincerely



Jordan Carter
Chair

Domain Name Commission