

Internet Society of South Africa (ISOC-ZA)  
125 Buitengracht St  
Cape Town, 8051  
www.isoc.org.za  
email: info@isoc.org.za  
24 February 2020

**.ZA Domain Name Authority**

Chairperson: Ms. Palesa Legoze

Email: secretary@zadna.org.za

Dear Chairperson,

**Re: Draft Budgeted Income & Expenditure for 2020/2021**

As members of the .za DNA<sup>1</sup>, we have been following the progress of the .zaDNA as best as we possibly can. We thank you for this opportunity to respond to this SGM 2020. We welcome the new board and we wish them success in their endeavours with the .za DNA and we hope to have many more positive engagements in the future.

The .za DNA organisation is less than ten years old. Prior to its inception, the .za namespace was operated by a single person, giving of his time for free, as is common with community projects involving the internet worldwide. The majority of registrations today were made prior to the .za DNA taking over control of the .za namespace. Yet, in the nine years of operating, the .za DNA organisation has spent from R2,334,780 in its first year, to a proposed R15,853,708 in the coming year. We fail to comprehend this spend, given the outcomes of the organisation.

This closed process of increased spending has hurt our industry in visible ways. Most notably the lack of knowledge or enthusiasm to participate in public policy, mainly because of the inability to do so but also because of its ineffectiveness. The training of Domain Name System engineers was suspended simultaneously to the change of fees prescribed by the .za DNA some years back. In this sponsored process more than 1000 engineers were trained<sup>2</sup>. The sponsorship for our annual iWeek was reduced to the extent that it ended in 2019. This was a national networking and training school for the industry that was unparalleled in other countries in Africa.

There are many gaps in our understanding of the .za DNA organisation since our only possibility for interactions and member and/or public participation has been through the AGM and SGM process. We believe that the lack of appropriate remote participation tools has rendered remote participation ineffective. We note that the new board announced in

---

<sup>1</sup> This document was compiled by the Chairman with the help and input from the ISOC-ZA working group on .za DNA

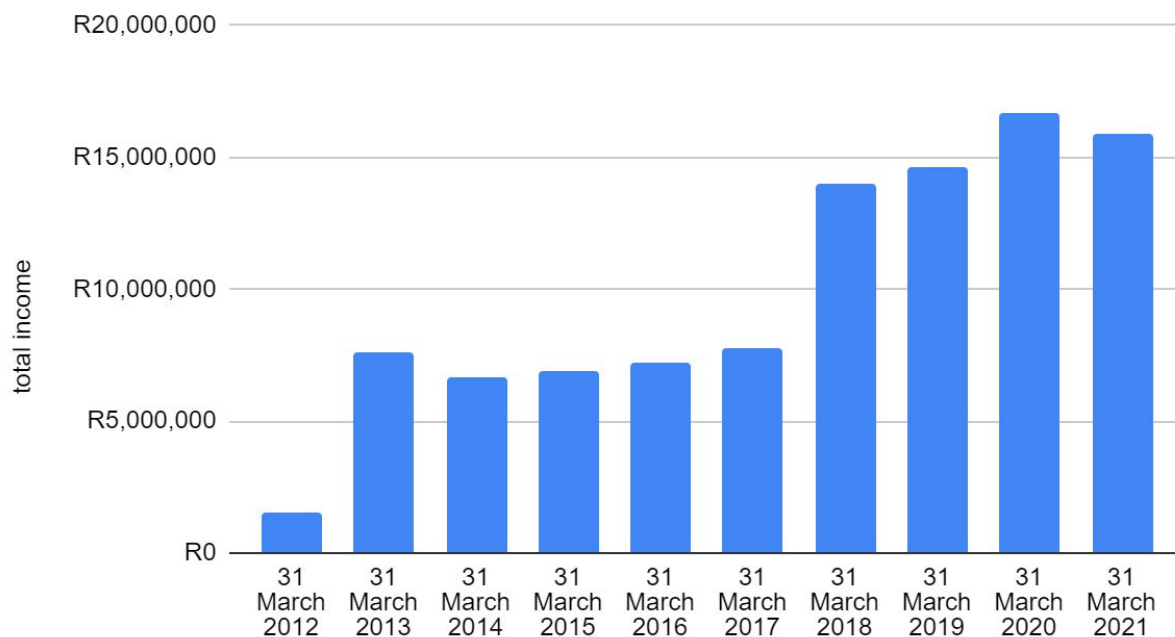
<sup>2</sup> We honour the recent passing of Bill Manning who contributed his time and heart to this programme, Jan 27 2020

Cabinet at the end of October, has never been communicated to its members or public by .za DNA. This has been raised time and time again as inadequate for any reasonable discourse. As such, the best possible way we can report on the current budget proposal is by reverting to the history of the organisation in numbers.

