

## FOURTH ANNUAL GENERAL MEETING

### MINUTES OF MEETING HELD ON 20 NOVEMBER 2007

Item No.	Item
1	<p><b>Welcome</b></p> <p>The third Annual General Meeting of the .za Domain Name Authority (.za DNA) was opened by the Chairperson, Dr. Hasmukh Gajjar, at 10:15.</p>
2	<p><b>Apologies and Attendance</b></p> <p><b>Apologies</b></p> <p>Apologies were received from Nirvani Dhevcharran, Lucky Masilela and Duncan Martin, all of whom were new members of the Board. The Chairperson notified the meeting that there were no other apologies received.</p> <p><b>Attendance</b></p> <p><u>Please see the attached Attendance List.</u></p>
3	<p><b>Consideration of received proxy forms</b></p> <p>The meeting noted two proxy forms from Ellister Priecher and Karien Elkins.</p>
4	<p><b>Adoption of the minutes of the 2006 AGM</b></p> <p>Approval of the minutes of 17 November 2006 was proposed by Calvin Browne and seconded by Theo Kramer.</p>
5	<p><b>Chairperson's Annual Report</b></p> <p>The Chairperson tabled his annual report to the meeting. The report covered the following areas:</p> <ul style="list-style-type: none"> <li>• New Board of Directors</li> <li>• Public consultation process</li> <li>• Alternative dispute resolution regulations</li> <li>• Proposed amendments to Memorandum and Articles of Association</li> <li>• Outreach and Awareness</li> <li>• Financial Report</li> <li>• Technical management of the .za domain name</li> <li>• Appointment of New Staff</li> <li>• Participation in global policy development processes</li> <li>• Conclusion</li> </ul>

	<p>He brought it to member's attention that the Authority had appointed a Secretary for the General Manager, and that the Authority would add more staff once the Business model was finalized.</p> <p><i>The full report is attached below as <b>Annexure A</b>.</i></p>
<p><b>6</b></p>	<p><b>2006/2007 Audited Financial Statement</b></p> <p>Alan Levin, former Board member and Treasurer, indicated that Travel Costs were lower than the previous financial year, and this was because the Directors were no longer attending ICANN meetings. Overall, the Authority had a balance of around R3 million.</p> <p>Calvin Browne had the following comments on the AFS:</p> <ol style="list-style-type: none"> <li>1. Page 3: To the <u>shareholders</u> of .za DNA: In future this should be to the <u>members</u></li> <li>2. Page 5: Directors report should include the liabilities that members incurred</li> <li>3. Page 6: Under Equity and Liabilities, <u>Retained</u> income should be <u>Surplus</u> income</li> <li>4. Page 7: <u>Operating</u> profit should be <u>Surplus</u> profit</li> <li>5. Page 12: <u>Operating</u> profit should be <u>Surplus</u> profit</li> <li>6. Page 14: <u>Profit</u> for the period should be <u>Surplus</u> for the period</li> </ol> <p>He also enquired if the Authority had a copy of the tax exempt form from SARS. John de Jager explained that the legislation had changed and that everyone should re-apply for tax exemption. De Jager Auditors were in the process of re-applying for the new tax exemption certificate.</p> <p>Paul van de Venter suggested that the Minutes of the AGM should include the attendance list of the members. The Secretary should sign the minutes and then the Chairperson should sign them off.</p> <p>The members' comments were noted for actioning.</p> <p>The approval of the audited financial statement was proposed by Calvin Browne and seconded by Theo Kramer.</p>
<p><b>7</b></p>	<p><b>Proposed amendments to the Memorandum and Articles of Association</b></p> <p>A discussion took place regarding the Memo and Articles, as some members felt that they had not been given a sufficient opportunity to provide comments before the documents was submitted to DOC for approval.</p> <p>Calvin Browne, Mike Lawrie and Theo Kramer pointed out that there were some important proposed amendments which were problematic and needed change, particularly those relating the appointment of Board members. What was proposed in the amendments was different to what the nomination process stipulated by the ECT Act, and such amendment could therefore not be allowed to stand.</p> <p>Alan Levin stated that the proposed amendments had been submitted to DOC after the document had been posted to the Authority's website for members to comment, but the time allocated was only a week. He pointed out that the amendments had been managed by Manco and the General Manager, but he was concerned with the conflicts between the manner in which the Minister of Communications used to appoint the new Board and the Board appointment process outlined in the current Memo and Articles.</p>

