

Mr. Peter Dengate Thrush
Chairman of the Board of Directors
Internet Corporation for Assigned Names and Numbers
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USA

Copenhagen, 17 June 2011

Dear Peter Dengate Thrush,

Danish Internet Forum (DIFO) welcomes the opportunity to comment on ICANN's Draft for the FY12 Operating Plan and Budget (hereinafter *Budget*). DIFO is responsible for the Danish top-level Internet domain, .dk. Its core business is the registration of domain names and the administration and technical operation of the national domain name registry in Denmark.

These comments will only build on the budget without new gTLD's, because this part reflects the core operations which are the most important to DIFO.

DIFO has the following comments on ICANN's Budget:

General comments

DIFO is very pleased to see that the expenses in the budget are divided into core operations and project work. DIFO recognizes the accomplished work in order to give a transparent overview of the expenses. However, DIFO does not find that the explanations to the various projects are concrete enough according to point out more precisely what the expenses are spent on.

DIFO finds it very important that the budget now shows a small surplus in case of no gTLD launch.

In general it seems that many expenses are covered twice. One example is p. 14, 5 - Contractual Compliance: "Improve communications with and reporting to, the community." These expenses also seem to be covered in 7- Community Support. Another example is "travel support" which is a part of 7- Community Support and 9 – Global Engagement and Increasing International Participation.

In general DIFO finds it worrying that the expenses will increase by 13 %. Compared to the last five years, expenses have gone up from 39 million dollars to 67 million dollars and the revenue in the same period has risen from 50.7 million dollars to 69.7 million dollars. This shows that expenses have accelerated in 5 years and with the present budget it does not seem to end. DIFO recognizes that ICANN, according to the Affirmation of Commitments (AOC), need to conduct transparent decisions and this might require more staff but a 13 % increase in expenses does not seem to be justified in the various projects.

Cost of personnel

The Budget shows a raise in the expenses of 10 % for Personnel in 2012. This is related to an increase of 10 % in FTEs. But even with the 15 plus employees the average income per employee will be more than 184,000 dollars, which seems to be an inexplicable high average. Even considering a large group of senior staff, this average income seems too excessive.

Cost of Professional services

Along with the high average of wages the budget still includes high costs for Professional Services. These expenses increase by 13.7 % to 17.2 million dollars – not including the launch of new TLD's. An organization with costs to Professional Services of more than half the Personnel budget has a high usage of outsourced services. This might in some situations be justified, but to DIFO it does not seem clear why ICANN needs this excessive use of professionals outside the organization, compared with the fairly high number of staff in ICANN that is budgeted to rise from 143 FTEs to 158 FTEs.

New gTLD pre-launch, IDN Programs and IANA Functions

New gTLD pre-launch is estimated to 6.185 million dollars. This amount seems very high compared to IDN Programs that cost 1.650 million dollars, or the IANA function which is estimated to 6.5 million dollars. DIFO finds that the sums spent on the new gTLD pre-launch do not correspond with the core function of ICANN. ICANN should prioritize a secure and stable internet, instead of expanding the structure of the internet. However, DIFO is pleased that ICANN will invest in automating the manual processes of handling transactions that IANA handles.

Contractual compliance

The budget estimates a rise of 25 % in expenses for contractual compliance. Although DIFO recognizes the commitments given under AOC, it seems that a great deal of the costs under Contractual compliance should be covered by other projects such as Community Support or Global Engagement. Furthermore, the excessive increase in costs is not fully explained.

In a time with global financial crisis DIFO expects ICANN to be cost-conscious and DIFO does not find that this is reflected in the present budget.

DIFO trusts that ICANN will collect and publish all the comments reviewed to the various issues raised.

On behalf of the Board of Danish Internet Forum

Yours sincerely,



Lise Fuhr

CEO

Danish Internet Forum