

GNSO gTLD Registries Stakeholder Group Statement

Issue: Framework for the FY13 Operating Plan and Budget

Date: 22 Feb 2012

Issue Document URL: <http://www.icann.org/en/planning/ops-budget-framework-fy2013-en.pdf>

This statement on the issue noted above is submitted on behalf of the gTLD Registries Stakeholder Group (RySG). The statement that follows represents a consensus position of the RySG as further detailed at the end of the document. The RySG statement was arrived at through a combination of RySG email list discussion and RySG meetings (including teleconference meetings).

The RySG appreciates the opportunity to comment on the Framework for the FY13 Operating Plan and Budget, and compliments all those who have contributed to this effort to date. We take this opportunity to reiterate the concerns raised by several of our members during ICANN's 27 January 2012 conference call on the proposed budget framework. Specifically, we believe that:

- (1) The RySG notes that ICANN continues to use the baseline projection of 500 new gTLD applications, while current community estimates are significantly higher. As ICANN produces its FY13 Operating Plan and Budget, targeted for publication by May 1, we expect staff to develop new projections based on the actual number of applications.
- (2) The draft new gTLD budget must detail how ICANN will allocate any revenues beyond (or perhaps below) the official target levels. We were very troubled by the suggestion that contractor fees and/or additional contributions to the legal defense reserve would likely consume any "surplus." We also are perplexed by the apparent suggestion that costs rise linearly with revenue, and that no benefits of scale (or perhaps the opposite) occur. The proposed budget framework would benefit from a more granular explanation of the expected costs of those activities, to include a summary of the vendors' contractual terms. Importantly, ICANN should reaffirm its commitment to defer to the community on the use of any proceeds it receives from new TLD auctions.
- (3) ICANN must commit that it will publicly solicit and secure community approval before it agrees to spend any auction proceeds or other revenues, including from its contingency fund or any surplus new TLD proceeds that might be added to "reserves." While the concept of the contingency fund is largely accepted within the ICANN community, so far there has been little consensus about its appropriate size or how and when it should be used. ICANN's contingency fund should have clear guidelines and procedures governing the use of funds, to ensure that ICANN's activities are transparent and in the interest of the community. Any spending promises or expectations must be clearly identified in the draft Operating Plan and Budget. Accountability and transparency must not be sacrificed to the political expediency of unrestricted resources.

The following comments regarding specific items raised in the Framework are provided in chronological order as presented in that document:

Strategic Projects - Overview (slide 12)

- In reference to ‘P1218 OEI Elad Levinson’, please clarify ‘Elad Levinson’.
- Which of these projects would include the improvements for the GNSO website? The work on implementing GNSO website improvements started a long time ago but seems to have dropped by the wayside. We strongly believe that website improvements should be a high priority and wonder why they haven’t been completed. The website has not been redesigned in many years and is in serious need of improvement; moreover, large numbers of ICANN participants rely on it as a critical source of information.

Strategic Projects (slide 14)

As stated in the framework document, the projects on this slide “currently do not have associated budget amounts.” Is it anticipated that, once staff is finished quantifying the budget amounts, the total budget expenses will increase?

FY13 Carryover Project Summaries (slide 15)

Is it accurate to assume that the New gTLD Operations and New gTLD Applicant Support projects will be part of the New gTLD budget? If so, it would be helpful to note that for each project. In fact, it might be useful on slides 12 to 14 to identify which budget each of the projects are a part of.

FY13 New gTLD Applications (slide 22)

With regard to the Historical Development Costs under reserves at the bottom of the New gTLD budget, we note that those costs are fixed. Recognizing that this budget allots \$25K/application for this purpose and that 500 applications are assumed, the total funds received from applicants will exceed the budgeted amount if more than 500 applications are received. What are the plans for handling the excess funds in that case? If there are no plans, they should be developed in consultation with the community sooner rather than later.

FY13 Revenue Framework (slide 30)

We note that over 92.5% of ICANN projected revenue comes from gTLD registrants via registries and registrars. If this projection is accurate, this represents an insignificant improvement in the amount of the budget used to subsidize programs outside the GNSO. We accept the fact that some of this is probably inevitable and justified, but we continue to believe that the subsidization amount should decline much more rapidly, especially considering that many GNSO programs lack funding and resources are hence delayed.

RySG Level of Support

1. Level of Support of Active Members: Supermajority

1.1. # of Members in Favor: 9

1.2. # of Members Opposed: 0

1.3. # of Members that Abstained: 0

1.4. # of Members that did not vote: 4

2. **Minority Position(s)**: N/A

General RySG Information

- Total # of eligible RySG Members¹: 14
- Total # of RySG Members: 13
- Total # of Active RySG Members²: 13
- Minimum requirement for supermajority of Active Members: 9
- Minimum requirement for majority of Active Members: 7
- # of Members that participated in this process: 13
- Names of Members that participated in this process: 13
 1. Afilias (.info, .mobi & .pro)
 2. DotAsia Organisation (.asia)
 3. DotCooperation (.coop)
 4. Employ Media (.jobs)
 5. Fundació puntCAT (.cat)
 6. ICM, Inc. (.xxx)
 7. Museum Domain Management Association – MuseDoma (.museum)
 8. NeuStar (.biz)
 9. Public Interest Registry - PIR (.org)
 10. Societe Internationale de Telecommunication Aeronautiques – SITA (.aero)
 11. Telnic (.tel)
 12. Tralliance Registry Management Company (TRMC) (.travel)
 13. VeriSign (.com, .name, & .net)
- Names & email addresses for points of contact
 - Chair: David Maher, dmaher@pir.org
 - Vice Chair: Keith Drazek, kdrazek@verisign.com

¹ All top-level domain sponsors or registry operators that have agreements with ICANN to provide Registry Services in support of one or more gTLDs are eligible for membership upon the “effective date” set forth in the operator’s or sponsor’s agreement (RySG Charter, Article II, RySG Membership, Sec. A). The RySG Charter can be found at http://www.gtldregistries.org/sites/gtldregistries.org/files/Charter_for_RySG_6_July_2011_FINAL.pdf

² Per the RySG Charter, Article II, RySG Membership, Sec.D: Members shall be classified as “Active” or “Inactive”. An active member must meet eligibility requirements, must be current on dues, and must be a regular participant in RySG activities. A member shall be classified as Active unless it is classified as Inactive pursuant to the provisions of this paragraph. Members become Inactive by failing to participate in three consecutively scheduled RySG meetings or voting processes or both. An Inactive member shall continue to have membership rights and duties except being counted as present or absent in the determination of a quorum. An Inactive member immediately resumes Active status at any time by participating in a RySG meeting or by voting.

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- RySG representative for this statement: Paul Diaz, pdiaz@pir.org