	<p>As far as he was concerned, the new Board had not been validly appointed and therefore could continue to exist.</p> <p>The Chairperson clarified that the members were free to re-open the comment process if they so desired before the Minister approved the amendments, as the amendments were still an ongoing project. He asked if the meeting was in support of having the comments process reopened. Victor Wilson noted the proposal for reopening the comment process, but proposed that the proposed amendments should be adopted since the members had been consulted before and no comments had been received.</p> <p>The Chairperson put the matter on vote. Three members voted in support of Victor's proposal while five voted against it. It was therefore agreed that:</p> <ul style="list-style-type: none"> <li>(a) The members should be given an opportunity to comment further to the proposed amendments. The deadline for this should be 31 January 2008. A non-moderated mailing list should be set up for this discussion, and should be subscribed by all members. The members should be given an option to opt out of the list if they so wished.</li> <li>(b) The amendments should be revised in accordance with the comments to be submitted by the members, and a revised version should subsequently be tabled at a special general meeting of members for approval.</li> <li>(c) The Department of Communications should be asked to delay tabling the current proposed amendments to the Minister until the special general meeting approves the revised amendments.</li> </ul> <p>The meeting also considered the statement made by Alan Levin to the effect that the current Board had not been properly appointed, and none of the members shared the same view, as they felt that due process stipulated in the ECT Act had been followed in appointing the new Board.</p>
<p><b>8</b></p>	<p><b>Tenure of Directors</b></p> <p>This agenda point was only for notation. It was included in the Chairperson's annual report and the details of the new Board members had already been made available on the website.</p>
<p><b>9</b></p> <p><b>9.1</b></p> <p><b>9.2</b></p>	<p><b>Any other business</b></p> <p><b>Status of the AGM</b></p> <p>Alan Levin felt that in terms of the current Memorandum and Articles, the AGM could not be constituted as there was no budget proposed for the next financial year. The board members felt that this was a valid AGM and that the budget for the next financial year should be discussed at the same special general meeting to approve amendments to the Memo and Articles.</p> <p><b>IPv6 Transition</b></p> <p>Mike Lawrie pointed out that the Authority needed to start planning for transition to the IPv6 addresses as the current IPv4 might be exhausted and the .za space might be in jeopardy. The Chairperson stated that the new Board would urgent attention to this matter.</p>

<b>9.3</b>	<b>Appointment of External Auditors</b>  JTC Chartered Accountants and Auditors were re-appointed as .zaDNA's external Auditors until the 2008 AGM.
<b>12</b>	<b>CLOSURE</b>  The Chairperson closed the meeting at 12:00



## 2007 AGM Attendance List

### MEMBERS

Mike Lawrie  
David Peall  
Neil Dundas  
Theo Kramer  
Mark Elkins  
Paul van de Venter  
AH Wood-Wright  
Calvin Browne  
Victor Wilson  
Alan Levin

### BOARD OF DIRECTORS

Hasmukh Gajjar  
Preeti Bhagattjee  
William Roland  
Nhlanhla Mabaso  
Ant Brooks

### STAFF

Vika Mpisane (General Manager)  
Nompilo Nxele (Secretary)

### OTHER

John de Jager (De Jager Auditors - Outsourced Financial & Secretarial Services Provider)  
Elaine de Lange (De Jager Auditors - Outsourced Financial & Secretarial Services Provider)



## Chairperson's Annual Report 2007 AGM

### Introduction

Ladies and gentlemen, on behalf of the Board of Directors of the .za Domain Name Authority, I welcome you all to this annual general meeting. We thank you for taking some time out to come and hear what has happened since the 2006 AGM.

### New Board of Directors

Before proceeding to report on the work done since the last AGM, I would like to remind this meeting that the Authority has since had a new Board of Directors as of 1 September 2007. This came after the Minister of Communications had sent out a public notice on various media channels calling on the South African public to forward nominations.

More than 60 nominations were received, and the selection panel set by the Minister went through many interviews with short-listed candidates. Finally, a 9 member Board was proposed to the Minister who then endorsed the new Board. Three (3) of the new Board members were also members of the former Board, and this will hopefully ensure continuity in the work done by the Authority.

