2017/2018 – 2019/2020 STRATEGIC PLAN

2018/2019 Annual Performance Plan and Budget

This document outlines and explains the Strategic Plan of the .ZA Domain Name Authority (ZADNA) for a 3 year period covering 2017/2018 to 2019/2020, and ZADNA's 2018/2019 Annual Performance/Business Plan and Budget. The plans are submitted to the Minister of Telecommunications and Postal Services, as stipulated in the ECT Act.

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Key Definitions

"Act" or ***"ECT Act"*** or ***"ECTA"*** means the Electronic Communications and Transactions Act 25 of 2002;

"DNS" means the Domain Name System

"dotCities" means the dotCapeTown, dotDurban and dotJoburg TLDs that ZACR is in the process of launching from May 2014;

"DTPS" means the Department of Telecommunications and Postal Services;

"ICANN" means the Internet Corporation for Assigned Names and Numbers, the California-based not-for-profit entity that, amongst other things, manages the root zone of the domain name system and oversees the function of allocating Internet numbering resources;

"Minister" means the Minister of Telecommunications and Postal Services;

"Registrar" means an entity authorized or accredited to register domain names on behalf of registrants;

"Registrant" means a holder of a domain name;

"Registry" or ***"Registry operator"*** means an entity that licensed or accredited to operate an SLD;

"SLD" means a second level domain that follows immediately below .ZA, such as ac.za, gov.za and org.za;

"ZACR" means the ZA Central Registry, the non-profit entity appointed by ZADNA to operate a centralized registry platform for the management of unrestricted SLDs; and

"ZADNA" means the .ZA Domain Name Authority.

Introduction

The 2017/2018 to 2019/2020 Strategic Plan was approved in 2016 and sets out ZADNA's strategic direction and key business objectives for the short to the medium term. Section 65 of the ECT Act stipulates ZADNA's functions, and the goals and objectives contained herein are meant to ensure that ZADNA performs its functions successfully. Section 65 functions can be summed up as follows:

(a) Management and administration of the .ZA name space;
(b) .ZA policy, licensing and regulation;
(c) Monitoring and compliance;
(d) Domain name awareness and education; and
(e) Research and development.

The strategic goals appreciate the continuous evolving nature of the Internet and its domain name system. They allow ZADNA to drive further growth in the registration and usage of .ZA domain names primarily in South Africa. The Strategic Plan also appreciates different environmental factors that affect the Internet sector and the domain name industry in particular. Chief amongst these factors is the Integrated ICT Policy White Paper that entails key ministerial policy directives, the one of which is the planned integration of ZADNA with the Independent Communications Authority of South Africa (ICASA) and the Universal Service and Access Agency of South Africa (USAASA).

This strategic re-alignment in the ICT regulatory framework means that ZADNA has to carry out its current ECT Act mandate in a transformational dispensation that seeks to prepare it for the determined integration of with other ICT regulators. In anticipation of the imminent integration and re-alignment, ZADNA's strategic goals prioritize certain activities as well include objectives that seek to achieve some of the work that the White Paper allocates to the "domain name regulator".

The rapid expansion of the domain name system (DNS) and continuous increase in the number of domain name registrations globally is another important factor influencing ZADNA's business targets. One of the key strategic developments facing .ZA and the rest of the domain name industry is the changing naming conventions wherein domain name holders show growing interest in having their domain names being as high up the domain name ladder as possible (e.g. from yourname.co.za to yourname.za).

1. Vision

A world-class domain name regulator.

2. Mission

To implement an effective domain name regulatory and management framework that positions .ZA to be accessible, stable, secure, growing and competitive in serving South Africans and then the global Internet community.

3. Values

(a) Transparency

ZADNA maintains active consultations with interested and affected parties in carrying out its mandate, in particular in developing policies for .ZA.

(b) Accountability

ZADNA takes responsibility for its decisions and is able to objectively and fairly justifying its actions.

(c) Inclusivity

ZADNA ensures that its stakeholders are able to participate actively in its policy and regulatory processes, and that none should feel constrained from making a meaningful contribution in such processes.

(d) Affordability

ZADNA pursues a domain name pricing framework that makes it affordable for South Africans to register .ZA domain names.

(e) Excellence

ZADNA pursues a flexible, adaptable policy and regulatory framework that makes domain name registration to be fast and easy, using a robust and secure domain name infrastructure on par with international best practice.

4. Mandate

ZADNA is a statutory, not-for-profit entity established in terms of Chapter X of the Electronic Communications and Transactions (ECT) Act 25 of 2002 to administer, manage and regulate the .ZA namespace. The mandate can be summed up as follows:

4.1. ECT Act mandate

The Section 65 responsibilities of ZADNA can be summed as follows:

(a) Management and administration of the .ZA namespace;
(b) .ZA policy, licensing and regulation;
(c) Monitoring and compliance;
(d) Domain name awareness and education;
(e) Research and development; and
(f) Making relevant policy recommendations to the Minister.

4.2. Additional non-ECT Act Responsibilities

In addition to the statutory responsibilities, ZADNA is normally expected, and sometimes required, to assume secondary responsibilities that are associated with domain name industry and the Internet community. These are:

4.2.1. Alternate Dispute Resolution Regulations

The Alternative Dispute Resolution (ADR) Regulations allocate the following responsibilities on ZADNA:

(i) Accredit ADR providers;
(ii) Monitor implementation of the ADR process;
(iii) Publish adjudicator decisions on the ZADNA website; and
(iv) Establish an ADR subsidy fund from the ADR fees to fund non-affording parties interested in lodging disputes.

4.2.2. dotCities

ZADNA oversees the operation and policy setting for the ZACR-operated dotJoburg, dotDurban and dotCapeTown (dotCities) that launch in 2014. The ICT Policy White Paper has entrenched ZADNA's dotCities role as it stipulates that the domain name regulator must now endorse and manage current and future dotCities.

4.2.3. Internet Governance

ZADNA participates actively within ICANN processes that relate directly to the DNS. This is because of the strong linkages existing between regulating a ccTLD such as .ZA (a ZADNA function) and developing policy for the DNS as a whole (an ICANN function). ZADNA also participates in AfTLD, AfriNIC and the United Nations' Internet Governance Forum (IGF).

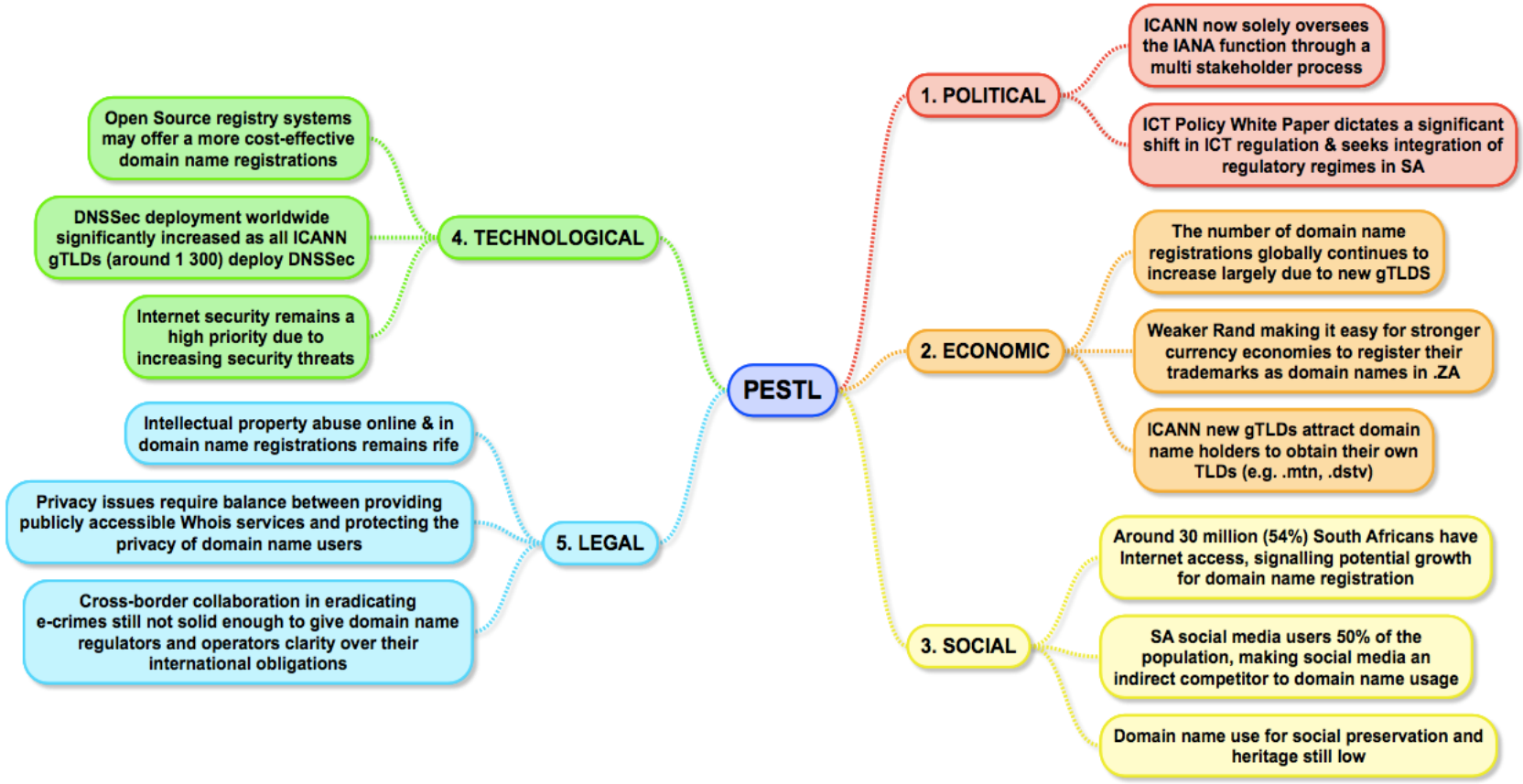
5. Situational Analysis

ZADNA's sustainability and success is largely based on the continued growth of .ZA domain name registrations. ZADNA is accordingly dependent on the registries and registrars that it regulates. However, there is limited separation of ZADNA's environmental analysis from that of .ZA because ZADNA's success is hardly separable from the success of the .ZA namespace.

