APNIC EC Meeting Minutes

Teleconference
Tuesday 12th December 2006

Meeting Start: *11:35 am (UTC+10)*

Minutes

Present:

        Akinori Maemura (Chair)
        Che-Hoo Cheng
        Billy Cheon
        Kuo-Wei Wu
        Paul Wilson
        Irene Chan
        Sanjaya
        Geoff Huston
        Connie Chan
        Gerard Ross (minutes)

Apologies:

        Ma Yan
        Qian Hualin
        Vinh Ngo

Agenda:

1. Agenda bashing
2. Minutes from last meeting (15 November 2006)
3. Financial report for November 2006
4. Draft budget for 2007
5. APNIC fee structure
6. Member survey
7. ICANN/NRO/IGF status updates
8. Appointment of NRO NC member for 2007
9. Policy endorsements
10. AOB
11. Next meeting

1. Agenda bashing

The following topic was added to the agenda:

- none

2. Minutes from last meeting (15 November 2006)

- The minutes from the meeting on 15 November were approved.

- ➢ **Action ec-06-025:** Secretariat to publish minutes from 15 November 2006.

3. Financial report for November 2006

- The financial report for November has been circulated.

- It is currently projected that APNIC will be in a surplus position by the end of the year. Expenses at year end will be about four percent below budget and revenue will be very close to the budget.

- It was noted that the depreciation expense is below budget, due to the timing of capital purchases. Many of the capital purchases were made later in the year than planned.

- ICANN fees are now projected to be below the budget, following the finalisation of the NRO fee distribution.

- There was a general discussion of the basis for the projected expenses.

- The year-end accounts are now being finalised and will be audited in January. There may be some adjustments to those accounts in the audit.

- In November, there were 26 new members and one reactivation. There are now 1,356 members. Some members from Australia, Malaysia, and Hong Kong upgraded from medium to large. It is assumed that membership growth will be quiet in December and there may be some closures.

- It was noted that revenue follows the membership growth in the coming year. It was also noted that the US dollar continues to fall in value.

- It was noted that some on the fee discussion mailing list have suggested charging fees in Australian dollars, but there is a problem in many member economies making AU dollar payments.

- It was noted that most membership growth in 2006 came from Australia, India, and Bangladesh.

- The EC approved the financial report.

4. Draft budget for 2007

- The draft budget for 2007 has been circulated. It is presented in US dollars.

- As usual, the budget is presented in optimistic, moderate, and pessimistic scenarios. It was suggested that the projections of US dollar values used in these scenarios may not yet be pessimistic enough.

- There was a general discussion of the basis for the projections. It was noted that it is projected that there will be an end of year loss of approximately $900,000. This large projected loss is due to special projects (primarily addition development expenses for the resource certification project), salary increases (in line with a recent independent review of APNIC salary levels which has found that many staff are underpaid in market terms), and travel (bringing the APNIC travel policy closer to industry standard and increasing the level of EC travel).

- It was noted that the staff number is expected to grow by eight in 2007. It was also noted that since there have been several resignations during 2006, without immediate replacements, the actual salary expense in 2006 is lower than it had been anticipated.

- The projected salary expense would have been even lower, but a number of Hay Group salary evaluation adjustments have been factored into the 2006 figures, mainly for staff in acting management positions.

- It was noted that in the discussion of the fee proposals at APNIC 23, we can expect members to seriously question the increase in the budget.

- It was also noted that a strong reason for the fee discussion has been that the current structure cannot fund APNIC's long term needs. This is the first year in which the expected deficit has appeared, and it should support the case for urgent fee structure reform.

- It was noted that there will be an analysis prepared of the service and allocation levels, including comparisons to other RIRs. APNIC is currently matching the service levels of RIPE NCC and exceeding the service levels of ARIN, yet has a considerably smaller

budget than both. The current concerns about the proposed budget for 2007 have been predicted and discussed for several years.

- There was a discussion of the implications of approving a negative budget.

➢ **Action ec-06-026**: Secretariat to prepare and circulate to EC more detailed budget notes for further discussion.

5. APNIC fee structure

- The most recent draft of the new fee schedule proposal has been circulated.