The transition from the former to the new Board has meant that a number of work areas had to be slowed down, as it was necessary to have the new Board members go through an induction process to allow them to have a full grasp of the work done by the Authority. As a result of this, an interesting orientation workshop was held on 13 November 2007 comprising of both the former and new Board members. The new Board expressed its happiness with the workshop.

I would like to take this opportunity to welcome the new Board members and wish them well in carrying out their Board duties.

### Public consultation process

Since the 2007 AGM, the former Board continued with its efforts of developing a suitable .za domain namespace policy and procedures. This project proved to be a challenging, reiterative process which required both determination and patience, as the former Board had to go back and forth in considering various global DNS policy and business models.

Various versions of the policy were drafted, and each version provoked detailed discussions between Board members. At some stage it looked like there was agreement on the hybrid model which would have given registrants an opportunity to register domain names directly under .za.

However, when this model was thoroughly questioned, mainly through discussions with various ccTLDs, it became clear that there was not a strong enough business case to justify changing the

current structure of the .za domain. The former Board therefore had to again go back to look at the pros and cons of the current structure.

There are many areas where the former Board shared common views, and these include:

- Appointment of a single registry operator to run all .za domains;
- Maintenance of the current .za structure of second level domains;
- The need to review all .za domains with a view of closing down those that had proven to be unsustainable;
- Separation of registry/registrar roles thereby allowing competition among registrars only;
- Formulation of a suitable licensing framework which should enforce compliance with BBBEE in the .za domain name space.

By the end of the tenure of the former Board, few submissions were received from major players. This was contrary to the expectation that there would be a significant number of submissions, as the Authority had met various Internet and business organisations encouraging them to participate in the policy development processes.

At this stage, the Authority is now working on tabling a revised policy based primarily on the submissions received. In doing so, we hope to find ways of engaging the stakeholders again before we table the proposed policy to the Minister of Communications. Our hope is that the final policy and licensing regulations will be ready for implementation before the end of the current financial year.

The Internet community and other organisations will be kept informed of developments.

## **Alternative dispute resolution regulations**

The implementation of the co.za Alternative Dispute Resolution process began in earnest on 2 April 2007. This came after the Authority accredited both the Arbitration Foundation of Southern Africa (AFSA) and the South African Institute of Intellectual Property Law (SAIIPL) to provide resolution of domain name disputes in the co.za domain.

The ADR process was publicly launched in May 2007 and it generated an impressive response and coverage by the media both locally and internationally. Since then the Authority has continued to receive enquiries about the process. Both accredited ADR providers, particularly SAIPL, have had enquiries and disputes referred to them. It is SAIPL that has managed to resolve all the disputes decided to date.

The ADR Regulations also put an obligation upon the Authority to set up a fund intended to provide financial assistance to those parties wanting to lodge disputes, but cannot afford the fees. The fund is supposed to be set from the 10% of each dispute fee paid to the Authority by the providers.

To avoid potential abuse of the ADR financial assistance, eligibility guidelines were prepared to help in evaluating applications. At this stage, no request has been made for such financial assistance.

There is also an ADR monitoring and evaluation framework which was developed to monitor the performance of the accredited providers and to ensure their compliance with their obligations in terms of both the Regulations and the service-level agreement signed between the Authority and the providers.

The Authority also worked together with SAIPL to organize an ADR workshop which saw presentations made by both representatives of both the World Intellectual Property Organisation (WIPO) and Nominet (which operates the .uk registry). The primary aim of the workshop was to

introduce the .za adjudicators to the global best practices in domain name dispute resolution processes.

Recently, SAIPL invited the Authority to do ADR presentations to the annual general meeting of the Black Lawyers Association. The presentations were well received from what we hear, and it is our hope that more Black lawyers will be able to become adjudicators.

## **Proposed amendments to Memorandum and Articles of Association**

This is one subject that has failed to have a happy ending to date. Our target since the last AGM was to have the amendments approved by the Minister of Communications by June 2007. However, this did not happen as the Department of Communications' officials raised an additional number of questions and concerns, some of which were very helpful in defining the amendments more clearly, and avoid contravening various pieces of legislation.

Prior to the submission of the final proposed amendments to the Department, the members of .za DNA were given an opportunity to comment. The only comment received was from UniForum, which basically raised procedural concerns with the process. The concerns were noted and will be borne in mind should further amendments be required.

