The ICANN GNSO "Business Constituency"

Draft FY12 Operating Plan and Budget

Status: Final

Version: 2.0

17 JUNE 2011

**Commercial & Business Users
Constituency Comment**

GNSO//CSG//BC

Statement:

The release of the "Draft FY12 Operating Plan and Budget" on the 17th May 2011 provides the community with its first opportunity to review the Draft FY12 budget and review ICANN response to the framework budget comments.

BC welcomes this opportunity to comment on the "Draft FY12 Operating Plan and Budget" http://www.icann.org/en/financials/proposed-opplan-budget-v1-fy12-17may11-en.pdf as many of our members have a deep interest in this subject.

The BC comments are divided into four specific areas:

Comments on the process and FY12 budget cycle process enhancements.
Comments as part of the SO/ACs leadership requests.
Comments on the SO/AC support requests.
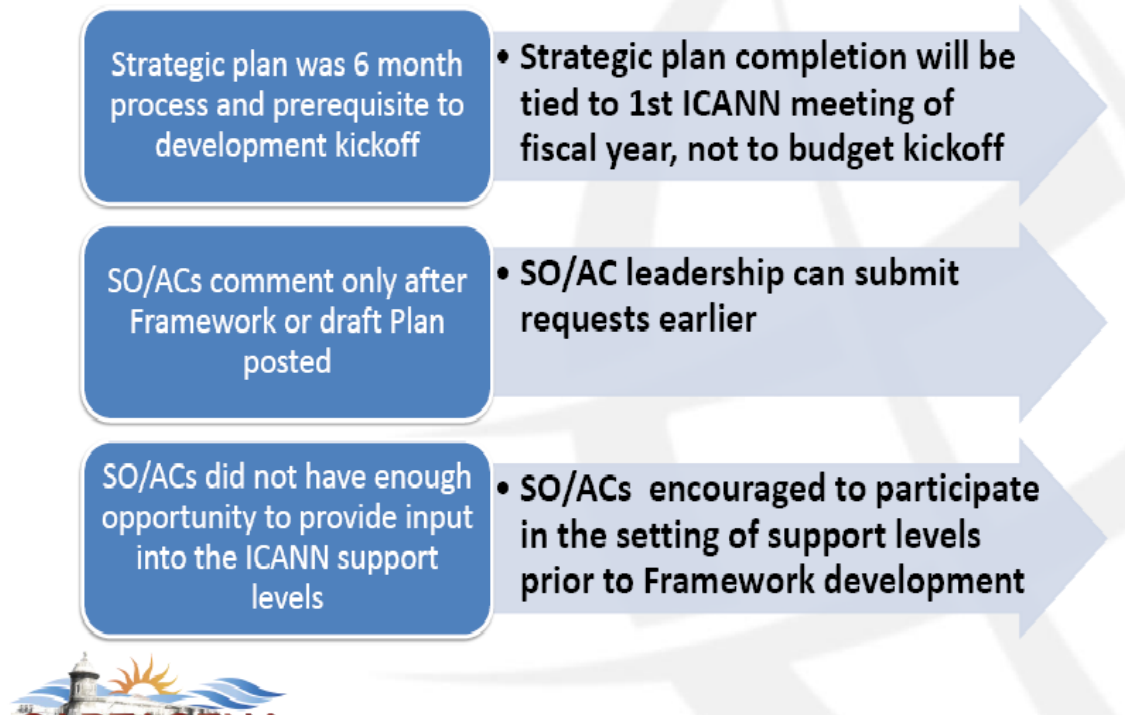**Comments on draft Budget generally.**

Comments on the process and FY12 budget cycle process enhancements.

The FY11 budget development and approval process was frustrating , not only for the BC but several other groups in the non contracted parties house. This cost cutting budget appeared to cater excessively to the Contracted Parties house. The issue was raised repeatedly at the public forum in Brussels in June 2010.

Although the BC and its members submitted comments on the website and voiced concerns at the public forum the Draft Budget was approved by the Board in its entirety leaving many of our members that commenting that the process was a waste of time. We were advised by Kevin Wilson the CFO that substantive comments would need to be raised earlier in the budget cycle if they were to be adopted.

With this in mind the BC was delighted to attend presentations in Cartagena outlining process enhancements for FY12. (Slides reproduced below for ease of reference)

Process Enhancements

Strategic plan was 6 month process and prerequisite to development kickoff	• Strategic plan completion will be tied to 1st ICANN meeting of fiscal year, not to budget kickoff
SO/ACs comment only after Framework or draft Plan posted	• SO/AC leadership can submit requests earlier
SO/ACs did not have enough opportunity to provide input into the ICANN support levels	• SO/ACs encouraged to participate in the setting of support levels prior to Framework development

First process enhancement: **Strategic plan**

This was completed in draft (27 November 2010) ahead of the Cartagena Meeting and opened for comment. The Redline modifications to the draft was published 21 Feb 2011 ahead of the Silicon Valley meeting in which the Board approved the strategic plan 2011-2104 with a significant number of updates which later appeared in the published board minutes. The Final Plan was published 28th March and dated June 2011 – June 2014.