- The current draft includes proposed voting questions and also incorporates a suggestion from the previous meeting to produce no overall increase in revenue.

- It was noted that the NIRs have not been able to agree with the current draft proposal as it deals with NIR fees. This will be reported to the working group mailing list.

- It was also noted that each NIR has a different situation and a different framework, which makes it hard for the NIRs to reach consensus and provide feedback on the proposal.

- It was noted that it could be possible to set the fee in AU dollars, but allow payments to be made in US dollars, with the amount adjusted for exchange rates on a periodic basis. There was a further discussion about the issues of identifying currency risks. It was also noted that the members of NIRs are not exposed to currency variation, as they pay in local currency to the NIR.

- It was noted that to charge in AU dollars would provide stability to APNIC, but expose the members to the full risk of currency variation. There was a general discussion about the nature of the risk exposures and the problems they cause for long-term planning.

- There was a suggestion of putting an additional question to the mailing list, or as a voting issue, about the currency to use for fees.

- There was a discussion about whether the questions should be put to a vote on MyAPNIC. There was general agreement that this should go ahead, once the specific questions can be finalised.

- It was suggested that if this issue was decided at the next EC meeting, then there would be time to put a series of questions to the membership before APNIC 23. It was noted that the questions could be forth in a non-binding way.

6. Member survey

- The survey is still underway and KPMG and further reminders will be sent to the community prior to the deadline for submissions.

7. ICANN/NRO/IGF status updates

- At the ICANN meeting in Sao Paulo, there was some progress on the ICANN/NRO contract negotiation. There will be another face-to-face negotiation session in Amsterdam in February to continue discussion on outstanding issues.

8. Appointment of NRO NC member for 2007

- Toshi Hosaka of JPNIC has been nominated to serve as the EC-appointed NRO NC member for 2007. There have not been any other nominations.

- There were no objections to the nomination of Hosaka-san, who was appointed unopposed.

➢ **Action ec-06-027:** Secretariat to notify all relevant parties of the appointment of Toshi Hosaka as the new EC-appointed NRO NC.

9. Policy endorsements

- The EC was asked to consider the current open policy proposals which have reached consensus in the policy development proposal.

- There was a request for the proposal policy reports in future to include more detail of the comparative situation in other RIRs and analysis of the nature of the discussions surrounding each proposal.

Prop-041: IPv6 assignment size to critical infrastructure

- The EC endorsed this proposal.

Prop-038: Amending APNIC's lame DNS reverse delegation policy

- The EC endorsed this proposal.

Prop-035: IPv6 portable assignment for multi-homing

- The EC endorsed this proposal.

Prop-033: End site assignment policy for IPv6

- It was noted that there had been considerable discussion about this proposal at the relevant APNIC meeting. It was also noted that this proposal has implications for the minimum registration size for registration in the APNIC Whois database, although this has not been discussed. The current registration policy is that assignments are registered in units of /48.

- There was a further discussion of the assignment size threshold. It was noted that it would be necessary to remove the /48 requirement from the initial allocation criteria, so that the new requirement would be that the requestor must have a plan to make 200 customer assignments.

- The EC endorsed this proposal, including the amendment of the initial criteria, but explicitly did not instruct the Secretariat to set up a minimum assignment registration unit of /56. This latter issue may require a subsequent policy proposal.

10. AOB

Possible new office premises

- There was a discussion of a proposal that has been received by APNIC's architectural advisers regarding a property that has recently come on to the market and would suit APNIC's future office space needs very well.

- It was noted that there is no specific deadline, but, as would be the case for any other property, it is necessary to act quickly in case other buyers came forward.

- There was a suggestion that the Secretariat could make an offer subject to a feasibility study.

- The EC agreed in principle to the Secretariat acting to secure a property, subject to detailed proposals being made available as soon as possible.

11. Next meeting

- tba.

Meeting closed: 1:20 pm (UTC+10)

Open action items

➢ **Action ec-06-025:** Secretariat to publish minutes from 15 November 2006.

➢ **Action ec-06-026:** Secretariat to prepare and circulate to EC more detailed budget notes for further discussion.

➢ **Action ec-06-027:** Secretariat to notify all relevant parties of the appointment of Toshi Hosaka as the new EC-appointed NRO NC.