5.1. Macro environment analysis

The macro environment analysis allowed ZADNA to assess the broader Internet ecosystem within which .ZA is located. The analysis of the Internet industry was done using the *PESTL* (political, economic, social, technological and legal) approach. PESTL is a useful framework for macro environmental analysis because it provides a more holistic view of key factors affecting one's strategic priorities and performance. After thorough assessments, the PESTL factors affecting .ZA and ZADNA's mandate were identified as shown in ***Figure A***.

Figure A: PESTL analysis outcomes



5.2. Industry analysis

ZADNA's analysis also looked the domain name industry level to focus on the developments and trends that impact on ZADNA's work and the growth of the .ZA namespace. The industry-level analysis was done through the "*Five Forces Model*".

5.2.1. Threat of entry

ZADNA as an organisation faces no threat of new entrants in South Africa because ZADNA, by design, is the only local domain name regulator. However, the .ZA namespace faces several threats that have the potential of attracting domain name applicants away from .ZA:

(a) The impact of the +1 300 **gTLDs** (generic Top Level Domains) has increased competition drastically, as nothing hinders South Africans from registering domain names in these namespaces.

(b) **Social media** platforms present a serious challenge to the growth of domain namespaces globally because these platforms give Internet users effective, "free" online presence without having to register domain names.

(c) **Secondary registries** such as za.com and za.net are a threat in South Africa because people may not discern that such namespaces are not South African.

(d) **Free registries** such as .tk (Tokelau Island) and .ml (Mali) attract a significant number of domain name applicants because they offer domain name registration for free. To date, .tk has around 25 million free domain name registrations.

(e) **Geographic and brand TLDs** (e.g. dotLondon, dotParis, dotMTN and dotDSTV) are a threat to .ZA because they may influence local businesses to obtain their own TLDs from ICANN, and thereby abandon .ZA.

In response to the above threats, the following interventions are planned:

(i) ZADNA will invest more in **public awareness** to make it worthwhile for South Africans to choose .ZA ahead of other TLDs. This will include educating South Africans about the importance of having .ZA domain names in addition to social media profiles.

(ii) ZADNA will explore the feasibility of **second level registrations** (SLRs) to enable existing domain name holders and applicants to obtain register domain names at the second level (yourname.za).

(iii) In line with the decisions in the ICT Policy White Paper, ZADNA should ensure that any new geographic TLD applications are made through ZADNA, are operated by ZADNA and are strategically positioned to compliment, and not compete with, .ZA.

5.2.2. Threat of substitutes

(a) Top Level Domains and **domain name practices** that may directly confuse .ZA may be substitutes for .ZA as they give an impression that they are suitable for South Africans (e.g. za.com, za.net).

(b) **Social media** platforms are substitutes that have an impact of limiting the adoption of .ZA registrations as more people find it convenient to have free, interactive online presence through social media pages.

The interventions planned above (under Threat of Entry) are sufficient to address the identified substitutes.

5.2.3. Power of suppliers

Registry operators (e.g. ZACR) supply the technology for the registration and management of domain names. Their power lies in their ability to influence domain registration standards and practices, which in turn have a potential to influence the pricing of .ZA domain names. However, ZADNA's analysis shows that the influence of .ZA registry operators is positive and supportive in that their pricing of services depends on ZADNA approving such pricing.

5.2.4. Power of buyers

Domain name buyers are both **registrars** and **registrants**.

(a) Registrars are Internet service providers (ISPs) that serve as domain name retailers, stocking in-store different Top Level Domain (TLD) options, in addition to .ZA and ZA dotCities. Their power lies in their ability to influence registrants to choose some TLDs over others.

(b) Registrants are actual domain name holders that register and hold names through registrars. Their power lies in their ability to choose other namespaces instead of .ZA and to choose one registrar over the other.

ZADNA's view is that registrars and registrants present an important level of strategy because of their buying power. The following are interventions that will be implemented to ensure that the registrar and registrant power remains favour of .ZA:

(a) ZADNA will work actively with ZACR to ensure that registrar and registrant needs are addressed to achieve a **positive customer satisfaction** level. The success of this intervention will be measured through the number of new registrations, registration renewal and registration deletion.

(b) ZADNA will assess the extent to which the current .ZA domain name registration framework (registry systems, registrar accreditation, domain name pricing) make it easy and attractive for registrars and domain name users and applicants to register .ZA domain names. Necessary interventions will be made to ensure that domain name registration satisfies the **".ZA Domain Name Value Proposition Index"**. The index measures stability, security, affordability, ease of registration and intellectual property protection in the domain name registration process.

5.2.5. Extent of competitive rivalry

The nature of the domain name industry is such that a country code Top Level Domain (ccTLD) such as .ZA is given natural branding advantage in that it becomes the only TLD identifying a particular country. However, the free, open Internet domain name system (DNS) means that competitive rivalry exists because:

1. Popular gTLDs (such as .com and .net) use a **flexible pricing regime** that allows them, from time to time, to reduce domain name registration prices to almost equal the .ZA fees. Such reductions can increase competition to .ZA.

2. “Mature” Internet users prefer **shorter web addresses** (URLs) with fewer dots between individual domain names and TLDs in which the names are registered (e.g. yourname.za).

3. Some social media platforms give Internet users competitive options of online presence and **customer targeting** that domain names are unlikely to offer.

In response to the increasing competitive rivalry, the following interventions are planned for 2017/2018:

(i) ZADNA will assess the demand for second level registrations (i.e. yourname.za) starting in 2017 and the feasible approach to the roll out of such an initiative.

(ii) ZADNA will explore means that make it easier, faster and more affordable to register .ZA names. This will include exploring **open source** registry systems, **web registration** of domain names by registrars, and **collaborations** with entities responsible for company and intellectual property registrations.

5.3. Organizational analysis

The organizational level analysis was targeted at both ZADNA as an organization. The ZADNA Board carried out this analysis by identifying what has worked well to date and what has not worked well. ***Table 1*** below summarizes the key Board views.

Table 1: *ZADNA Board's analysis of successes & failures*

WHAT HAS WORKED WELL	WHAT HAS NOT WORKED WELL
1. Resourcing the organisational machinery better: • Employment of additional staff • Development of comprehensive organogram & defined human resource framework • Own (rented) premises to allow for growth • Financial stability resulting from surplus and the pending increase in ZACR per-domain-name fees ***2. Improved corporate governance framework*** • Improvements in internal controls (policies, committee charters, delegation of authority, etc) through review of existing controls and addition of new controls • Varied, complimentary Board member expertise enriching Board's decision-making • Internal auditor appointment allowing for better oversight and accountability on resource usage ***3. Management of .ZA root by ZADNA:*** • Assumption of zone file management by ZADNA capacitates ZADNA to manage .ZA better ***4. Growing ZADNA's stature and capacity:*** • Emergence of ZADNA independently of ZACR has increased understanding of ZADNA's mandate • Successful approval on 2016/17 budget based on increased ZACR fees • More active participation in DTPS policy and other processes	***1. Early delivery on targets:*** this resulted from prolonged employee recruitment exercise. ***2. Intra-organisational communications:*** communication between Board and management and between Board members should improve to aid faster decision-making. ***3. Clarifying ZADNA's mandate:*** certain developments within reporting structures have shown varying understanding and expectations of what ZADNA should be doing.

