
MARYAM BAKOSHI: Welcome, everyone, to the NCSG Finance Committee meeting. Good morning, good afternoon, and good evening. This is the NCSG Finance Committee call on PTI/IANA FY20 Budget on Tuesday, 6 November 2018, at 14:00 UTC.

We have James Gannon, Raphael Lacroix, Thato Mfikwe, and from staff we have myself, Maryam Bakoshi. I would like to remind all [if you can] to please state your name before speaking for transcription purposes.

Thank you very much and over to you, Thato.

THATO MFIKWE: Okay, thanks very much. Hi, everyone. Thanks, Raphael, thanks, James, for joining the call. As I [communicated] just before we [inaudible] [about the main aim] of this call. It's to actually get people together to actually start working on this comment on the PTI/IANA budget [inaudible]. So I'd like to thank you for making yourself available [for this meeting].

And then as you can see that we've got very few agenda items. So maybe we can go to the second bullet point now in terms of adoption of the agenda items. Or are there any other items that you think that you might need to have, or we can [inaudible] continue with the current agenda as it's listed?

So [inaudible] Raphael can hear me when I [inaudible]. I don't know if you can fix that, Maryam.

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RAPHAEL LACROIX: Yes, sorry. What did you say?

THATO MFIKWE: [inaudible] I was asking if Maryam can maybe dial out to Raphael because it seems like he can't hear anything that we're saying.

MARYAM BAKOSHI: Raphael just spoke now, Thato.

THATO MFIKWE: Oh, [inaudible].

RAPHAEL LACROIX: Can you hear me? [inaudible]

THATO MFIKWE: So can you hear us?

RAPHAEL LACROIX: No [additions from my side]. Yeah, no [additions from my side].

THATO MFIKWE: Oh, okay. Thanks. So I'm not really sure who is speaking, but I presume that's Raphael. But it is [inaudible] started the meeting.

So actually [inaudible] to be part of this meeting to just give us a little bit of background in terms of IANA/PTI operations. When the first [inaudible] was sent by Rafik asking for people to make comments, I actually listed some of the comments in regards to the draft itself. So I was hoping that we could actually raise other issues that we might have identified. I'm not sure who [inaudible] started making comments because that doesn't put the first opening paragraph on the comment document, but someone else [inaudible] filled in some of the information. I'm not sure if there are any issues that need to also be included [there]. [inaudible] does anyone have a link to the Google document?

UNIDENTIFIED MALE: Maryam, [inaudible] the Google doc? Do you have a link to it?

THATO MFIKWE: There it is. Raphael just shared it.

UNIDENTIFIED MALE: Okay.

THATO MFIKWE: Now if we can just go there so we are able to see what are the actual comments.

RAPHAEL LACROIX: Just quickly, I'm the one who added the formal improvements and comments and general understanding comments to below the 1, 2, 3 paragraphs.

THATO MFIKWE: Oh, okay. So who is speaking now? Is it James or is it Raphael.

RAPHAEL LACROIX: Sorry. It was Raphael.

THATO MFIKWE: Oh, Raphael. Okay, [inaudible] in terms of [inaudible]. So I was wondering who actually did the [inaudible] so that you can see wherever someone is making an edit or [inaudible] some of the matters that have been identified.

Maybe if we can start by giving James a platform so that he can just give a very [inaudible] background, and then we can actually start going into [that document] and dive into [inaudible] issues and see how do we proceed to move forward. But I know that since this meeting is being recorded, I don't think it [will be necessary] to get a scribe for this meeting because we can always go back to the recording [or the minutes] to remind ourselves of what happened and also for the people who are not part of this meeting so that they can [inaudible] to their colleagues to [inaudible] keep track in terms of what we discussed.

So, James, can you just maybe give us a little bit of background in regards to PTI/IANA functions [inaudible]?

JAMES GANNON: Yeah. Do you want me to just talk specifically to the budget or to PTI in general? I can do either.

THATO MFIKWE: Yeah, I think you can just talk about PTI in general because according to what I've seen it seems like there has been no comment previously in regards to IANA operational [inaudible] and budget in PTI. So this will be the first time we're actually doing this. So just give us a general picture, and then we can now start going into the budget and stuff like that. Because the budget is very clear. It's just that it's the operational issues that are a bit tricky. [Please.]