In the light of those concerns it should be clarified that .za DNA members have a right to propose amendments to the memorandum and articles of association, if they feel such changes are necessary. The currently proposed amendments were made by the former Board when it became clear that the current memo and articles did not clearly and properly define the powers of the Authority as required by the Companies Act.

We did emphasize the importance of having the Department treat the amendments as a matter of urgency, but the only report we have to date is that the amendments are now before the Director-General, and she is likely to approve them before this year ends.

Once this happens, the members will be notified and the approved version will be posted to the .za DNA website.

## **Outreach and Awareness**

The ECT Act requires the Authority to educate the South African public about economic and commercial benefits within the domain name industry. To this end, the Authority is in the process of appointing a suitable service provider to assist the Authority in carrying out public relations, education and awareness programs. The appointment is awaiting the first meeting of the new Board which is scheduled for the second week of December 2007.

## **Financial Report**

The Authority has continued to receive seed funding from the Department of Communications, and this is set to continue until we start receiving license, registration and renewal fees from the registry operators. The current balance of around R3 million guarantees us that we will be able to function effectively over the next year.

For the past year, an external audit was carried out and it gave a vote of confidence to the financial control measures we have in place. More on this matter will be reported by the former Board Treasurer, Alan Levin.

The Authority is also in the process of appointing an outsourced financial and secretarial services provider. Currently, we have De Jager Auditors carrying out this task on a temporary basis since the

withdrawal of Xabiso Chartered Accountants from the contract. While one would think we should have speedily appointed a permanent service provider, we saw it unnecessary to rush into doing this until we fully define our business model.

There is even a possibility that we may opt to permanently appoint a financial manager to perform these tasks internally, but it will all depend on the final business model the Board will approve.

## **Technical management of .za domain name**

As you may recall, the Authority took over the technical management functions of the .za zone files and other DNS data from Namespace. The function of managing the .za zone file continues to be outsourced to Internet Solutions, which coordinates this function on day-to-day basis at no charge to the Authority. The Technical Committee (Techcom) of the Board has maintained oversight over this contract and has ensured that it considers and endorses any changes to the zone file.

## **Appointment of New Staff**

For sometime the Authority's only employee was Vika Mpisane in his capacity of General Manager. However, since May this year, he appointed a temporary employee to provide administration assistance. The former Board had asked him to define the kind of positions needed to be created, and the August Board meeting finally endorsed the position of Secretary. Miss Nompilo Nxele was subsequently appointed in this capacity and she commenced her duties on 1 November 2007.

The GM has also proposed creation of 2 manager additional positions, these being a manager to assist in the areas of policy, ADR, education and awareness, while the other manager will be responsible for technical operations and defining technical standards for the .za DNS in collaboration with the Technical Committee. These would have to be endorsed by the new Board.

These appointments should help speed up the implementation of the Authority's work program.

## **Participation in global policy development processes**

The GM has continued to attend various Internet policy development events. These include:

- AfriNIC Mauritius meeting in November 2006;
- ICANN Sao Paulo in December 2006;
- ICANN Lisbon in March 2007;
- AfTLD Cairo workshop in May 2007;
- AfriNIC Durban in September 2007;
- EU's Rome Internet Rights workshop in September 2007 (funded by DOC);
- ICANN Los Angeles in October 2007; and
- Rio de Janeiro Internet Governance Forum last week (funded by DOC).

Most of these meetings continue to give the Authority insight in DNS best practices, and have been used to test various policy options that the Authority may take.

## **Conclusion**

A substantial amount of work has been done since the 2006 AGM, although not all that we had set to achieve was achieved. Perhaps the most important lesson to draw from the delays is that consultative policy development processes by their nature tend to become slow, particularly where meaningful consensus is sought.

Although the former Board wanted to do as much work as possible particularly in the area of .za domain policy and licensing procedure, it also appreciated the importance of rigorously questioning its own views until it came to a carefully thought conclusion.

It is my sincere hope and belief that much more work will be done over the next year and that the Authority will finally emerge completely from any shadows to a well recognised and understood entity.

I would like to thank the former Board members for their dedication and courage in establishing the Authority to be a recognised player in the .za domain space. They sacrificed a lot in the process, and their sacrifices were of great worth in strengthening the .za DNS.

I thank you all.

*Presented by:  
Dr. Hasmukh Gajjar  
.za DNA Chairperson  
20 November 2007*

---

**SECRETARY**

---

**CHAIRPERSON**

---

**DATE**