In addition the Board's analysis, the *SWOT* (strengths, weaknesses, opportunities and threats) technique was used to identify any gaps that should be addressed to improve ZADNA's delivery capacity and to enhance its support of the growth of .ZA. The following were identified to be important SWOT factors ***(Table 2)***:

Table 2: *SWOT analysis outcomes*

Strengths	Weaknesses
(a) 98% of total .ZA registrations (+1.1 million currently) are managed by a single, **competent registry** managing large SLDs (ZACR). This makes ZADNA's regulation easy as it largely focuses on a single entity. (b) .ZA is an **established, well-known namespace** that most South Africans choose ahead of other namespaces. (c) .ZA offers both **price-competitive** (through ZACR) and **free** domain name registrations (through, for example, gov.za, ac.za and nom.za). (d) .ZA **Alternative Dispute Resolution** procedure that makes resolution of domain name disputes fast, easy and cost-effective, and supports the protection of intellectual property rights. (e) ZADNA is **financially sustainable** as it has substantial contingency reserves.	(a) ZADNA's **awareness** campaign is yet to tap into the greater part of the South African population. (b) Although substantial reserves have been built, ZADNA's **financial resources** remain substantially limited, and this restricts its output in areas such as awareness. (c) ZACR domain name **pricing framework** is not flexible enough to stimulate domain name registrations (through multi-year registrations & discounts).

Opportunities	Threats
(a) The **ICT Policy White Paper** presents an opportunity for ZADNA to better define how domain name regulation and management should be tightly aligned to support Internet penetration. (b) Around **27 million South Africans Internet users** are an opportunity for future growth in domain name registration. More awareness will be undertaken to reach to this potential market. (c) Granting **second level registrations** (yourname.za) allows Internet users to obtain shorter URLs, and may generate additional excitement about .ZA domain names. (d) Investment in **Black registrar development** can stimulate additional growth as Black registrars can reach to communities that traditional ISPs do not reach. ZADNA will roll out an enterprise development programme to take advantage of this opportunity. (e) **Usage of websites** among specific sectors, particularly schools, remains limited in spite of the increasing implementation of digital classrooms. ZADNA will use its Online Presence Project to provide sponsored .ZA domain name and website access to schools. In the process, this initiative will provide economic to local web designers.	(a) The impact of **free domain names** on .ZA may over time limit the growth of .ZA. (b) ICANN **gTLDs** (+1 300 in total) threaten the future growth of .ZA as South Africans can choose to register in these TLDs instead of .ZA. (c) **Social media** is a threat that may continue to restrict the registration of .ZA domain names because it offers fast, easy and free online presence. (d) **Reliance on a single registry provider** (ZACR) poses several challenges ZADNA's regulatory mandate. This calls for alternative registry management capacity to be put in place to minimise the risk. (e) Online **security** remains a serious threat even in the domain name industry. ZADNA appreciates this threat and continues to monitor security developments and to introduce continuous security improvement standards with which .ZA registries should comply.

6. Strategic Outcome-Oriented Goals

The strategic goals and performance objectives are based on the Balance Scorecard framework (***Figure B***). They address what ZADNA needs to succeed in performing its ECT Act functions, while at the same time taking into consideration the implementation of the White Paper.

.zadna

Figure B: *Balanced Scorecard presentation of ZADNA's strategic goals with performance indicators (in black)*

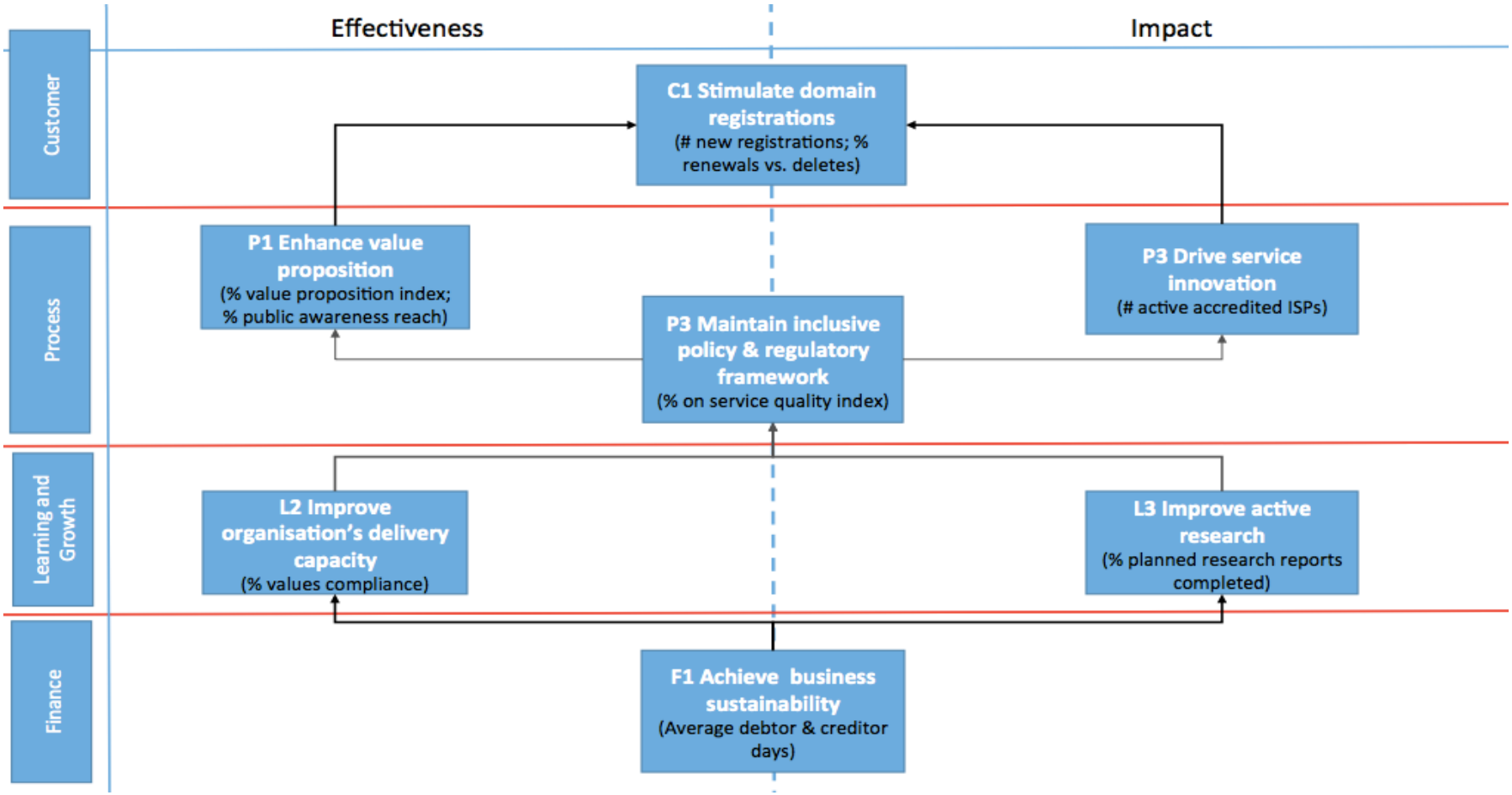


Table 3 below outlines the overall outcomes that are intended for each of the above strategic goals over the next 3 financial years.

Table 3: Outcome-oriented goals

STRATEGIC GOAL	GOAL STATEMENT
1. Stimulate growth in domain registrations growth	Ensure that more .ZA domain names are registered and remain in use through satisfying domain name user needs and improving registrar accreditation.
2. Enhance domain value proposition	Ensure that domain name registration is easy, fast, stable, and secure, protects intellectual property rights, and create more public awareness about the importance of .ZA domain names.
3. Drive service innovation	Implement technological, regulatory and process innovations that stimulate registration and use of .ZA domain names.
4. Maintain inclusive policy and regulatory framework	Implement policies to support .ZA growth, while improving multi-stakeholder participation in policy development and Internet Governance, and using effective channels for stakeholders to access relevant information.
5. Improve organisation's delivery capacity	Develop employee skills and expertise across different areas of ZADNA's mandate, improve employee compliance with ZADNA values, and implement a comprehensive organisation development framework.
6. Maintain active research	Regularly measure domain name user satisfaction and assess impact of emerging Internet technologies and Internet trends on the continued use of domain names.
7. Enhance business sustainability	Ensure timely revenue collection and creditor payment, and implement measures to mitigate identified organisational and namespace risks.

Table 4 below captures the above strategic goals and the allocated performance measurement weighting to each goal. The weighting for each of the 4 Balanced Scorecard strategic perspectives is then spread across the strategic goals under each strategic perspective.

Table 4: *Strategic goals and weighting*

Number	Strategic Perspective	Perspective Weight	Goal Number	Strategic Goals	Goal Weight
1	**Customer & stakeholder**	**20**	1	Stimulate domain registrations growth	20
2	**Process**	**40**	2	Enhance domain value proposition	15
			3	Drive service innovation	10
			4	Maintain inclusive policy & regulatory framework	15
3	**Learning & Growth**	**20**	5	Improve organisation's delivery capacity	10
			6	Maintain active research	10
4	**Finance**	**20**	7	Enhance business sustainability	20
TOTAL		**100**		**TOTAL**	**100**

Table 5 below is a Corporate Scorecard that breaks down the Balanced Scorecard-based strategic goals into key performance outcomes over the next 3 financial years (i.e. 2017/ 2018 to 2019/2020). Each goal is attributed to a specific ECT Act mandate stipulation. Some of the goals cut across all stipulated ECT Act functions of ZADNA.

