

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

**Annual Financial Statements
for the year ended 31 March 2016**

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Index

The reports and statements set out below comprise the annual financial statements presented to the members:

General Information	2 - 3
Independent Auditor's Report	4
Directors' Responsibilities and Approval	5
Directors' Report	6
Statement of Financial Position	7
Statement of Profit or Loss and Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 17
Notes to the Annual Financial Statements	18 - 25

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	26 - 27
---------------------------	---------

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

General Information

Country Of Incorporation And Domicile	South Africa
Nature Of Business And Principal Activities	The regulation and management of the ZA domain name space
Directors	Adv MJ Ralefatane (Chairperson) Mr N Msibi (Treasurer) Mr AM Brooks Ms N Dhevcharran Mr MR Khumalo Dr YKN Mohutsioa-Mathabathe Ms MO Morata Dr NYH Mzizana Mr J Tshipa
Registered Office	COZA House Gazelle Close Old Pretoria Road Midrand 1685
Business address	COZA House Gazelle Close Old Pretoria Road Midrand 1685
Postal address	PO Box 4620 Halfway House 1685
Bankers	ABSA Grindrod Bank Limited
Auditors	PricewaterhouseCoopers Inc. Chartered Accountants (S.A.) Registered Auditor Pretoria
Company registration number	2003/021150/08

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

General Information

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

Preparer

The annual financial statements were independently compiled by:
De Jager Registered Public Accountants & Auditors



Independent auditor's report to the members of The ZA Domain Name Authority (NPC)

We have audited the annual financial statements of The ZA Domain Name Authority (NPC) set out on pages 6 to 24, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

*PricewaterhouseCoopers Inc., 32 Ida Street, Menlo Park 0081, P O Box 35296, Menlo Park 0102, South Africa
T: +27 (12) 429 0000, F: +27 (12) 429 0100, www.pwc.co.za*

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglon Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The ZA Domain Name Authority (NPC) as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other report required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements. The report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Other matter

The supplementary information set out on pages 25 to 26 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly we do not express an opinion thereon.

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc.

Director: Nezira Ayob

Registered Auditor

Pretoria

27 July 2016

PricewaterhouseCoopers Inc., 32 Ida Street, Menlo Park 0081, P O Box 35296, Menlo Park 0102, South Africa
T: +27 (12) 429 0000, F: +27 (12) 429 0100, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards and are prepared in accordance with the International Financial reporting Framework and the requirements of the Companies Act of 2008 as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

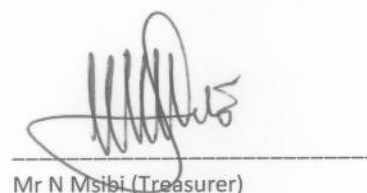
The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The annual financial statements as set out on pages 7 to 25 were approved by the board on 22 July 2016 and were signed on their behalf by:



Adv MJ Ralefatane (Chairperson)



Mr N Msibi (Treasurer)

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of The ZA Domain Name Authority (NPC) for the year ended 31 March 2016.

1. Nature of business

The ZA Domain Name Authority (NPC) is engaged in the protection and the furtherance of the ZA domain name space and operates principally in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008. The accounting policies have been applied consistently with the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the company.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

Adv MJ Ralefatane (Chairperson)

Mr N Msibi (Treasurer)

Mr AM Brooks

Ms N Dhevcharran

Mr MR Khumalo

Dr YKN Mohutsioa-Mathabathe

Ms MO Morata

Dr NYH Mzizana

Mr J Tshipa

5. Secretary

The company is a Not for Profit Company and is not required to appoint a secretary.

6. Auditors

PricewaterhouseCoopers Inc. were the auditors for the year under review.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements as at 31 March 2016

Statement of Financial Position

Figures in R	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	1	157,717	149,125
Current Assets			
Trade and other receivables	2	776,491	2,026,993
Cash and cash equivalents	3	10,454,327	6,961,114
		11,230,818	8,988,107
Total Assets		11,388,535	9,137,232
Equity and Liabilities			
Equity			
Retained surplus		10,558,214	8,729,468
Current Liabilities			
Trade and other payables	4	830,321	378,616
Credit card	3	-	29,148
		830,321	407,764
Total Equity and Liabilities		11,388,535	9,137,232

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Statement of Profit or Loss and Comprehensive Income

Figures in R	Note(s)	2016	2015
Revenue	5	7,239,121	6,884,105
Other income	6	14,000	17,000
Operating costs		(2,622,973)	(2,987,066)
Salaries & Wages	10	(3,392,561)	(2,601,545)
Operating surplus	7	1,237,587	1,312,494
Interest received	8	591,157	467,242
Surplus for the year		1,828,744	1,779,736

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Statement of Changes in Equity

Figures in R	Retained earnings	Total
Balance at 1 April 2014	6,949,732	6,949,732
Total comprehensive surplus for the year		
Surplus for the year	1,779,736	1,779,736
Total comprehensive surplus for the year	1,779,736	1,779,736
Balance at 1 April 2015	8,729,468	8,729,468
Balance at 1 April 2015	8,729,468	8,729,468
Total comprehensive surplus for the year		
Surplus for the year	1,828,744	1,828,744
Total comprehensive surplus for the year	1,828,744	1,828,744
Balance at 31 March 2016	10,558,212	10,558,212

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Statement of Cash Flows

Figures in R	Note(s)	2016	2015
Cash flows from operating activities			
Surplus for the year		1,828,744	1,779,736
<i>Adjustments for:</i>			
Depreciation of Property, plant and equipment		63,778	6,905
Interest income		(591,157)	(467,242)
Operating cash flow before working capital changes		<u>1,301,365</u>	<u>1,319,399</u>
<i>Working capital changes</i>			
Decrease /(increase) in trade and other receivables		1,250,502	(1,431,063)
Increase/(decrease) in trade and other payables		451,705	(41,091)
Cash generated by/(utilised in) operating activities		<u>3,003,572</u>	<u>(152,755)</u>
Interest income		591,157	467,242
Net cash from operating activities		<u>3,594,729</u>	<u>314,487</u>
Cash flows from investing activities			
Property, plant and equipment acquired	1	(72,370)	(153,338)
Net cash utilised in investing activities		<u>(72,370)</u>	<u>(153,338)</u>
Increase in cash and cash equivalents		3,522,361	161,149
Cash and cash equivalents at beginning of the year		6,931,966	6,770,817
Cash and cash equivalents at end of the year	3	<u>10,454,327</u>	<u>6,931,966</u>

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1. Basis of preparation

The annual financial statements of the company have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs) and the Companies Act, 71 of 2008. The annual financial statements have been prepared under the historical cost convention.

- The financial statements were authorised for issue on 22 July 2016.
- Authorisation for issue of financial statements was given by the board of directors.
- The entity's directors do not have the power to amend the financial statements after issue.

These accounting policies are consistent with the previous period.

2. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

Provisions

Provisions were raised and management determined an estimate based on the information available.

2.1 Property, Plant and Equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and available for use. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

The major categories of property, plant and equipment are depreciated at the following rates:

Cell phone equipment	2 years
Computer software	3 years
Electronic IT equipment	3 years
Office equipment	3 years

2.2 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the company. All other leases are classified as operating leases.

Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the statement of financial position as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

2.3 Financial assets

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss - designated.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each reporting date, the company assesses whether there is any objective evidence that a receivable or company of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the company's cash management are included as a component of cash and cash equivalents.

2.4 Financial liabilities

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

2.5 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the company has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short term bonuses in the company as the company has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.6 Bank overdraft

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Bank overdrafts are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

2.7 Revenue recognition

Registry fees

- ZA Central Registry (ZACR) must charge and collect, from Registrars, the relevant fees as stipulated in Schedule 3 of the ZA Central Registry Operating Agreement (Registrar Fees) as amended from time to time.

- ZACR must pay over to ZADNA the relevant fees stipulated in Schedule 4 (ZACR Registry Fees) as amended from time to time.

Registrar Payment Terms: CO.ZA

- Creates or Renewals committed through the Legacy System Interface into the Central Registry System will only be payable on receipt of payment.

- Creates or Renewals committed by an EPP Registrar will be due and payable on commitment to the Central Registry

Transaction Fee Payment Terms:

- The Legacy Transaction Fee (Legacy creates and renewals) will only be based on receipt of payment and not on the transaction itself.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

- Creates, Renewals and/or Grace Period Refunds committed by an EPP Registrar into the Central Registry system. will be due upon commitment of the transaction.

Government grants

Grants from the Government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the company has complied with all attached conditions. Grants received where the company has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

2.8 Provisions

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.9 Risk management

Capital risk

Capital risk is the risk that the company will not be able to continue as a going concern for the foreseeable future. Capital risk is managed by robust budgeting and forecasting to ensure that current retained earnings as well as funding to be received is sufficient to fund current planned activities in the foreseeable future.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

The company's risk to liquidity relates to the availability of funds to cover future commitments. The company manages liquidity risk by not entering into future commitments before funding for such expenditure has been obtained.

Cash flow forecasts are prepared and monitored to ensure adequate management of cash resources and short term investment maturities in order to ensure that cash resources are available when obligations become due.

Interest rate risk

The company is exposed to interest rate risk through its cash balances, loan funding and short term investments in fixed deposits. Changes in market interest rates affect the fair value of cash and investment assets. Interest rate risk is managed by matching the maturities of short term fixed deposits and the repayment of loan funding with management's expectations of future changes in interest rates, taking into account the company's liquidity needs.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

The company's maximum exposure to credit risk is the carrying amount of cash and cash equivalents and trade and other receivables as disclosed in notes 2 and 3.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

Figures in R

2016

2015

1. Property, plant and equipment

	Cost	Accumulated depreciation	2016 Carrying value	Cost	Accumulated depreciation	2015 Carrying value
<i>Owned assets</i>						
Cellphone equipment	5,702	(2,209)	3,493	-	-	-
Office equipment	12,490	(1,985)	10,505	-	-	-
Electronic IT equipment	280,436	(148,097)	132,339	240,528	(91,403)	149,125
Computer software	14,270	(2,890)	11,380	-	-	-
	312,898	(155,181)	157,717	240,528	(91,403)	149,125

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2016 Carrying value at end of year
<i>Owned assets</i>					
Cellphone equipment	-	5,702	-	(2,209)	3,493
Office equipment	-	12,490	-	(1,985)	10,505
Electronic IT equipment	149,125	39,908	-	(56,694)	132,339
Computer software	-	14,270	-	(2,890)	11,380
	149,125	72,370	-	(63,778)	157,717

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2015 Carrying value at end of year
<i>Owned assets</i>					
Electronic IT equipment	2,692	153,338	-	(6,905)	149,125
	2,692	153,338	-	(6,905)	149,125

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

Figures in R	2016	2015
2. Trade and other receivables		
Trade debtors	720,863	2,026,993
Sundry debtors	13,000	-
Prepaid expenses	42,628	-
	<u>776,491</u>	<u>2,026,993</u>

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The majority of trade receivables pertain to one specific counterparty of which the credit risk is assessed by the directors on a continuous basis.

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

The fair value of trade receivables approximate their carrying value due to the short term maturity of these receivables.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 6 months past due are not considered to be impaired. At 31 March 2016, R720,863 (2015: R2 026 944) were past due but not impaired.

The aging of amounts past due but not impaired is as follows:

1 month past due	720,863	713,721
2 months past due	-	663,300
3 months past due	-	649,973

The creation of provision for impaired receivables have been considered by the company. No such provision has been raised.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

Figures in R	2016	2015
3. Cash and cash equivalents		
Short-term deposits	9,516,653	6,807,867
Bank balances	777,453	-
Other cash and cash equivalents	160,221	153,247
Credit card	-	(29,148)
	<u>10,454,327</u>	<u>6,931,966</u>
Current assets	10,454,327	6,961,114
Current liabilities	-	(29,148)
	<u>10,454,327</u>	<u>6,931,966</u>

The fair value of cash and cash equivalents approximate their carrying value due to the short term maturity of these assets.

4. Trade and other payables

Trade creditors	584,203	279,574
Accrual for leave pay	188,328	61,477
Value Added Tax	57,790	37,566
	<u>830,321</u>	<u>378,617</u>

Fair value of trade and other payables

The fair value of trade and other payables approximate their carrying value due to the short term maturity of these payables.

5. Revenue

ZA Central Registry Fees	<u>7,239,121</u>	<u>6,884,105</u>
--------------------------	------------------	------------------

6. Other Income

ADR fees	<u>14,000</u>	<u>17,000</u>
----------	---------------	---------------

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

Figures in R	2016	2015
7. Operating surplus		
Operating surplus is arrived at after taking into account the following items:		
<i>Depreciation and impairments</i>		
<i>Owned assets</i>		
Property, plant and equipment	63,778	6,905
Auditors' remuneration		
Audit fees		
-current	115,000	114,912
<i>Operating lease charges</i>		
Premises	301,200	301,200

8. Interest received

Interest income		
Interest received	591,157	467,242

9. Income taxation expense

No provision has been made for 2016 taxation as the entity has been granted tax exemption by SARS in terms of section 10(1)(N) of the Income Tax Act. The company is a registered Non Profit Company in terms of Schedule 1 and section 10 of the Companies Act, Act 71 of 2008 and section 122 of the Companies Amended Act, Act 3 of 2011.

