

APNIC EC Meeting Minutes

Teleconference
Friday 16th February 2007

Meeting Start: 11:25 am (UTC+10)

Minutes

Present:

Akinori Maemura (Chair)
Che-Hoo Cheng
Qian Hualin
Kuo-Wei Wu
Ma Yan
Paul Wilson
Irene Chan
Sanjaya
Geoff Huston
Connie Chan (minutes)
Gerard Ross

Apologies:

Ma Yan
Billy Cheon
Vinh Ngo

Agenda:

1. Agenda bashing
2. APNIC fee structure
3. Minutes from last meeting (12 January 2007)
4. Monthly financial report
5. Draft budget for 2007
6. ICANN/NRO/IGF status updates
7. AOB
8. Next meeting

1. Agenda bashing

- The order of the agenda was changed to ensure there was a quorum for the priority issues.

2. APNIC fee structure

- It was noted that so far not many members have voted on the fee structure questions. The Secretariat asked the EC to consider extending the vote until Friday 23 February. This was agreed.
- Action ec-07-004: Secretariat to announce the extension of the vote on the fee structure questions.

3. Minutes from last meeting (12 January 2007)

- Discussion of the minutes was postponed until the next EC meeting, to be held during APNIC 23.

4. Monthly financial report

- The draft budget for 2007 has been circulated. It is presented in US dollars.
- The annual financial report for 2006 has been circulated, with updated figures since the last meeting. The surplus for 2006 was lower than 2005, but expenditures were below budget and revenue was above budget.
- The annual financial report has now been audited.
- A summary of the financial status will be presented at APNIC 23.
- The financial report for January 2007 has been circulated. There is not much activity reported yet. There is no comparison to budget in this report as the budget is still pending approval. The report shows APNIC in a profit position for January, mainly due to per-address fees received.
- There was a question about the percentage of expenses taken up by salary. It is normally about 45 percent of total expenses.
- There was a request for a breakdown of the per-address fees paid by NIRs for IPv4 and IPv6 to be provided for reference in the current consideration of the fee structure. There was a question about confidentiality issues related to providing this level of detail to the EC. It was noted that the EC members have all signed confidentiality agreements.
- A summary of the annual financial report will be translated to US dollars and will be presented at the AMM by the treasurer.
- The EC will consider formal approval of the annual financial report at APNIC 23, where audit reports will be available.
- In January, membership reached 1,368. Several members upgraded to large.
- The cash reserve analysis is contained in the report. Most funds are in term deposit; 52 percent are held in AU dollars and the rest in US dollars.
- The EC approved the financial report for January.
- Action ec-07-005: Secretariat to provide to EC a breakdown of the per-address fees paid by NIRs for IPv4 and IPv6.

5. Draft budget for 2007

- The third version of the draft budget for 2007 has been circulated, presented in US dollars. Adjustments have been made, especially to the professional fees and travel items. This budget still predicts a loss of approximately \$700,000 for 2007.
- There was a question about membership growth assumptions. The budget projects an increase of approximately 200 members at an average of 17 per month.
- It is expected that revenue will increase by approximately 6 percent over 2006.
- It was noted that the projected deficit is due to raising salaries to market rates, increased travel requirements, and the need for professional fees. It can, however, be adequately covered by the reserve but should be an important factor for consideration in the fee reform discussions.
- It was noted that there has been ongoing discussion for several years now that the current fee schedule cannot continue to sustain APNIC at the current level of operation, let alone allow service levels to improve and expand.
- It was noted that the projected deficit is likely to raise questions in the AMM and it will be important to clearly explain the circumstances that have led to this budget and the fee schedule review.
- It was noted that the EC and the especially the Treasurer does have an important role in explaining the organisation's financial status.
- It was noted that the current fee schedule is seven years old and is no longer coping with the current environment and increasing service demands from the membership.

- It was argued that it is safe to run into the deficit for some years, so long as there is a long term plan to provide a better solution.

6. ICANN/NRO/IGF status updates

- The Director General attended NRO EC meetings in Amsterdam recently. Some of the time was taken continuing the ICANN contract negotiations. Some of the RIR lawyers were present. There are still some issues that need to be discussed at the next formal meeting.
- There was discussion of choice of law for the contract, the level of involvement by the NRO in ICANN's contingency planning, continuity of services and fees in the case of dispute, and adjustment of fees from year to year.
- The NRO EC did make good progress on strategic planning, which will be reported to the APNIC EC as the documents are drafted.
- There was discussion at the NRO meeting of procedures for dealing with legacy address space in the IANA registry.
- There was discussion of IPv4 exhaustion and there is an informal agreement among the RIRs (to be documented) about reducing the size of requests to IANA.
- There was discussion of the resource certification project, which is seen by all RIRs as a very important project. The other RIRs also see APNIC as the leader of this project. Although APNIC has reduced the budgeting for this project, there is going to be continued funding from ARIN.
- The NRO ECG has been asked to develop an agreed prototype specification for an inter-RIR system to support Internet resource certification.
- It was noted that the staff of APNIC are confident in the basic certification technology. More difficult issues are how to define the relationships with NIRs. This makes it important to maintain APNIC's leadership in the project and provide funding to continue the work.
- There was a request for further detail to be provided about how the system will deal with NIR systems.
- It was noted that it is difficult to define the best procedures for dealing with issues such as merger or splitting of members. There will be some discussions with NIR technical groups during APNIC 23.
- A problem is that only APNIC has NIRs, so we cannot expect other RIRs to provide code that would suit all of APNIC's needs.
- It was noted that the informal agreement for the RIRs to reduce their IPv4 requests will not have an effect on the time it takes APNIC to make allocations, nor will it affect the rate of allocation.
- There was a general discussion about the possible approaches to using the 'Various Registries' address blocks.

7. AOB

- None.

8. Next meeting

- 27 February 2007, at APNIC 23.

Meeting closed: 12:55 pm (UTC+10)

Open action items

- **Action ec-07-001:** Secretariat to publish minutes from 15 December 2006.

- **Action ec-07-002:** Secretariat to provide EC with more detailed information on salary, travel expenses, and professional fees to justify the budgeted amounts.
- **Action ec-07-003:** EC members to provide final inputs on fee structure voting questions within one week from this meeting.
- **Action ec-07-004:** Secretariat to announce the extension of the vote on the fee structure questions.
- **Action ec-07-005:** Secretariat to provide to EC a breakdown of the per-address fees paid by NIRs for IPv4 and IPv6.