Table 5: *ZADNA Corporate Scorecard 2017/2018 – 2019/2020 with ECT Act mandate linkage*

Strategic Perspective	Strategic Goal	Weight	Performance Indicator	Target				ECTA Mandate
				Base (current)	2017	2018	2019	
CUSTOMER / STAKEHOLDER	1. Stimulate Domain Registrations Growth	20	(i) No. of domain registration events	N/A	4 .ZA domain registration events	8 .ZA domain registration events	12 .ZA domain registration events	All (section 65)
			(ii) No. of ZADNA-assisted accredited registrars	N/A	10 entities assisted to obtain registrar accreditation	10 entities assisted to obtain registrar accreditation	10 entities assisted to obtain registrar accreditation	S65(1)(a): .ZA management & administration S65(1)(c) & (d): Registry & registrar licensing & regulation

Notes:

(a) Performance indicator 1(i) seeks to stimulate the number of new domain names above the average annual growth of 54 000 new registrations per annum. This will be done through events that are intended to promote .ZA registrations. The events will likely be held in collaboration with some of the South African registrars and/or resellers.

(b) Performance indicator 1(ii) focuses ZADNA on increasing the number of accredited registrars by improving the speed of registrar accreditations through supporting entities that are currently applying for ZACR registrar accreditation. The Registrar-Reseller Enterprise Development Programme will also contribute to additional new registrations as entrance of new registrars and resellers will expand marketing and sales channel reach.

Strategic Perspective	Strategic Goal	Weight	Performance Indicator	Target				ECTA Mandate
				Base (current)	2017	2018	2019	
PROCESS	**2. Enhance Domain Value Proposition**	15	(i) No. of awareness events	10 awareness events held in 2016/17	20 awareness events 20 media coverage 4 rural outreach	30 awareness events 20 media coverage 8 rural outreach	30 awareness events 20 media coverage 10 rural outreach	S65(2): Public awareness S65(3): Research, surveys & investigation
			(ii) No. of ZADNA-driven media statements & mentions	2 statements 4 mentions	6 statements 12 mentions	8 statements 20 mentions	10 statements 30 mentions	
			(iii) % **Domain Value Proposition Index** scored out of 5	3.5 out 5	4.5 out 5	4.5 out 5	4.5 out of 5	

Notes:

(a) Performance indicator 2(i) measures the number of ZADNA's own events and other events that ZADNA will sponsor and exhibit in.

(b) Performance indicator 2(ii) measures the number of ZADNA's own media statements about different namespace and industry developments. It also measures ZADNA-driven media mentions (i.e. media mentions resulting from ZADNA's own efforts) and mentions resulting from coverage solicited by media channels.

(c) **Domain Value Proposition Index** (performance indicator 2(iii)) uses .ZA Stability, Security, Ease of Registration, Affordability and Intellectual Property (IP) Protection as yardstick for measuring the value of .ZA. The objective is to ensure that .ZA is stable in its registration processes, the infrastructure deployed is secure and resilient, domain name registration is easy in terms of speed and accessibility, domain names are price-competitive, and IP rights are upheld and protected in the registration process.

Strategic Perspective	Strategic Goal	Weight	Performance Indicator	Target				ECTA Mandate
				Base (current)	2017	2018	2019	
PROCESS	**3. Drive Service Innovation**	10	(i) Total value of implemented innovations	R700 000	R1.5m	R1.5m	R1.5m	S65(1)(b): Best practice compliance S65(2): Public awareness S65(1)(a): .ZA management & administration
			(ii) No. of innovations implemented to stimulate Internet / domain name access / growth	Unknown	6 Indigenous language .ZA domains & websites heritage 80 sponsored domain names & websites	10 indigenous language .ZA websites published All sponsored sector website maintained	All heritage websites & SLDs maintained All sponsored sector website maintained	

Notes:

(a) Performance indicator 3(i) measures ZADNA's innovation in promoting domain name use. The innovations may be focused on domain name registration process, usage of domain names and infrastructure improvements.

(b) Performance indicator 3(ii) ZADNA's contribution to strategic use of .ZA. The objective is to encourage registration of indigenous language domain names through allocating second level domains (SLDs) and dedicated websites to indigenous languages, culture and place names.

STRATEGIC PERSPECTIVE	STRATEGIC GOAL	WEIGHT	PERFORMANCE INDICATOR	TARGET				ECTA MANDATE
				Base (current)	2017	2018	2019	
PROCESS	**4. Maintain Inclusive Policy & Regulatory Framework**	15	(i) No. of policy & regulatory benchmarks	1 benchmark	2 benchmarks	2 benchmarks	2 benchmarks	S65(1)(a): Management & administration S65(1)(e): Policy & guidelines S65(3): Research, surveys & investigation S65(3)(d): Publication of domain name information
			(ii) No. of completed policy processes	2 processes	3 processes	4 processes	4 processes	
			(iii) No. of Internet Governance engagements	1 Internet Governance engagement	2 Internet Governance engagements	3 Internet Governance engagements	4 Internet Governance engagements	

Notes:

(a) Performance indicator 4(i) and (ii) commits ZADNA to annual policy and related benchmarks and to undertaking annual domain name policy review and/development processes in consultation with all interested/affected parties.

(b) Performance indicator 4(iii) commits ZADNA to a more active multi-stakeholder local Internet Governance coordination, in line with the ICT Policy White Paper that requires the domain name regulator to lead the organisation of the local Internet Governance process, including coordinating the SA Internet Governance Forum.

STRATEGIC PERSPECTIVE	STRATEGIC GOAL	WEIGHT	PERFORMANCE INDICATOR	TARGET				ECTA MANDATE
				Base (current)	2017	2018	2019	
Process	**4. MAINTAIN INCLUSIVE POLICY & REGULATORY FRAMEWORK**		(iv) No. of Internet Governance reports	1 Internet Governance report	2 Internet Governance reports	3 Internet Governance reports	4 Internet Governance reports	S65(1)(b): Best practice compliance S65(1)(e): Policy & guidelines S65(3): Research, surveys & investigation S65(3)(d): Publication of domain name information
			(v) Average performance on **Information Access Index** (scored out of 5)	2 out 5	4 out 5	5 out of 5	5 out 5	

Notes:

(a) The Internet Governance reports targeted under performance indicator 4(iv) include reports covering certain specific Internet Governance areas and an annual Internet Governance report that that will be submitted to the Minister containing any relevant policy recommendations.

(b) The **Information Access Index** uses the number of publications, information distribution channels (e.g. website, social media, etc), and engagements with other parties as means of determining ZADNA's success in providing domain name and other information relating to ZADNA's work, as stipulated in section 65 of the ECT Act.

STRATEGIC PERSPECTIVE	STRATEGIC GOAL	WEIGHT	PERFORMANCE INDICATOR	TARGET				ECTA MANDATE
				Base (current)	2017	2018	2019	
LEARNING & GROWTH	**5. Improve Organisation's Delivery Capacity**	10	(i) Total value of employee training	40% of training budget used	100% of training budget used	100% of training budget used	100% of training budget used	S66 & 67: Reporting to Minister
			(ii) No. of completed training events	60% of planned training is completed	100% of agreed short-term training (STC) completed	100% of agreed STC completed	100% of agreed STC completed	
			(iii) Employee performance on **ZADNA Values Achievement Index** (score out of 5)	75% minimum	80% minimum compliance	90% minimum compliance	95% minimum compliance	
			(iv) Timely submission of quarterly reports	Quarterly reports submitted on deadline day	Quarterly reports submitted within 30 days	Quarterly reports submitted within 30 days	Quarterly reports submitted within 30 days	
			(v) Annual Report submission on deadline day	Annual report submitted on deadline day	Annual reports submitted within 120 days of year-end	Annual reports submitted within 120 days of year-end	Annual reports submitted within 120 days of year-end	

Notes:

(a) The Values Achievement Index (performance indicator 5(iii)) measures employee attitudes and performance towards upholding ZADNA's values, which are Transparency, Accountability, Inclusivity, Affordability and Excellence. The measurement process requires value achievement objectives to be included in employee performance assessment.

(b) Performance indicators 5(iv) and (v) commits ZADNA to improve submission of audited quarterly and annual reports to the Minister and Parliament.

STRATEGIC PERSPECTIVE	STRATEGIC GOAL	WEIGHT	PERFORMANCE INDICATOR	TARGET				ECTA MANDATE
				Base (current)	2017	2018	2019	
LEARNING & GROWTH	**6. Maintain Active Research**	10	Planned research completed	30% minimum completion	100% completion	100% completion	100% completion	S65(3): Research, surveys & investigations S65(1)(b): Best practice compliance
FINANCE	**7. Enhance Business Sustainability**	20	(i) Average debtor days (ii) Average creditor days (iii) Success of risk management (score out of 5)	45 debtor collection days 50 creditor days average 3.5	35 days average 35 days average 4.5 out 5	30 days average 30 days average 5 out of 5	30 days average 30 days average 5 out of 5	All (especially, S66 & 67)

7. 2018/2019 Annual Performance Plan

The 2018/2019 Annual Performance Plan ***(Table 6)*** outlines ZADNA's performance and objectives for the year. The objectives are derived from the Strategic Plan that was approved in 2016. Unlike to 2017/2018 budget that was based on R12.00 per domain name fee, the 2018/2019 annual targets are based on the R7.00 per domain name. The reduction in the budgeted per domain name fee in 2018/2019 results from ZADNA not being able (to date) to collect revenue based on R12.00 due to ZACR having taken to arbitration ZADNA's decision to increase the per domain name fee from R7.00 to R12.00.