Starting with the income forecast for 2021 - R15,904,000, the previous year 2020 expected R16,658,508. We do not believe this income was realised and as such we are surprised that **your budgeting process does not take into account actual incomes** and expenditures. We express our deep concern that your budgeting process does not take into account actual figures.

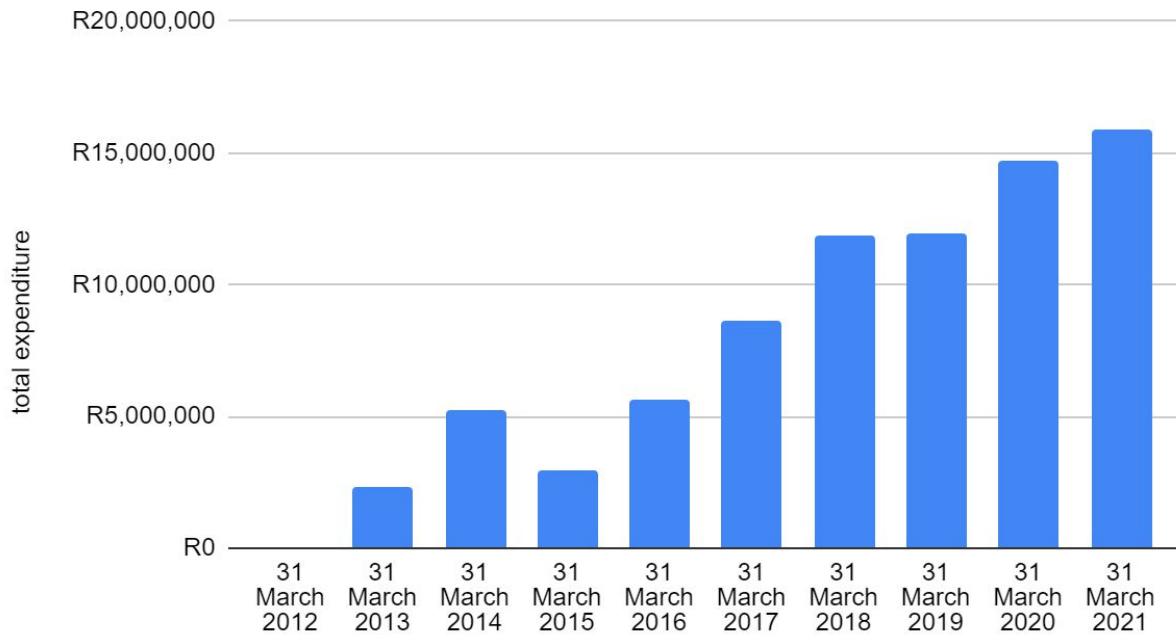
**We notice forecasted drop in income.** This does seem to be contrasted by increase in expenditure and raises concerns about the strategic intent of the Board.

### total income



**Expenditure**, planned for 2021 is R15,853,708, expected for 2020 was R14,726,297. The plan to spend **R1.1m more in the coming year**, appears to be unsubstantiated given a domain space that appears to have slowed growth. Nor for an organisation that appears to be adding very little value in the chain. We do not believe that more marketing or aggressive stance for growth can be substantiated by spending more on creating awareness through the press nor by adding staff will attribute further growth. In fact we believe that the opposite is true.