The BC asks the community and staff to ask "Has the objective been achieved?" We raise the question since the only element of FY12 Budget cycle whose public comments that can receive input from the actual strategic plan is the current public forum which closes a week before board vote on FY12?

Second process enhancement: **"SO/AC comment"**

The BC welcomes the opportunity for the SO/AC leadership to submit early comments on the most important issues. The BC submitted three comment specifically relating to Compliance,   Staff Support,   & Whois.

This process enhancement appears to not to have been taken up by other SO/AC leaders nor followed through by staff.   The BC believes this is a sound initiative and should be given a 'second chance' next year rather than quietly dropped.

We ask that all the constituency comments submitted under this process.

Comments on Compliance

The BC is please to see that the FY12 Draft budget increase this organizational activity item to 4,250 m$ after a low FY11 current forecast 3,163 m$ and budget 3,399) and Fy10 actual 3,525 m$.

In Section 4.5 of the Operating plan we are please to read that the work in FY12 will focus on, amongst other things a replacement consumer complaint intake ticket system which we believe is a much needed tool.

In section 5.2.1 we note that the staff levels are going to return to 15 in FY12.

Comments on Staff Support

The BC is please to see that the FY12 Draft budget increase the Policy development support (Operating Plan item 4.8 to 6,825m$ after a low FY11 current forecast 6,241 m$ and budget 6,421) and FY10 actual 5,641 m$.

In section 4.8 of the operational plan action items or specific projects are explained   although no financial numbers are given to the community.

We note that the "Toolkit" of services falls under this budget item. (page 22)

The BC is also please to see that in the "ICANN response" to our comments on staff support to the framework Plan provide for a route for unseen workload:

"ICANN's response is that if staff expertise, additional analysis or emergency council meetings are required, and the FY12 proposed budget does not already accommodate this request, the Policy staff can formally request additional funding to be drawn from ICANN's overall Contingency fund. In addition, the entire policy team participates at all three ICANN meetings as well other venues as needed. That support will continue in FY12, with additional resources made available as needed."

The BC thanks staff for the "ICANN response"explanations of rational both positive and negative contained in the FY12 framework budget summery of comments. This is a new initiative asFY11 was a mechanical summary.

Comments on Whois

We note that the community-developed Whois studies is also contained under the 4.8 "Policy Development Support" this budget as a sub item in the explanation without any financials to comment on.

Under project work page 30 there are four project with costs declared. One is Whois improvements $672,000 (not including AOC review) . The BC is pleased to see this project included.

On page 48 under professional services. "Whois and other studies has been allocated 1m $. Are there other studies worth 328k$?   If so what are they?   We are aware of the GNSO council approving about 530m$ of Whois studies

Third process enhancement: "SO/AC support request"

 This entire improvement budget cycle process appears to have migrated from the multiple improvements to only individual SO/AC support requests.

gNSO – Supported Services

Basic Services	gNSO
Secretariat Support	Policy Team - Secretatiat
Subject matter expert assistance	Policy, Services Staff
Subject matter expert assistance - Professional Services	Policy Department
Technical Support	gNSO Website mgmt, Adobe Connect, Audio Streaming, Constituency web site support (TK)
Language Services	Interpretation, transcription, translation
Teleconference SO-AC Specific (calls per year)	gNSO Council (46) 11 Working Groups (264) 4 gNSO Constituencies (48) 4 Stakeholder (48)
Teleconferences Cross SO-AC (calls per year)	7 Cross SO/AC Groups (168)
Legal Team Support	Community Inquiries, Bylaw Amendments, process advice
Liaison and Compliance Support	PDP Implementation

Specific Services	gNSO	
ICANN meetings - FY11 Budget	350,000	69
ICANN meetings - FY10 Actual	228,504	
Airfare	95,371	48
Lodging	89,597	53
Incidental	43,536	55

ecember 2010

When public comment on framework budget was announced on the 4th Feb
http://www.icann.org/en/financials/so-ac-sg-requests-summary-fy12-en.pdf

A brief staff summary of all the SO/AC support" requests was published.   The BC request that all the submitted requests are published.

The public comment summary was posted on the 17th May. Along side was published a copy of the SO/AC support request summary, whether the request was granted or rejected and a note of the rational.

http://forum.icann.org/lists/op-budget-fy2012/msg00011.html

The BC made two support requests Toolkit and Outreach

Toolkit – was a simple copy summary of the BC application that we were already making in the separate Tool kit project that was a GNSO Support staff initiative originating from the GNSO improvement process.

We now understand that the Toolkit item is part of '4.8 Policy development support' and not the "Additional service requests" (page 18) which are part of 4.7 Community Support. We look forward to hearing about the Toolkit process at the Singapore meeting.