As a result of the decrease in the revenue projected for 2018/2019, some of the 2018/2019 annual targets have been reduced and/or altered to be in line with ZADNA's reduced revenue. In essence, the majority of the 2018/2019 targets will largely incur staff costs; there is limited revenue allocated for specific programmes.

(Please note in the Annual Performance Plan below:

- *CEO: Chief Executive Officer*
- *OM: Operations Manager*
- *NDM: Namespace Development Manager*
- *PRM: Policy and Regulation Manager*
- *FM: Finance Manager)*

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Table 6:

2018/2019 Annual Performance Plan

STRATEGIC GOAL 1: STIMULATE DOMAIN REGISTRATION GROWTH						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
1.1 Completed 4 registration events	1 completed .ZA registration event	1 completed .ZA registration event	1 completed .ZA registration event	1 completed .ZA registration event	NDM	Awareness
1.2 Assisted 4 registrar accreditation applicants	Report on 1 entity assisted in registrar accreditation application process	Report on 1 entity assisted in registrar accreditation application process	Report on 1 entity assisted in registrar accreditation application process	Report on 1 entity assisted in registrar accreditation application process	NDM	Staff

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) Re 1.1:
- *(i) The approved strategic plan sets a target of 10 registration events, but due to financial constraints, the annual target has been altered into an annual target of*
- *(ii) "Report on registrar accreditation" focuses on monitoring the .ZA registrar accreditation process and measures taken by ZADNA to assist some of the accreditation applicants.*

(d) Re 1.2: the annual target has been reduced from 10 assisted entities to 4 assisted entities due limited financial resources.

STRATEGIC GOAL 2: ENHANCE DOMAIN VALUE PROPOSITION						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
2.1 Completed 4 awareness event	1 completed .ZA public awareness event about .ZA importance	1 completed .ZA public awareness event about .ZA importance	1 completed .ZA public awareness event about .ZA importance	1 completed .ZA public awareness event about .ZA importance	NDM	Awareness
2.2 Achieved 4 media coverage instances	1 media coverage (excl. social media) about .ZA importance	1 media coverage (excl. social media) about .ZA importance	1 media coverage (excl. social media) about .ZA importance	1 media coverage (excl. social media) about .ZA importance	NDM	Awareness
2.3 Completed 8 rural outreach events	*No target for the year*	*No target for the year*	*No target for the year*	*No target for the year*	*N/A*	*N/A*
2.4 Achieved performance against .ZA Domain Value Proposition Index	*No target for the year*	*No target for the year*	*No target for the year*	*No target for the year*	*N/A*	*N/A*
2.5 Supported DNSSec implementation	Completed DNSSec implementation report	Completed DNSSec implementation report	Completed DNSSec implementation report	Completed DNSSec implementation annual report	NDM	ICT

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) Re 2.1: the annual target has been reduced from 20 public awareness events to 4 events in line with the budget.
(d) Re 2.2: the annual "media coverage" target has been reduced from 20 to 4 coverage instances. Media coverage means online, print, radio and TV.
(e) Re 2.3 and 2.4: approved 2018/19 targets in the strategic plan have been deferred in line with the reduced budget.
(f) Re 2.5: DNSSec implementation report will look at the stability and progress of the ZADNA DNSSec implementation process.

STRATEGIC GOAL 3: DRIVE SERVICE INNOVATION						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
3.1 Implemented service innovation	*No target for the year*	*No target for the year*	*No target for the year*	*No target for the year*	*N/A*	*N/A*
3.2 Published indigenous language .ZA websites	*No target for the year*	*No target for the year*	*No target for the year*	*No target for the year*	*N/A*	*N/A*
3.3 Maintained ZADNA-sponsored websites	Quarterly report on continued functioning of websites published by ZADNA	Quarterly report on continued functioning of websites published by ZADNA	Quarterly report on continued functioning of websites published by ZADNA	Quarterly report on continued functioning of websites published by ZADNA	NDM	Staff
3.4 Explored second level registrations (SLRs)	Completed SLR consultations report	Completed SLR business feasibility proposal	Completed SLR registry-registrar model	Completed SLR implementation report	NDM, PRM	Staff
		Completed draft SLR launch plan		Approved SLR launch plan	PRM	Staff
3.5 Broadened participation in domain name business	Approved SMME development plan	1 completed SMME development event	1 completed SMME development event	Finalised impact assessment report on SMME development	NDM	RRDP

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) Re 3.1 and 3.2: approved 2018/19 targets in the strategic plan have been deferred in line with the reduced budget.
(d) Targets 3.4 and 3.5 are new targets that have been added, as they are incidental to the approved strategic goals.
(e) Re 3.5: RRDP = Registrar-Reseller Development Project.

STRATEGIC GOAL 4: MAINTAIN INCLUSIVE POLICY AND REGULATORY FRAMEWORK						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
4.1 Completed 2 policy benchmarks	Completed SLR benchmark report on .uk and .nz SLR policies	Completed benchmark report on .co and .ke SLR policies		Completed privacy policy benchmark on 5 ccTLDs	PRM	Staff
4.2 Completed 2 policy development processes	Completed report on .ZA SLD General Policy review	Completed .ZA SLD General Policy amendment		Completed Whois policy review		
4.3 Achieved 4 Internet Governance engagements	Report on completed quarterly Internet Governance engagement	Report on completed quarterly Internet Governance engagement	Report on completed quarterly Internet Governance engagement	Report on completed quarterly Internet Governance engagement	PRM	Staff
4.4 Completed Internet Governance reports x3	Completed 2017/2018 Internet Governance Review Report	Completed 1st semester Internet Governance report		Completed 2nd semester Internet Governance report	PRM	Staff

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) Re 4.1" "Policy benchmarking" focuses on assessing policy frameworks that are used in providing Second Level Registrations (SLRs) in the .co (Colombia), .ke (Kenya), .nz (New Zealand) and .uk (United Kingdom) country code Top Level Domains (ccTLDs).
(d) ".ZA SLD General Policy" is the policy of general application across all .ZA SLDs. It became effective on 1 April 2015.

STRATEGIC GOAL 4: MAINTAIN INCLUSIVE POLICY AND REGULATORY FRAMEWORK						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
4.5 Evaluated ZACR compliance with .ZA Operating Agreement		Approved scope of ZACR compliance evaluation	Completed preliminary report on ZACR compliance	Final report on ADR compliance with recommended interventions	PRM	Staff
4.6 Achieved 5 out 5 Information Access Index performance	Published ZADNA updates in: (i) Newsletter x1 (ii) Website x2 (iii) Twitter x4 (iv) Facebook x4 (v) YouTube / Google+ / other x1	Published ZADNA updates across: (i) Newsletter x1 (ii) Website x2 (iii) Twitter x4 (iv) Facebook x4 YouTube / Google+ / other x1	Published ZADNA updates across: (i) Newsletter x1 (ii) Website x2 (iii) Twitter x4 (iv) Facebook x4 YouTube / Google+ / other x1	Published ZADNA updates across: (i) Newsletter x1 (ii) Website x2 (iii) Twitter x4 (iv) Facebook x4 YouTube / Google+ / other x1	NDM	Staff
4.7 Implemented law enforcement engagements x2		Approved law enforcement project plan	Report on 1 completed law enforcement engagement	Report on 1 completed law enforcement engagement	PRM	Staff

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) Re 4.5: this is a new target added in line with ZADNA's regulatory mandate in relation to ZACR. ".ZA Operating Agreement" is the contract that ZADNA concluded with ZACR in 2012 appointing the former UniForum SA to serve as the ZA Central Registry (ZACR) that provides a centralised, automated domain name registration platform for co.za, net.za, org.za and web.za.
(d) 4.7 is a new incidental target due to the growing demand for ZADNA to work actively with local law enforcement agencies in relevant Internet issues.

STRATEGIC GOAL 4: MAINTAIN INCLUSIVE POLICY AND REGULATORY FRAMEWORK						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
4.8 Implemented ADR Mediation process	Completed quarterly report on ADR mediation service	Completed quarterly report on ADR mediation service	Completed quarterly report on ADR mediation service	Completed quarterly report on ADR mediation service	PRM	Legal
4.9 Annual ADR adjudicator and registry compliance evaluation		Approved ADR compliance evaluation scope	Completed collection of service provider feedback on ADR compliance	Completed ADR evaluation report with findings	PRM	Staff
4.10 Published ADR decisions	Completed quarterly ADR decisions published in ZADNA website	Completed quarterly ADR decisions published in ZADNA website	Completed quarterly ADR decisions published in ZADNA website	Completed quarterly ADR decisions published in ZADNA website	PRM	Staff, ICT

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) Target 4.8 is new: "ADR mediation service" is a new, voluntary mediation service that the 2017 Amended Alternative Dispute Resolution (ADR) Regulations require ZADNA to provide to interested dispute parties for free.
(d) Targets 4.9 and 4.10 are new targets that are in line with ZADNA's responsibilities in the ADR Regulations.