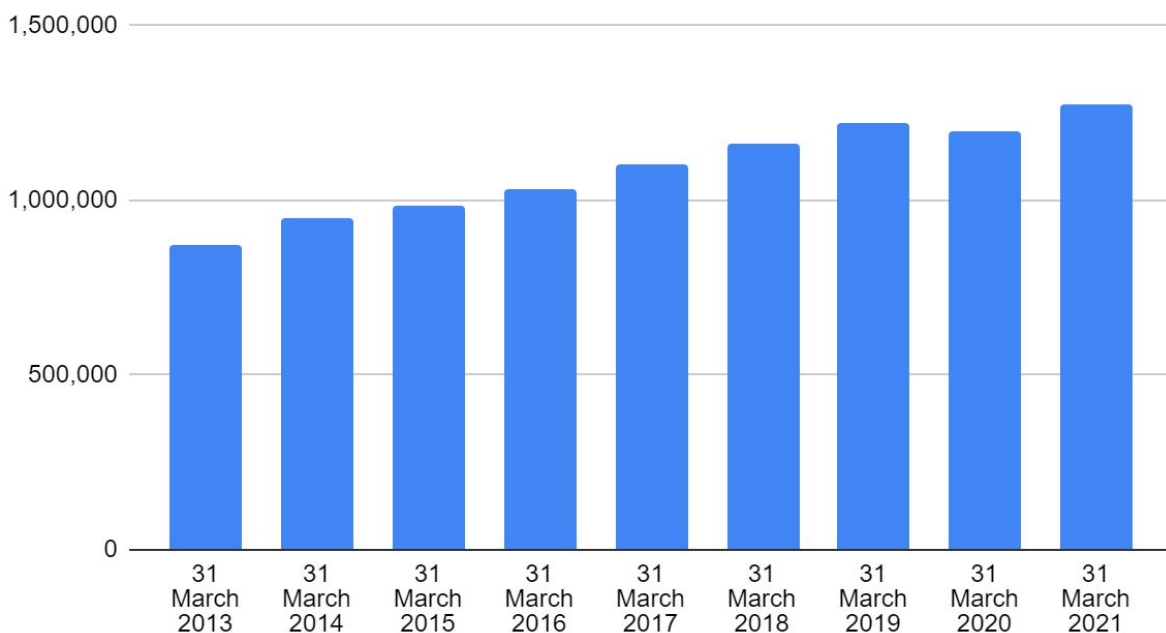
### total expenditure



The budget appears to forecast a small growth in registrations, even though the last year did not reach your forecast. Please can you explain this?

We also note that in the period where .za DNA expenditure has increased from R2,334,780 in its first year, to a proposed R15,853,708 in the coming year, the number of registrations has increased from 869,812 to an expected 1.2m. i.e expenses have grown 679% whilst the income stream has only grown by 72% in numbers. Flattened in the last year.

### Number of domains



**Income from ZACR**, @R12 each, forecast for 2021 is R15,300,000, expected 2020 to be R14,400,000. We note that as expected, the previous reported year was excluded from the notice which masks the drop in registrations to the average reader.

**Additional income reported: Settlement ZACR: R934,729**

More information needed.

**Interest income**, forecast for 2021 - R604,000, estimated for 2020 - R323,779

Please provide more detail on the note about investments i.e Financial Asset

R11,940,505, there seems to be good growth forecasted this year and we question the low amounts of interest previously received.

**Basic office costs**, budget proposed 2021 - R1 573 520, estimated 2020 - R1,631,000 (incl R200k for furniture)

We note swelling of the office and employee costs (considering a significant expense was made for furniture in the last year and increased rental) and we do believe you should look at right sizing. We also believe that there is a proposal to absorb the .za DNA into a new regulator merged with ICASA which also negates this strategy.

The role of .zaDNA is and will continue to diminish over time. It was never envisaged to perform many of its current functions. Should these costs continue to grow, .za will become less and less popular as a domain of choice.

**Communications, marketing & awareness**, proposed 2021 - R1,100,000, estimated 2020 - R1,000,000

We have stated that this should rather be invested in training engineers. We are not confident that .za DNA is the entity responsible for this function. Like other items of growth in expenditure, this appears to be there in order to justify the directors emoluments. In principle we do understand the role of the directors and engagements with on the whole we hope that in future the focus is more on policy making and meaningful public participation.

**Stakeholders Engagement**, proposed 2021 - R1,510,000, estimated 2020 - R1,480,000

There is little or no documentation of these engagements for members to understand these costs. For this amount to be spent on fellowships, at minimum a video blog and written report is expected to be made public. We wonder what the outcomes of these engagements have been for the purpose of the .za DNA. Similarly we state the same feedback on items "Namespace Development, Research & surveys, training and development", we wish to understand the outcomes of this spend by way of public reporting. Certainly you may remove iweek from this list now.

