

COUNCIL MEETING - March 2020

## DNCL Company Plan 2020/21

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| ITEM NO: | 3.1   |
| AUTHOR:  | Jordan Carter, Chair of the DNCL Board  |
| PURPOSE: | To set out the strategy, summary and detail of the proposed 2020/21 Budget and seek Council Approval. |

### Purpose

To receive and agree to the 2020/21 DNCL Management Fee and note progress made regarding the implementation of DNCL's three-year Strategic plan.

### Strategic Plan 2019-2021

DNCL continues to implement its strategic objectives. This Strategy is for 2019-2021 and is at [Attachment A](#).

A major focus for this year is 'data cleanliness' and steps DNCL will take to ensure the data in the register is of high quality. This will also assist with data migration plans as part of InternetNZ's Project Mimosa registry transformation project.

DNCL staff continue to improve its monitoring capability for threats to .nz. Our passive DNS capabilities have significantly been enhanced which is resulting in between 100-200 domain names per month being validated for correct registration details. Being more alert to compliance risks and threats to .nz forms part of our business as usual activities.

Staff will be embedding the work of the Pickens and Deloitte Reviews, making changes to the Dispute Resolution service and assisting with the .nz policy review this coming year.

### DNCL Budget for 2020/21 and Management Fee

The DNCL continues to operate on a break even basis and sets the management fee to cover operating costs and its contingency fund.

The 2020/21 budget is one that finances 'business as usual' for DNCL and provides for enhanced capability in the analyst, risk and threat monitoring and intelligence reporting functions of the DNCL.

It also provisions for resourcing to implement changes arising from InternetNZ's three major projects - namely, Registry transformation, end to end .nz policy review and Office re-fit.

The DNCL Board approved budget for 2020/21 is at **Attachment B**.

The DNCL Board has set the DNCL Management fee for 2020/21 at \$1,449,699. This is a slight increase in the management fee of \$109,699 (8%) over the current year.

The increase is primarily staffing related including the addition of a new data compliance role, shared services operational costs and change management capabilities to deal with a new registry system and .nz policy rewrites.

The DNCL budget was reduced in 2019/2020 from \$1,926,850 to \$1,398,114 as an outcome of the organisational review. This year's overall proposed budget for DNCL is a 12.5% increase on last year's budget. However, factoring in a baseline of \$1.9M, which was the Commission's operating budget pre-organisational review, the combined 2019/20 and 2020/21 budgets will deliver a 23% cost saving over two years. More savings may be able to be realised, for example, in the international cost centre, depending on the impact of coronavirus which is largely unknown at this stage.

## **US Litigation**

The Domain Name Commission will restore its reserves from the DNCL Board and Council decision last financial year to ensure there is \$0.5M set aside. This money will continue to fund our US litigation which is set for a 7 day trial in February 2021.

The DNC will continue to brief the CEO of InternetNZ and Chair of the DNCL Board and Council as and when required.

## **Recommendations:**

**THAT** the Council notes DNCL's three-year Strategic Plan and focus areas for 2020/21.

**THAT** the Council agree the DNCL Management fee for 2020/21 of \$1,449,699.

## Attachments:

Attachment A: [DNCL Strategy 2019-2021](#)

Attachment B: DNCL approved 2020/21 proposed budget below:

| <b>DNCL: 2020-21 BUDGET OVERVIEW</b> |                   |
|--------------------------------------|-------------------|
| <b>INCOME</b>                        | <b>\$</b>         |
| <i>new - Accreditation Fees</i>      | 29,625            |
| 1250 · Authorisation Fees            | 9,000             |
| 5080 · DRS Complaint Fees            | 27,000            |
| 5100 · Management Fees               | 1,449,699         |
| 7010 · Interest Income               | 11,515            |
| 1540 · Sundry Income                 | 46,612            |
| <b>Total Income</b>                  | <b>1,573,451</b>  |
|                                      |                   |
| <b>EXPENDITURE</b>                   |                   |
| DNCL Board                           | 40,100            |
| Communications                       | 34,000            |
| Compliance                           | 69,000            |
| Dispute Resolution Services          | 103,000           |
| Registrars                           | 24,000            |
| International                        | 149,396           |
| Office and Administration            | 297,992           |
| Personnel and Staff                  | 767,549           |
| Professional Services                | 58,000            |
| Projects                             | 35,000            |
| <b>Total Expenditure</b>             | <b>1,578,036</b>  |
|                                      |                   |
| <b>Depreciation</b>                  | 9,404             |
| <b>Other Comprehensive Items</b>     | -                 |
|                                      |                   |
| <b>Net Profit/Loss</b>               | <b>(\$13,990)</b> |
|                                      |                   |
| <b>US Litigation</b>                 | <b>\$90,000</b>   |