

## **Comments on ICANN's draft FY11 Operating Plan and Budget June 25, 2010**

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The Canadian Internet Registration Authority (CIRA) is the not-for-profit corporation responsible for operating the .ca country code top level domain. CIRA is a member of ICANN's country code Name Supporting Organisation (ccNSO) and a member of CENTR, an association of Internet Country Code Top Level Domain Registries. CIRA is pleased to have the opportunity to provide comments on ICANN's FY11 Operating Plan and Budget.

### **Reserve Fund Model**

There are numerous possible reserve fund models, and this is a contentious issue that causes discontentment across the community and has a significant impact on operational planning.

The issue of the suitable reserve fund model must be addressed and concluded in a timely manner by ICANN. This will be a key element in moving toward increased accountability and transparency.

### **Financial Accountability and Transparency**

An expenditure analysis which would be very useful is one which distinguishes structural from variable expenditures. Structural expenditures are very difficult to withdraw once implemented. Variable expenditures are less difficult to remove or change if needed. Distinguishing between these types of expenditures would greatly assist all stakeholders in making recommendations about ICANN's reserve fund.

Furthermore, in making such a distinction, the global internet community requires far more transparency on what the process is for taking on new structural liabilities. Despite ICANN's bottom-up multi-stakeholder structure, services are provided that have not been requested, and may be allocated to a community which is then bound to support the initiative. We ask that ICANN state what the process is for making decisions about which services to provide and which expenditures to proceed with, and which to deny.

We also request that unfunded liabilities not be entered into. ICANN must be certain of how expenditures will be funded, or provide a clear explanation of what is going to be cut out of the budget in order to fund a new liability. The community does not assume there will be endless growth at rates ICANN has seen in recent years.

ICANN's FY11 Operating Plan and Budget indicates there was a shortfall of nearly USD 3.0 million halfway through FY10. It is unclear to us how this occurred, and how ICANN made decisions on what to spend and what to withhold spending on. Clear and transparent processes for disclosing forecast and actual expenditures and related decision-making processes are required for ICANN to live up to its transparency and accountability obligations.

As well, ICANN's Expense Area Group View shows expenses associated with cc support and the ccNSO near USD 10 million. In order to increase accountability and transparency, ICANN should provide far more detail on what this price tag consists of. This is particularly relevant since the members of the ccNSO are consistently asked by ICANN to increase or provide a commitment on ccTLD contributions, without being given the opportunity to adequately analyse the costs driving the requests for contributions.

### **Strategic Planning**

We learned June 22, 2010 from President and CEO Rod Beckstrom that ICANN's Strategic Plan is in fact a "wish list," that not all strategic priorities will be executed on. This makes serious analysis of the Strategic Plan very difficult, as there is no way for stakeholders to confidently determine which elements of the wish list are expected to be undertaken and funded, and which are not going to be funded. As such, there is a need to better prioritise the strategic initiatives to ensure that they fit with resources – in terms of financial resources, staff capacity and community capacity, and translate these priorities into the budget and operating plan.

### **DNS Security and Stability**

In ICANN's Strategic Plan matrix (Executive Summary - pg 6), the first two line items under "DNS Security and Stability" are "enhance existing DNS collaborative responses to abuse threats to DNS" and "initiate program for annual DNS risk assessment / systemic contingency planning". CIRA would welcome more information regarding these items and what operational and budgetary detail will be attributed to them.