

.nz Quarterly Report

Third Quarter - Quarter ended 31 December 2018

Introduction

This is the third .nz Quarterly Report for the 2018/19 financial year, prepared jointly by InternetNZ and DNCL. There is nothing in this report that is confidential.

This report is presented in an updated layout to make it easier to read. Feedback on this format is welcomed.

Overview of the quarter

This quarter has been busy on a number of fronts for .nz. In November InternetNZ and DNCL convened the first Domain Name Abuse Forum devoted to the topic of domain name abuse. This was a successful event drawing together a wide range of stakeholders and insights.

Key DNS software and service providers have agreed to coordinate removing accommodations for non-compliant DNS implementations from their software or services, on or around February 1st 2019. This change will affect only sites operating non-compliant software. InternetNZ and DNCL have coordinated efforts over the past quarter to identify and communicate with .nz registrants that may be affected by these DNS changes. This is DNS Flag Day.

International travel related to .nz involved attendance in October at ICANN 63 in Barcelona. Key meetings with peer ccTLDs took place with a focus on learning and sharing effective practice. Numerous meetings were also held with potential and current .nz authorised Registrars.

In November InternetNZ was invited to AUDA's first registrar conference since changing backend registry providers. InternetNZ's Commercial Director, David Morrison, was asked to present and share insights on the activities leading up to and around the launch of registrations at the second level for .nz domain names.

During this quarter there was some housekeeping by registrars as a result of them consolidating their registrar brands. As a result there was a cancellation of a few thousand domains from the register, affecting growth projections for the year.

Promotion and Marketing

Promotion and marketing activities of the .nz name over the past quarter are highlighted below:

- Any significant expenditures on .nz marketing is paused whilst we firm up the new InternetNZ and .nz brand framework. From this work will come a plan on how to tell the .nz story and drive measurable marketing outcomes.
- October - As part of Cybersmart week staff from InternetNZ and the Domain Name Commission assisted members of the public with two factor authentication on their devices and Caleb Smith published a blog post being cyber smart with your .nz domain name.
- November - The DNCL partnered with CERTNZ to produce *Safer Online Shopping* and released it as part of International Computer Security Day celebrated on 30 November each year.
- December - The DNCL produced Find your lost domain names as part of *Lost and Found Day*. The aim was to assist registrant's with information to help them find domain names that were either orphaned or no longer under their control.
- DNS Flag Day has been a cross group special project. A coordinated approach has been in flight to identify and communicate to domain holders likely to experience issues, as a result to changes in the DNS taking effect around the 1st February 2019. Further information at <https://dnsflagday.net>.

Channel

Channel engagement with our registrars has had a primary focus on the following:

- Early stage preparations for the .nz annual conference being held in May 2019.
- As part of the DNS Flag day project engaging with registrars to ensure awareness of the upcoming change and identifying impacted registrants to communicate with.

Policy

Policy review

- A proposal for a comprehensive .nz policy review was worked on by the .nz policy committee and staff, and agreed by Council at the November 2018 Council meeting. Details of the review timeline, including a call for panelists and input from the wider community, will be out in early 2019.

Domain Name Abuse Forum

- InternetNZ and the Domain Name Commission held New Zealand's first Domain Name Abuse Forum in Wellington. Attendees included law enforcement, Internet safety, security, government, academic, commerce, health and business sectors.

The forum was a fantastic first step to a safer .nz space and we plan to continue this good work to use it as a springboard for the .nz Comprehensive Policy review we are undertaking in 2019. [Click here](#) to read the full blog by InternetNZ and Domain Name Commission.

Registry and Technology

- SRS 8.0 was released to production in November. This release is a backend structure update to our repository and the aim of this change is to make the deployment of the SRS software targeted, agile, easier to develop and maintain, reduce the down time and reduce the number of maintenance windows for registrars.
- Registrar portal updated to show the DNS Flag day impact to the domains under each registrars portfolios.