JAMES GANNON: Yeah. Just for some context, I was involved in the IANA transition which created PTI, which was one of the requirements that the community came up with in order to split the operational aspects of operating the IANA (the Internet Assigned Names and Numbers Authority) out of ICANN and into an independent body, which is an independent corporation known as PTI (Public Technical Identifiers). So that is what is [formally] the IANA department within ICANN which is now split out into an independent corporation which is a wholly-owned subsidiary of ICANN which is why it's looped into some of the shared services and some of the budgeting requirements of ICANN.

So the PTI operates the core services of the DNS, also of IP address assignments, and also the protocol parameters community. And it

operates a number of registries on behalf of the protocol parameters community. So the core operational aspect of what ICANN does are executed by the IANA/PTI. When we created PTI during the IANA transition, one of the very important aspects that the community and, in particular, myself and a small group of people were involved in was the financial [stability] of PTI.

Once PTI no longer was [like a department], one concern that we had was that ICANN could place the operational stability of PTI at risk by [placing] budget challenges onto PTI. So there are a number of safeguards within the ICANN bylaws with regards to the management and community oversight of the PTI budget. There are also a couple of financial instruments such as caretaker budget and the ability for the community to reject a decrease in the PTI budget beyond what we feel is appropriate.

One of the core concepts is that we as the community expect that the PTI budget remains at minimum [flat]. We don't expect decreases in the PTI budget beyond year-on-year [inaudible] differences. So one of the concerns that I raised on the mailing list was that we were creating the PTI budget in the same way that we would the ICANN budget, which is we want to reduce the extraneous spend that ICANN does on various areas. But it's very important that we don't treat the PTI budget in the same way. We should be very much supporting a flat or increased PTI budget year-on-year. We did that for the FY19 budget last year. That was our first opportunity after the IANA transition to comment on the PTI budget and we [inaudible] \$10 million for FY19. So if we look at the FY20 budget, which is this one, it is roughly flat also. There are some

interior changes within the project structure and where the money is going, that flat \$10 million.

So that is the high-level background behind it. Raphael, would you feel it useful that I go through some of your questions that you've posed maybe on the document? I can help with some of those, I think.
[inaudible]

RAPHAEL LACROIX: Yeah, yeah. [inaudible]

JAMES GANNON: Thato, do you have any specific questions for me first before I go to that?

RAPHAEL LACROIX: No nothing [from me].

THATO MFIKWE: Yeah, [inaudible]. Carry on, Raphael, it's okay.

JAMES GANNON: Thato, do you have any questions?

THATO MFIKWE: Yeah, [inaudible] it's those issues that [are actually] listed on the mailing list because, firstly, I just needed to find out who are the stakeholder

representatives who are following up with PTI and IANA functions budget [inaudible] because there was no [inaudible] of who has been there. And now [inaudible] you are probably not [inaudible].

And there's a second issue that I had [inaudible] in regard to the PTI/IANA FY20 operational plan and budget is that it seems like because I did read this on the mailing list but there is a lot of money that [inaudible] spent on personnel and full-time employees in terms of budget as it was also with your normal ICANN budget. So I think this raises a concern because every time there's a project that's being distributed by ICANN, you always see an increase in project when it comes to spending for ICANN organization in terms of staff members.

And I'm also aware that ICANN staff are also involved in PTI functions. I'm not sure if it is IANA or PTI, but I know they are also involved. But now if they are able to list expense items on the IANA budget and then we do get another set of expenses on the ICANN budget, it makes [inaudible] difficult to track in terms of what is happening, what is being spent where and how. So that's my second issue.

I think if we can start by [inaudible] those issues. I'm not sure if Raphael's questions were answered.

JAMES GANNON:

Those link into it as well, so I can answer maybe both. So first of all, an important note, nobody currently contracted by ICANN directly is working on PTI or the IANA services. That is an administrative split that occurred in FY16. So anybody that is [inaudible] on the IANA services or on PTI services is employed and contracted with PTI. So that's a clear

distinction. The only exception to that is one single staff member who is a programmer within the OCTO team. [They] split their time 50/50. So they're the only person who is employed by ICANN but working on the IANA services, and that person is working on the root zone maintenance system upgrade, and he has a lot of experience in [inaudible] from when he wrote it originally almost 15-20 years ago. So that is why that ICANN employee is working for IANA/PTI. So it may seem like people at ICANN are working for PTI, but that is actually not the case. Administratively, anybody who is working on those services is employed by PTI, and that's a bylaws requirement for ICANN to fulfill. So I hope that solves that question first of all.

