

Comments on ICANN's Proposed Framework for FY11 Operating Plan and Budget

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 Proposed Framework for FY11 Operating Plan and Budget.

Reserve Fund Model

ICANN has sought feedback on what the appropriate reserve fund model should be. There are numerous possible 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 Framework indicates a shortfall of USD 2.8 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.

FY11 Operating Plan

We request that the FY11 Operating Plan and Budget be prepared with increased transparency in expenditures and cut-backs, distinctions between structural and variable liabilities, not enter into unfunded liabilities, and propose a reasonable reserve fund model.

We look forward to providing additional feedback on the plan when it is posted in May 2010.