Compliance and Disputes

- In November Dylan Connolly and Brent Carey partnered with the New Zealand Law Society and delivered a webinar to lawyers on the Dispute Resolution Service. They also wrote an accompanying booklet Domain Name Commission - Advising clients on domain name disputes.
- As part of the preparation for the Domain Name Abuse Forum the DNCL produced four fact sheets on domain name registration abuse, domain name infrastructure abuse, domain name content abuse, and the Domain Name Commission's approach to domain name abuse.
- Jordan and Brent published a joint blog in mid December titled Finding Solutions to abuse handling, illegal activity and free-flowing information.
- In this quarter the DNCL signed a Memorandum of Understanding with the Department of Internal Affairs - safety division. The MOU signalled the two organisation's willingness to work together to keep .nz safe secure and trusted.
- In December the DNCL, Tech Research and Tech Services teams sampled upward of 4000 domain names that were at risk of breaking as part of DNS Flag day on 1 February. Of the sample approximately 500 problem domain names were identified that were in breach of policy requirements. This has triggered a systemic investigation with 4 .nz authorised Registrars. The DNCL is working with these Registrars in relation to this investigation. Possible outcome of this investigation may be that the domain name registration records are corrected or the Registrars will cancel these non-compliant domain names.
- The DNCL has given 40 .nz authorised Registrars until 31 December 2018 to implement the individual registrant privacy option. The option has now been a mandatory requirement since March 2018, after an initial voluntary compliance period between November 2017 and February 2018. Those Registrars who are non-compliant after 31 December 2018 have been warned that their refusal to implement IRPO will form part of a proposed sanction proportionate to the breach.

Annex: Key Statistics

Registrar Market

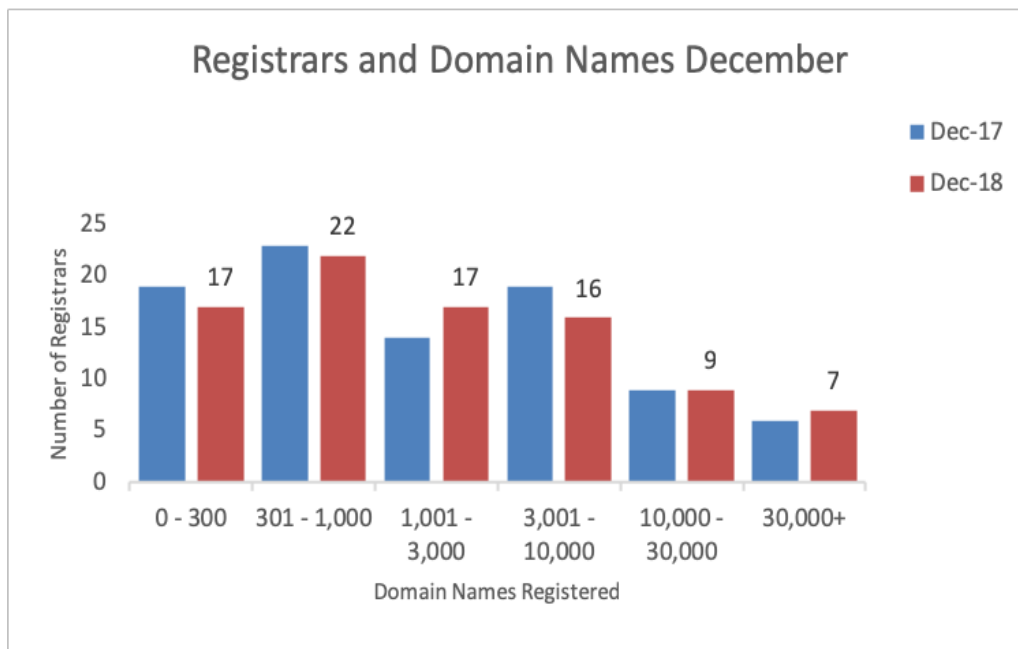
Registrars authorised 93
Registrars connected 88

Number connected during the quarter: 0
Number authorised during the quarter: 2
Number de-authorised during the quarter: 0

During this quarter there was some housekeeping by registrars as a result of them consolidating their registrar brands and as a result there was a cancellation of a few thousand domains from the register. Planning for further consolidations was ongoing in the quarter and we expect a further reduction of existing registrar brands in the next quarter. The total number of registrars where registrars under the same ownership have been linked together is 61.

