

APNIC EC Meeting Minutes

Friday 15 April 2005

Meeting Start: 11:00 am

Minutes

Present:

Akinori Maemura
Che-Hoo Cheng
Vinh Ngo
Kuo-Wei Wu
Ma Yan
Billy Cheon

Paul Wilson
Anne Lord
Irene Chan
Geoff Huston
Gerard Ross (minutes)

Qian Hualin

Agenda:

1. Agenda bashing
2. Minutes from last meeting (11 March 2005)
3. Financial report for March 2005
4. IPv6 fee proposal
5. ICANN/NRO status
6. Meetings in China
7. AOB
8. Next meeting

1. Agenda bashing

The following topics are also to be discussed:

- NIR fee information.

2. Minutes from last meeting (11 March 2005)

The minutes from the meeting on 11 March 2005 were discussed and approved, subject to amendments correcting typographical errors.

- **Action ec-05-010:** Secretariat to publish minutes from 11 March 2005, subject to the amendments discussed.

3. Financial report for March 2005

- The expenses in March were high, as they include meeting expenses. However, expenses for 2005 remain about ten percent below budget.
- The year-to-date total revenue is down from the estimates, mostly due to IPv6 and per-address fees. The per-address fees are intermittent in nature and hard to predict.
- The exchange rate is high, but has been fluctuating, which makes it hard to predict the trend.

- There was an explanation of the distribution of members around the region, and of the current reasons for membership closures.
- For the first quarter of 2005, the net membership growth has been consistently strong.
- There was a discussion of the cash flow for the first quarter.
- There was a discussion of APNIC's investment strategy. The Secretariat has spoken with professional advisers about APNIC's current strategy and has formed the view that the current focus of investments should be on stability and income, rather than simply focussing on capital growth. This would be a lower risk strategy and would better match APNIC's current budgetary environment.
- It is suggested to restructure APNIC's portfolios to change the balance of investments in favour of income. The Secretariat is in a position to obtain three separate financial proposals (from the National Australia Bank and two independent advisers).
- The AU\$1,000,000 long term deposit is coming up for maturity in June.
- The current forecast is for the exchange rate (AUD value) to go down for the rest of the year.
- There was a statement in favour of adopting a conservative position.
- It was suggested that the role of the Board is to decide on the profile of investment and the amount to be invested, but to delegate to the Director General the final decision of which specific proposal to adopt.
- It was noted that there are three parts to this question: to acquit APNIC of equity funds; to invest funds at a conservative investment profile; and to delegate to the Director General the decision of choosing an investment proposal that is structured in favour of income over capital growth, while still maintaining the mandated operating surplus.

4. IPv6 fee proposal

- A change to the IPv6 fee structure has been suggested.
- It was noted that there is work underway on the NIR fee structure; however, this process is likely to take a long time. Therefore, it is suggested that the EC should consider approving an adjustment to fee schedule to give some relief to the NIR members in the short term.
- This suggestion has been motivated by continuing statement being made in some parts of the region about the cost of obtaining IPv6 addresses.
- It was noted that a normal allocation of a /32 of IPv6 to an APNIC member is very cheap. However, the cost of large allocations to NIRs is very high.
- It was explained that for networks that already hold IPv4 addresses, the analysis of needs has already taken place. Therefore, it should be much easier from an administrative point of view to make an IPv6 allocation to existing IPv4 holders.
- It was also noted that the per-address fee currently also applies to ISP confederations. It was argued that in IPv6, a confederation is able to operate as a normal ISP in the way it manages its allocation.
- The current budget does not predict significant contributions from IPv6 per-address fees. They are currently predicted to be about two percent of the revenue budget.
- It was noted that if the service charge is eliminated, then it becomes very hard to impose charges in future. It was suggested that it may be better to substantially reduce IPv6 fees rather than waiving them completely.
- It was suggested that there could be a 90 percent discount, rather than a total waiver, and to have it communicated as a temporary measure.
- It was also suggested that retaining at least some cost does impose a sense of responsibility which can be lost if the cost is totally waived.