10. Employee benefit expenses

Salaries and wages	1,478,224	1,171,712
Accrual for leave pay	188,328	61,477
Pay-as-you-earn	604,653	478,195
Skills development levy	31,140	25,586
UIF	12,048	10,537
Compensation Commissioner	10,168	7,519
Reimbursement expenses	1,068,000	846,519

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

11. Directors' emoluments

Executive

2016

Name	Fees paid to director for services	Bonuses and performance related payments	Total
V Mpisane (Public officer)	1,060,000	150,000	1,210,000

2015

Name	Fees paid to director for services	Bonuses and performance related payments	Total
V Mpisane (Public officer)	1,067,225	100,837	1,168,062

Non-executive

2016

Name	Fees paid to director for services	Total
Adv MJ Ralefatane (Chairperson)	128,000	128,000
Mr N Msibi (Treasurer)	150,000	150,000
Mr AM Brooks	112,000	112,000
Ms N Dhevcharran	78,000	78,000
Mr MR Khumalo	124,000	124,000
Dr YKN Mohutsioa-Mathabathe	146,000	146,000
Ms MO Morata	104,000	104,000
Dr NYH Mzizana	120,000	120,000
Mr J Tshipa	106,000	106,000
	1,068,000	1,068,000

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

2015

Name	Fees paid to director for services	Total
Mr HC Gajjar (Chairperson)	92,000	92,000
Mr MA Silber (Treasurer)	196,080	196,080
Mrs P Bhagattjee	66,120	66,120
Mr N Mabaso	44,000	44,000
Mr DH Martin	104,000	104,000
Mr ML Masilela	88,000	88,000
Mr WP Rowland	120,500	120,500
Mr AM Brooks	92,000	92,000
Ms N Dhevcharan	96,000	96,000
	<u>898,700</u>	<u>898,700</u>

12. Commitments

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the company for certain of its office properties. The lease is negotiated for a term of 12 months and is subject to a fixed amount of R28 000 (vat inclusive) per month.

13. Related party transactions

In terms of the Act, the Minister of Telecommunications and Postal Services is entitled to appoint directors. For the disclosure of directors' remuneration refer to note 11.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

14. Financial instruments

The company has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Total
2016					
Current financial assets					
Trade and other receivables	-	-	733,863	-	733,863
Cash and cash equivalents	-	-	10,454,327	-	10,454,327
2015					
Current financial assets					
Trade and other receivables	-	-	2,026,994	-	2,026,994
Cash and cash equivalents	-	-	6,961,114	-	6,961,114

The company has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2016			
Current financial liabilities			
Trade and other payables	-	772,531	772,531
2015			
Current financial liabilities			
Trade and other payables	-	341,054	341,054
Credit card	-	29,148	29,148

Credit risk

The company is exposed to credit risk on financial assets, mainly attributable to trade and other receivables. It sets credit limit on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. In addition, the overseas customers would normally be required to transact with the company by letter of credit in order to minimise the company's credit risk exposure.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

Liquidity risk

The company is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

Summary quantitative data

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2016				
Trade and other payables	772,531	-	-	-
2015				
Trade and other payables	341,054	-	-	-
Credit card	29,148	-	-	-

Interest rate risk

The company exposure on fair value interest rate risk mainly arises from its fixed deposits with banks and investments in fixed rate debt securities, which are classified as held-to-maturity investments and available-for-sale financial assets. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

The company mainly holds fixed deposits with banks with maturity within 3 months and the exposure is considered not significant. It also invests surplus funds in fixed rate debt securities only and such investments are not normally material. In consequence, no material exposure on fair value interest rate risk is expected. Even that, the company closely monitors the fair value fluctuation of the investments and disposes of them in case of significant increase in interest rate is foreseen.

In order to manage the cash flow interest rate risk, the company will repay the corresponding borrowings when it has surplus funds.

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Detailed Income Statement

Figures in R	2016	2015
Gross Revenue		
ZA Central Registry Fees	7,239,121	6,884,105
	<u>7,239,121</u>	<u>6,884,105</u>
Other Income		
ADR fees	14,000	17,000
Investment income	591,157	467,242
	<u>605,157</u>	<u>484,242</u>
	<u>7,844,278</u>	<u>7,368,347</u>

THE ZA DOMAIN NAME AUTHORITY (NPC)

(Registration Number 2003/021150/08)

Annual Financial Statements for the year ended 31 March 2016

Detailed Income Statement

Figures in R	2016	2015
Expenditure		
Accounting fees	216,100	172,784
Advertising	3,895	24,447
Auditors' remuneration	115,000	114,912
Bank charges	8,111	5,283
C&A Expenses	4,236	100,000
Compensation Commissioner	10,168	7,519
Computer expenses	21,882	30,666
Conference expense	35,128	-
Depreciation - Tangible assets	63,778	6,905
DOC specific funding	286,128	356,277
DOC Specific Funding: Launch city gTLD's	-	1,000,000
Donations	12,398	-
Entertainment	7,686	16,333
Fines and penalties - late payment of PAYE, UIF and VAT	-	(110,064)
General expenses	10,000	11,500
ICANN contribution	-	17,820
ICANN travel/accommodation	575,790	290,121
Insurance	16,651	6,669
Lease rental on operating lease	301,200	301,200
Legal expense	3,500	-
Other stakeholders relations	90,000	-
PAYE	604,653	478,195
Postage	162	-
Printing and stationery	13,344	3,900
Professional fees	397,404	117,866
Recruitment agencies	-	5,400
Salaries	2,734,552	2,079,709
SDL	31,140	25,586
Staff welfare	2,050	-
Subscriptions	74,758	-
Telephone and fax	71,839	62,788
Training	-	30,749
Travel - local	291,934	421,509
UIF	12,048	10,537
	6,015,535	5,588,611
Surplus for the year	1,828,743	1,779,736

The supplementary information presented does not form part of the annual financial statements and is unaudited

2015 / 2016
ANNUAL REPORT

This is the 2015/2016 annual report of the .ZA Domain Name Authority (ZADNA). It covers all the key activities of ZADNA in the 2015/2016 financial year, and is tabled for submission to the Minister of Telecommunications and Postal Services as stipulated in the Electronic Communications and Transactions (ECT) Act 25 of 2002.

CONTENTS

Abbreviations and Definitions	2
1 CHAIRPERSON'S FOREWORD	5
2 CEO'S FOREWORD	9
3 EXECUTIVE SUMMARY	11
4 INTRODUCTION	14
5 STRATEGIC PRIORITIES.....	15
5.1 ZADNA's Mandate.....	15
5.2 2015/2016 to 2017/2018 Strategic Goals	17
5.3 2015/2016 Annual Performance Plan	18
6 GOVERNANCE AND OPERATIONS	21
6.1 Board of Directors.....	21
6.1.1 Director Attendance of Board Meetings.....	23
6.1.2 Board Committees	24
6.2 Operations	26
6.2.1 Human Capital	26
6.3 Annual General Meeting	28
7 OVERVIEW OF .ZA NAMESPACE	29
7.1 Second Level Domains	29
7.2 Registries.....	30
7.2.1 ZACR	31
7.3 Registrars.....	31
7.4. ZA Registrations.....	35
7.5 Technical Operations.....	37
8 GLOBAL DOMAIN NAME INDUSTRY OVERVIEW	42
8.1 Global Growth in Domain Names.....	42
8.1.1 New gTLD Growth	43
9 PERFORMANCE AGAINST ANNUAL TARGETS	46
10 PERFORMANCE IN UNPLANNED WORK AREAS	59
11 ZA ALTERNATIVE DISPUTE RESOLUTION	63
11.1 ADR Decisions in 2015/2016.....	65
11.2 Benefits of ADR	64
11.3 ADR Financial Assistance.....	64
12 2015/2016 FINANCIAL MATTERS	66
12.1 Domain Name revenue	66
12.2 2015/2016 Audit	66
12.3 Tax Matters.....	66
13 CONCLUSION.....	71

ABBREVIATIONS & DEFINITIONS

ADR:

Alternative Dispute Resolution Regulations promulgated by the Minister of Communications to resolve disputes over .ZA domain names

APP:

Annual Performance Plan

ccTLD:

A “country code Top Level Domain” which assigned by ICANN based on the ISO country code list to identify a country’s Internet namespace

DNS:

“Domain Name System” of the Internet

dotAFRICA:

The geographic gTLD designated for the African continent that ZACR applied for with the endorsement and support of the African Union Commission, its member states and the African internet community

dotCAPETOWN:

The gTLD designated for the city of Cape Town that ZACR applied for with the support and endorsement of ZADNA, DOC and the municipality of Cape Town

dotCITIES:

The dotCapeTown, dotDurban and dotJoburg TLDs

dotDURBAN:

The gTLD designated for the city of Durban that ZACR applied for with the support and endorsement of ZADNA, DOC and the municipality of Durban

dotJOBURG:

The gTLD designated for the city of Johannesburg that ZACR applied for with the support and endorsement of ZADNA, DOC and the municipality of Joburg

DTPS:

The Department of Telecommunications and Postal Services

ECT Act or Act:

The Electronic Communications and Transactions Act 25 of 2002

ABBREVIATIONS & DEFINITIONS

EPP:

"Extensible Provisioning Protocol", a flexible protocol designed for allocating objects within registries over the Internet. The motivation for the creation of EPP was to create a robust and flexible protocol that could provide communication between domain name registries and domain name registrars. These transactions are required whenever a domain name is registered or renewed, thereby also preventing domain hijacking.

GTLT:

"generic Top Level Domain" and is a category used to identify TLDs other than ccTLDs. Typical gTLDs are .com, .net and .org.

ICANN:

The "Internet Corporation for Assigned Names and Numbers", a California-based, not-for-profit company appointed by the United States Government to oversee a number of Internet-related tasks previously performed directly on behalf of the U.S. government, including coordination of the Internet Protocol address spaces (IPv4 and IPv6), assignment of address blocks to regional Internet registries, and management of the top-level domain name space (DNS root zone), which includes the operation of root name servers.

MINISTER:

The Minister of Telecommunications and Postal Services

SLD:

"second level domain" which follows immediately below .ZA

TLD:

"top level domain" of the Internet domain name system

ZADNA:

The ".ZA Domain Name Authority"

ZACR:

".ZA Central Registry", the entity ZADNA appointed to serve as the Central Registry operator.

CHAIRPERSON'S FOREWORD

INTRODUCTION

I am pleased to present the annual report covering the period from April 2015 to March 2016 where the activities of zaDNA for the year under review are outlined.

BACKGROUND

The current Board joined zaDNA in March 2015 which was towards the end of the financial year therefore most of the reported activities for 2014/15 were largely the work of the former Board. This year the Board is pleased to report for the activities of the time it was fully in office. ZaDNA is a regulator for .ZA Domain Name in South Africa with complex mandate coupled with international demands and compliances. When the current Board joined zaDNA it reviewed the mandate as stipulated in the Act and aligned its legislative mandate to its strategic planning in order to be responsive to the legislative objectives and expectations. One may say this is transformation of zaDNA in order to be relevant.

FINANCES

ZaDNA derives its revenues from registries. ZaDNA is not a profit orientated organisation therefore with that in mind it charges a wholesale fee of R7.00 per domain name.

ACHIEVEMENTS

In the year 2015/16, zaDNA performed well under the circumstances which related to limited resources and the prevailed industry demands. (Add the achievements)

Challenges and mitigations

2016/17 will bring new excitements especially that zaDNA is tirelessly working towards finalising the licensing process. The licensing process is coupled with obvious industry challenges. As we can remember, zaDNA is membership based which is free for the public to join. While we are embarking on this licensing process, we need the corporation and support of the stakeholders including the public members.

CHAIRPERSON'S FOREWORD

CHALLENGES & MITIGATIONS

2016/17 will bring new excitements especially that zaDNA is tirelessly working towards finalising the licensing process. The licensing process is coupled with obvious industry challenges. As we can remember, zaDNA is membership based which is free for the public to join. While we are embarking on this licensing process, we need the corporation and support of the stakeholders including the public members.

Cyber security and cyber crime through internet service is growing not only in South Africa but also elsewhere in other countries. The fight against abuse of internet service and payment fraud in general and cyber crime will be one of our key priority for the coming year to raise awareness on cyber resilience and also to (what can we do regarding the abuse of internet service which is used to commit crime especially in country code .ZA. People register internet service to defraud e g .org.za is prevalent in cyber crimes pretending to be the government departments) CEO can you please assist as to how zaDNA and ZACR can mitigate the situation. One of the fundamental beliefs is that zaDNA cannot be toothless regulator but must also strive to keep the country safe and the plan will ensure that we are focused to deliver our responsibilities under the Act and regulations governing .ZA Domain name and related services while ensuring that abuse of the service is decisively dealt with.

We are laying the building blocks for our future, yet remain mindful of the external pressures and challenges facing the industry. I have no doubt that zaDNA teams are experienced and capable to face the broad challenges and emerging risks to make 2016 another year of growth especially with the new employees joining the moving train. I have expectations that those new employees will bring with them creativity and innovation to put zaDNA on the map.

CHAIRPERSON'S FOREWORD

PRIORITIES FOR THE COMING YEAR

As in 2015/16, during this financial year zaDNA will focus on delivering the Corporate Plan objectives and strategies and ensuring that we meet our obligations.

In line with our performance culture and focus on regulatory service, we will continue to work with the Department of Telecommunications and Postal Services and the Executive Authority, further forging partnerships to improve our operations. Most cardinaly, we ensure that we strategically continue to expand our programs and services particularly in terms of promoting access to technology.

We will also continue to be responsive to the needs of the South African Government and seek to be an example of best practice in both the public/private sectors and internationally.

In the years ahead, change will demand a lot from zaDNA to be in pace with the industry environmental change. Technological innovation is constantly growing and question of sustainability of regulation will always arise as to how can the regulator operate in a changing environment without constantly changing its rules?

As technology takes its observed peak, customer vulnerability will also grow where protection and support will be required from zaDNA.