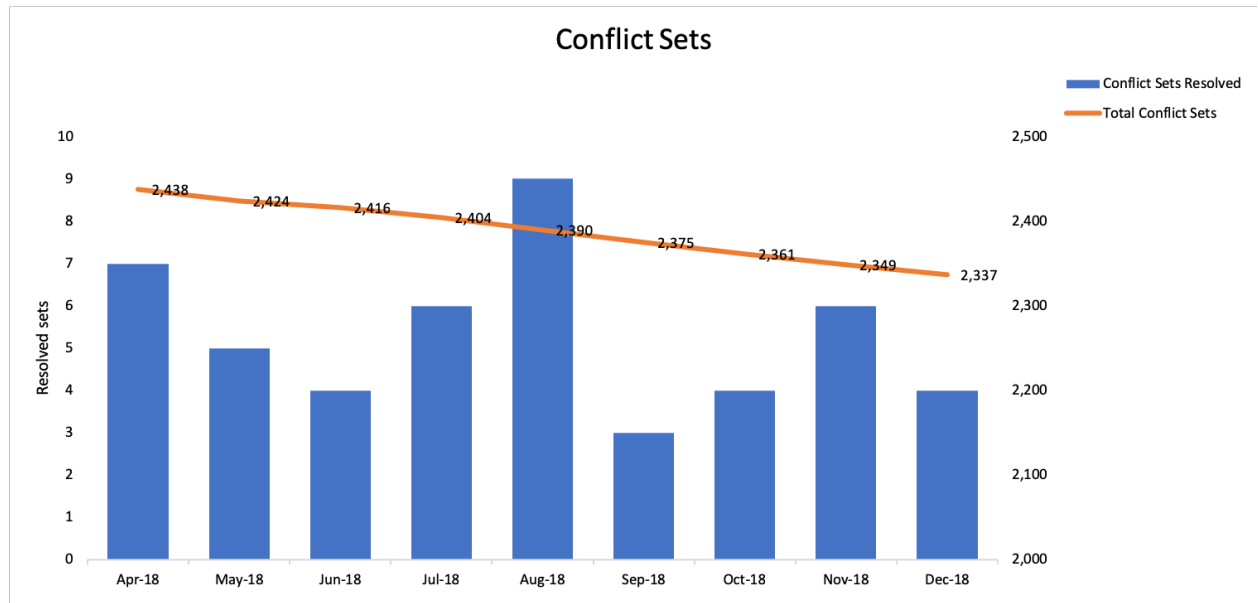
The Domain Name Commission authorised two new Registrars in November to participate in the .nz domain name market. They were Focus IP, Inc. trading as AppDetex and Domain Central Pty Ltd.

The following chart shows the spread of registrars across the level of domain name registrations:



Registration at the second level

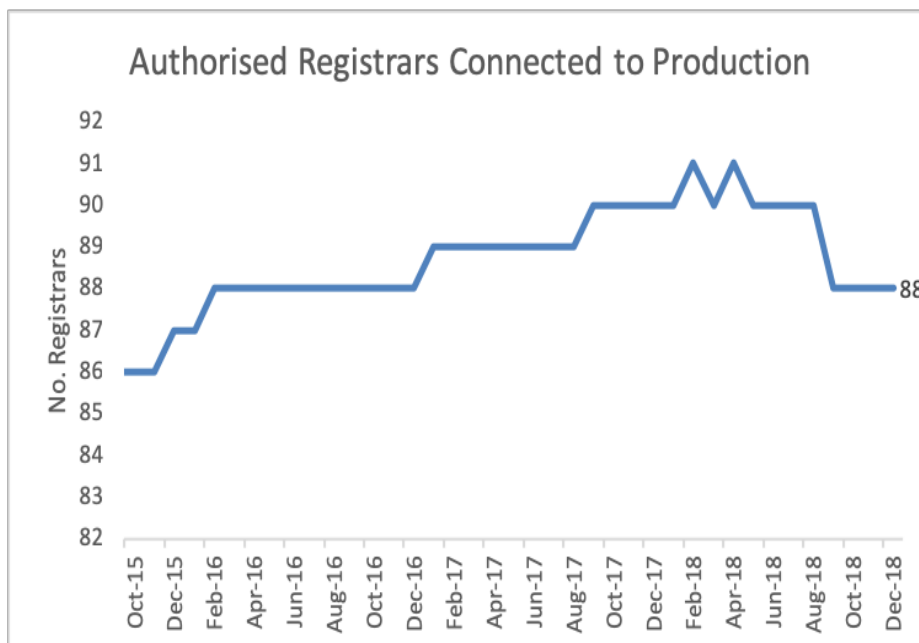
14 conflict sets were resolved in the last quarter. The number of conflict sets declines over time (conflicts cease to exist when all names in the conflict are released). The following chart shows the progress in reducing conflict sets:



The total number of domains in the conflict sets at 31 December is 5,285.

Authorised Registrars

The following chart shows the number of registrars (including the DNC) connected to the SRS:



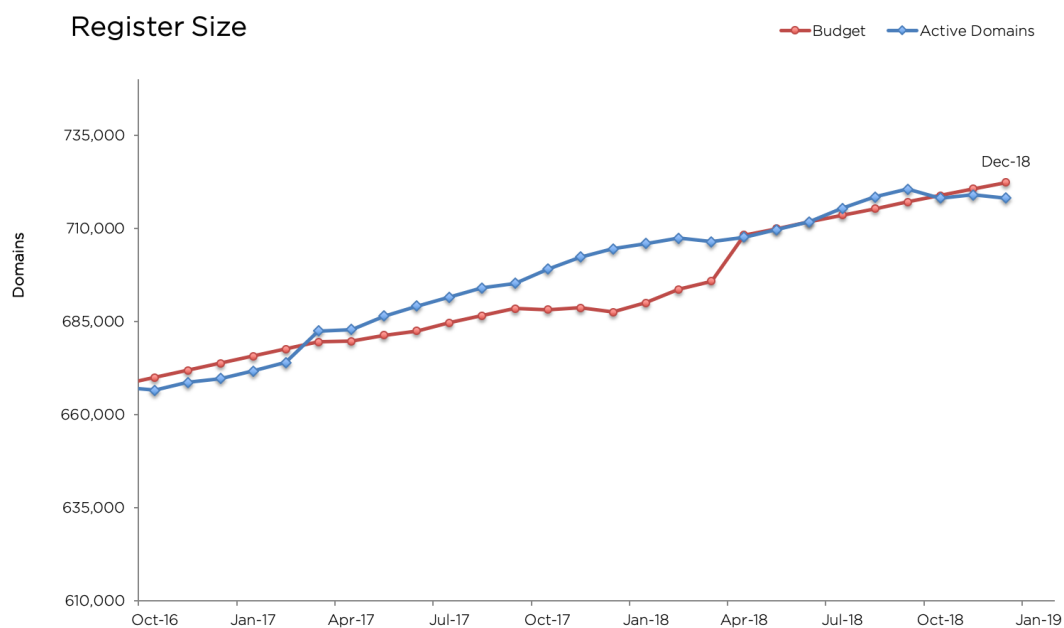
Registry performance

In the new operating structure, there is no Service Level Agreement between InternetNZ and DNCL. The same targets as provided for in the SLA are now Service Level Expectations, and will be reported publicly on the same basis as previously. SLE targets for the DNS , SRS and WHOIS were met throughout this quarter:

