

# APNIC EC Meeting Minutes

Teleconference  
Friday 19 July 2002  
Yokohama, Japan

*Meeting Start: 9:15 am*

## Minutes

### Present:

Che-Hoo Cheng  
Geoff Huston (minutes)  
Kuo Wei Wu  
BK Kim  
Qian Hualin  
Xing Li  
Akinori Maemura

Paul Wilson  
Irene Chan  
Anne Lord  
George Michaelson

The EC extended a welcome to George Michaelson, APNIC Technical Services Manager.

### Agenda:

1. Agenda bashing
2. Previous meeting minutes (14 June 2002)
3. Semi-annual financial and budget report
4. ICANN status and next steps
5. Other matters
  - o APNIC policy making structure
  - o APNIC NIR structure - next steps
  - o Financial support for ICANN board member
6. IPv6 fee structure for NIRs
7. APNIC non-member fee structure
8. Update on APIA/APRICOT merger
9. AOB
10. Next meeting

### 1. Agenda bashing

Discussion of AC matters added to the agenda under item 9.

### 2. Previous meeting minutes (14 June 2002)

The EC accepted with minutes, with an amendment as follows:

- o Amend the minutes to record an apology from Qian Hualin
- **Action ec-02-010:** Secretariat to amend the minutes as described above and publish

#### Review of Action items:

- o ec-02-002 travel details for Yokohama - completed
- o ec-02-005 comments on fee structure - completed

- ec-02-006 AC election options - to be discussed (item 9)
- ec-02-007 publish minutes - completed
- ec-02-008 ipv4 / ipv6 separate accounting - completed
- ec-02-009 statement of principles for ICANN submission - completed

### 3. Semi-annual financial and budget report

The APNIC financial report was circulated to the EC prior to the meeting.

It was noted that the overall position for the month of June was an operating loss, due to adjustments of the relative exchange rates of the AUD and the USD. It was noted that the AUD has appreciated on the USD by over 10% through 2002. The contract expenditure item in the expenses report is a payment of 50% of the third year's fees to ICANN (to 30 June 2002). If this contract payment was accounted evenly over the 6 month period, and removing the exchange rate conversion, the financial outcome for June would be consistent with previous months.

It was noted that the financial system used by APNIC is a multi-currency system, and reports for each month use the monthly average exchange rate, while the year to date reports use the average exchange rate for the period. The end of year report will use the annual average exchange rate.

The level of accounts receivable for June was queried, and it was noted that this is a seasonal peak for APNIC with the account payment pattern. It is not unusual to have up to 25% of APNIC revenues as accounts receivable at this time of year, and the current level of 20% falls within this expectation. As in previous years, this amount will reduce through the second half of the year, due to seasonal factors and APNIC action to collect outstanding payments.

Membership total numbers are growing relatively slowly (net growth of 20 for year to date 2002). This is below budget expectations, but in comparison with the other RIRs this is still a good position. Some membership category changes, including a number of X-Large membership upgrades are expected in the second half of the year. Membership numbers are counted at the point when a membership invoice is raised or when a membership is closed.

APNIC took a very conservative position with respect to budget forecasts for membership and revenues. APNIC is currently exceeding forecast revenue levels by 4%, while expense levels are within 3.7% of budget, so the overall financial position remains within the budget forecasts.

It was noted that the APNIC staff levels are currently at 36 full time staff, and further staff hiring has not been undertaken at the rate anticipated in the 2002 budget.

**The EC agreed that APNIC's current investment strategy be based on a conservative risk position with respect to asset and currency variation exposure.**

### 4. ICANN status and next steps

The EC considered a proposal for joint followup action with the other RIR boards concerning the common RIR position on ICANN evolution and reform.

The EC intends to work with the other RIRs to draft a common document outlining potential followup activities and circulate this within the relevant RIR communities and interested stakeholders for review and comment.

- **Action ec-02-011:** EC to work with the other RIRs to draft a common document outlining potential followup activities relating to ICANN evolution and reform (Geoff Huston)

### 5. Other matters

- **APNIC policy making structure**

The EC considered a draft report on APNIC's policy evaluation process. The report canvassed some substantial changes to APNIC's policy process and EC views on the draft were solicited.

The current APNIC policy process is a bottom-up process of consensus, as determined by the SIG chairs. The process is one of proposals to be made one month in advance of an Open Policy Meeting; and a last call on approved changes after the meeting. The issues here include a heavy reliance on the skill of the chair to moderate the discussion and determine consensus at the same time as facilitating the process of consideration. There are unclear processes relating to reporting of SIG consensus at the member meeting and lack of process of how to feed member amendments back to the SIG. The advantages are that the member meeting provides some checks and balances and the process is well documented.

