

Notes Finance Working Group Meeting San Francisco
13 March 2011

Attendees

Victor Abboud, .ec
Fahd Batayneh, .jo
Henry Chan, .hk (telephone)
Lesley Cowley, .uk
Keith Davidson, .nz
Chris Disspain, .au
Atsushi Endo, .jp
Lise Fuhr, .dk
Byron Holland, .ca (Chair)
Erick Iriarte Ahon, LACTLD
Staffan Johnson, .se
Young-Eum Lee, .kr
Nenad Marinkovic, .rs
Roelof Meijer, .nl
Debbie Monahan, .nz
Vika Mpisane, .za
Yumi Ohashi, .jp
Minjung Park, .kr
Kathryn Reynolds, .ca
Pablo Rodriguez, .pr
Eduardo Santoyo, .co
Sieger Springer, .nl
Rolando Toledo, .pe
Peter Van Roste, CENTR
Mathieu Weill, .fr

Staff

Bart Boswinkel
Gabiella Schitteck

1) Review Agenda

- The proposed agenda was approved

2) Review Minutes from Cartagena Meeting

- The minutes from the Cartagena meeting were approved

3) Election of a Vice Chair of the Finance Working Group

- Vika Mpisane was unanimously elected as Finance Working Group Vice Chair

4) Review Distributed Documents to Date

- No additional documents to those already distributed to the group had been found.

The earliest documentation is from 2004 with some initial documentation of financial contributions. A list of ccTLD contributions to ICANN can also be found on the ICANN website.

It was noted that although the material gained is informational, it is not robust enough to set the future path of the Working Group.

5) CENTR Financing Model Presentation

- Peter Van Roste (CENTR) gave a presentation on the principles of CENTR's funding scheme, to provide an example how a funding model can be shaped: <http://www.ccnso.icann.org/workinggroups/presentation-finance-wg-13mar11-en.pdf>

6) Discussion Process and Path Forward for the Working Group

- The end output of the group is to come up with multiple funding models for ICANN contributions. The group therefore has to look at all possible reasonable models before making a recommendation.

It was noted that it should be kept in mind that income sources vary from registry to registry, which means that the total number of domain name registrations not always indicates the income of the registry.

- The Working Group is to surface as many of the issues as possible before the Singapore meeting.

Most work is foreseen to take place on the mailing list; however, regular calls, anticipated to take place every six weeks, will also be necessary.

After the Singapore meeting, the notion of funding models will be introduced. At that point, it is likely that the Working Group will be divided into sub-groups to investigate and develop different funding models.

7) AOB

- The issue of how the Finance Working Group and SOP Working Group will cooperate in future was raised. It was felt that both groups had strong links to the Strategic and Operational Plan and that they should aim at reinforcing each other in order to strengthen the ccNSO position towards ICANN.

It was clarified that the two Working Group chairs will closely liaise with each other and that the two Working Groups would meet periodically to cover joint

issues. It was further suggested to make “SOP Issues” and “Finance Working Group Issues” a standing item on the respective working group’s agenda, where an update would be given on what the other Working Group is working on.

Meeting With Juan Ojeda and Akram Attalah

The meeting was then joined by Juan Ojeda and Akram Attalah.

- The group was informed that ICANN’s financial data is currently being put into a new system. It will be partly in place on 1st July, but the entire data migration will not be completed until several months after that. This means that ICANN needs extra time before it can provide the community with the requested information.

However, once in place, the system will be much more transparent and it will be possible to gain more specific information and answers to questions from the community, than it is possible today.

This year, however, ICANN will continue sending out letters, asking ccTLDs for ICANN support in the usual manner.

It was also stated that ICANN will not provide a mechanism on how much ccTLDs should contribute, but ccTLDs were encouraged to come up with an own system, preferably based on registry revenues.

- It was asked whether the upcoming budget makes provisions of implementing ATRT recommendations.

It was explained that ICANN had foreseen ATRT implementation costs, except the board compensation, as the board had not approached that item. All other items were covered.

- It was pointed out that ccTLDs are keen not to increase cc related costs and it was asked whether the SO’s can submit requests for cost reductions, or cancellations of projects.

It was explained that this could be done during the public comment periods of each project.

- Furthermore, it was pointed out that cc’s have difficulties grasping the differences in the Draft Budget and the Strategic Plan. An example was given: In the budget, a US\$ 3 million deficit is forecasted, whilst the travel/meetings budget is foreseen to increase with US\$ 4 million. An explanation to this can’t be found in the strategic plan, which was felt was somewhat inconsistent.

It was explained that there are issues in the strategic plan, which requires ICANN to do more, which requires more funding, tools and staff.

It was suggested that this should be better explained in the strategic plan: what the strategic priorities are, how the resources will be allocated and how it will affect ICANN.

It was also pointed out that ICANN's Operational framework is very high level, which makes it hard to link its message with both the strategic plan and budget.

- Discussions were held on New gTLDs and how ICANN is planning to allocate the money it will gain once the New gTLD programme will open.

It was explained that ICANN had made two budgets, one basing on a launch of New gTLDs in the Fiscal Year 2012, and one without the launch. Since ICANN does not know how many New gTLDs actually will be launched, no spending is foreseen that is not a "must-spend" and it was underlined that ICANN is very cautious on how the gained money will be spent.

The group was also informed that a four-month marketing campaign is planned, in order to raise awareness of the opening of New gTLDs.

- It was asked more specifically what ICANN plans to do with the US\$ 500 000 which is listed as "cost recovery", as this money has already been spent.

It was explained that some of the money would go to offset previous spending, some of it will be allocated to New gTLD Risks (legal support), another bit to process applications.

For the rest, it would be up to the community to decide, whether it should be placed in a reserve fund, or to reduce application fees.

It was pointed out by working group members, that just because there will be money available, it doesn't mean that ICANN should add new projects.

- It was furthermore asked how the spending on "core operations", as defined by ICANN, will be divided for ccTLDs, as it was felt that many elements of what was considered being an ICANN "core operation" would affect ccTLDs in a very limited way (such as legal support).

It was felt that this was a challenging question, as it would be hard to separate the various ICANN functions and how much is spent on each. Many different departments could, for instance, be involved in a policy development process and there could be indirect interdependencies, which would make it hard to estimate how much funding was spent where.

However, it was acknowledged that cc contributions are voluntary and therefore ICANN would try to be as flexible as possible to give the ccTLD community an idea of where the spending is allocated.