STRATEGIC GOAL 4: MAINTAIN INCLUSIVE POLICY AND REGULATORY FRAMEWORK						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
4.11 Developed SLR policy framework		Completed draft registration policies and procedures for SLRs	Approved registration policies and procedures for SLRs	Completed SLR pricing framework	PRM, NDM	Staff
		Completed draft registrar accreditation framework	Completed registrar accreditation framework consultation	Finalised registrar accreditation framework	PRM, NDM	Staff
4.12 Developed SA gTLD framework		Completed internal draft SA gTLD framework	Completed consultation on SA gTLD framework	Board-approved SA gTLD framework	PRM, NDM	Staff
4.13 Reviewed dotCities policy framework	Approved dotCities policy review scope	Completed dotCities policy benchmark	Completed dotCities policy review report		PRM	Staff

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.

(b) "Completed" means submitted to, and signed off as completed by, the CEO.

(c) 4.11 is a new target that is in line with ZADNA's planned launch of Second Level Registrations (SLRs) in 2018/2019.

(d) 4.12 is a new target that is in line with the Ministerial Instruction for ZADNA to develop a suitable policy and operational framework for future SA gTLDs ("generic Top Level Domains").

(e) 4.13 is a new target is in line with the Ministerial Instruction for ZADNA to play a policy development and oversight role over "dotCities" (.capetown, .durban and .joburg).

STRATEGIC GOAL 5: IMPROVE ORGANISATION'S DELIVERY CAPACITY						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
5.1 Employee training budget fully utilised		50% of 2018/19 approved training budget utilised		100% of 2018/19 approved training budget utilised	OM	Staff
5.2 Completed short term training x6 employees	*No target*	*No target*	*No target*	*No target*	*N/A*	*N/A*
5.3 Achieved 90% staff performance against ZADNA Values Index	Quarterly report showing 90% combined ZADNA Values Performance by staff	Quarterly report showing 90% combined ZADNA Values Performance by staff	Quarterly report showing 90% combined ZADNA Values Performance by staff	Quarterly report showing 90% combined ZADNA Values Performance by staff	CEO	Staff
5.4 Board-approved quarterly reports submitted within 30 days	Board-approved 2017/18 Quarter 4 report submitted by 30/7/2018	Board-approved 2018/19 Quarter 1 report submitted by 30/7/2018	Board-approved 2018/19 Quarter 2 report submitted by 30/10/2018	Board-approved 2018/19 Quarter 3 report submitted by 30/1/2019	OM, CEO	Staff
5.5 Annual Report submitted within 120 days of year end	Completed draft 2017/18 Annual Report	Board-approved 2017/18 Annual Report submitted to DTPS by 31/7/2018			CEO	Staff

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.

(c) *Re 5.3: ZADNA's Values Achievement Index measures employee attitudes and performance towards upholding ZADNA's values, which are Transparency, Accountability, Inclusivity, Affordability and Excellence. The measurement process requires value achievement objectives to be included in employee performance assessment. Employee performance is measured on a quarterly basis.*

STRATEGIC GOAL 6: MAINTAIN ACTIVE RESEARCH						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
6.1 All planned research completed	Approved scope of survey on use of .ZA names for web presence	Completed preliminary report on use of .ZA names for web presence	Completed final report on use of .ZA names for web presence		NDM	OPP
		Approved scope of .ZA prevalence in registrar marketing platforms	Completed preliminary report on .ZA prevalence in registrar marketing platforms	Completed final report on .ZA prevalence in registrar marketing platforms	NDM	Staff
	Approved scope of DNSSec benchmarking exercise	Completed preliminary report on DNSSec benchmarking		Completed final DNSSec benchmarking report	NDM	Staff

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) "Survey on Use of .ZA Names for Web Presence" measures the extent to which registered .ZA domain names are used to host websites.
(d) ".ZA Prevalence in Registrar Marketing Platforms" measures the visibility of .ZA among different top level domains (TLDs) in .ZA accredited registrars' platforms.
(e) Re 6.2: the .ZA prevalence evaluation focuses on the extent to which .ZA is visible in relation to other top level domains in .za registrar marketing and sales platforms

STRATEGIC GOAL 7: ENHANCE BUSINESS SUSTAINABILITY						
Annual Target	**Target**				**Resource**	**Cost type**
	Q1	**Q2**	**Q3**	**Q4**		
7.1 Achieved debtor-creditor days	Domain name revenue collected within 30 days of invoice	Domain name revenue collected within 30 days of invoice	Domain name revenue collected within 30 days of invoice	Domain name revenue collected within 30 days of invoice	FM, OM	Professional
	Creditors paid within 30 days of invoice	Creditors paid within 30 days of invoice	Creditors paid within 30 days of invoice	Creditors paid within 30 days of invoice	FM, OM	Professional
7.2 Enhanced risk management	Completed progress report on risk mitigation	Completed progress report on risk mitigation	Completed progress report on risk mitigation	Completed annual risk management report	OM	Staff
7.3 Managed corporate governance compliance	Completed compliance matrix	Completed internal controls review report		Implemented outcomes of internal controls review report	PRM	Staff
7.4 Improved record keeping	CEO's signed-off POEs submitted to Internal Auditor within 10 days of each Quarter's end	CEO's signed-off POEs submitted to Internal Auditor within 10 days of each Quarter's end	CEO's signed-off POEs submitted to Internal Auditor within 10 days of each Quarter's end	CEO's signed-off POEs submitted to Internal Auditor within 10 days of each Quarter's end	OM	Staff

NOTES:

(a) Unless otherwise stated, "approved" means approved by the CEO in writing/by signature.
(b) "Completed" means submitted to, and signed off as completed by, the CEO.
(c) *7.3 is a new target: "Compliance matrix" measures ZADNA's compliance with applicable laws and corporate governance standards.*
(d) *7.4 is a new target: "POE" means "Portfolio of Evidence". POEs are submitted to the internal auditor to prove the achievement of targets.*

8. Resource Considerations

The Income and Expenditure Statement, Cash flow Statement and Statement of Financial Position (***Tables 7*** to ***9***) below explain expected income and how expenditure will occur across different line items. The following is noteworthy:

8.1. Revenue Generation

The budgeted income for 2018/2019 is significantly lower than the previous financial year. The cause of the decrease is the ongoing arbitration between ZADNA and ZACR about the R5.00 per domain name fee increase (from R7.00 to R12.00 per name) that ZADNA implemented from 1 June 2016. In the previous (2017/2018) financial year, the budget was based on the R12.00 fee. However, due to the prolonged arbitration, the increase still cannot be implemented.

Accordingly, ZADNA was compelled to collect its revenue at R7.00. In view of the prolonged arbitration, the ZADNA Board resolved to budget based on R7.00 as the arbitration is still ongoing and may be prolonged further should one of the parties decide to appeal the arbitration outcome. In addition, the Board's decision was based on the risk that the arbitrator may find against ZADNA, in which case the increase will have to be nullified.

Should the arbitrator find in favour of ZADNA, all the outstanding revenue from June 2016 will become payable to ZADNA, and the income will significantly improve.

8.2. Contingency Funds

Due to ZACR arbitration, ZADNA was compelled to use most of its surplus funds to compensate for the shortfall caused by under-collecting per domain name fees at R7.00 when the fees were budgeted to be collected at R12.00

per name. As a result, ZADNA's surplus funds have significantly decreased, and will not be sufficient to cover for the shortfall in the future. Should the arbitrator find in ZADNA's favour, the outstanding difference (of around R10 million as of January 2018) will be payable to ZADNA by ZACR, and will be used to build up contingency reserves.