In order to mitigate the situation, the alternative dispute resolution (ADR) was put in place and we encourage customers to make use of the process.

We must state that zaDNA as a regulator is still young with the need to optimize and promote awareness campaign (as stipulated in the Act). In order for zaDNA to operate smoothly and meet customers' needs, responsibility and duty of care from customers is of paramount importance to observe the boundary for responsibility which lies between the customer and the industry and where zaDNA as the regulator should be involved. We further admit that zaDNA cannot operate successfully without the support and corporation from customers and the industry as a whole.

CHAIRPERSON'S FOREWORD

CONCLUSION

In conclusion, I would like to thank management for their ongoing efforts and achievement. I would also like to thank my engaged and capable Members of the Board. Special thanks to the Hon. Minister, Dr Siyabonga Cwele and the Hon. Deputy Minister, Prof Hlengiwe Mkhize including the Department for the consistence support and not forgetting the Public Members who always attended the Annual General Meetings and their inputs.

I look forward to a challenging and exciting year ahead. Unity is the key and together we can make it.



Advocate MJ Ralefatane



CEO'S FOREWORD

The 2015/2016 financial year started on a new footing due to the change in the Board leadership that resulted from the Minister appointing 7 new Directors to the ZADNA Board. The change was welcome as it gave ZADNA new strategic views and outlook. As the year grew, ZADNA also started earnestly pursuing its performance targets. The achievements presented in this Annual Report are remarkable considering that for most part of the year ZADNA continued with 3 staff members and a consultant.

The achievements should be understood in the context of an ever-changing Internet landscape. Not only is ZADNA required by law to regulate and manage the .ZA namespace, it also has national and international commitments some of which cannot be planned for. The Annual Report covers some of the work that ZADNA carried out outside its Annual Performance Plans, and ZADNA could not ignore such work, as it was directly relevant to its mandate or was incidental thereto.

The landscape of the South African information and communication technologies (ICT) policy environment is undergoing major changes, and this means that ZADNA, like any other public ICT entity, needs to anticipate possible changes that will affect it as an organisation. This reality means that ZADNA's work always requires it to be alert and to attend to what emanates from the broader policy environment. It also requires ZADNA to remain as close to the work of DTIS as possible.

The number of domain names registered in .ZA continues to grow, but the growth has slowed down substantially compared to 3 years ago when the namespace grew with around 100 000 new registrations per year. The reality that people can access and use domain names in other namespaces outside South Africa means that ZADNA and its stakeholders need to make a more aggressive awareness case to convince the around 52 million South Africans to register and use .ZA domain names as their primary online identity.

CEO'S FOREWORD

At the same time, ZADNA continues its active involvement in regional and international Internet bodies. This is premised on the reality that the Internet is single and open, but requires globalised coordination for it to continue to grow and remain secure. ZADNA is a member of Africa Top Level Domains (AfTLD) and the country code Name Supporting Organisation (ccNSO) of ICANN.

Our participation in ICANN also saw ZADNA closely monitoring the negotiations for future transfer of the political oversight function from the United States government to a multi-stakeholder body determined by ICANN. This alone was a mammoth task.

ZADNA's performance in 2015/2016 shows that substantial progress was achieved with a limited work force. Notwithstanding, there are plans to resource the organization more effectively in the 2016/2017 financial year. There were a few missed targets, and ZADNA has put in motion measures to ensure that these are carried over to, and achieved in, the 2016/2017 financial year. In essence, 2015/2016 has been challenging and rewarding at the same time, and this report should bear testimony to this experience.

Vika Mpisane
CEO: ZADNA



EXECUTIVE SUMMARY

The 2015/2016 Annual Report of ZADNA shows that substantial progress is being made in continuously improving the .ZA namespace and in discharging its ECT Act mandate. .ZA continues to function in a secure, stable manner with no incidents reported that could jeopardise its reliability.

BOARD, GOVERNANCE & OPERATIONS

The 2015/2016 financial year began with a new Board of Directors assuming their oversight duties in March 2016. The current Directors had to oversee the implementation of the 2015/2016 Annual Performance Plan (APP) although the former Directors approved the plans. The Board held 9 meetings during the year, 2 of which were special meetings and 1 was a Director induction workshop. The Board Committees (Finance, Audit and Risk Committee, Management Committee and Technical Committee) met regularly during the year.

Some of the key outputs of the Board and its Committees were the approval of amendments to Committee charters, Procurement Policy and Procedures, Financial Policies and Procedures, and Travel and Subsistence Allowance Schedule. The Board also approved a Delegation of Authority Schedule for the first time since ZADNA's inception.

.ZA NAMESPACE

The .ZA namespace continues to grow as a namespace of choice for South Africans (check if there is no inconsistency with the testament that 'registrations slowed down as compared to 2-3 years ago). The namespace grew to 1 067 899 total .ZA registrations. This translates to 58 819 new registrations since 31 March 2015 across the SLDs when there was a total of 1 009 080 registrations. The continuous growth results from marketing and awareness efforts of .ZA registrars, registries and ZADNA.

EXECUTIVE SUMMARY

About 99.8 % of the total .ZA registrations are in SLDs under ZACR's operation, which are co.za, net.za, org.za and web.za. Co.za alone accounts for 96.7% (1 032 539) of the total registrations. Org.za is the second best performer with 30 362 registrations as of 31 March 2016. Net.za (1 062 registrations) and web.za (1 697) also grew more than the non-commercial SLDs outside ZACR's operation.

Co.za's growth results from it having been a commercial SLD accepting registrations on a first-come, first-served basis from its inception around 20 years ago. Effectively, it was until 2014 the only SLD that imposed no eligibility requirements. Org.za, net.za and web.za growth results from the re-launch of these SLDs under ZACR's automated registration system, which made the SLDs available again for new domain name registrations through accredited registrars.

The majority of .ZA SLDs are predominantly moderated, unpaid-for. Only co.za and web.za are truly un-moderated, open and paid-for SLDs that accept domain name applications without imposing any eligibility conditions. ZADNA's revenue is generated from registrations in the ZACR SLDs.

The .ZA domain name infrastructure continues to operate in a secure, stable and robust manner, and no incidents were reported during the year. This is largely due to previous infrastructure upgrades across different SLDs (including Anycast deployment in 2010 to 2012) and the reliable performance of .ZA registry operators and registrars.

GLOBAL DOMAIN NAME INDUSTRY

The .com TLD remains the largest with at least 127 million registrations. Among ccTLDs, .tk (Tokelau Island) remains the largest ccTLD by size with 22 million free registrations. The second largest ccTLD is .de with 14.3 million registrations. .ZA currently ranks as the 27th largest ccTLD in registration size amongst around 294 ccTLDs globally. ZADNA is continuing its focus on.ZA public awareness to increase the number of .ZA registrations among South Africans going forward.

EXECUTIVE SUMMARY

2015/2016

PERFORMANCE AGAINST ANNUAL PERFORMANCE PLAN

Strategic Goal 1:

Inclusive, Vibrant Domain Name Community ZADNA achieved its targets of creating public awareness about .ZA and ZADNA (as an entity) through holding events across different geographic areas, but did not delegate new SLDs as it felt this initiative needed further feasibility assessment.

Strategic Goal 2:

Enhanced Regulatory and Policy Environment ZADNA achieved its targets of approving the ac.za, edu.za, gov.za and nom.za charters, and implementing the ZA SLD General Policy, and proposing amendments to the ADR Regulations.

Strategic Goal 3:

Developed Centre of Operational Excellence Domain name revenue was successfully collected, expenditure kept within budget, basic operational and technical standards across the SLDs were finalised, and the deployment of DNSSec commenced by signing (but not publishing) the .ZA zone file electronically signed using DNSSec keys. The assumption of the .ZA zone file management by ZADNA was not achieved due to prolonged contractual negotiations with the software supplier.

Strategic Goal 4:

Supported, Inclusive Internet Governance ZADNA succeeded in co-ordinating local Internet Governance through collaboration with ISPA and ISOC Gauteng to host iWeek 2015 and the South African Internet Governance Forum 2015. Active participation in Internet policy structures was achieved as ZADNA continued its participation in ICANN, DTPS and other Internet policy processes.

EXECUTIVE SUMMARY

HUMAN CAPITAL

Out of 7 approved positions, ZADNA had only 3 full-time staff members including the CEO. Vacancies will be filled in the course of 2016/2017.

FINANCIAL PERFORMANCE

The 2015/2016 financial year saw ZADNA succeeding in utilising its financial resources in an accountable manner. ZADNA continued to regularly collect its R7.00 per-domain-name-revenue from ZACR's +-1 million domain name registrations. The surplus accruing over the last few years reached R10.5 million, and will be used primarily for contingency purposes and to pursue the execution ZADNA's mandate more vigorously.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

Figures in R	Notes	2016	2015
Assets			
Non-Current Assets			
Property, plant & equipment	1	157,717	149,125
Current Assets			
Trade and other receivables	2	776,491	2,026,993
Cash & cash equivalents	3	10,454,327	6,961,114
		11,230,818	8,988,107
Total Assets		11,388,535	9,137,232
Equity & Liabilities			
Equity			
Retained Surplus		10,558,214	8,729,468
Current Liabilities			
Trade and other payables	4	830,321	378,616
Credit card	3	-	29,148
		830,321	407,764
Total Equity & Liabilities		11,388,535	9,137,232

The accumulation of surplus was not intentional but was due to under-expenditure in domain name awareness and unfilled employee vacancies.

INTRODUCTION

The 2015/2016 Annual Report presents ZADNA's performance towards achieving its annual targets. The Report will show that the entity continues to function effectively and to discharge its ECT Act mandate successfully. The Report provides some details about the performance of the Board of Directors, which was refreshed in March 2015 when the Minister appointed 7 new Directors.

ZADNA's technical operations are also covered in the Report to show that .ZA remains secure, stable and robust. Its SLDs continue to function effectively, and this is thanks to the work of the SLD administrators, registries, registrars and domain name holders. Statistics are provided to show the gradual growth of .ZA, and to also show the increasing interest in local and international Internet service providers (ISPs) to obtain accreditation to register .ZA names. Statistics are also provided about the global domain name industry, as a means of measuring growth in .ZA.

ZADNA's performance towards its annual targets is explained in detail in the 2015/2016 Annual Performance Report. In essence, the Report will show that ZADNA has achieved most of its targets. The Report will also cover certain activities that ZADNA performed that were unplanned, but still needed its attention. The progress made in overseeing the .ZA Alternative Dispute Resolution process is explained, including ADR decisions finalised during the year in review.

The Report closes with the 2015/2016 audited financial statement. The Statement will show that ZADNA continues to use its financial resources in an accountable manner. It also shows that ZADNA has put in place sufficient systems and controls that underpin its functioning as an organisation.

STRATEGIC PRIORITIES

ZADNA's strategic priorities and business plans are informed by the mandate stipulated in the ECT Act mandate.

5.1 ZADNA'S MANDATE

ZADNA's statutory mandate is enshrined in Chapter X (Section 65(1)) of the Electronic Communications and Transactions (ECT) Act 25 of 2002, as follows:

"The Authority (ZADNA) must`:

- (a) Administer and manage the .ZA domain name space
- (b) Comply with international best practice in the administration of the .ZA domain name space
- (c) License and regulate registries
- (d) License and regulate registrars for the respective registries
- (e) Publish guidelines on:
 - the general administration and management of the .ZA domain name space
 - the requirements and procedures for domain name registration
 - the maintenance of and public access to a repository, with due regard to the policy directives which the Minister (of Communications) may make from time to time by notice in the Gazette.
- (f) Enhance public awareness on the economic and commercial benefits of domain name registration
- (g) Conduct such investigations as it may consider necessary
- (h) Conduct research into and keep abreast of developments in the Republic and elsewhere on the domain name system
- (i) Continually survey and evaluate the extent to which the .ZA domain name space meets the needs of the citizens of the Republic; and
- (j) From time to time, issue information on the registration of domain names in the Republic.
- (k) When so requested by the Minister, make recommendations to the Minister in relation to policy on any matter relating to the .ZA domain name space; and
- (l) Continually evaluate the effectiveness of the ECT Act and things done in terms thereof towards the management of the .ZA domain name space."

STRATEGIC PRIORITIES

Section 65(1) forms the core mandate of ZADNA, but in addition to it, Section 68 gives ZADNA an ability to make wide-ranging regulations as follows:

"The Authority may, with the approval of the Minister, make regulations regarding:

- (a) The requirements which registries and registrars must meet in order to be licensed, including objective standards relating to operational accuracy, stability, robustness and efficiency;
- (b) The circumstances and manner in which registrations may be assigned, registered, renewed, refused, or revoked by the registries with due regard to the express recognition of the right of groups and members of groups within the Republic to identify with, use or communicate cultural, linguistic, geographical, indigenous or any other expressions of heritage including any visual or audible elements or attributes thereof;
- (c) Pricing policy;
- (d) Provisions for the restoration of a domain name registration and penalties for late payments;
- (e) The terms of the domain name registration agreement which registries and registrars must adopt and use in registering domain names, including issues in respect of privacy, consumer protection and alternative dispute resolution;
- (f) Processes and procedures to avoid unfair and anti-competitive practices, including bias to, or preferential treatment of actual or prospective registrants, registries or registrars, protocols or products;
- (g) Requirements to ensure that each domain name contains an administrative and technical contact;
- (h) The creation of new sub-domains;
- (i) Procedures for ensuring monitoring of compliance with the provisions of this Act and the regulations provided for in this Chapter, including regular .ZA domain name space technical audits;
- (j) Such other matters relating to the .ZA domain name space as it may be necessary to prescribe to achieve the objectives of this Chapter; and
- (k) Policy to be applied by the Authority."

