

gTLD Registries Constituency Comments

regarding

ICANN Expenditure Analysis by Stakeholder Interest Area

July 13, 2009

The GNSO gTLD Registries Constituency (RyC) submits these comments in response to ICANN Staff's request for feedback on the form of the Expense Area Group (EAG) reporting discussed in "ICANN Expenditure Analysis by Stakeholder Interest Area" posted at <http://www.icann.org/en/financials/eag-analysis-29may09-en.pdf> on 29 May 2009. In doing so, the RyC wants to acknowledge up front that we fully understand the following points that are made in the analysis:

- The EAG reporting is one view of ICANN's finances, along with the functional reporting and ICANN's traditional reporting.
- No single representation of ICANN expenditures captures the fundamentally interconnected nature of ICANN's work and mission.
- ICANN is responsible for coordinating the Internet's unique identifiers at a global level, which is only possible when all of ICANN's organizational structures are working with each other, and on a global basis.

General Comments

The RyC first of all wants to compliment ICANN Staff for what they produced in the EAG reporting document and the Board Finance Committee for their encouragement of that effort. Dating back to ICANN's early years, the Budget Advisory Committees that provided input into each fiscal year's budget repeatedly recommended that increased detail be provided to assist the community in participating in the budget process. The Advisory committee's intent was to encourage development of more in-depth financial reporting methodologies which would allow the public to better evaluate budget decisions. The first major step in this direction was the addition of functional expense reporting that was added in the last several budget cycles. The EAG reporting added in this cycle takes the next major step in that regard, one that has been requested in public input to the budget process in recent years.

The RyC believes that the EAG reporting accomplishes the following critical objectives that were previously unmet:

- It clearly shows reasonable estimates of ICANN expenditures provided to support each of ICANN's supporting organizations and advisory committees as well as other key expense area groups.

- It provides an objective financial measure of the services that ICANN provides in support of each key expense area group, thereby creating increased awareness to the constituents of each group regarding the costs of the services they receive and thereby improving their ability to determine the value and cost effectiveness of those services.
- It gives the data necessary to compare ICANN's sources of revenue from each group to the expenditures allocated for support of that group.

We believe that for the first time key expense area groups can specifically quantify the services they are provided by ICANN in monetary terms. Judging by some of the preliminary feedback heard, it appears that some groups had little or no idea of all of the services provided to support their areas of interest, let alone the cost to do so. This is a fundamental prerequisite to full participation in the budget process by all ICANN interest groups.

Recognizing that the EAG reporting is expense oriented and not a revenue analysis, we encourage ICANN to take the next step which we feel would be significantly more helpful in allowing a fuller understanding of the whole ICANN budget: we recommend that ICANN provide a table that compares revenue contribution amounts with percents and expense amounts with percents side by side for each EAG. We understand that some EAGs do not directly contribute any revenue but this fact should not necessarily be viewed as a negative implication, because such groups provide services and input into ICANN processes that benefit the entire community. At the same time, it is still useful information for constituents of such groups to be informed of the services they receive that are subsidized by revenue from other groups.

Specific Comments and Questions regarding the Analysis

Figure 1 and Figure 6 [ICANN's FY10 budget broken down by Expense Area Group (EAG)] appear to be exact duplicates. Is there a reason they are repeated?

In Figure 7 – Expense Area Group (EAG) analysis for ICANN, expenses for IDN TLD support are appropriately included in both item 2 on page 8 [Support for Generic TLD activities and GNSO support] and the continuation of item 3 on page 9 [Country Code support and support for ccNSO activities (cont)]. It would be helpful to know how the IDN project costs were distributed across both EGAs.

The information provided in Section 3 (How Cost Accounting Principles are applied to EAG analysis) was very well presented and extremely helpful.

GNSO gTLD Registries Constituency Statement of Support

Issue: ICANN Expenditure Analysis by Stakeholder Interest Area

Date: 20 May 2009

General RyC Information

- Total # of eligible RyC Members¹: 14
- Total # of RyC Members: 14
- Total # of Active RyC Members²: 14
- Minimum requirement for supermajority of Active Members:
10
- Minimum requirement for majority of Active Members: 8
- # of Members that participated in this process: 14
- Names of Members that participated in this process:
 1. Afiliat (.info)
 2. DotCooperation (.coop)
 3. Employ Media (.jobs)
 4. Fundació puntCAT (.cat)
 5. mTLD Top Level Domain (.mobi)
 6. Museum Domain Management Association – MuseDoma (.museum)
 7. NeuStar (.biz)
 8. Public Interest Registry (.org)
 9. RegistryPro (.pro)
 10. Societe Internationale de Telecommunication Aeronautiques – SITA (.aero)

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 (Article III, Membership, ¶ 1). The RyC Articles of Operations can be found at http://www.gtldregistries.org/about_us/articles .

² Per the RyC Articles of Operations, Article III, Membership, ¶ 4: Members shall be classified as “Active” or “Inactive”. 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 a Constituency meeting or voting process for a total of three consecutive meetings or voting processes or both, or by failing to participate in meetings or voting processes, or both, for six weeks, whichever is shorter. An Inactive member shall have all rights and duties of membership other than being counted as present or absent in the determination of a quorum. An Inactive member may resume Active status at any time by participating in a Constituency meeting or by voting.

11. VeriSign (.com, .net & .name)

- Names & email addresses for points of contact:
 - Chair: David Maher, dmaher@pir.org
 - Alternate Chair: Jeff Neuman, Jeff.Neuman@Neustar.us
 - Secretariat: Cherie Stubbs, Cherstubbs@aol.com

Regarding the issue noted above, the level of support in the RyC for the Constituency statement is summarized below.

1. Level of Support of Active Members:

1.1. # of Members in Favor: 11

1.2. # of Members Opposed: 0

1.3. # of Members that Abstained: 0

1.4. # of Members that did not vote: 3

2. Minority Position(s): n/a