The draft called for the trial of a Policy Advisory Group to operate as a trial for a year. The anticipated benefit is to decrease the reliance on the chair to call on consensus. This is also anticipated to allow for a more substantial check and balance on the SIG recommendations. It is also envisaged to improve the consistency and quality of the policy review processes and increase participation from the community. It was acknowledged that it could make the process less responsive, and would involve changes to the bylaws and, to some extent, disenfranchise the membership.

There was discussion by the EC on the relationship of this proposal to the position of APNIC as a membership body that makes decisions by the members, and this proposal was not seen as being consistent with this perspective.

The EC agreed on a trial of a process where the EC will meet with the SIG chairs prior to the Member Meeting, to evaluate the outcomes of the SIG meetings and be in a position to offer EC collective views in the member's meeting as a point of policy review and potential support to a SIG policy proposal. This review is to be conducted by EC in their positions as members and as member representatives, and in order to facilitate subsequent membership discussion. In any case, the ultimate decision process is still carried out within the member meeting, consistently with APNIC's position as a membership organisation.

The EC also suggested the consideration of a rapporteur in a SIG to document and consolidate consensus points within the SIG.

**The EC agreed to adopt the trial process of consultation with SIG chairs on outcomes and proposals prior to the members meeting.**

- **Action ec-02-012:** Secretariat to document a proposal to use rapporteurs in addition to SIG chairs to ensure that SIG consensus points on policy initiatives are clearly noted.
- **Action ec-02-013:** Secretariat to schedule a meeting between SIG chairs and EC to review SIG proposals and consensus points prior to consideration at the APNIC members meeting.
- **APNIC NIR structure - next steps**

APNIC National Internet Registries (NIRs) were first established under the APNIC Confederation structure, and currently include NIRs from China, Japan, Korea, Taiwan and Indonesia. In addition to these national confederations, a number of ISP confederations were also established under the same model. Recognition of further confederation members was suspended in 1998 due to the need for further consideration of this structure by APNIC.

It was noted that there has been close cooperation between APNIC and NIRs - the NIR meetings are well established, there have been staff exchanges between APNIC and NIRs and it is seen as functioning well. It was noted that APNIC is now in a position to review procedures for accepting applications for further NIRs.

The proposed NIR principles are to serve a community of users within a national boundary, and operate within a common APNIC policy framework. It is envisaged that there would be at most one NIR per country or economy, and that address space clients should always be able to exercise a choice between an NIR or APNIC. It was also proposed that a NIR must be either nominated or explicitly endorsed by the government of the country or economy, operate as a not-for-profit entity, with open membership and provide service in a reliably, timely, neutral and objective fashion independent to any ISP organization. NIRs must comply with AP policies for resource management, and all policy changes must come to the APNIC Open Policy Meeting for approval. In order to maximize address aggregation, address space allocated by NIRs will not come from a pool held by the NIR, but instead from APNIC.

Depending on the allocation window of the NIR, allocations would be made automatically and without question by APNIC (where the allocation is smaller than the allocation window); or they would be reviewed by APNIC through a second-opinion process (for large allocations). An NIR must make available data regarding address allocation to APNIC.

It was noted that this proposal offers a consistent framework and policy which has the potential to address the previous confederation issues at a fundamental level.

**The draft NIR proposal will be circulated within the EC, and then passed to the existing NIRs for review and comment. The proposal will also be posted to the APNIC member forum for consideration at the APNIC members' meeting as a matter of administrative policy for APNIC.**

**Action ec-02-014:** Secretariat to finalise and circulate NIR proposal among, EC and NIRs, then wider membership.

- **Financial support for ICANN board member**

**The EC agreed to extend the conditions of the APNIC travel policy to encompass the ICANN board member to attend APNIC member meetings.**

The EC was interested in the opportunity to conduct dialogue between the ICANN Board member and the EC on various ICANN issues of relevance to APNIC and the RIRs.

## 6. IPv6 fee structure for NIRs

The EC considered a proposed revision of per-allocation fees for NIRs and other existing confederation members. The proposal is to apply the HD ratio to the per-allocation fee such that the total fee for an allocation is calculated according to the utilisation threshold for the address block rather than the total number of addresses in the address block. In the case of a /32 allocation for instance, the per-address fee would apply to 7200 addresses rather than 65536.

It was suggested and agreed that the fee should apply to the entire allocation even where there is a smaller previous allocation contained within it. This would provide an incentive for more efficient use of address space, and fewer allocation requests and transactions.