STRATEGIC PRIORITIES

In addition, Section 69 of the Act mandated the Minister to promulgate Alternative Dispute Resolution (ADR) Regulations for the resolution of .ZA domain name disputes. The Regulations were promulgated in 2007, and allocate ZADNA the following responsibilities:

- (a) Accreditation of ADR providers;
- (b) Establishment of a fund to provide ADR financial assistance; and
- (c) Publication of ADR decisions on the ZADNA website.

5.2 2015/2016 - 2017/2018 STRATEGIC GOALS

The above stipulations of the ECT Act and the ADR Regulations were summed up in the following 4 strategic goals for the 3 year period from 2015/2016 to 2017/2018, as follows:

(a) Inclusive, Vibrant Domain Name Community

The focus was on creating public awareness about ZADNA as an organisation, about the value of having a .ZA name for online presence, and about the introduction of the dotCities (i.e. dotJoburg, dotDurban and dotCapeTown).

(b) Enhanced Regulatory and Policy Environment

The focus was to continue the work of clarifying and standardising policies across .ZA SLDs, including the implementation of .ZA General Policy (which became effective on 1 April 2016), the finalisation of charters for SLDs outside the operation of ZACR, and the petitioning of DTPS to amend the ADR Regulations.

STRATEGIC PRIORITIES

(c) Developed Centre of Operational Excellence

The priorities were focused on confirming basic SLD technical standards, inward transfer of the .ZA zone file management to ZADNA personnel, and ensuring that ZADNA remains financially sustainable.

(d) Supported, Inclusive Internet Governance

ZADNA's focus was on influencing the local Internet Governance dialogue through forming strategic partnerships, and compiling and submitting relevant documentation to the DTPS in line with the stipulations of the ECT Act.

5.3 2015/2016 - 2017/2018 ANNUAL PERFORMANCE PLAN

ZADNA's 2015/2016 Annual Performance Plan (APP) was based on the above 4 strategic goals. Under each strategic goal was a set of business objectives and targets for the year. A detailed Annual Performance Report of each annual target is provided in the table below.

The following business targets were pursued in 2015/2016:

TARGET	KPAs	RESULT
Build an Inclusive, Vibrant Domain Name Community	Implement Education and Awareness: The key targets were to implement an awareness campaign covering ZADNA as an entity and .ZA as South Africa's online identity. Overall, ZADNA achieved its targets mainly in the 3rd and 4th Quarters.	Achieved
	Promote Diversity in SLDs: The main target was to select new SLDs to be launched in .ZA. This target was not pursued after further assessments challenged the feasibility of delegating new SLDs when growth in net.za, org.za and web.za was still very limited. ZADNA management decided to further assess this matter before making a final determination.	Achieved

STRATEGIC PRIORITIES

TARGET	KPAs	RESULT
Enhance Regulatory and Policy Environment:	Standardize SLD Policy Framework: The main work done and achieved was the approval of the ac.za, edu.za, gov.za and nom.za charters, implementation of the ZA SLD General Policy, and implementation of SLD operational policies. The target of developing policies for new SLDs was not achieved consequent to the delayed delegation of new SLDs.	Achieved
	Enhance Regulatory Mandate: The main work was to propose comprehensive amendments to Alternative Dispute Resolution Regulations.	Achieved
Develop a Centre of Operational Excellence:	Implement SLD Operational and Technical Standards: The target, which was achieved, was to clarify basic operational technical standards across SLDs.	Achieved
	Implement Secure and Reliable Infrastructure: The focus was on transferring the .ZA zone file management to ZADNA, and this was not achieved as ZADNA and the software supplier needed more time to finalise the contractual aspects that will enable ZADNA to manage the zone file in an automated manner. The target of implementing DNSSec by having .ZA electronically signed using DNSSec keys was achieved. However, the signed zone file copy was not published as this could only be done once ZADNA assumes the management of the zone file subsequent to the finalisation of contractual negotiations with the service provider.	Achieved
	Achieve Financial Sustainability: : ZADNA achieved its targets of collecting domain name revenue timely, while keeping revenue within budget.	Achieved

STRATEGIC PRIORITIES

TARGET	KPAs	RESULT
Support Inclusive Internet Governance:	Coordinate Local Internet Governance: ZADNA achieved its target of coordinating local Internet Governance through collaboration with other entities. In particular, ZADNA played an active role in organising iWeek 2015 and the South African Internet Governance Forum 2015.	Achieved
	Enhance Industry and Stakeholder Partnerships: ZADNA succeeded in collaborating with ISOC Gauteng and ISPA on domain name awareness.	Achieved
	Enhance Participation in Key Internet Fora: participation in ICANN and relevant local and international processes was the main focus and the target of contributing to ICANN process was achieved. In particular, ZADNA contributed in the ICANN community discussions concerning the transfer of the IANA function from the United States government to a multistakeholder body determined by ICANN.	Achieved
	Enhance Relationships with Government and Parliament: ZADNA attained its target enhancing relations with the Government and Parliament, mainly through active participation in DTPS policy processes and making Internet Governance submissions.	Achieved

GOVERNANCE & OPERATIONS

6.1 BOARD OF DIRECTORS

In March 2015, the Minister announced 7 new non-executive Directors to join the ZADNA Board effective from 1 March 2015. The 7 Directors joined 2 continuing Directors that remained from the former Board. The tenure of the Directors is fixed at 4 years ending 28 February 2019. The number of ZADNA directors remains at nine (9) as stipulated in the ECT Act.

The current Directors are as follows:

- Adv. Motlatjo Ralefatane (Chairperson)
- Dr. Nono Mohutsioa-Mathabathe
(Chairperson of MANCO, sub-committee of the Board)
- Dr. Nondumiso Mzizana
- Ms. Nirvani Dhevcharran (re-appointed)
- Ms. Mokgadi Morata
- Mr. Mfana Msibi (Treasurer and Chairperson of FARCO)
- Mr. Anthony Brooks (re-appointed) (Chairperson of TECHCOM)
- Mr. Johannes Tshipa
- Mr. Mcebo Khumalo

Adv. M Ralefatane



Dr. N Mohutsioa-Mathabathe



Dr. N Mzizana



Ms. N Dhevcharran



Ms. Mokgadi Morata



Mr. M Msibi



Mr. A Brooks



Mr. J Tshipa



Mr. M Khumalo



GOVERNANCE & OPERATIONS

Table 1: Board meetings during 2015/2016

MEETING DATE	MAIN PURPOSE
8 MAY 2015	An orientation workshop for the Directors appointed on 1 March 2016.
14 MAY 2016	Ordinary Board meeting.
11 JUNE 2015	A special Board meeting to discuss and revise ZADNA's 2015/16 Annual Performance Plan to re-align them with ZADNA's statutory mandate. The review resulted from the realisation by the new Board that the approved plans did not cover all work that ZADNA is mandated to perform in the ECT Act. Accordingly, the management was required to revise the APP to re-align it with the exact stipulated responsibilities of the ECT Act.
23 JULY 2015	Ordinary Board meeting.
1 AUG 2015	A Board workshop to finalise the revised 2015/16 Annual Performance Plans. The revised APP was based on the inputs received from the 11 June 2015 special Board meeting. The revised was approved for tabling at the Minister's bilateral.
17 SEP 2015	Ordinary Board meeting.
9 OCT 2015	A special Board meeting to address concerns related to ZADNA's management challenges.
12 NOV 2015	Ordinary Board meeting.
11 FEB 2016	Ordinary Board meeting.

GOVERNANCE & OPERATIONS

6.1.1 DIRECTOR ATTENDANCE OF BOARD MEETINGS

Table 2 below lists each Directors' attendance of Board meeting during the year:

DIRECTOR NAME	BOARD MEETING DATES									TOTAL
	8TH MAY 2015	14TH MAY 2015	11TH JUNE 2015	23RD JULY 2015	1ST AUG 2015	17TH SEP 2015	9TH OCT 2015	12TH NOV 2015	11TH FEB 2016	
Motlatjo Ralefatane	●	●	●	●	●	●	●	●	●	9
Nirvani Dhevcharan	●	●	●	●	●	●	●	●	●	9
Mcebo Khumalo	●	●	●		●	●	●		●	7
Nono Mohutsioa-Mathabathe	●	●	●	●	●	●	●	●	●	9
Mokgadi Morata	●	●	●	●	●	●	●	●	●	9
Nondumiso Mzizana	●	●	●	●	●	●		●		7
Mfana Msibi	●	●	●	●	●	●	●	●	●	9
Johannes Tshipa	●	●			●	●		●	●	6
Ant Brooks	●	●	●	●	●	●	●	●	●	9

GOVERNANCE & OPERATIONS

6.1.2 BOARD COMMITTEES

The Board has 3 standing committees that are comprised as shown in Table 3 below. The Chief Executive Officer (CEO) of ZADNA is a Director in the Board and an ex officio member in the Board committees.

Table 3: Current ZADNA Board Committee composition

MANCO	FARCO	TECHCOM
Dr N. Mohutsioa-Mathabathe (Chair)	Mr. Mfana Msibi (Chair)	1 Mr. Anthony Brooks (Chair)
Dr. Nondumiso Mzizana	Dr. Nono Mohutsioa-Mathabathe	Ms. Nirvani Dhevcharan
Mr. Mcebo Khumalo	Dr. Nondumiso Mzizana	Mr. Mfana Msibi
Ms. Mokgadi Morata	Mr. Johannes Tshipa	Ms. Mokgadi Morata

(a) Finance, Audit & Risk Committee (FARCO)

Due to the size of the organisation and limited resources, instead of creating an additional board committee to deal with audit and risk, the Board extended the role of the former Finance Committee to include audit and risk matters. The committee's name accordingly changed to the Finance, Audit and Risk Committee (FARCO).

The committee met as follows during the year:

Table 4: Farco member attendance

FARCO MEMBERS	BOARD MEETING DATES						TOTAL
	29TH MAY 2015	7TH JULY 2015	21ST JULY 2015	3RD SEP 2015	5TH NOV 2015	4TH FEB 2016	
Mr. Mfana Msibi	●	●	●	●	●	●	6
Dr. Nono Mohutsioa-Mathabathe	●	●	●	●	●	●	6
Dr. Nondumiso Mzizana	●	●	●	●	●	●	6
Mr. Johannes Tshipa *	N/A	●	●	●		●	4

* Mr. Tshipa only joined Farco in late June 2015 hence the reason for missing May meeting.

GOVERNANCE & OPERATIONS

(b) Management Committee (MANCO) meetings:

Table 5 outlines Manco meetings and member attendance thereof during the year:

Table 5: Manco member attendance

MANCO MEMBERS	BOARD MEETING DATES										TOTAL
	29TH MAY 2015	8TH JUNE 2015	18TH JUNE 2015	22ND JULY 2015	6TH AUG 2016	12TH AUG 2016	16TH AUG 2016	11TH NOV 2016	17TH DEC 2016	2ND FEB 2017	
Dr Nono Mohutsioa - Mathabathe (Chair)	●	●	●	●	●	●	●	●	●	●	
Ms. Mokgadi Morata	●	●	●	●	●	●	●	●	●	●	
Dr. Nondumiso Mzizana*	N/A	N/A	●	●	●	●	●	●		●	
Mr. Mcebo Khumalo	●	●	●	●	●	●	●	●	●	●	

* Dr. Mzizana only joined Manco in late June 2015, and therefore did not attend the 29 May and 8 June 2015 Manco meetings.

(c) Technical Committee (Techcom)

Techcom dealt substantially with some of its business through email discussions in between its meetings, and did not see the need to meet in every quarter. Techcom met on the following dates

TECHCOM MEMBERS	BOARD MEETING DATES		
	10TH JUNE 2015	1ST SEP 2015	TOTAL
Mr. Anthony Brooks (Chair)	●	●	2
Ms. Nirvani Dhevcharran	●	●	2
Mr. Mfana Msibi	●	●	2
Ms. Mokgadi Morata*	N/A	●	1
Mr. Johannes Tshipa**	●	N/A	1

* Ms. Morata only joined Techcom after the resignation of Mr. Tshipa and therefore attended the 1 September 2015 meeting.

** Mr. Tshipa resigned from Techcom after the 10 June 2016 meeting due to his academic commitments.

GOVERNANCE & OPERATIONS

6.2 OPERATIONS

ZADNA's business operations remain at COZA House, Gazelle Close, Corporate Park South, Midrand, 1685, Gauteng, South Africa. The CEO heads the operations and serves as ZADNA's public officer and accounting officer in relation to any applicable Public Finance Management Act (PFMA) and other legislative responsibilities. During the year in review, ZADNA had a Technical Coordinator, Project Support Coordinator and an Awareness Consultant supporting the CEO. The financial management and company secretarial functions remained outsourced to Duja Consulting.

ZADNA's external audits have consistently found that ZADNA's internal controls are sufficient and effective. Current controls include clearly defined policies and procedures, including financial, procurement and travelling policies. The policies and controls are reviewed from time to time to ensure that ZADNA complies with any applicable regulatory and legislative frameworks. During 2015/2016, the Board approved the following internal control measures:

- (a) Delegation of Authority Schedule
- (b) Reviewed Procurement Policy and Procedures
- (c) Reviewed Financial Policies and Procedures
- (d) Reviewed to the subsistence allowance table that is part of the Travel and Subsistence Policy
- (e) Reviewed Farco Charter
- (f) Reviewed Manco Charter; and
- (g) Reviewed Techcom Charter.

6.2.1 HUMAN CAPITAL

Table 4 below shows approved, filled-in positions versus approved, and vacant positions. Less than 50% of the approved positions were filled-in. The 2015/2016 APP had set targets to have the vacancies filled-in.