System	SLE %	Oct	Nov	Dec
SRS	99.9	100	100	100
DNS	99.9	100	100	100
WHOIS	99.9	100	100	100

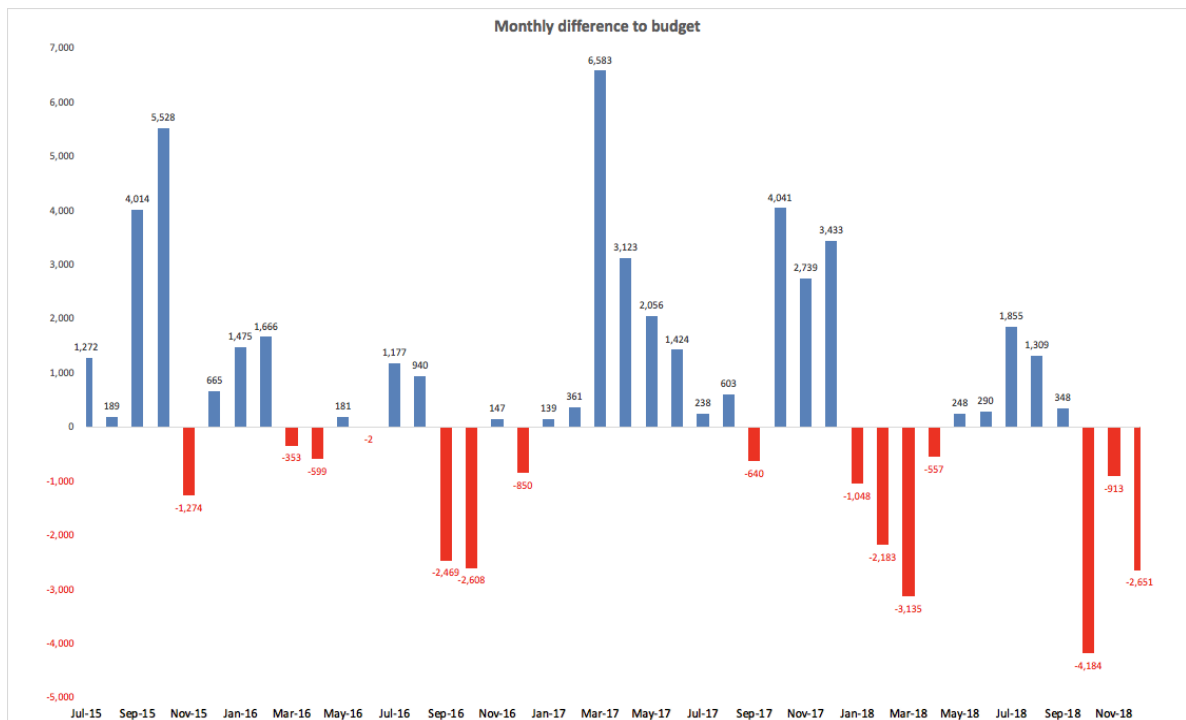
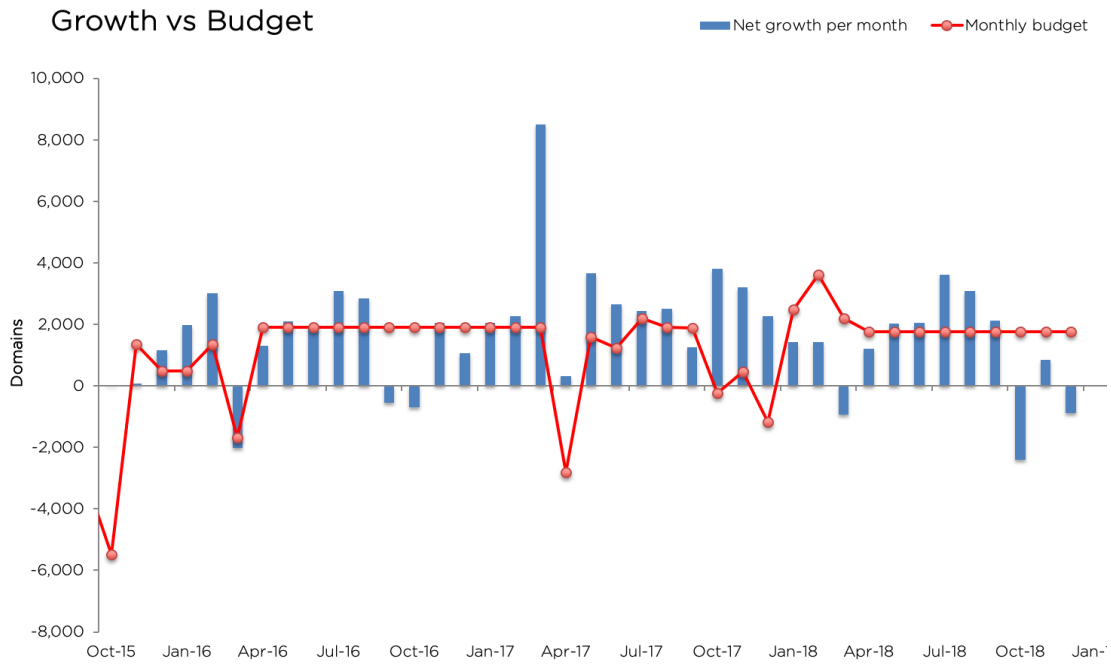
Register size