Now when we move on [to the] headcount at IANA/PTI, they are growing gradually in line with the expectation of the IANA customers. So coming back to your [oversight] question, there is a customer standing committee that oversees the execution of the IANA function contract and by IANA and PTI. That customer standing committee is composed of representatives of registries, registrars, and the ccTLD community, and the technical community, and also a representative from the GNSO, which is me. So I served on that committee for two years, and I have another year left in my assignment to the customer standing committee. So with regards to who manages the daily oversight from the community of PTI and IANA from an NCSG perspective, that is me and I've been there for two years now.

So I think that's the first batch of questions, if you have any questions on those answers. Yes? No? Maybe? Have you lost me? Can you hear me?

[RAPHAEL LACROIX]: [inaudible] I don't have any specific [questions].

JAMES GANNON: Okay. Thato? We may have lost Thato, I think. Okay, very briefly just while Thato maybe is reconnecting, Raphael, I can answer some of your questions as well.

The numbers generated in the table should display more decimals. Yes, it is very strange to do a \$10 million budget in \$100,000 increments. The reason why that is done is to align it with the numbers that are presented as part of the ICANN budget, particularly for the shared services. That is one of the reasons why we do it at such a high level. I agree though. It makes it difficult to maintain deep oversight [of it], I think, but that's the reasoning behind [inaudible]. That's certainly something we can take back to Xavier and the ICANN finance team for FY21. I think we could ask them to, for the PTI portion, break that down a bit.

The second [inaudible] portfolios, again, this comes back to the fact that for many of the shared services the portfolio line items are actually delivered by ICANN under the auspices of the shared services agreement between ICANN and PTI. So those erratic numbers are actually linking back to the ICANN portfolio numbering system rather than a dedicated PTI one. So I hope that explains that.

The next one is, yes, the naming is a bit strange. Xavier has to thread a very fine line between speaking in plain terms when talking about some

of the budget [inaudible] and also maintaining a link back to remember I said earlier that some of the bylaws requirements for the IANA/PTI budget? He has to make sure that he specifically calls out some of the language that fits within the bylaws [on it]. So that's why I think there's a bit of a [mix match] of names. But yeah, again, it's not necessarily the clearest thing to read.

The reason for the depreciation being reimbursed back to ICANN is that ICANN has capital expenses from before PTI was an independent company, from when it was the IANA department within ICANN. So ICANN has the capital expense which it still needs to depreciate over its life cycle that then PTI who is now the asset owner needs to pay ICANN back under the shared services agreement for the depreciation on the asset they own but that ICANN capitalized on its budget going back a number of years. That messiness will go away after the current generation of [inaudible] capital assets are depreciated. So over the next two to three years, that will go away and IANA will depreciate its own assets at that point.

RAPHAEL LACROIX:

All right, thank you. I guess that's very enlightening, especially the last one about the capital expenditure. Now I 100% understand why it's there, but without [inaudible].

JAMES GANNON:

Exactly. Without the context, it can be difficult to understand it.

RAPHAEL LACROIX: Yeah, yeah. Okay, well, that was [very nice]. I just noted in comments what you said in the document.

JAMES GANNON: [I saw that]. Perfect.

RAPHAEL LACROIX: But, okay, thank you for that.

JAMES GANNON: Okay, so that's all of that. Thato, do you have any other questions? I have to jump off in a few minutes as people are arriving for a meeting [in a minute]. I need [inaudible].

THATO MFIKWE: Yeah, thanks for providing that background, James. But either way, I'm not expecting it to be a very long call. I think an hour would be enough for this call. We don't have a lot of items on the agenda. I just saw that Remmy has joined so welcome, Remmy. Right now, I have the PTI project in front of me.

JAMES GANNON: Thato, I kind of have to leave at 3:30, so I have to leave in the next two or three minutes.

THATO MFIKWE: Okay, no problem. So I don't have [anything] to say. I've been looking at the PTI budget, and I don't see any significant increases that would be alarming. But from an operational point of view I don't have any comments in regards to that. It's just those things that I just listed [earlier on] that I thought maybe they might be open to look into your depreciation issues. But you did mention that there is a [inaudible] process that goes [into] ICANN. You also mentioned about the oversight team on IANA and PTI that consists of your registries, registrars, and the community members. So I don't know. Maybe since you've been following this, do you think there's anything that we need to actually comment on in regards to the shared statement, James?