However, the Board decided to conduct a detailed organisational benchmarking exercise that would provide a suitable framework to be used for employee recruitment, job profiling and grading, and remuneration philosophy. This exercise was still pending by the end of the 2015/2016 financial year. Vacancies will be filled-in in the course of 2016/2017.

GOVERNANCE & OPERATIONS

This resulted from the Board deciding to conduct a detailed organisational benchmarking exercise that would provide a suitable framework to be used for employee recruitment, job profiling and grading, and remuneration. This exercise was still pending by the end of the 2015/2016 financial year. Vacancies will be filled-in in the course of 2016/2017.

Table 7: Staff composition at 31 March 2016

APPROVED VACANCY	FILLED	VACANT
Chief Executive Officer	●	
Policy & Regulation Manager		●
Namespace Development Manager		●
Project Coordinator	●	
Technical Coordinator	●	
Communications & Awareness Coordinator		●
Office Administrator		●

In the meantime, measures were put in place to avoid having the delayed staff appointments limiting ZADNA's capacity to achieve its targets. Accordingly, a service provider was contracted until November 2015 to help in the policy and regulation work area. A temporary employee was also contracted from Quarter 3 to assist in the awareness work area. These interventions helped ensure that targets were achieved in the concerned work areas.

GOVERNANCE & OPERATIONS

6.3 ANNUAL GENERAL MEETING

In terms of the ECT Act, every South African citizen may become a member of ZADNA upon meeting the set criterion. The Act requires an applicant for ZADNA membership to submit their full names, email address, ID and contact details. Members of ZADNA must be willing to attend and vote in the annual general meetings and other special general meetings.

The number of members continues to grow steadily every year, and currently stood around 385 members (as of 31 March 2016). Annual General Meetings (AGMs) are held every year. AGM minutes are maintained in the company minutes register and are available on the ZADNA website. The 2015 AGM took place on 24 November 2015, and the meeting approved the 2014/2015 audited financial statement.

Special General Meetings (SGMs) are held as and when it becomes necessary. There were 2 SGMs held during the year to approve the 2016/2017 budget, and these were held on 17 and 31 March 2016, respectively. The budget was duly approved by the quorate SGM of 31 March 2016.

ZADNA maintains a register of members, and has 2 mailing lists as communication line that the members use to provide input to ZADNA's work from time to time.

OVERVIEW OF .ZA NAMESPACE

The following are key factors underlying ZADNA's regulation and management of .ZA:

7.1 SECOND LEVEL DOMAINS

.ZA is made up of moderated and un-moderated SLDs. An SLD is moderated if it imposes eligibility requirements and has a person that evaluates each application to see if it satisfies eligibility requirements prior to registration. An un-moderated SLD is the one where there are no eligibility requirements. Table 5 lists active SLDs i.e. those SLDs that accept new domain name registrations

Table 8: Active SLDs

SLD	URL	Administrator	Moderated?
Ac.za	http://www.ac.za/	TENET	Yes
Co.za	https://www.registry.net.za/	ZACR	No
Edu.za	None	Educor	Yes
Gov.za	http://dnsadmin.gov.za/	SITA	Yes
Law.za	http://www.law.za/	Cape Law Society	Yes
Mil.za	None	Dept. of Defence	Yes
Net.za	https://www.registry.net.za/	ZACR	No
Nom.za	http://www.nom.za/	Mike Jensen	Yes
Org.za	https://www.registry.net.za/	ZACR	No
School.za	http://schoolnet.org.za/dns/dns.htm	SchoolNet SA	Yes
Web.za	https://www.registry.net.za/	ZACR	No

Table 8 shows that most of the SLDs are moderated, except co.za, net.za, org.za and web.za. Net.za and org.za are somewhat hybrid because they have eligibility requirements, but do not moderate domain name registration. Instead net.za and org.za domain name applicants undertake, as a condition of registration, to use the domain names in compliance with the purpose stated in the charters.

Co.za and web.za do not impose any eligibility restriction, and as a result, they accept registrations on a first-come, first-served basis from South African and non-South African persons. Table 9 below shows active SLDs that are currently not accepting new registrations (and are consequently categorised as "dormant"):

OVERVIEW OF .ZA NAMESPACE

Table 9: Dormant SLDs

SLD	URL	Administrator
Alt.za	None	Alan Barrett
Tm.za	http://tm.za/	Peter Henning

In addition, .ZA still has limited, historical private SLDs. These were delegated to private persons prior to the establishment of ZADNA. Several dormant, inactive private SLDs were deleted in 2009/2010. ZADNA since then decided against delegation of any more private SLDs. **Table 10** lists the remaining active private SLDs. Additional SLD details, including contact details and registration processes, are available at the ZADNA website.

Table 10: Private SLDs

SLD	URL	Administrator
Agric.za	http://www.agric.za/	Agricultural Research Council
Grondar.za	None	Mark Murray
Nis.za	None	Cybersmart

7.2 REGISTRIES

.ZA has multiple registries (or "registry operators" as commonly known in the domain name industry) responsible for managing multiple SLDs. The Act empowers ZADNA to regulate SLD registries through licensing, policy development and standard setting.

As reported in the past, due to shortcomings in the ECT Act, ZADNA has not licensed registries and registrars as the current licensing framework has gaps that leaves ZADNA in a weakened regulatory position. It was out of this realisation that several legal opinions (including 2 opinions from the State Law Adviser) all advised ZADNA not to license under the current regime, but use an interim collaborative, contractual arrangement to regulate .ZA registries and registrars until the ECT Act is amended.

OVERVIEW OF .ZA NAMESPACE

The establishment of the ZACR resulted from such a position, and has managed to empower ZADNA to regulate registrars through a contractual relationship with ZACR, which relationship requires ZACR, in the interim, to accredit registrars until the Act is amended. However, ZADNA is working on finding a way of licensing .ZA registries and registrars for the year 2016/17 while pursuing the amendment of the Act.

7.2.1 ZACR

ZACR remains the main registry "customer" of ZADNA due to ZACR's operation of the centralised EPP registry infrastructure that has around 98% of the around 1.1 million .ZA domain names. ZACR was established exactly for the purpose of centralizing the operation of primarily un-moderated SLDs (i.e. SLDs that impose no eligibility requirements for registration) in order to automate the domain name registration process. It currently operates co.za, which alone accounts for around 1 050 000 registrations. ZACR also operates org.za, net.za and web.za on the same centralised platform.

(a) Law.za

From its establishment in 2012, ZACR was intended to gradually absorb the operation of other SLDs. In 2015/2016, law.za registry services were transferred to ZACR at the request of the current law.za administrator. Prior to this, ZADNA developed an interim law.za charter, which now guides ZACR's operation of law.za.

7.3 REGISTRARS

The role of registrars continues to be firmly established in .ZA, especially in relation to ZACR SLDs. Most of the SLDs are restricted to specific user communities and have registries also serving as registrars for these SLDs. This practice is common in SLDs such as:

- Ac.za
- Gov.za
- School.za

OVERVIEW OF .ZA NAMESPACE

7.3.1 ZACR REGISTRAR ACCREDITATION

To date, the number of ZACR-accredited registrars continues to grow steadily (see **Figure A** below). The ZACR registrar accreditation framework helps clarify registrar responsibilities and rights in relation to both their clients (for whom they register domain names) and the ZACR. This framework has become the main channel through which ZADNA regulates registrars, as around 99% of all .ZA registrations fall under the SLDs that the ZACR operates (i.e. co.za, net.za, org.za and web.za).

Table 11 below shows that through its accreditation process, the ZACR accredited 429 local and international registrars as of 31 March 2016. This shows 12 new registrars were accredited since March 2015 (when there were 417 accredited registrars).

Table 11

<i>Table 8: ZACR Registrar Accreditation - 31 March 2016</i>	
Accredited	429
In testing	54
In application	251
ICANN registrars	63

The number of accredited registrars has continued to grow impressively since the ZACR registrar accreditation process started in 2012. The growth shows that there is a strong demand for .ZA domain names in spite of the introduction of around 1 300 new ICANN TLDs from 2013, which TLDs compete with .ZA. The demand, in all likelihood, emanates from very low levels of awareness in South Africa about new gTLDs. Most South Africans still regard .ZA as their domain name of choice much ahead of other TLDs.

OVERVIEW OF .ZA NAMESPACE

Table 11 below shows that through its accreditation process, the ZACR accredited 429 local and international registrars as of 31 March 2016. This means that 12 new registrars were accredited since March 2015 (when there were 417 accredited registrars).

Table 11

<i>Table 11: ZACR Registrar Accreditation - 31 March 2016</i>	
Accredited	429
In testing	54
In application	251
ICANN registrars	63

The number of accredited registrars has continued to grow impressively since the ZACR registrar accreditation process started in 2012. The growth shows that there is a strong demand for .ZA domain names in spite of the introduction of around 1 300 new ICANN TLDs from 2013, which TLDs compete with .ZA. The demand, in all likelihood, emanates from very low levels of awareness in South Africa about new gTLDs. Most South Africans still regard .ZA as their domain name of choice much ahead of other TLDs.

Table 12 below shows that South African registrars accounted for 93% of domain names registered in the co.za, net.za, org.za and web.za SLDs, and this shows that there is a strong registrar community in South Africa. Having multiple registrars supports price competition at registrar level, which in itself has a tendency of keeping .ZA domain name prices charged to domain name holders affordable.

Table 12

<i>Table 12: Local vs Foreign Registrar - 31 March 2016</i>		Market share %
Local	359	93%
International	70	7%

OVERVIEW OF .ZA NAMESPACE

The number of international registrars accredited by ZACR only grew by 2 new registrars from 68 in March 2015 to 70 in March 2016. The limited increase in international registrars is expected as the growth of .ZA is largely stemming from the South African Internet community and occurs mainly through local registrars.

Figure A below shows where the international .ZA registrars are located. The map shows that international interest in .ZA names continues to come largely from those countries that have significant economic relationship with South Africa, such as USA, European Union and India.

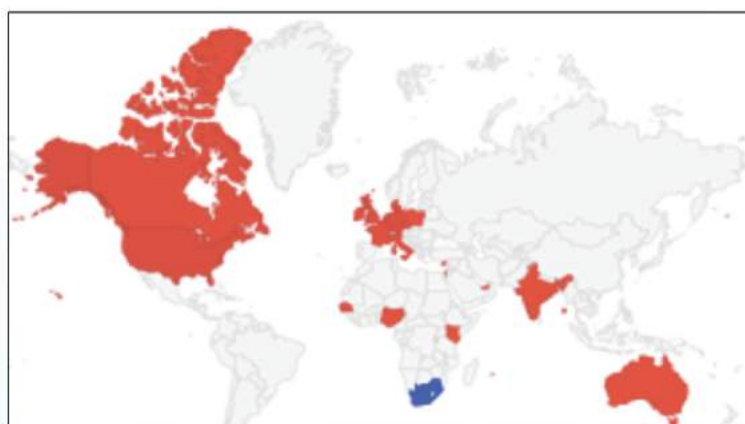


Figure A: ZACR's international registrar map

Figure B below shows the geographic distribution of South African registrars. The distribution shows that domain name registration continues to be largely linked to places of significant economic activity (i.e. Joburg, Durban and Cape Town).

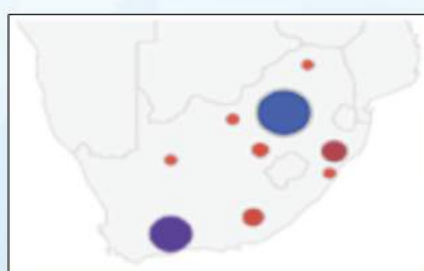


Figure B: Local registrar distribution

OVERVIEW OF .ZA NAMESPACE

7.4 .ZA REGISTRATIONS

The .ZA namespace continues to grow as a namespace of choice for South Africans. In March 2015, for the first time, .ZA registrations exceeded 1 million names – this making .ZA the first SLD namespace to reach this milestone. Reaching the next million registrations requires more intensive public awareness that ZADNA should undertake in collaboration with .ZA registries and registrars. ZADNA is looking into suitable means of using such collaboration to stimulate .ZA domain name registration.

Table 13 shows how each .ZA SLD performed in the last year since 1 April 2015. The Table shows the total number of registration as at 31 March 2016 compared to 31 March 2015.

Table 13: .ZA registrations as at 31 March 2016 compared to 31 March 2015

	31-Mar-16	31-Mar-16		Mar-15	Mar-15	
SLD	Registrations	Percentage	Registrations	Percentage		Variance
ac.za	392	0,0%	357	0,0%		35
alt.za	43	0,0%	43	0,0%		0
co.za	1 032 539	96,7%	977 632	96,9%		54907
edu.za	96	0,0%	85	0,0%		11
gov.za	880	0,1%	806	0,1%		74
law.za	75	0,0%	75	0,0%		0
mil.za	49	0,0%	51	0,0%		-2
net.za	1 062	0,1%	556	0,1%		506
nom.za	630	0,1%	630	0,1%		0
org.za	30 362	2,8%	27 284	2,7%		3078
school.za	9	0,0%	9	0,0%		0
tm.za	65	0,0%	65	0,0%		0
web.za	1 697	0,2%	1 487	0,1%		210
TOTAL	1 067 899	100%	1 009 080	100%		58821

(a) Table 13 shows that 99.8 % of the total .ZA registrations are in SLDs under ZACR's operation. Co.za alone accounts for 96.6% of the total registrations (i.e. 1 032 539 as of 31 March 2016 compared to 977 632 as of 31 March 2015). Org.za is the second best performer with 30 362 registrations (compared to 27 284 as 31 March 2015), while net.za grew from 556 registrations in March 2015 to 1 062 by March 2016 (i.e. around 80% growth).