**Legal services**, proposed 2021 - R400,000, was estimated 2020 - R200,000

We would expect this budgeted item to be higher for the nature of the organisation. In order to involve and follow a public process of participation, we advise the board to

consider more investment in the public process of policy making. I suggest that the .za DNA budget process should involve more public participation. We believe it would serve better than spending on Board training.

**Meetings & events**, proposed for 2021 - R1,486,000, expected for 2020 - R1,372,000

Some of this budget includes moneys for Directors:

*Board & Committee meetings Remuneration* , proposed for 2021 - R936,000, expected for 2020 - R1,176,000

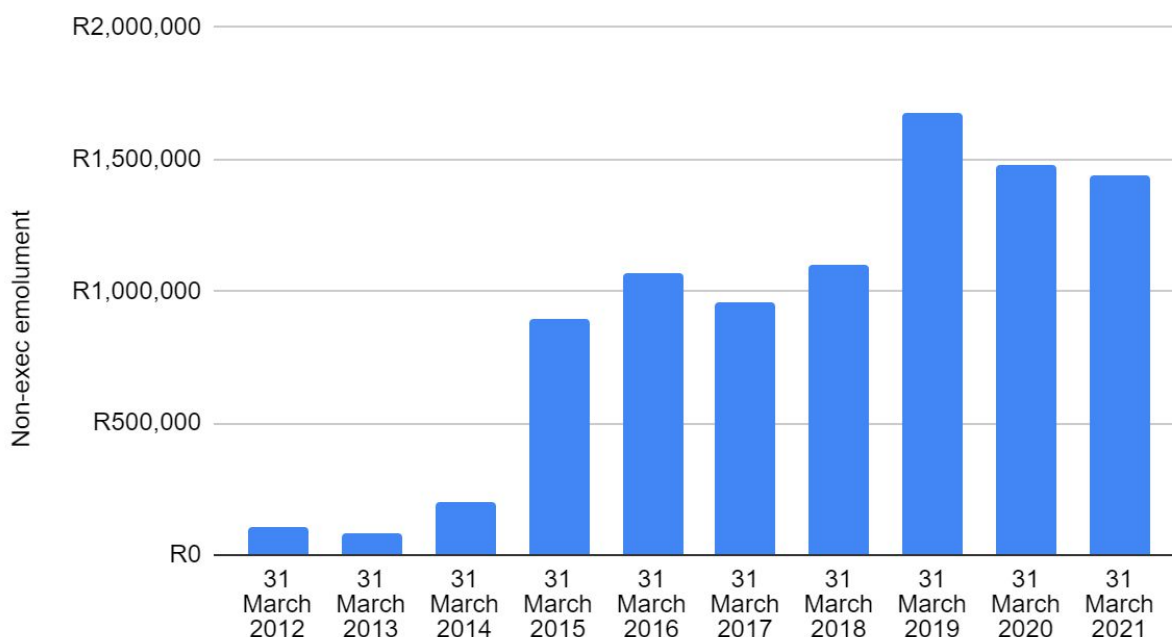
*Directors: Stakeholder Meetings Remuneration*, proposed for 2021 - R370,000, expected for 2020 - R180,000

*Director data bundles R30,000 previously R120,000*

*Directors: Strategic Plan R100,000*

We do not support all the amounts spent on director/board emoluments. Although we do see that they have somewhat been reduced, we believe that they are still excessive.

### Non-exec emolument



### About the Internet Society of South Africa (ISOC-ZA)

The Internet Society of South Africa is a voluntary membership association - initially formed in 1998 - in response to the telecommunications policy environment. We represent the interests of telecommunications users in national, provincial and local policy discussions, in the press and in any other relevant forum.

The purpose of ISOC-ZA is to serve the interests of the South African segment of the global Internet community. In fulfilling this purpose we serve all persons and entities who are in the RSA or who are interested or involved in the South African Internet community. ISOC-ZA is broadly inclusive on a regional, linguistic and racial basis and the community whose interests it shall serve is construed as widely as possible.