JAMES GANNON: Not for [inaudible]. I'm happy with what the budget and op plan looks like and the FY19 to FY20 spend is what we expect. So I have zero [concerns], and so [CSC] our report to ICANN finance on the FY20 will be that we are happy with the budget allocation for FY20.

THATO MFIKWE: Okay. I think that was pretty brief and straightforward. But now already we do have some comments that Raphael [has actually] put there. But now I believe we also need someone to [inaudible] able to finalize this document because we left with [inaudible] date before the closing process of the comments themselves from the community. [Also think that] maybe by end of this week we would have finished the document and submitted to the policy committee so they can review it and they can actually proceed forward with this.

So I don't know. Thanks, James. The recording of [this] is going to be shared, so you can just keep [inaudible] track in terms of what was discussed.

JAMES GANNON: Yeah, I'll check the recording.

THATO MFIKWE: If no one else has got questions, I think you can leave us to continue with the meeting.

JAMES GANNON: Thank you.

THATO MFIKWE: Okay, thanks, James. So right now we're left with Remmy and Raphael. So [inaudible] find out first who is willing to actually assist with pen holding in terms of this document. All the information is already there. It's a matter of getting comments and [inaudible] them on the final document. Then hopefully by Friday, we'll be able to submit the final document to the policy committee.

RAPHAEL LACROIX: Hi, Thato. I would be willing to take like one previous comment as a draft and organize what we have now and keeping in mind what James just said to organize it more so it looks like an NCSG comment. And I could put it on the list by Friday [end of business].

THATO MFIKWE: All right, thanks very much, Raphael. Remmy, if I can also check with you. Do you have any other issues except I don't know if James did manage to fully answer the questions that you raised within the comment itself. But do you have any other issues that you think that we need to look into within this call before [inaudible] comments?

REMMY NWEKE: I mean, personally, I don't have any other. What I wrote down, James actually addressed all of them. So I think what is written now will be phrased a bit differently now that I've been given some information as to how or why things are the way they are. But I didn't have any other further concerns specifically in terms of numbers or things like this. It seems fine, but at the same time I don't have the long time experience that some other people have at ICANN so I can't really say whether a \$10 million budget is good or is bad. But from what James said, he seems to be satisfied and he has much more insider knowledge, so I would trust him on that and I suppose that the numbers are good ones.

THATO MFIKWE: Okay. It's only now that I'm seeing Remmy's comment that he was willing to assist but since you [were initially] initiating this [I feel that we can still carry on that way]. Because also the finance committee, we only have about [three] members. We've got Remmy from NPOC, it's me from NCUC, and then we've got a chair of NCSG. And then we've got the chairs of constituencies. So currently [inaudible] Bruna and we're going to have [Joan]. So it's only five members, so already the

leadership of NCSG and constituencies themselves, they have a lot of work.

So I think this will also give us an opportunity to start building a community of people who can [actually] assist with the activities of the finance committee. I'm not sure if, Raphael, you are also [privy] in other working groups or things like that. But I think it would be [great] if you could also assist the finance committee to start building the community and we can start providing some [action] moving forward in terms of financial processes, governance to the stakeholder ICANN finance itself.

RAPHAEL LACROIX:

Sure. I would be glad to. I would be glad to be part of that, yeah.

THATO MFIKWE:

Thanks very much. Maybe if I can check now with Remmy. Remmy, do you have any issues in terms of the operational plans and budget for FY20 for PTI and IANA? Remmy, can you hear me? I'm not sure. Maybe there is something wrong with [your] speakers or mic. I'm not sure. Remmy, can you hear us?

REMMY NWEKE:

Hello, Thato.

THATO MFIKWE:

Hello.

REMMY NWEKE: Hi, I [inaudible] speak. [inaudible] hear you.

THATO MFIKWE: Yes, Remmy. So are you saying that you don't have any comments at the moment, right?

REMMY NWEKE: Yes.

THATO MFIKWE: Yes. Thanks so much. So as I said that this was not necessarily going to be a very long meeting because the main [inaudible] actually we needed someone who can provide some kind of a summary in terms of IANA and PTI operations of which James successfully did. And at least we will now be able to go back to the recordings [inaudible] understanding in terms of how [inaudible] in terms of IANA, PTI, and financial stability as he also mentioned.

So now maybe before we close the call, maybe I can just find out if there is any other business. Because if we don't, then we can just close this short meeting and hopefully we will be able to actually make our own comments on the operational plan and budget as [inaudible] this call.