OVERVIEW OF .ZA NAMESPACE

Web.za also grew from 1 487 in March 2015 to 1 697 by March 2016. Co.za's growth results from the SLD being, from its launch around 20 years ago, an open SLD that accepts registrations from South Africans and non-South Africans on a first-come, first-served basis. Its registration model (which imposes no eligibility requirements) resulted in co.za becoming the flagship SLD for .ZA.

Org.za is expected to continue growing gradually behind co.za, and this is because it primarily serves non-profit organisations. Net.za is also expected to grow slowly as it is primarily intended for entities involved in the provision of network infrastructure. All the ZACR-operated SLDs are primarily commercial and do not impose eligibility requirements, which makes them easier and more accessible to domain name applicants than moderated SLDs (i.e. SLDs imposing eligibility requirements).

(b) .ZA grew by 58 821 new registrations since March 2015, with co.za alone gaining 54 907 new registrations. Only mil.za had a net loss of 2 registrations, but this is barely significant considering that mil.za is a private SLD that the Department of Defence administers and uses for internal, organisational purposes.

(c) There are no changes in alt.za and tm.za, as they no longer accept new registrations, but only maintain the ones that existed prior to ZADNA's establishment.

(d) There is also no change in school.za because the SLD only allocates individual school domain names at the 4th level (e.g. orlandohigh.gauteng.school.za). Third level registrations are assigned to the 9 provinces. ZADNA does not count registrations registered beyond the 3rd level.

(e) The growth in non-ZACR SLDs remains limited, and this is because these SLDs, by their very purpose, are restricted to specifically defined communities.

OVERVIEW OF .ZA NAMESPACE

7.5 TECHNICAL OPERATIONS

The ZA namespace operates in a stable and secure manner with no interruptions or breaches of any kind reported in any of the second level domains (SLDs). ZADNA annually looks at different infrastructure enhancements for the namespace, and does this in consultation with the SLD registry operators. ZA's name servers use both BIND and Windows software to ensure technical balance and adaptability in the ZA technical infrastructure.

7.5.1 .ZA ZONE

The .ZA zone consists of 3 Anycast nameservers and 2 Unicast servers (see Table 14 below). Nsza.is.co.za is local name server and uses BIND, while disa.tenet.ac.za uses Windows operating system, which makes the entire .ZA zone diverse when it comes to operating platforms. Using different nameserver operating system is a best practice that enhances namespace robustness and resiliency.

Table 14: ZA TLD name servers

```
;; ANSWER SECTION:
za.      604800 IN  SOA  nsza.is.co.za.
        dnsadmin.zadna.org.za. 2013082701 21600 3600 2592000 86400

;; AUTHORITY SECTION:
za.      86400 IN  NS   nsza.is.co.za.
za.      86400 IN  NS   za1.dnsnode.net.
za.      86400 IN  NS   disa.tenet.ac.za.
za.      86400 IN  NS   za-ns.anycast.pch.net.
za.      86400 IN  NS   sns-pb.isc.org.
```

The above nameservers provide ZADNA with diverse, reliable infrastructure capacity. The nameserver za1.dnsnode.net. is an Anycast server provided by Autonomica. ZADNA has additional Anycast nameserver capacity in za-ns.anycast.pch.net. provided by Packet Clearing House and sns-pb.isc.org. provided by Internet Systems Consortium. All the 3 Anycast servers are provided to ZADNA for free due to the small size of .ZA zone file that only has the 17 SLDs as its records.

OVERVIEW OF .ZA NAMESPACE

7.5.2 ANYCAST

Anycast allows at least 99% of ZA domain name data to be regularly backed up across different geographically distributed servers across the globe. Traditional Unicast nameserver architecture allows authoritative nameservers to be deployed in single server units or clusters in disperse geographic locations.

Each delegation hostname or Internet Protocol (IP) address maps to a single physical location, with one or more servers providing an authoritative name service. This allows load balancing and redundancy to be achieved using traditional server load balancing techniques. No matter how Internet routing changes or where you connect to the Internet from, you will be taken to a specific nameserver in a specific location.

Anycast servers allow authoritative nameserver "instances" to be deployed globally with multiple copies of each authoritative DNS server located in many geographically dispersed locations. Just like Unicast nameservers, each instance is referenced by one hostname or IP address, but instead of a single server in a single location, there are multiple copies of the authoritative name servers in multiple locations all over the world.

Anycast gives the benefit of overall redundancy so that each nameserver instance distributes name service for the same IP address across multiple, geographically diverse data centers. If there is a problem with nameserver instance, another nameserver in a different data centre should be able to respond.

In addition, a global distribution of authoritative nameservers significantly reduces the latency for users to obtain a nameserver response when connecting to a site because of the distributed nature of the network. Users querying domain name information are automatically directed to the fastest available nameservers.

OVERVIEW OF .ZA NAMESPACE

ZADNA's Anycast nameservers, therefore, bring these important benefits. In particular, the globally distributed .ZA domain name service means that even in instances of natural disasters, the .ZA domain name service will still be available from those networks in other unaffected regions.

7.5.3 IPv6

ZADNA's name servers are dually stacked i.e. they are compatible and responsive to both IPv4 and IPv6 queries. This is important because the advent of IPv6 requires the ZA infrastructure to accommodate IPv6 without compromising IPv4, which is still the main Internet addressing standard.

7.5.4 DNSSEC

ZADNA has always set continuous infrastructure security improvements as key objective for the stability and reliability of the .ZA namespace. Accordingly, in 2012/2013 ZADNA approved a plan to commence the deployment of DNSSEC (domain name security extensions) in .ZA starting with the smaller net.za and web.za SLDs in the course of 2013/2014.

Following the acquisition of its own nameserver infrastructure, ZADNA is now in a position to commence the deployment of DNSSEC in earnest. The .ZA zone was signed but has not been published in ZADNA's primary nameserver infrastructure pending the completion of a registry interface that ZADNA will use to manage the .ZA zone file.

DNSSEC is an ICANN-adopted standard that is intended to address vulnerabilities in the Domain Name System (DNS) and protect it from online threats. It increases the security of the Internet as a whole by adding authentication to DNS to make the system more secure. DNSSEC implementation is of critical importance to a vibrant namespace of the size of ZA, hence ZADNA's focus on using it to ensure trust and integrity of the ZA domain name data.

OVERVIEW OF .ZA NAMESPACE

7.5.5 CENTRAL WHOIS

Whois is a query and response protocol that is widely used for querying databases that store the registered users or assignees of an Internet resource, such as a domain name, an IP address block, or an autonomous system, but is also used for a wider range of other information. Whois is an important service that most TLDs have.

Amongst other benefits, it allows for people to query domain name availability online and access domain name data (such as registrant and registrar details of each domain name). Law enforcement agencies also benefit from Whois when they try to curb online crimes using domain names.

Most SLDs have their individual Whois databases, but ZADNA launched a centralised Whois service on its website in 2010/2011, and has continued to maintain it (see **Table 15**). The establishment of ZACR allows ZADNA to gradually upgrade to a new, user-friendlier Whois database for names registered in ZACR-operated SLDs. The edu.za Whois was only set up during 2014 after ZADNA updated edu.za domain name data. Edu.za applicants can now use the facility to look up for available names.

Table 15: SLD Whois links

SLD	URL
Ac.za	http://protea.tenet.ac.za/cgi/cgi_domainquery.exe
Alt.za	https://whois.alt.za/
Co.za	https://www.registry.net.za/whois/
Edu.za	https://whois.edu.za/
Gov.za	http://dnsadmin.gov.za/whois.htm
Net.za	https://www.registry.net.za/whois/
Nom.za	http://www.nom.za/
Org.za	https://www.registry.net.za/whois/
Web.za	https://www.registry.net.za/whois/

OVERVIEW OF .ZA NAMESPACE

7.5.6 Availability of Other Top Level Domains in South Africa

Although ZADNA's focus is on the .ZA domain namespace, it is also important that other ccTLDs and gTLDs remain accessible to South Africa. Through its relationship with global Internet industry, ZADNA is able to monitor industry efforts to ensure that global domain names are supported locally.

At the Johannesburg, Cape Town and Durban Internet exchanges operated by INX-ZA, the following domain name services are available:

- (a) An Anycast instance of the I-Root server together with ccTLDs and gTLDs (operated by Netnod);
- (b) An Anycast instance of the F-Root server (operated by ISC);
- (c) An Anycast instance of the E and D-Root servers;
- (d) An Anycast instance of the K-Root server (operated by the RIPE-NCC);
- (e) Instances of DNS services provided by Community DNS; and
- (f) Instances of about 400 TLDs (operated by Packet Clearing House)

This is in addition to the .ZA domains operated by ZACR under agreement with ZADNA, which are also accessible via local exchange points.

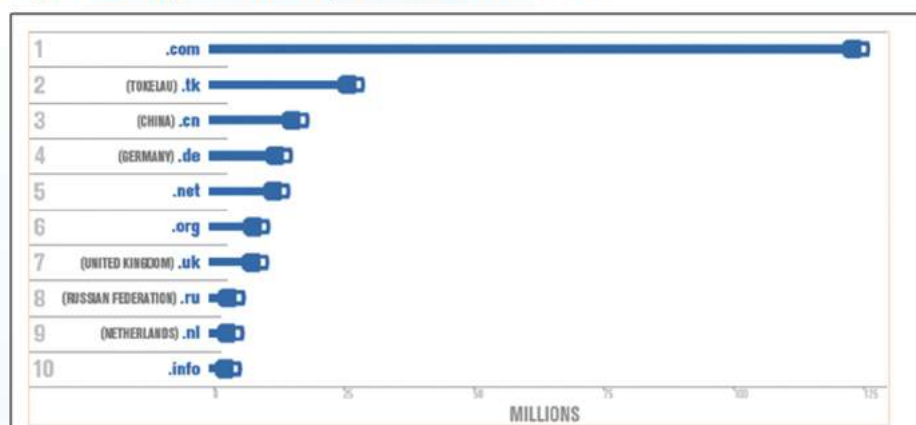
GLOBAL DOMAIN NAME INDUSTRY OVERVIEW

Growth in .ZA registrations should be interpreted within the context of the growth trends in the global domain name market. Developments in trends within .ZA should be understood in the context of developments and trends in the global domain name industry. Likewise, ZADNA's functions should be located within the global domain name and Internet community simply because there is a single global Internet.

8.1 Global Growth in Domain Names

The Verisign Domain Name Industry Brief shows that there was a total of 326.4 million domain names registered worldwide by 31 March 2016. This amounts to an increase of approximately 32.4 million new domain name registrations (11%) since 31 March 2015 (see **Figure C**).

Figure C: Top 10 TLDs by 31 March 2016 size



Among pre-new gTLDs TLDs, .com continues to grow and has at least 126 million names as of March 2016. The second largest gTLD is .net with 15 million registrations. Growth in .org has substantially stagnated compared to .net as the 2 TLDs used to be close to each other in registration number terms.

Total domain names registered in ccTLDs (country code Top Level Domains) were approximately 148.2 million by 31 March 2016. This translates to approximately 11.3 million new registrations since March 2015 when the total of ccTLD registrations stood around 137 million registrations. **Figure D** below shows the Top 10 ccTLDs in registration size.

GLOBAL DOMAIN NAME INDUSTRY OVERVIEW

Figure D: Top 10 ccTLDs in registration size



The .tk (Tokelau Islands) ccTLD remains the largest ccTLD with around 22 million registrations by 31 March 2016. This ccTLD growth is attributable to its offering free domain name registrations worldwide. While this has increased the number of registrations significantly over the last 2 years, it has a downside in that free domain names are normally attributed to cybersquatting and related e-crimes.

A significant change (noted from Figures C and D) is that there has been a change in the 2nd spot of largest ccTLDs. By 31 March 2016, .cn (China) has overtaken .de (Germany/Deutschland) to the second spot with around 16 million registrations compared to around 15 million .de registrations. The growth in .cn seems to result from increasing awareness about the importance of .cn in the Chinese domain name community.

According to the Verisign Domain Name Industry Brief, .fr (France) – number 10 in the Top 10 ccTLDs – has at least 2.5 million registrations. This indicates that .ZA will need to grow significantly if it is to reach the Top 10 of best performing ccTLDs. This will take more intensive awareness across different .ZA stakeholders, especially within the small enterprise and individual domain name applicants segment.

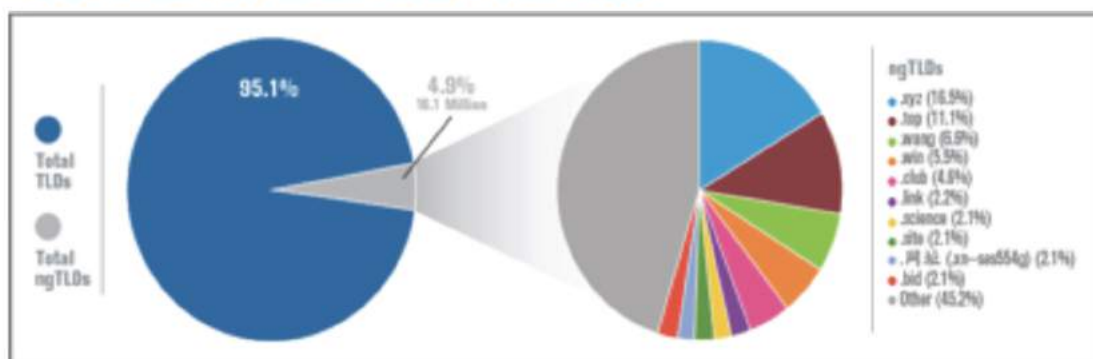
8.1.1 New gTLD Growth

Compared to 3 years ago, growth across different, long-existing top level domains (TLDs) has slowed gradually due to the entry of +1000 new generic TLDs (gTLDs) since 2012. The TLDs that existed before the new 2013 new gTLDs entered the market – such as .ZA, .com and .net – continue to attract new registrations, but the percentage of new registrations is now lesser than before new gTLDs were introduced.

