Comments on ICANN's Proposed Framework for the Fiscal Year 2011 Operating Plan and Budget

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.au Domain Administration Ltd (auDA) is the not-for-profit organisation endorsed by the Australian Government to administer the .au domain space under an industry self-regulatory regime. auDA is a long-standing, active participant in ICANN's country code Names Supporting Organization (ccNSO).

auDA welcomes the opportunity to comment upon ICANN's proposed Framework for the Fiscal Year 2011 Operating Plan and Budget.

Completing FY2010 on budget

auDA notes that reviews by staff and the Board Finance Committee anticipate that ICANN will be approximately $2.8mil over budget for FY2010. While occasional budget overruns can be expected and accommodated, auDA is concerned with the lack of detail offered by ICANN regarding both the reasons for the over-run and ICANN's response measures.

auDA observes that ICANN has sought allocation of its $1.5mil expense contingency and initiated "an aggressive FY10 cost containment project" to manage pending budget constraints. auDA would welcome clarification from ICANN regarding which activities have been "reduced, delayed or curtailed" as part of this cost cutting and is particularly concerned that changes to travel policies may have a negative effect on staff's ability to engage with ICANN's stakeholders, undertake outreach and represent ICANN in relevant fora. Also, we would welcome a response as to why this cost cutting has been undertaken while ICANN maintained a contribution to the Reserve Fund. Is such an over-run not precisely the type of event reserves should be used for?

Security, stability and resiliency

ICANN has proposed a 26% increase (to $7.25mil) in Security, Stability and Resiliency (SSR)-related expenditure for the 2011 Fiscal Year. auDA shares ICANN's view that maintaining the security of the DNS is a key strategic priority. However, we would welcome greater clarity regarding precisely which initiatives account for the 26% increase in costs.

While ICANN has broadly identified cost areas such as DNSSEC implementation, security program certifications and external security audits in section 4.4 of its Operating Plan framework, it is difficult to properly analyse this area without additional cost detail for each initiative.

auDA also calls upon ICANN to display caution in the expansion of its security-related activities, to ensure this work remains consistent with the organisation's mandate. There are many existing organisations that contribute to the Internet's security eco-system and ICANN must ensure its efforts complement,

rather than duplicate, existing initiatives, infrastructure and operational capabilities. From a budgetary perspective, such coordination would ensure the cost-effectiveness of ICANN's efforts.

auDA would also like to note that there was little clarity at the ICANN Nairobi meeting regarding whether the establishment of a DNS-CERT, as proposed by ICANN, is included in the FY11 Operating Plan and budget. auDA shares the concerns and views expressed by the ALAC, gNSO and ccNSO Chairs in their letter to the ICANN Chair and CEO of 25 March 2010[1] regarding the haste with which this particular initiative is being advanced. auDA suggests that the DNS-CERT proposal is a work-in-progress, will be subject to considerable further public comment, and that it is premature for ICANN to include it in this Operating Plan.

ICANN focus on, and reporting of, "excellence in core operations" efforts
auDA strongly supports ICANN's recognition of the importance of achieving excellence in core operations, though questions both the financial level of this commitment and the ambiguity in proposed activities in this area. ICANN has allocated nearly $6mil on IANA and Technology operations improvements – or only 10% of its overall budget. Given ICANN foresees the implementation of Root Zone Management software, improvements to IANA infrastructure and DNNSEC implementation, will the allocated funding be sufficient?

Also, much of the wording used to describe core operations-related deliverables remains vague and high-level. ICANN should provide greater detail on what it means by, for example, "make improvements to IANA infrastructure", "manage stakeholder relations in a measurable way", and "improve performance reporting". Not only will this provide stakeholders with clearer guidance on ICANN's priorities and activities, but it will also help ICANN's Board and CEO determine whether strategic objectives have been realised.

While auDA has focussed on the need for clarity in identifying IANA and technical-related targets, the same observation is valid for ICANN's entire Operating Plan.

ICANN's contribution to shaping a healthy Internet eco-system
auDA believes it appropriate that ICANN has identified its ongoing contribution to the maintenance of a healthy Internet eco-system as one of the four priority focus areas of its Strategic Plan. However, financially, this priority and its four activity areas, account for approximately $15mil or 25% of ICANN's overall budget. As such, costs are an order of magnitude greater than those allocated for security and stability - another of ICANN's core priorities. Given the budgetary significance, auDA encourages ICANN to ensure expenses incurred

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[1] http://forum.icann.org/lists/dns-cert-proposal/msg00000.html

in this area are very clearly explained and that benchmarks and concrete goals are put in place to justify this expenditure.

Development of the "multi-stakeholder" model
ICANN has identified "multi-stakeholderism" as one of the five areas of focus that cut across all of ICANN's activities and cannot be readily attributed to a single priority focus area. As such, it is much more difficult for stakeholders to identify how much money is spent on this effort, and in what areas. To resolve this, auDA suggests a separate overview in the Operating Plan that groups all "multi-stakeholder"-related expenses in one diagram. From an operational perspective, we encourage ICANN to consult at-length with the community members who will be the beneficiaries of these engagement efforts, to ensure ICANN is efficiently delivering the required services, funding, support, information and training. auDA suggests this includes ongoing review and consultation on initiatives such as meeting logistics, community travel funding, translation and interpretation services, and remote participation tools.

Other issues
auDA notes two other items in the Operating Plan and Budget that warrant extrapolation:

- ICANN has flagged that it will re-assess the size of its Reserve Fund, which had been previously proposed as one-year's operating expenses. auDA supports the concept of maintaining appropriate levels of monetary reserves, though would ask ICANN to clarify exactly how much money is in the Reserve Fund at the moment.
- Although it is a relatively inexpensive, though important activity, ICANN has proposed a 22% increase to the costs of the Ombudsman function. Could ICANN provide some explanation for the proportionally large increase?

General expenditure increases
As a final, general observation, auDA notes that ICANN's overall annual expenditure levels continue to grow. This has been, and will continue to be, a topic of considerable concern for many ICANN stakeholders. For this reason alone, ICANN must maintain the highest possible levels of financial transparency, accountability and responsibility. This and future Operating Plans must provide greater detail on ICANN's proposed activities and associated expenses to ensure these community concerns are mitigated. Addressing the issues and shortcomings mentioned in the above paragraphs will go some way towards achieving this goal.

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