So [inaudible] Raphael can work on completing the document and make it ready for submission to the policy committee. Because just before we submit to the policy committee, we just need to add some extra comments from the community itself and then we can finally submit

hopefully by Monday, but by Friday at least we can [complete it] and we share with the community maybe over the weekend. [inaudible] can provide some comments, and then on Monday we can submit it formally to the policy committee.

RAPHAEL LACROIX: That will be fine.

THATO MFIKWE: Okay, thanks. If we don't have any other issues, I think I can now stop the call. Yeah, hopefully, there is no any other business, then we can stop the call. Yes?

REMMY NWEKE: Hello, Thato?

THATO MFIKWE: Yes, I can hear you, Remmy.

REMMY NWEKE: Our call for volunteers, [going to formally] in the NCSG platform?

THATO MFIKWE: No. What we have done is that when [inaudible] on this comment, we actually asked for volunteers who can assist with the [inaudible] these comments. Yeah, so those people [were the basis] of us trying build this community. But we still [inaudible] to the community as a whole for

those who are interested in participating in the finance committee. But at least now if we have [a few] people who can actually work with the finance committee, it will be much easier to reach out to other people. It was a lot of work that the finance committee needs to do, and a few people, it will never be enough. You can look at the policy committee that is [where] a lot of people that are following a lot of members that are involved. Also, [inaudible] we need also need to build the [inaudible] community. So this will provide more of an opportunity to [inaudible] get to that.

REMMY NWEKE: Okay, just on a lighter note, is this [inaudible] working for PTI [inaudible]? Hello? Thato?

THATO MFIKWE: Yes, I can hear you, Remmy. Continue. I'm listening.

REMMY NWEKE: Yeah, is [inaudible] now working for PTI?

THATO MFIKWE: I'm not sure. I think there is a network disruption or something like that because you keep on breaking, Remmy. You can just post it on the chat, your question.

REMMY NWEKE: Yeah, I'm typing it.

THATO MFIKWE: Okay. Okay, I can see that Raphael has got no comment or anything. [James], as you are saying [that he has] been following PTI/IANA functions and he has been representing NCSG in terms of providing oversight on PTI and IANA. So James is the one that [has been] actually following up, yes.

REMMY NWEKE: Oh, okay.

THATO MFIKWE: So we will also [inaudible] in terms of us being able to finalize the document itself.

REMMY NWEKE: Okay, because why I was asking that [inaudible] I think probably we may still need to find a way maybe of [inaudible] this call because [inaudible] more or less talking as the PTI person [inaudible] than someone who is doing the report. [inaudible] understand that.

THATO MFIKWE: I didn't get the last part about the report and stuff like that, but I heard what you were saying. But just the last part I didn't get.

REMMY NWEKE: I said when I came in, he was discussing issues. I think he was talking on the point of from the fact of, yes, he was talking on the [fact] of an insider that [he] was more or less like a PTI [operative], so to say, maybe a staff or something. So that's why I was asking that question whether he is now working for them or is he part of NCSG [rep]?

THATO MFIKWE: No, he's representing NCSG for the past few years. And so what he was doing was [inaudible] providing some background and summary in terms of IANA functions, what has happened, and what [inaudible] we are able to make informed comments in regards to the draft comment itself from the [committee's] side.

REMMY NWEKE: All right, thank you very much. I appreciate the explanation.

THATO MFIKWE: Okay, and thanks, Remmy. Thanks, Raphael. If there's no other questions, I think that we can end the meeting.

REMMY NWEKE: Sorry. Thato, there's something I wanted to [add]. I hope we have seen the – okay, maybe I have to reshare it – there is an ICANN financial statement that was shared yesterday. I don't know whether [you] have seen it. I may need to reshare it on the list for [us] if you haven't.

THATO MFIKWE:

Yes, you can share the information, Remmy, and then we are able to make follow ups on that. So I will see what would be the process moving forward so that we can [inaudible] have Raphael as part of the committee so that we can start building a community of members to follow up on finance committee activities. But I will arrange that with the committee and see how we can proceed moving forward because we still have a lot on our table. I mean, we still have our operational procedures [inaudible] to finalize, and this has just come out around the PTI/IANA budget and operations. So, yeah, looking forward to working more with Raphael.

Yeah, thanks for attending to this call. And, Maryam, I think you can end the call if there are no other questions.

MARYAM BAKOSHI:

Thank you very much, Thato. Thank you, everyone, for attending the call. The call is now ended.

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