GLOBAL DOMAIN NAME INDUSTRY OVERVIEW

The decreased growth is largely resulting from the growth of some of the new gTLDs. However, the overall number of domain names continues to grow. Figure E below shows the percentage size of new gTLDs market share of the total domain name registrations worldwide, and the Top 10 best-performing new gTLDs.

Figure E: New gTLD market share (March 2016)



New gTLD registrations totalled 16.1 million as of 31 March 2016, which represents 4.9% of total domain name registrations. New gTLDs have grown by approximately 11.3 million registrations since March 2015 when they accounted for 4.8 million registrations.

The Top 10 new gTLDs represent 54.8 percent of all new gTLD domain name registrations. Figure E above shows new gTLD domain name registrations as a percentage of overall TLD domain name registrations, and also the Top 10 new gTLDs as a percentage of all new gTLD domain name registrations for the first quarter of 2016.

Some of the new gTLDs that entered the market in 2013 have grown very impressively to become Top 20 performers across all TLDs. The .xyz new gTLD already exceeds 6 million names in a space of about 3 years, while .top has also exceeded 3 million registrations.

It is worth noting (from Figure E) that none of the Top 10 new gTLDs are geographic in nature (such as .london, .capetown and .nyc). This means that geographic TLDs are experiencing slower adoption than generic new gTLDs (such as .xyz and .top).

GLOBAL DOMAIN NAME INDUSTRY OVERVIEW

The slow geographic TLD growth can be attributed to the fact that geographic TLDs are naturally limited in scope as they serve their specific geographic region. For example, dotDurban primarily serves the limited Durban community. On the other hand, generic new gTLDs (e.g. .xyz) are available in the global market in the same that “traditional” gTLDs such as .com are available.

PERFORMANCE AGAINST ANNUAL TARGETS

ZADNA's business objectives for 2015/2016 were based on the 4 strategic goals. Table 13 below outlines ZADNA's performance towards achieving its objectives:

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
1. INCLUSIVE, VIBRANT DOMAIN NAME COMMUNITY	1.1 Implemented education & awareness			N/A
	(a) Implemented ZADNA awareness	Achieved	ZADNA's awareness campaign focussed on both ZADNA's mandate and on creating awareness about the importance of registering .ZA domain names.	
	(b) Implemented .ZA education & awareness	Achieved	<p>ZADNA achieved its targets in all the Quarters. The key quarterly target was to hold at least 2 stakeholder events in Quarters 2 to 4, and this was achieved as events were held as follows:</p> <p>(a) Quarter 2:</p> <p>Domain name briefing to around 200 small and medium enterprises during the 2015 Success Summit held in Sandton in June 2015. The briefing explained the importance of .ZA for local businesses, and how businesses can easily register .ZA names and even participate in domain name registration.</p>	
	(a) Implemented ZADNA awareness	Achieved	Briefing to Internet service providers and ZADNA members during iWeek 2015 that was held in Cape Town in September 2015. The briefing included Internet community workshops looking at potential policy and charter changes in edu.za and law.za.	

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
		Achieved	<p>Introductory meeting with Durban Chamber of Commerce and Industries in August 2015. The meeting explained ZADNA's mandate, and identified areas of collaboration with the Chamber.</p> <p>(b) Quarter 3:</p> <p>ZADNA briefed around 150 business women at the Shared Wings of Hope's Women in Business workshop held on 21 November 2016. The briefing focussed on ZADNA's mandate and different domain name registration options in .ZA.</p> <p>ZADNA conducted a domain name business workshop attended by around 200 SMEs attending the Global Entrepreneurs Week hosted by the eThekweni Metro Municipality. The workshop took place on 17 November 2016 in Umlazi, Durban.</p>	N/A
	(a) Implemented ZADNA awareness	Achieved	<p>ZADNA briefed SEDA about its ECT Act mandate on 27 November 2015 in Hatfield. The meeting also identified areas of future collaboration</p>	
	(b) Implemented .ZA education & awareness		<p>(c) Quarter 4:</p> <p>ZADNA held a .ZA Domain Name Workshop in Soweto on 26 February 2016. The event was attended young entrepreneurs and covered detailed presentation of .ZA domain name registration value chain, and registrar and reseller processes and opportunities.</p>	

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
		Achieved	<p>A .ZA Domain Name Workshop was held in Tsakane, East Rand (Gauteng) on 10 March 2016, and was attended by around 50 youth entrepreneurs.</p> <p>ZADNA exhibited Exhibition at My Business Expo in Gallagher Estate (Midrand) on 11 March 2016. The event was attended by +1000 business people and allowed ZADNA to engage with the attendants about its role and domain name registration importance.</p>	N/A
	(a) Implemented ZADNA awareness	Achieved	ZADNA held a Domain Name Business Breakfast in Mangaung on 15 March 2016.	
	(b) Implemented .ZA education and awareness	Achieved	The event was held with the support of the Mangaung Chamber of Commerce and was attended by around 30 local business people.	
	c) Implemented dotCities engagement and support	Not Achieved	This target focused on promoting the ZA dotCities (dotCapeTown, dotDurban and dotJoburg) but was dependent on a clear agreement on what ZADNA's role is over the dotCities, and on ZADNA's activities being primarily funded from dotCities revenue.	ZADNA is expecting the Minister's ICT Policy to clarify its dotCities' role, and will thereafter revive its dotCities activities.

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
	1.2 PROMOTE DIVERSITY IN SLDs (a) Approved New SLDs	Not Achieved	While initial planning work was done to support the launch of new SLDs, ZADNA decided to consult further about the new SLD project. It increasingly became clear that the slow growth in net.za, org.za and web.za did not warrant the introduction of new SLDs, as these will likely not grow at all. As a result, ZADNA did not pursue the target any further.	ZADNA is assessing the suitability of direct 2nd level registrations (e.g. zadna.za instead of zadna.org.za), and considers this to be a more stimulating option for the local Internet community.
2. ENHANCED REGULATORY & POLICY ENVIRONMENT	2.1 STANDARDIZED SLD POLICY FRAMEWORK (a) Finalized outstanding SLD charters	Achieved	The .ZA SLD General Policy became effective on 1 April 2016. Following this, ZADNA succeeded in completing public consultations about the charters for ac.za, edu.za, gov.za and nom.za. the ZADNA Board approved the charters in November 2015, and the charters became effective in December 2016. These charters did not change the policy direction of the SLDs, but formalised the purpose of each of the SLDs and roles and responsibilities in the administration of the SLDs.	N/A

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
	(b) Implemented SLD General Policy	Achieved	The General Policy became effective in April 2015, and ZADNA succeeded in monitoring its implementation by SLD administrators and registry operators. The General Policy confirmed, amongst other things, principles underpinning .ZA domain name registration, the types of SLDs (e.g. moderated, un-moderated and private) and the roles of registry operators and registrars.	N/A
	(c) Implemented SLD operational policies and standards	Achieved	All SLDs have clear operational policies in line with the General Policy. In particular, ZACR, which administers 99% of .ZA registrations, implemented a new Data Uniformity Policy to bring domain name registration data in line with the General Policy. No public consultation is run for operational as these are secondary and are driven by SLD registry operators. The consultation is only done between ZADNA and the concerned registry operator.	
	(d) Developed data protection policies	Not Achieved	ZADNA's continuous assessment of the global domain name landscape showed that the current General Policy, plus specific data protection policies of registry operators, were sufficient to deal with data protection requirements. In particular, ZACR, which manages 99% of the total .ZA registrations, has detailed data protection policies that .ZA registrars comply with, including the Data Uniformity Policy.	ZADNA will continue assessing the global domain name landscape, especially in the advent of the emerging ICANN domain name registration data protection policy. If any changes are necessary in .ZA, a specific policy may be developed.

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
	2.2 Enhanced regulatory mandate (a) Proposed review of ADR Regulations	Achieved	After several consultations with DTPS, ZADNA submitted its proposed review of ADR Regulations to DTPS. The review identified and proposed areas of amendments. Indications from DTPS are that the amended Regulations will be published for public comment in the course of 2016/2017.	N/A
3. DEVELOPED CENTRE OF OPERATIONAL EXCELLENCE	3.1 IMPLEMENTED SLD OPERATIONAL & TECHNICAL STANDARDS (a) Finalised, confirmed technical & operational standards	Achieved	The SLD technical standards sought to confirm basic infrastructure standards that SLD administrators and registry operators should adhere to, such as the minimum number and type of primary and secondary nameservers. The standards were finalised in consultation with the registry operators, and did not necessarily introduce any changes as the registry operators already adhere to these standards.	
	3.2 IMPLEMENTED SECURE & RELIABLE INFRASTRUCTURE (a) ZADNA-managed .ZA zone file	Not Achieved	The delay in concluding the zone file agreement with registry software resulted in the transfer of the ZA zone file running behind schedule and taking place in early May 2016. As a result, the work of developing a software interface through which ZADNA will manage the zone file was also delayed, and only commenced in Quarter 4. The interface will allow ZADNA to update information concerning each SLD in an automated manner.	ZADNA has already rectified the matter as the contractual agreement was concluded in April 2016 and ZADNA assumed the management of the zone file in May 2016.

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
			The zone file is the primary file that lists all the .ZA SLDs, administrators, primary infrastructure and contact details. Since its inception in 2003, ZADNA had outsourced the management of the zone file.	
	3.2 IMPLEMENTED SECURE & RELIABLE INFRASTRUCTURE (b) Implemented DNSSec*	Achieved	<p>The .ZA zone file was signed but not published pending:</p> <p>The approval of ZADNA's DNS Policy and Practice Statement (which was achieved June 2016); and</p> <p>The completion of the development of an automated registry interface that ZADNA will use to manage the zone file and to update DNSSec keys in the zone file. The interface was since finalised in July 2016.</p> <p>The implementation of DNSSec beyond the signing of .ZA is expected to commence with net.za, web.za and org.za and be extended to co.za. Once these SLDs are DNSSec-signed, around 99% of .ZA names will enjoy the trust and integrity that DNSSec brings to domain names.</p> <p>Although there were quarterly targets for conducting DNSSec awareness, these were not pursued in view of the prolonged contractual negotiations that delayed the transfer of the zone file to ZADNA.</p>	N/A

PERFORMANCE AGAINST ANNUAL TARGETS

***NOTE on DNSSec**

DNSSEC secures the domain name infrastructure through a hierarchy of cryptographic signatures attached to the DNS records. Users are assured that the source of the data is verifiably the stated source, and the mapping of name to IP (Internet Protocol) address is accurate. DNSSEC-compliant name servers also provide denial of existence - that is, they tell a user that a domain name does not exist. There are two dominant strategies for DNSSec deployment:

- (i) A process that zone operators can initiate for digitally signing their own zones by employing public-private key pairs; and
- (ii) A chain of trust between parent and child that enables the system eventually to become trustworthy.

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
	3.3IMPLEMENTED INTERNAL AND EXTERNAL CAPACITY BUILDING (a) Implemented internal training (legal, technical, policy)	Achieved	<p>This target was intended to up-skill current staff by exposing them to other work areas of ZADNA. For example, the Technical Coordinator was assigned to work on issues of policy development with an external consultant, and attended an AfILD training conference. The Project Coordinator was exposed to stakeholder relations (government and Parliament), business planning and policy. He also attended the ICANN Marrakech conference as a means of exposing him the global aspects of domain name policy development and regulation.</p>	N/A
	(b) Enhanced internal controls	Achieved	<p>ZADNA continued to tighten its internal controls throughout the year. In particular the following policies and controls were approved and implemented:</p> <p>(i) The mandate of the former Finance Committee was extended to include issues of internal audit and risk. The committees name changed to Finance, Audit and Risk Committee (Farco).</p> <p>(ii) The Charters for the Board committees (Farco, Manco, Techcom) were reviewed and approved.</p> <p>(iii) A Delegation of Authority was approved detailing areas of responsibility between ZADNA management and the Board.</p>	

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
			<p>(iv) The Board approved ZADNA's membership of the Institute of Directors of South Africa (IoDSA) and other institutions so that ZADNA can benefit from IoDSA training.</p> <p>(v) ZADNA directors attended several corporate governance training offered by</p> <p>(vi) Amendments to the Procurement Policy were approved.</p> <p>(vii) Amendments to the Financial Policies and Procedures were approved.</p> <p>(viii) Amendments to the Subsistence Schedule of the Travel and Subsistence Policy were approved.</p> <p>(ix) Additional new internal policies were drafted for future approval by the Board. These include recruitment and selection, ICT, access to information and stakeholder relations.</p>	