 This list of support requests and schedule of whether the request was granted or rejected with rationales and the budget costs on page 19,20 makes interesting reading.

Looking across the SO/AC/SG we are concerned greatly at the lack of sustainability to ICANN in that different constituencies are being treated very differently.

We understand that this published list was not the final document version so the BC should perhaps refrain from commenting here until the correct version is published.
Unless incorrect we note that many constituencies have been approved for additional travel support. The BC considers that BC officer travel also meets this strategic plan objective.

We also note with concern that GAC Travel funding of 210k plus   500k (or 250k on original application) plus all request approval has been tied to policy outcomes "Support will cover this request upon approval of the new gTLD program".

This leaves the BC extremely disappointed to discover that our only request under this process that proposed a pilot project to a cross constituency outreach projects costing only 20.000 $ per constituency was rejected.   It was based on a proposal with objectives and activities and end of year report on outcomes.   BC strongly urges ICANN to reconsider this request.

Comments on Draft Budget generally

<u>More Detail</u>

Community request for more detail was accepted by ICANN staff and the Board at the public meeting in Brussels. This has not happened in FY12. At the public forum the board nodded yes to this request but it must have meant no. There is less detail in the FY12 Draft Budget than FY11 Draft Budget.   In FY11 the written explanations of the Organisational Activities Contain some financials. In the FY12 there is almost none.

When we extract all the financial information from the document we see that the FY12 Operating Plans' Operating Expenses are broken down into 15 Organisational Activities. (Page 10) There are no sub sections at all and no financials given in the text. There are 5 project with financials declaired against them which do not align to the 15 sections.

Alternatively in the FY12 budget (Page 34) There are 9 main sections, only 5 of these are divided into 28 sub-sections and one sub section (Language Services) is divided into 4 sus-sub-sections.

 (See attached spreadsheet which holds the entirety of ICANN published cost information.)

This raises the question: Is there a lower level of financial detail at ICANN?   If there a lower level of financial detail at ICANN Why has it not been released to the to the community?
or   Is there a lower level of financial detail at ICANN but the numbers are not reliable and can not be published?

The BC understands that new cost accounting software is being implemented and we look forward to more detail in lucky FY13

In the FY12 budget cycle, the new format budget framework with 17 power-point slides certainly had less detail than 39 page document of the FY11 cycle. This was heavily commented on in the framework Budget public comment.   Whilst we appreciate the rational that it demonstrated that the framework is not a 'already baked' plan. The lack of detail makes it very difficult to comment effectively.

The framework appears to be an independent document from the plan. As the breakdowns are very different it is very difficult to lay the documents alongside and follow the progress of items.   The FY12 framework budget separated a core operations list and projects list of 11 projects which totaled 11.1m$ in cost. In the Budget on page 30 only four project budgets are listed and headline costed. How do we cross reference one to another?

Page 48 Professional Services - language services of 1.6$ has been broken down into four areas. This is the most detail breakdown in the plan. The BC supports the live transcribing services of meeting and the prompt turn around of transcription of call. The minimum delay is this area will have an impact on our members. We do not support cost saving in this area.

Appendix A   BC request for pilot outreach project.

Proposed: Constituency support Fund: allocation of $20,000 per Constituency/SG based on a proposal with objectives and activities. End of year report on outcomes. Treat as a pilot for 2012 budget year.

A single allocation per constituency/stakeholder group of $20,000 which can be used either for events, or secretariat support, based on a proposal from the constituency, with agreed deliverables creates a level playing field, defines the parameters of ICANN's funding to such initiatives, and ensures that the focus is on the bottom up participation, not driven by staff.

We are making a specific proposal that in the BC case, we will present a proposal to ICANN for a pilot **business fellowship** initiative that we would jointly fund with ICANN, and manage, with the collaborative interaction of the present ICANN Fellowship program, as suitable. This would allow us to spend our limited BC members budget on the management of our constituency, policy development, website development, and materials to support our members policy interests. At the same time, we can undertake a suitable outreach initiative to focus on developing countries business executive participation in a limited and focused pilot. We would incorporate aspects and cooperation with the present Fellowship program into our initiative.

We prefer that support provided is featured as support to the constituency/SG, rather than centralized in permanent ICANN staff, and believe that is more consistent with the appropriate model for staff interaction within the SGS and Constituencies.

Submitted respectfully by the Vice Chair (Finance and Operations) for the Business Constituency.

Chris Chaplow

Level of Support of Members:

This document was prepared following an outline discussion on the BC members call on the 2 June and a dedicated FY12 members call on the 3rd June. A draft document was posted on the BC public mailing list on the 13th June and comments were received from the Chair. Pursuant to our section 7.2 of the BC Charter, this document is deemed approved since no opposing comments were received.

Attesting BC Officer: Steve DelBianco, Vice Chair for policy coordination