8.3. Human Resources

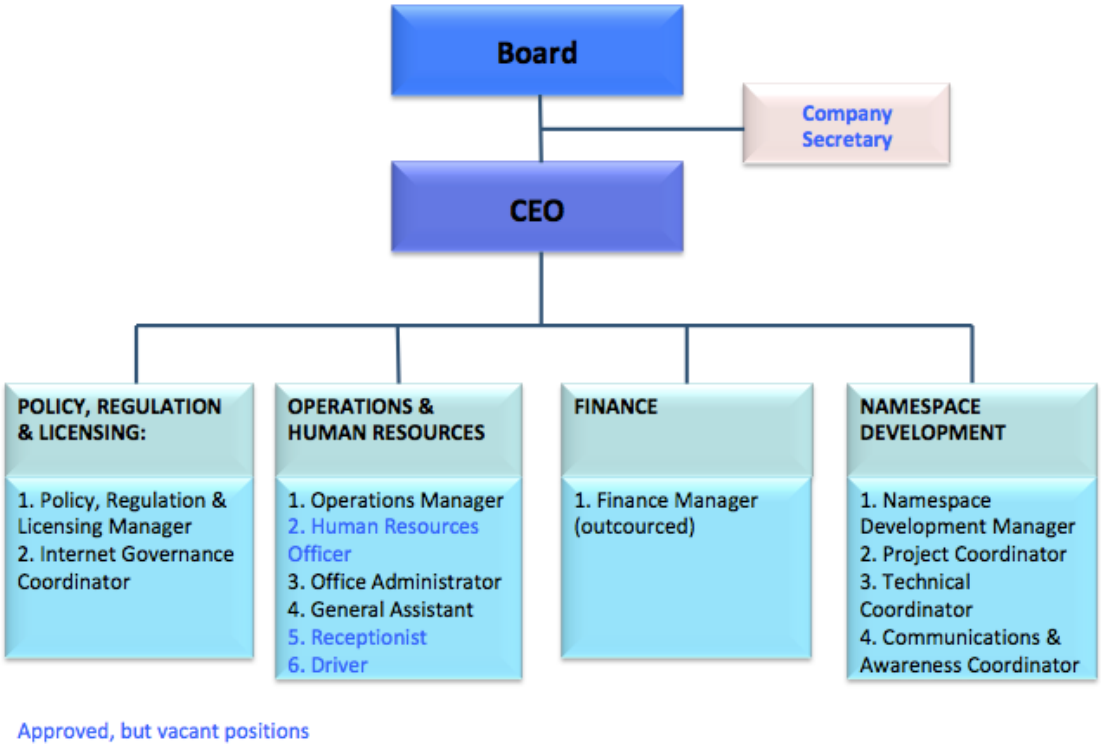
Figure C is the approved ZADNA organogram for 2018/2019. The current organogram has the following approved but vacant positions:

(a) Human Resources Officer;

(b) Receptionist; and

(c) Driver.

Figure C: *Organogram*



The vacant positions have not been budgeted for in-filling in 2018/2019 due to limited revenue.

8.4. Major budget items

Major expenditure is set to occur in the following budget items (each item's percentage contribution to the total expenditure is stated in brackets):

(a) Basic office costs (11.8%);
(b) Legal and professional (11%);
(c) Meetings and events (6%); and
(d) Salaries (60%).

The increase percentage contribution of salaries to the total expenditure results from the reduced R7.00-based revenue budgeted for 2018/2019. Should the arbitration outcome be in favour of ZADNA, the percentage contribution of salaries to the total expenditure will substantially reduce.

Table 7: Draft Income and Expenditure for 2018/2019

2018/2019				2017/2018	
Budget item	**Description**	**Revised 2018/2019 @R7**	**Historic 2017/2018 approved @R12**	**Variance between previous year @ R12 & current year @ R7**	**Notes**
INCOME		**8 487 091**	**14 697 799**	**-6 210 708**	
ZACR		8 400 000	14 040 000		1
Interest		87 091	657 799		
EXPENDITURE		**8 487 215**	**15 269 491**	**-6 782 276**	
Basic office costs		**999 000**	**1 110 000**		
	Staff engagement	5 000	50 000		
	Office supplies	10 000	50 000		
	Postage, printing & copying	2 000	50 000		
	Rent	860 000	780 000		2
	Office furniture & refurbishments	-	100 000		
	Repairs & maintenance	2 000	30 000		
	Wear & tear	120 000	50 000		
Communications, marketing & awareness		**100 000**	**2 000 000**		
	ZA awareness & promotions	100 000	2 000 000		
External relations		**27 000**	**737 000**		
	iWeek	-	200 000		
	Membership contributions: IoDSA	27 000	27 000		
	ICANN	-	300 000		
	Africa Internet / DNS Summit	-	30 000		
	AfTLD membership	-	30 000		
	SA Internet Governance Forum	-	50 000		
	SA School of Internet Governance	-	100 000		
	Other	-	-		

				Notes
Vehicle		**120 000**	**115 000**	
	Company vehicle (purchase)	-	-	
	Fuel & oil	65 000	65 000	
	Other running costs (etolls, etc)	35 000	35 000	
	Insurance	20 000	15 000	
ICT		**334 000**	**427 000**	
	Computers & software	20 000	60 000	
	IT hosting	40 000	20 000	
	Telephone, fax & wireless	150 000	150 000	
	ZA infrastructure & DNSSec	104 000	180 000	3
	Director data bundles	20 000	17 000	
Legal & professional		**930 000**	**1 210 000**	
	Legal	450 000	300 000	
	Professional	250 000	600 000	4
	Accounting Service	230 000	260 000	
	Contingency - unscheduled policy processes	-	50 000	
Meetings & events		**510 000**	**986 000**	
	Directors: Board & Committee meetings Remuneration	500 000	726 000	5
	Directors: Stakeholder Meetings Remuneration	-	180 000	6
	Board & general meeting catering costs	10 000	-	
	Director training	-	80 000	
Namespace Development		**60 000**	**1 300 000**	
	Online Presence Project	20 000	500 000	
	Registrar-Reseller Development Program	40 000	500 000	8
	.ZA Heritage Online SLD Program	-	300 000	9
Research & surveys		**-**	**400 000**	
	ZA market research	-	200 000	
	ZA History Project	-	200 000	

					Notes
Salaries		**5 086 215**	**6 079 491**		
	Salaries & bonus provision	4 708 694	5 629 491		10
	Staff performance provision	282 521	-		11
	Staff training & development	55 000	150 000		
	Recruitment	-	100 000		
	Internship program	40 000	200 000		12
Systems & controls		**66 000**	**35 000**		
	Bank charges	16 000	15 000		
	Insurance	50 000	20 000		
Travel, accommodation & subsistence		**255 000**	**870 000**		
	Parliament	55 000	120 000		13
	ICANN	150 000	350 000		14
	Internet Governance Forum	-	-		
	DTPS Support	-	80 000		
	DTPS Support: International	-	150 000		
	Staff	50 000	100 000		
	Other events	-	70 000		
Deficit		**-124**	**-571 692**		

NOTES:

1 Revenue projected at 1,200,000 registrations @ R7 VAT exclusive, per domain name.
2 Includes 10% annual increase on rental.
3 Service provider costs for .ZA DNSSec support. ZADNA will explore insourcing the service in the course of 2018/19.
4 Includes internal audit (R100 000) & external audit (R150 000) costs.
5 4 quarterly Board meetings @ R10k (=R360k), and 3 committees x 4 meetings @ R2k x 4 members per committee (=R96k); 2 parliament briefs x 2 directors (=R40k).
6 Director remuneration for 2 (compulsory) Parliament appearance by Board (for tabling of annual performance plan and annual report discussion). - Currently postponed due to lack of funding.
7 Costs for hosting and maintenance for the Schools Online Presence Project. - Scaled down
8 Event project & logistics management costs for the Registrar-Reseller Enterprise Development Programme targeting relevant Black SMEs. - Scaled down
9 Costs for roll-out of SLDs dedicated to use of indigenous language domains & to generating indigenous language & heritage content. - Currently postponed due to lack of funding.
10 Excluding R500k salary for Company Secretary & excluding vacant positions
11 Reduced to a 6% bonus provision
12 For current intern in 2nd year internship until 30/11/2018
13 Chair, Treasurer, CEO & OM x2 parliamentary briefings
14 Economy travel @ R25k return, accom @ R10k per trip, daily allow. @ R10k per trip

Table 8: Projected Balance Sheet as at 31 March 2019

		R
ASSETS:		
Non Current Assets		360 000
Current Assets		2 369 757
Accounts Receivable	798 000	
Bank / Cash on Hand	1 571 757	
Total Assets		2 729 757
EQUITY AND LIABILITIES		
Capital And Reserves		-3 111 757
Accumulated (Surplus)/deficit	-3 111 757	
Current Liabilities		382 000
Trade creditors	382 000	
Total Equity and Liabilities		-2 729 757

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Table 9: 2018/2019 Cash Flow Projections

	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
OPENING BALANCE	**801 881**	**825 399**	**1 421 544**	**1 435 919**	**1 317 871**	**1 366 684**	**1 500 761**	**1 555 564**	**1 563 165**	**1 314 059**	**1 487 851**	**1 487 555**
CASH RECEIVED	704 344	1 354 471	707 700	707 778	707 138	707 403	708 129	708 426	708 467	707 118	708 059	708 058
Central Registry	700 000	700 000	700 000	700 000	700 000	700 000	700 000	700 000	700 000	700 000	700 000	700 000
VAT refund 2016/17 year		650 000										
Interest received	4 344	4 471	7 700	7 778	7 138	7 403	8 129	8 426	8 467	7 118	8 059	8 058
CASH OUTFLOW	**680 826**	**758 326**	**693 326**	**825 826**	**658 326**	**573 326**	**653 326**	**700 826**	**957 573**	**533 326**	**708 356**	**623 856**
Staff engagement	415	415	415	415	415	415	415	415	415	415	425	425
Office supplies	830	830	830	830	830	830	830	830	830	830	850	850
Postage, printing & copying	167	167	167	167	167	167	167	167	167	167	167	167
Rent	71 667	71 667	71 667	71 667	71 667	71 667	71 667	71 667	71 667	71 667	71 667	71 667
Office refurbishment		-										
Repairs & Maintenance	167	167	167	167	167	167	167	167	167	167	167	167
ZA awareness				50 000							50 000	
iWeek 2015						-						
Membership contributions: IoDSA												27 000
Membership contributions: ICANN			-									