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
	(c) Completed technical and registrar-reseller training	Achieved	Registrar/reseller training events were held in Soweto (26 February 2016) and Tsakane (10 March 2016). The training events covered basic technical aspects of the domain name system, and focused more on the business aspects as means of exposing the youth attendants to opportunities of participating in the domain name registration value chain. On average, each event had around 30 participants that were predominantly youth.	N/A
	3.4 FINANCIAL SUSTAINABILITY (a) Regularly collected revenue	Achieved	ZADNA succeeded in collecting all the per-domain name revenue from ZACR in time and regularly. As shown in the 2015/16 audited financial statement, ZADNA's actual revenue was slightly less than budgeted, but savings in other budget items compensated for the shortfall. In addition, expenditure was overall kept within budget. Over-expenditure in some items was compensated by savings in other areas.	N/A
4. SUPPORTED, INCLUSIVE INTERNET GOVERNANCE	4.1 COORDINATED LOCAL INTERNET GOVERNANCE (a) Held ongoing Internet Governance dialogue	Achieved	ZADNA participated in the preparations for, and also participated in, the 2015 local Internet Governance Forum (IGF), which was hosted in collaboration with ISPA and ISOC Gauteng. In addition, an Internet Governance report focusing on the Internet Governance environment and in multistakeholderism vs multilateralism was submitted to DTIS.	N/A

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
	4.2 ENHANCED INDUSTRY AND STAKEHOLDER PARTNERSHIPS (a) Collaboration with relevant Internet Governance entities	Achieved	<p>ZADNA continued its collaboration with ISOC-Gauteng, and the key deliverable was the 2015 local Internet Governance Forum. ZADNA also continued its partnership with ISPA and ZACR with the key deliverable being the 2015 iWeek conference.</p>	N/A
	4.3 ENHANCED PARTICIPATION IN KEY INTERNET POLICY FORA (a) Active participation in ICANN, IGF, AfTLD and other relevant processes	Achieved	<p>ZADNA continued its participation in the various Internet policy fora:</p> <p>(i) ZADNA attended ICANN conferences in Buenos Aires, Dublin and Marrakech. As part of its participation:</p> <p>ZADNA represented the African domain name registries and operators in an ICANN cross-community process that shaped a new ICANN accountability framework through which the United States government will relinquish sole oversight over ICANN to a multi-stakeholder body.</p> <p>ZADNA continued to hold of the 3 Africa seats in the ICANN ccNSO council.</p> <p>(ii) ZADNA attended AfTLD technical training workshop in Livingstone (Zambia) in November 2015.</p>	N/A

PERFORMANCE AGAINST ANNUAL TARGETS

PERFORMANCE INDICATOR	ANNUAL TARGET	ACTUAL ACHIEVEMENT	CHALLENGES/COMMENTS	RECTIFICATION
	4.4 ENHANCE RELATIONSHIPS WITH GOVERNMENT AND PARLIAMENT (a) Active participation in ICANN, IGF, AfTLD and other relevant processes	Achieved	<p>(i) ZADNA participated in the Minister's delegation to the BRICS ICT Ministers' Summit in Moscow in October 2015.</p> <p>(ii) ZADNA continued its participation in the Minister's National ICT Forum. ZADNA seats in the following structures of the Forum:</p> <ul style="list-style-type: none"> • Governance & Security Chamber • Internet Governance Working Group • Ecommerce Working Group <p>(iii) ZADNA worked with DTPS, SITA and other entities to explore new ways of using the Internet for better data management.</p> <p>(iv) ZADNA submitted an Internet Governance report to DTPS.</p>	N/A

PERFORMANCE IN UNPLANNED WORK AREAS

ZADNA's work is substantially responsive to the .ZA namespace industry needs and to other work requirements of the DTPS. Accordingly, there were several work areas that ZADNA focused on outside the approved 2015/2016 Annual Performance Plan. However, ZADNA sees some of these functions as also driving and promoting awareness campaign and marketing while benefiting the society including those disadvantaged schools in rural areas or villages to increase accessibility to technology. This is very important as it enhances education sphere.

(a) Schools Online Presence Project

As part of its visible awareness campaign, ZADNA sponsored 10 websites for schools in Gauteng. The Project is meant to encourage adoption of .ZA as an online identity for South African schools and provision of school-specific educational materials online using the websites. Websites were launched for the following schools:

- (i) Lefika Primary School in Sebokeng (lefikaprimery.co.za)
- (ii) Maxeke Secondary School in Evaton (maxekesecondary.co.za)
- (iii) Sivuse Primary School in Sebokeng (sivuseprimary.co.za)
- (iv) Lakeview Primary School in Soweto (lakeviewps.co.za)
- (v) Phafogang Secondary School in Soweto (phafogang.co.za)
- (vi) Beverley Hills Secondary School in Sebokeng (beverlyhigh.co.za)
- (vii) Impala Crescent Primary School in Lenasia
(impalacrescent.co.za)
- (viii) Tharabollo Secondary School in Palm Springs (tharabolo.co.za)
- (ix) Rutasetjhaba Secondary School in Evaton North
(rutasechaba.co.za)
- (x) Evaton Primary School in Evaton (evatonprimary.co.za)

PERFORMANCE ON SOCIAL RESPONSIBILITY WORK AREAS

The launch of the above school websites gave ZADNA substantial awareness as ZADNA gained substantial, unpaid-for media coverage when the websites were launched.

(b) Law.za Transition

Following consultations with the law.za administrator (Cape Law Society), ZADNA coordinated the transfer of law.za registry operation to the ZACR automated registry system. The transfer required ZADNA to project-manage the process in consultation with law.za administrator and ZACR. ZADNA also developed an interim law.za charter. (This function is not outside mandate. Facilitation of this kind and Charters are rightfully within zaDNA. It might not have being set in targets because we would not know upfront if a need to facilitate and develop a charter will arise as that largely depends on clients. I suggest that we capture it correctly. We could not have abstained and saying it is not in our targets)

(c) Org.za Legacy Registrations Migration

Org.za legacy registrations are not annually paid-for as the EPP registrations, and this is because the previous org.za registry operator did not charge annual renewal fees. With org.za having been migrated to ZACR, the legacy registrations are maintained in the default registrar service and remain annually unpaid-for until such time a legacy registration is transferred to the automated registry system. ZADNA endorsed this approach when org.za was migrated to ZACR in 2014.

However, ZACR requested (in the course of 2015) that in view of very few legacy registrations being migrated to the automated system, ZADNA should encourage the transfer of org.za legacy registrations to the ZACR registry system, as the names in the legacy system attracted a substantial maintenance costs that could be avoided by their transfer to the automated system.

PERFORMANCE ON SOCIAL RESPONSIBILITY WORK AREAS

In Quarter 4, ZADNA subsequently finalised an Org.za Legacy Registrations Migration plan authorizing ZACR to gradually migrate Org.za legacy registrations to the EPP registry system. ZACR then published the notification for the remaining org.za legacy registrations to move to an accredited registrar of their choice. These legacy registrants were given a period of six months to move their domain names before they get suspended. The current notification phase runs until 1 September 2016 then the next phase (suspension for 12 months) will follow.

ZACR published all domain names that are currently in the default legacy system to accredited registrar. The suspension of domain names in the legacy will run for 12 months, after suspension, the domain names will be available for new registrations. The notification was sent to org.za registrars and registrants.

(d) National ICT Forum

The Minister's National ICT Forum was launched in first semester of 2015, and has continued to grow in its activities. ZADNA is participating actively in several chambers and working groups of the Forum, and this means increased advisory work on Internet Governance and Internet Economy matters arising from the work of the Forum. (All including this, remember that in terms of the ECT Act, ZADNA is to advise the minister therefore this is one of the discharge of our duties because as you participate in these for a you do advise the Minister. This is within zaDNA not 'outside' . it is achievement in addition to the set targets.

PERFORMANCE ON SOCIAL RESPONSIBILITY WORK AREAS

(e) ICT White Paper Process

ZADNA continued participated in several ICT Policy White Paper discussions of DTSP during the Quarter. This allowed ZADNA to provide insight into relevant Internet Governance matters.

ZA ALTERNATIVE DISPUTE RESOLUTION

The ZA Alternative Dispute Resolution (ADR) process continues to function smoothly. The ADR process is based on the ADR Regulations that the Minister of Communications promulgated in 2007 in terms of section 69 of the ECT Act. Section 69 requires the Minister to promulgate ADR Regulations for the resolution of ZA domain name disputes. To date the Regulations apply to co.za only, but ZADNA plans to petition the Minister to extend the Regulations to other SLDs as well.

11.1 ADR Decisions in 2015/2016

There were 32 ADR decisions made during the year ending 31 March 2016 which can be accessed at <http://www.zadna.org.za/content/page/adr-decisions>
The decisions all concerned names registered in co.za:

Table 17: ADR decisions between March 2015 and March 2016

<ul style="list-style-type: none"> • pnpexpress.co.za • carfin24.co.za • terex-cranes.co.za & terex-used-cranes.co.za • picknpayexpress.co.za • superbets.co.za • supersportnews.co.za • investmentsolution.co.za • wetransfer.co.za • propuk.co.za • growthpointholdings.co.za • fluor.co.za • samancorp.co.za • agilent.co.za • rainbowvacuumcleaners.co.zarai • nbowvacuumcleanerssa.co.zarai • nbowvacuumcleaner.co.za.za 	<ul style="list-style-type: none"> • thawte.co.za • oggiesa.co.za • adrienneherschproperties.co.za • hippocarhire.co.za • saairlines.co.za & fly-saa.co.za • flysaaexpress.co.za • propuk.co.za • sasolbusaries.co.za • bhpbillton.co.za • leecooper.co.za • avusamedialive.co.za • advtechsa.co.za • sasolrewards.co.za • timbavatigamerreserve.co.za • theregent.co.za • pylones.co.za • iabsa.co.za • pep.co.za
---	--

ZA ALTERNATIVE DISPUTE RESOLUTION

More than 181 disputes have been adjudicated since 2007 when ZADNA accredited the SA Institute of Intellectual Property Law (SAIIPL) and the Arbitration Foundation of Southern Africa (AFSA) to resolve domain name disputes.

11.2 Benefits of ADR

One great advantage of the ZA ADR process is that it gives credibility and integrity to the ZA namespace because the ADR process makes it easy for intellectual property (IP) owners to reclaim their names from squatters, and thus protect their IP and brands from abuse and dilution. The process remains more expedited than the normal court process as it takes a maximum three (3) months to have an ADR disputes settled and finalised.

11.3 Fees

In addition, the ADR costs are more competitive than court costs. A single adjudicator ADR dispute costs R10 000 while a three (3) panel adjudicator dispute costs twenty four thousand Rands (R24 000). Experience shows that the single adjudicator settlement is overwhelmingly the most preferred option. Around 98% of the disputes resolved since the launch of the ADR process on May 2007 resulted in a transfer of the disputed domain names to the rightful party. This shows that the process effectively helps eliminate and curb intellectual property abuse out of the .ZA domain name registration process. IP owners are thereby able to protect their trademarks and brands by lodging disputes against abusive names.

ZA ALTERNATIVE DISPUTE RESOLUTION

11.4 ADR Financial Assistance

As stipulated in the ADR Regulations, ZADNA has in place ADR financial assistance eligibility criteria and applications procedure that are used to evaluate applications for financial assistance to those parties interested in lodging disputes but cannot afford the ADR fees. Applicants must meet the set criteria to qualify for financial assistance.

Since 2007, ZADNA has only received a single financial assistance application. The ADR financial assistance is funded from each resolved dispute. The Regulations require that for each settled dispute, the ADR provider must pay ZADNA a 10% of the ADR fee.

2015/2016 FINANCIAL MATTERS

ZADNA's financial performance is shown in the attached 2015/2016 audited financial statement (**Annexure A**). Essentially, ZADNA managed to keep its expenditure within budget, and realised substantial surplus emanating from savings from delayed staff appointments and under-expenditure in other areas.

12.1 Domain Name Revenue

ZADNA continues to be self-funding out of the ZACR domain name revenue, which started in April 2012. ZADNA has accumulated reasonable surplus of around R10 million as of 31 March 2016. The surplus will be primarily used for contingency purposes. ZADNA is in the process of filling in vacant positions and further that there are added functions which means that there will no longer be substantial surplus for the year 2016/17. ZADNA is committed to avoiding any further growth in surplus. The revenue collection is expected to increase from 2016/2017 following the increase (of R5.00 per domain fee?) in the per domain name fee that ZACR pays ZADNA.

12.2 2015/2016 Audit

The audited financial statement is attached as Annexure A. The clean audit shows that ZADNA continues to manage its financial resources effectively, which bears testimony to the efficacy of its internal controls and the oversight that the Board provided. However, it also shows that there was over-expenditure in certain budget items, but savings in other budget items compensated for such over-expenditure.

12.3 Tax Matters

The reception of domain name fees means that ZADNA was supposed to continue to pay VAT since 2013. However, as a not for profit company, ZADNA is tax-exempted. This practice is expected to continue into the future.

CONCLUSION

The 2015/2016 Annual Report has shown that ZADNA has performed successfully in discharging its ECT Act mandate. It has shown that the .ZA namespace continues to grow in spite of the increasing competition due to more than 1000 new gTLDs introduced from 2013 onwards. Most of the growth has been in the ZACR-operated commercial SLDs (co.za, net.za, org.za and web.za). The growth in .ZA mirrors the growth in other TLDs worldwide.

The APP report has shown that key achievements were realised in the area of policy environment as ac.za, edu.za, gov.za and nom.za charters were finalised and approved. The awareness targets saw ZADNA holding awareness events and introductory registrar-reseller briefings across different provinces during year. While the target for .ZA zone file transfer was missed, ZADNA managed to put all systems in place for it to be achieved in 2016/2017. The deferment of the new SLDs target allowed ZADNA to carefully assess (in 2016/2017) whether or not such an intervention is sustainable.

The ADR process continues to function effectively as around 30 co.za domain name disputes were resolved during 2015/2016. ZADNA also succeeded in performing necessary, but unplanned-for work, outside the APP. This work included the process for transferring legacy, unpaid-for org.za registrations to the automated ZACR system, the transfer of law.za registry operation to ZACR, and the contribution to DTPS ICT policy processes.