The size of the register against InternetNZ budgeted growth is shown in the chart below:



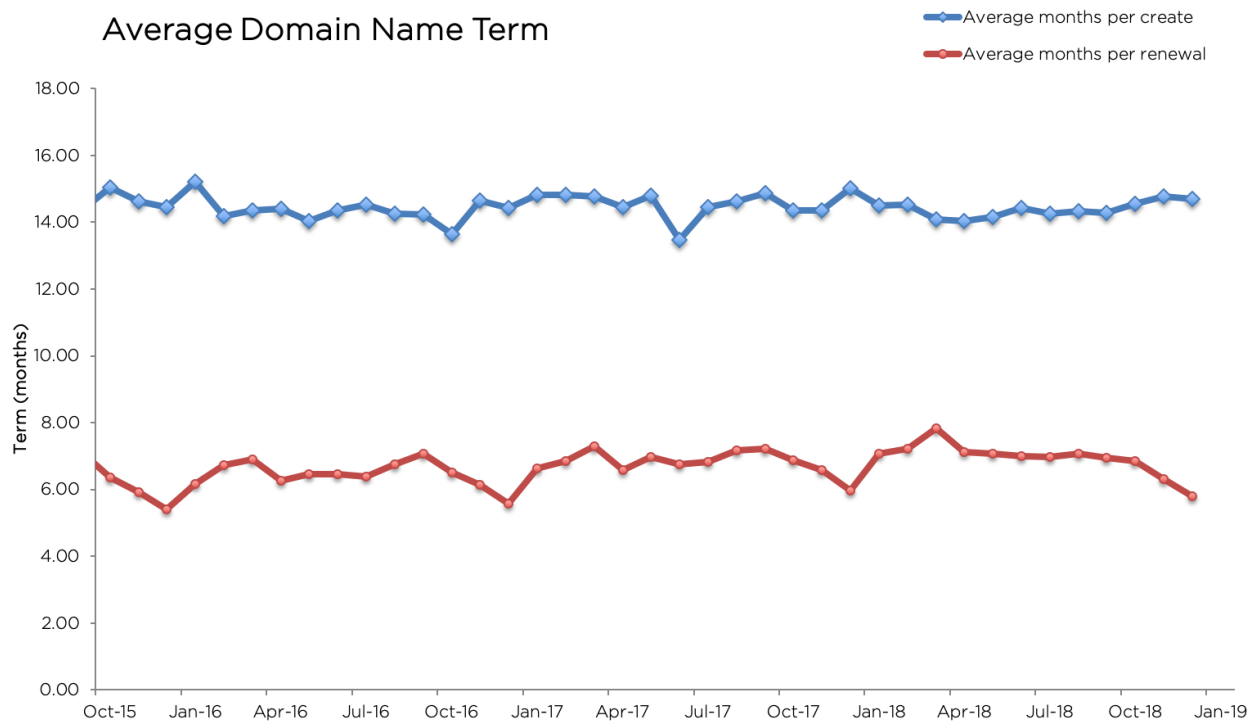
Growth vs Budget

The actual growth against InternetNZ budgeted growth is shown in the chart below:



Average domain name term

The average registration/renewal term is shown in the chart below:



.nz data

The breakdown of domain name growth by second level is noted in the table below. The .co.nz and .nz second levels are growing and the remainder of the second levels are either static or in decline:

	Oct	Nov	Dec
.co.nz	513,897	514,341	514,020
.nz	139,434	140,016	139,647
.org.nz	27,469	27,452	27,405
.net.nz	22,750	22,639	22,539
Domain Total	718,169	719,025	718,143

(Note: Only the second levels that have above 10,000 names are shown and the total number of domains)

A high level comparison of .nz, ccTLD and gTLD figures is shown in the table below:

		TLDs	Domains(est)	Growth Median (1Y)
.nz	-	-	718,143	1.9%
ccTLDs	Africa	58	3.4M	6.2%
	Americas	53	13.9M	1.4%
	Asia	98	63.3M	2.9%
	Europe	57	71.7M	2.7%
gTLDs		1,203	191.9M	7.1%
.kiwi	-	-	17,966	-90.7%

Note: ccTLD and gTLD stats from Oct 2018 data and sourced from CENTR stats:

<https://stats.centr.org/tldstats#market>

Totals exclude TLDs with inconsistent or unreliable registration data.

Report finalised: 31 January 2019

Joint .nz Strategy Transformations

Primary Transformation

From	To
.nz operates as a successful ccTLD held in high regard domestically and internationally.	InternetNZ is widely recognised as a successful ccTLD manager and .nz is held in high regard domestically and internationally.

Underlying Transformations