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	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
Africa Internet Summit			-									
AfTLD						-						
SA Internet Governance Forum					-							
SA School of Internet Gov												
Other	-	-	-	-	-	-	-	-	-	-	-	-
Fuel & oil	5 000	5 000	5 000	10 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000
Running costs excl. fuel	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	1 000	3 000	3 000	4 000
Insurance	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667
Computers & software	20 000		-		-							
IT hosting	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333
Telephone, fax & wireless	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500	12 500
ZA infrastructure & DNSSec	8 667	8 667	8 667	8 667	8 667	8 667	8 667	8 667	8 667	8 667	8 667	8 667
Director data bundles	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667
Legal	100 000	100 000	100 000	50 000			100 000					
Professional			25 000	150 000		25 000			25 000			25 000
Accounting Service	10 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000	20 000
Contingency - unscheduled policy processes					-			-			-	
Directors: Board & Committee meetings Remuneration		125 000			125 000		20 000	105 000			125 000	
Directors: Stakeholder Meetings Remuneration			-					-				
Board & general meeting venue costs			5 000			5 000						

	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Mar 19
Director training				-			-					
Online Presence Project						10 000			10 000			
Registrar-Reseller Development Program	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333	3 333
.za Heritage Online SLD program												
ZA market research												
.za History Project												
Staff Remuneration	391 247	391 247	391 247	391 247	391 247	391 247	391 247	391 247	782 495	391 247	391 247	391 247
Bank charges	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333
Insurance	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167
Parliament			30 000					25 000				
ICANN	37 500			37 500				37 500				37 500
Internet Governance Forum				-						-		
DTPS Support: Local	-	-	-	-	-	-	-	-		-	-	
DTPS Support: International				-						-		
Staff	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167	4 167
CLOSING BALANCE	**825 399**	**1 421 544**	**1 435 919**	**1 317 871**	**1 366 684**	**1 500 761**	**1 555 564**	**1 563 165**	**1 314 059**	**1 487 851**	**1 487 555**	**1 571 757**

9. Risk Management

The management of risks facing ZADNA has been one of the priorities since 2016. Our outsourced internal auditor has since the 2016/2017 financial years assisted both the ZADNA Board and ZADNA to conduct comprehensive risk assessments across both the organisation and the .ZA namespace. As a result, the Board approved a detailed Risk Management Policy and Procedures and a comprehensive Risk Register in early 2017. In addition, the internal auditor also completed audits cutting across governance, compliance, human resources, ICT and financial resources.

The outcomes of the audits were used to enhance the Risk Register and to develop risk management plans cutting across the different work spheres of the organisation. The Risk Management Plan ***(Table 10)*** below focuses on key risks and outlines mitigation measures that will be put in place to mitigate the risks. In addition to this Plan, the organisation maintains detailed divisional risk management plans that are used to monitor management's progress in mitigating and managing the risks.

.zadna

Table 10: 2018/2019 Risk Management Plan

1. STRATEGIC RISKS					
Potential Risk	**Strategic Goal Affected**	**Contributing factors**	**Impact**	**Recommended Mitigating actions**	**Risk rating**
(a) Insufficient revenue growth	All strategic goals	• Single source of revenue (ZACR) • ZACR resistance to increases to fees payable to ZADNA	• Limited revenue, restricting expenditure levels • Inability to achieve strategic goals and annual performance targets • Depleted cash reserves • Going concern issues	• Alternative revenue sources to be explored. In the short term, second level registrations (SLRs) to be explored. • Implementing some of the programmes in partnership with public and private sector entities • Exploring funding from DTPS	High
(b) Lack of succession planning	Improve organisation's delivery capacity	• Limited revenue • Single source of revenue	• Inability to sufficiently develop management layer to mitigate the impact of managerial resignations • Difficulty in offering competitive remuneration packages that attracts highly capable workforce	• Develop and implement a Succession Plan • Develop and implement an employee incentive scheme as a means of retaining current staff and attract capable new staff • Invest in training and development	Medium
(c) Lack of readiness to implement ICT Policy White Paper	All strategic goals	• Insufficient financial resources to prepare ZADNA for the integration of ICT regulatory bodies	• Inability to effectively support the integration of regulatory bodies	• Implement Ministerial directive instructing ZADNA to implement certain programmes in preparation for the integration of ICT regulatory bodies • Explore funding from DTPS and other partners to finance activities emanating from the White Paper • Support DTPS legislative amendment programme	High

2. PROGRAMME / OPERATIONAL RISKS					
Potential Risk	**Strategic Goal Affected**	**Contributing factors**	**Impact**	**Recommended Mitigating actions**	**Risk rating**
(a) Ineffective public awareness	Stimulate domain registration growth	• Insufficient investment in public awareness programme	• Slow growth in domain name registrations • Slow growth in revenue	• Increase investment in public awareness programme • Collaborate with strategic partners	Medium
(b) Inability to audit ZACR compliance with .ZA Operating Agreement	Enhance domain name value proposition	• Lack of resources to sufficiently audit credibility of IT systems, business processes and reports of the Central Registry	• Poor regulation and compliance enforcement over the Central Registry • Inability to ensure compliance of registrars	• Develop and Audit Framework; • Implement a Compliance and Audit Plan	Medium
(c) Poor Network firewalls controls	Improve organisation's delivery capacity	• Limited revenue • Reliance on outsourced ICT service providers	• No internally managed network firewall in place • Lack of dedicated internal resource for network monitoring • Risk of network intrusion	• In the short term, revise current 3rd party service level agreements to ensure sufficient firewall protection • In the medium term, explore procurement of own IT infrastructure and install relevant firewall measures	High
(d) Poor Software and application controls	Improve organisation's delivery capacity	• Software installations policies lacking • Lack of monitoring of software installation on company devices	• Software license abuse and Software consumption over limit use (which could result in fines) • Inability to compile software consumption report that should help with financial planning and budgets	• All software licenses are being reviewed with a view of securing group user licenses instead of individual user licenses	Medium
(e) Risk of business interruptions	Improve organisation's delivery capacity	• Insufficient financial resources Reliance on 3rd party service providers • Reliance on single revenue source	• Inability to implement robust business continuity measures	• Business continuity plan being finalised, including off-site back plans • Explore alternative revenue channels	High

3. NAMESPACE RISKS					
Potential Risk	**Strategic Goal Affected**	**Contributing factors**	**Impact**	**Recommended Mitigating actions**	**Risk rating**
(a) Loss of domain name registration data	Enhance domain value proposition	• Registry systems not being regularly audited to ensure they meet service expectations • Domain name information not being collected and maintained as per agreed service levels	• Domain name information not being trusted and lacking integrity • ZADNA not being able to readily access domain name registration data	• Explore of using current ZADNA nameservers as secondary nameservers to which domain name registration data can also be copied	Medium
(b) Decline in registration and usage of .ZA domain names	Enhance domain value proposition	• Increased competition due to more 1 300 top level domains entering the Internet since 2012 • .ZA's 3rd level registration model (i.e. yourname.co.za) is seen as less desirable than those TLDs using 2nd level model (i.e. yourname.com) • Increase in usage of social media (instead of domain names) for online presence, advertisement and blogging	• .ZA not being seen as viable for faster web navigation due to its 3rd level registration structure • Decline in the number of new registrations leading to limited revenue	• Second level registrations in .ZA will be explored in 2018/2019 to offer shorter domain names that support faster web navigation and memorability • More investment in education and awareness to advocate benefits of registering and using .ZA domain names and websites	Medium to high
(c) Insufficiently secure namespace	Stimulate domain registration growth Enhance domain value proposition	• Poor DNSSec awareness • Slow DNSSec buy-in by registries and registrars	• Increasingly vulnerable .ZA namespace • Diminishing trust and integrity of .ZA domain names	• Explore compelling DNSSec adoption across all second level domains • Explore partnerships with registrars to increase DNSSec adoption by domain name holders	Medium

10. Conclusion

The 2018/19 to 2020/21 Strategic Plan has outlined the strategic goals that will drive ZADNA's business plans and budget for the next 3 financial years. The plans are based on a environmental assessment that has served as a basis for the strategic goals. The strategic goals have also explained ZADNA's contribution to the social upliftment of South Africans. ZADNA will continue its active focus on promoting usage of indigenous languages in .ZA websites and domain names, while at the same also enhancing its Registrar-Reseller Enterprise Development Programme

The Annual Performance Plan for the 2018/19 financial year provides detailed performance targets that ZADNA will seek to achieve in 2018/2019. The targets are set based on ZADNA's available human and other resources, and their achievement is dependent on the target revenue being raised. The 2018/10 budget is based on the R12.00 (VAT exclusive) per domain name fee, and provides for a limited deficit that will be funded from surplus funds.

ZADNA is confident that it will succeed to achieve its objectives in a changing ICT regulatory landscape. Inevitably, it is possible that ZADNA may also have to undertake additional work as the implementation of the ICT Policy White Paper unfolds.

END