It was proposed that this be applied initially to allocations in the prefix size range of /32 to /29.

The proposal was seen as being consistent with existing APNIC policy concerning NIR address allocations.

**The IPv6 fee structure proposal for NIR V6 address allocations using the HD ratio as part of the fee calculation was approved by the EC for adoption by APNIC.**

- **Action ec-02-015:** Secretariat to finalise and circulate IPv6 fee structure for NIRs.

## 7. APNIC non-member fee structure

The EC was consulted on the non-member fee structure in relation of V6 transaction fees. The EC reviewed the current IPv4 and AS number fee schedule, noting that the V4 allocation fee was set to USD 1 per /32 address, with a minimum fee of USD 8,192. Annual non-member maintenance fees are set to 10% of the initial allocation fee.

The EC considered a proposal to set the non-member fee at USD 8,192 for a /32 allocation, and use an incremental calculation based on USD 1 per /48 for allocations larger than a /32. Annual maintenance fees would remain at 10% of the initial allocation fees for non-members.

The EC endorsed this V6 fee schedule for non-member services and endorsed the continuation of the non-member service.

**Action ec-02-016:** Secretariat to finalise and circulate IPv6 fee structure for non-members.

## 8. Update on APIA/APRICOT merger

The EC noted that the APIA Board and the APRICOT EXCO had decided upon a merger of the two organizations.

**The EC determined that APNIC would continue to be a member of the merged organization, and continue to be a sponsor of APRICOT conferences following this merger.**

## 9. AOB

### AC matters

The EC noted that there could be some improvement in the communication between the AC and the RIRs, and that, in particular, the mechanisms for appraising AC members of RIR policy positions was not being adequately exercised in relation to APNIC.

The EC considered means to apprise AC members of APNIC's expectations regarding roles and coordination activities, specifically on how they coordinate between themselves and how they coordinate with APNIC, so that there is clear line of communication between APNIC and the AC. This would allow any candidate to be elected to be aware of the existence of a clear position of roles, responsibilities and expectations for AC members.

It proposed for the EC to meet with the AC members at the next APNIC meeting to consider and agree upon a clear position of roles, responsibilities and expectations for AC members.

The EC considered various options for the election of AC members, noting a number of open issues arising from previous elections.

The EC will develop an options paper for AC elections canvassing options of using the existing open meeting election, an APNIC membership election, the use of APNIC membership voting categories, APNIC membership voting in addition to attendee voting and the use of an AC nominations committee. This options paper will be presented to the open ASO meeting for consideration.

As an interim measure, the EC endorsed a proposal for the 2002 AC election to the effect that APNIC members can lodge a single vote by submission of APNIC proxy instructions, in addition to votes cast by individual attendees at the open ASO meeting.

- **Action ec-02-017:** Secretariat to arrange a meeting between the EC and AC at the next APNIC meeting.

**Action ec-02-018:** Secretariat to publish interim AC election process.

## 10. Next meeting

Kitakyushu, 3 September, commencing at 2:00pm

*Meeting closed: 2:40 pm*

## Open action items

- **Action ec-02-006:** EC to present an AC election options statement at the next open ASO meeting (Akinori Maemura).
- **Action ec-02-010:** Secretariat to amend the previous meeting minutes as described above and publish.
- **Action ec-02-011:** EC to work with the other RIRs to draft a common document outlining potential followup activities relating to ICANN evolution and reform (Geoff Huston)
- **Action ec-02-012:** Secretariat to document a proposal to use rapporteurs in addition to SIG chairs to ensure that SIG consensus points on policy initiatives are clearly noted.
- **Action ec-02-013:** Secretariat to schedule a meeting between SIG chairs and EC to review SIG proposals and consensus points prior to consideration at the APNIC members meeting.
- **Action ec-02-010:** Secretariat to draft NIR proposal and submit it to the EC and NIRs for consideration as a proposal for membership adoption.

- **Action ec-02-011:** Secretariat to publish the NIR IPv6 per-allocation fee schedule.
- **Action ec-02-013:** Secretariat to publish the non-member IPv6 per-allocation fee schedule.
- **Action ec-02-014:** Secretariat to finalise and circulate NIR proposal among, EC and NIRs, then wider membership.
- **Action ec-02-015:** Secretariat to finalise and circulate IPv6 fee structure for NIRs.
- **Action ec-02-016:** Secretariat to finalise and circulate IPv6 fee structure for non-members.
- **Action ec-02-017:** Secretariat to arrange a meeting between the EC and AC at the next APNIC meeting.
- **Action ec-02-018:** Secretariat to publish interim AC election process.