- Several examples were provided as to how a 90 percent discount might affect different sizes of members.
- The EC was asked to make a decision about this issue before the next APNIC meeting. This could then be made known within current Internet governance discussions.
- It was noted that the other RIRs do not have the same problem as they do not have national registries in the same way that APNIC does.
- The EC agreed to apply a temporary 90 percent discount of IPv6 per-address fees, with the full details of implementation to be determined by the Secretariat.

5. ICANN/NRO status

- AfriNIC is now a fully fledged RIR, having received recognition at the recent ICANN meeting in Argentina. The RIRs will each make efforts to publicise this achievement.
- The RIRs will also need to continue making contributions to help AfriNIC in its early operations, but not to the extent that was provided earlier.
- The Global IPv4 document has now been approved by ICANN. A similar IPv6 document is in progress.
- There is no significant progress to report on the issue of incorporating the NRO, which is still expected to happen in Uruguay.
- The APNIC DG did not attend the ICANN meeting, but the other RIR heads were there and had various meetings with ICANN and IANA representatives.
- It was reported that ICANN appear to view the ITU country-based IPv6 reservations with suspicion.
- It was noted that at WGIG level, there are competing voices as to whether there should be competition for the RIRs.
- It was noted that the ICANN fee increases paid by some organisations have been capped at 15 percent. It was noted that the previous draft service agreement between ICANN and the RIRs included a similar cap, which had previously been respected, but which now appears to have been disregarded. This provision is intended to be included in the next draft service agreement.
- It was noted that at no time has any representative of APNIC agreed to pay the fees proposed by ICANN in the ICANN budget.
- There was a discussion of the ICANN budget process. The NRO has previously issued a statement about this process.

6. Meetings in China

- At the recent meeting in China, a Government representative expressed interest in the IPv6 distribution system, especially in terms of competition with the RIRs. It was noted that 'quality of service' by address registries cannot be defined as ease of access to addresses, if addresses are to be managed responsibly. This is an argument that needs to be expressed clearly by many throughout the community. The representative also expressed interest in country-based reservations of IPv6 to ensure that developing countries do not get left behind.
- It was suggested that the RIRs should investigate the implications of reserving IPv6 on a per-country basis. However, it was noted that reservations are not the same as making country-based allocations, which would expose the addresses to a diverse range of different policy frameworks.
- There was a discussion about the fairness of the current 'first come, first serve, no limit' allocation model.
- There was a discussion of whether the reservation proposal is intended to imply reservation of a specific contiguous block, or a designated quantity of address.

- There was a discussion of some other models of competition which could potentially be considered. The effects of competition on responsible allocation policy were discussed.
- It was noted that there is another WGIG meeting scheduled to take place in April, which will be under pressure to reach resolution on several issues quite quickly.
- It was suggested that there is a need for non-RIR voices to clearly state the dangers of a competitive system tending to exhaust a limited public resource.
- There was a discussion of a recently published WGIG paper. It was noted that an early version was accidentally published before the agreed final version was released.

7. AOB

NIR fee information

- Some background information on NIR fees has been circulated to the EC for discussion, before it is forwarded to the NIR fee working group.
- The EC agreed that this information should be sent on to the NIR fee working group.

8. Next meeting

- 13 May 2005, 11:00am UTC+10.

Meeting closed: 12:50 pm

Open action items

- **Action ec-05-005:** Secretariat to prepare a trial of the MyAPNIC voting system on the subject of future hard copy publication of the Annual Report. The vote is to be scheduled for mid-2005. [Underway]
- **Action ec-05-009:** EC to discuss the draft NRO/ICANN service agreement by email.
- **Action ec-05-010:** Secretariat to publish minutes from 11 March 2005, subject to the amendments discussed.
- **Action ec-05-011:** Secretariat to implement IPv6 per-address fee discount.