Transformations		
	From	To
1.1	Global benchmarks or best practice regarding what a world-class ccTLD is are varied and partly documented.	There are agreed global benchmarks and best practice for what a world-class ccTLD is, and .nz excels in assessments against these standards.
1.2	.nz is the default choice for New Zealanders.	.nz remains the preferred choice for New Zealanders in a highly competitive market.
1.3	The market for .nz registration services (among registrars and resellers) is competitive.	The market for .nz registration services (among registrars and resellers) is sophisticated and competitive.
1.4	Roles and responsibilities in managing .nz are being clarified.	Roles and responsibilities in managing .nz are clear, well documented and transparent.
1.5	The .nz policy framework has evolved from its origins in 2002.	The .nz policy framework has been reviewed and updated for current needs, and is validated as meeting the needs of the New Zealand Internet community.
1.6	Inconsistency in the articulation of the role, purpose and mandate for the operation of .nz across the Group – resulting in a lack of clarity among stakeholders.	The whole Group is confident in consistently articulating our role and purpose, and the mandate for our operation of .nz – resulting in the wider Internet community being clear about and supportive of our role.
1.7	InternetNZ has limited knowledge of the purchasing behaviour of registrants.	InternetNZ has good knowledge of the full sales channel including resellers and influencers, and the purchasing behaviours of registrants.
1.8	.nz is not a widely known brand.	.nz is a well recognised brand.