

APNIC EC Meeting Minutes

Teleconference
Tuesday, 18th May 2010

Meeting Start: 12:00 noon (UTC +1000)

Present

Akinori Maemura
Ma Yan
James Spenceley
Che-Hoo Cheng
Jian Zhang
Hyun-Joon Kwon
Paul Wilson

Geoff Huston (minutes)
Richard Brown
Irene Chan

Agenda

1. Agenda Bashing
2. Review of Minutes and Actions
3. Financial Report
4. DG Report
5. Policies for Adoption
6. AOB

Minutes

The Chair of the Executive Council called the meeting to order at 12:00 noon UTC+1000.

1. Agenda Bashing

There were no changes to the Agenda.

2. Review of Minutes and Actions

The minutes of the regularly scheduled EC meeting held on 15 April 2010 were approved.

Action ec-10-010: Secretariat to publish minutes of the 15 April meeting

The minutes of the extraordinary EC meeting held on 13 May 2010 were approved.

Action ec-10-011: Secretariat to publish minutes of the 13 May meeting

Review of Actions:

Action ec-10-003: Secretariat to proceed with implementation of the non-member fee schedule, with an adoption date of 1 January 2011

Underway

- Action ec-10-004:** Secretariat to draft query handling guidelines, for EC review and approval
Completed
- Action ec-10-005:** Commission a report into the conduct of the APNIC EC Election on 5 March 2010
Underway
- Action ec-10-006:** Review of the current APNIC EC election procedures.
Awaiting report from Action ec-10-005
- Action ec-10-007:** Secretariat to publish minutes of the March 1 meeting
Completed
- Action ec-10-008:** Secretariat to publish minutes of the March 4 EC File Note
Completed
- Action ec-10-009:** Secretariat to publish minutes of the March 10 meeting
Completed

3. Financial Report

The EC noted the financial report for April 2010 (attached).

It was reported that term deposits had been shifted into the cash account in preparation for the payment of the new APNIC office. The net asset position in the balance sheet has increased by 3.4% for the first 4 months of 2010. It was reported that APNIC's net cash and cash equivalent investments has been steady between \$AUD 10M to \$AUD 11.5M for the period 2005 to the present.

Year to date operating expenses are some 17.6% below the pro-rata budget projections. The revenue levels are 1.5% above the pro rate budget projections, notably due to the higher than anticipated per allocation fee revenues. Notes in the financial report detail the factors behind this variance.

The financial settlement for APNIC's purchase of office accommodation is proposed to be 20 May 2010. The cost of the building and the purchase of office furniture will be entered in the financial books as a transfer of assets from cash to property and equipment. There are anticipated to be some operational costs associated with the furnishing of the new office, and office relocation. These additional costs will be included in the June financial report, as part of the mid year financial review.

The ATO situation remains outstanding. KPMG remains managing this issue, and APNIC continues to await the outcome of the ATO review of the earlier ATO decision.

APNIC Membership is now at a total of now 2274 members, with 33 new members in the month of April.

The EC approved the April 2010 financial report.

4. D-G report

On the matter of the on-going negotiations with the representatives from NIXI and ISPAI over the India NIR, the D-G noted that the APNIC proposal to operate a "thin NIR" registry model has not been well received by NIXI, despite earlier assurances that this was the preferred model. When the original NIXI/ISPAI model was considered by the EC, the EC responded on 21 December 2009 with an in-principle recognition of the India NIR, subject to the negotiation of specific and sustainable operational arrangements between APNIC and the NIR. In particular, the EC recommended that

APNIC continue to directly support all key technical services in India, within the context of an active and functional NIR which can effectively support and promote the local delivery of those services. An NIR "Hosting Agreement" was to have been established between APNIC and NIXI which clearly defines respective responsibilities. The D-G's response to NIXI's objections to the "thin-NIR" model has been to offer NIXI the options of either a continuation of negotiation over the details of the "thin-NIR" model, in accordance with the EC's recommendation, or for NIXI to indicate that APNIC Secretariat's proposal has not met with NIXI's satisfaction or intentions, in which case NIXI should provide its proposed operational agreement, including all of the necessary details concerning the operation of an address registry service and related member service functions, to the EC. There has been no response from NIXI as to their chosen option as yet.

The EC Election Review Panel has been set up, with Adiel Aplogan, Save Vocea and Philip Smith agreeing to serve on this panel. The Panel's work is anticipated to commence in the coming week.

The announcements concerning the relocation of APNIC 30 to the Gold Coast is will be made in the coming days, once TOT has been informed of this change of plan. The APNIC 30 arrangements are being undertaken by the Events Team.

The Office Purchase and Relocation activity is underway, with the move to the new office being planned for the end of 2010. The D-G reported that architects have been engaged and project planning is underway for the office refit. There has been some further delay in settlement due to vendor compliance with the conditions of sale, and settlement of the property is anticipated to occur within the coming days. New network connections are being installed, with a three site triangular configuration being planned to ensure operational resiliency for online service delivery.

Within the broad area of Internet Governance issues, the D-G reported on a successful engagement with APECTEL in Taiwan in May 2010, with an IPv6 workshop held at that meeting being very positively received. An explicit statement in the need to action in the deployment of IPv6 in the APEC region is anticipated from the APECTEL Ministerial meeting later this year. The D-G attended a meeting of the Pacific Islands Telecommunications Association (PITA) in April, and APNIC has been invited to a meeting of the South Pacific Community (SPC) to brief governments on Internet Governance topics. APNIC has been invited to attend the Asia Pacific telecommunications (APT) regional meeting in June as the regional preparatory meeting for the ITU's Plenipotentiary meeting in October 2010. A statement on the topic of the ITU-T's CIR proposal is being considered as a possible recommendation for the APT meeting. The Asia Pacific Regional IGF meeting is also scheduled for June. APNIC is taking responsibility of a workshop in Critical Internet Infrastructure for this Forum.

On HR matters the D-G reported that an offer has been made to fill the position of Public Affairs officer. The D-G also reported on a change of the leadership team in the Secretariat, with the shift of the four Area Managers to a job title of Director, to reflect an organisation-wide responsibility for activities within their portfolio. The D-G is undertaking an executive coaching as part of a program of professional development being undertaken for all members of the APNIC Secretariat leadership team.

5. Policies for Endorsement

The EC reviewed three policies that had reached the step of EC review and endorsement in the Policy Development process (attached).

The EC unanimously endorsed Proposal 79, concerning the mandatory use of an abuse contact field for objects in the APNIC Whois database.

The EC unanimously endorsed Proposal 80, concerning the deprecation of the IPv4 prefix exchange policy.

The EC unanimously endorsed Proposal 82, concerning the removal of prefix aggregation criteria for initial IPv6 allocations,

6. AOB

Kuo-Wei Wu Resignation from the EC

The EC noted the resignation of Kuo-Wei Wu from the APNIC EC, due to commitments associated with his recent appointment to the Board of Directors of the Internet Corporation for Assigned Names and Numbers (ICANN). The EC noted that Kuo-Wei Wu has served as an EC Member of APNIC since March 1999, and he has been the Treasurer of APNIC from March 2003 until March 2010. The EC unanimously adopted a vote of thanks to Kuo-Wei Wu for his support of APNIC during this time, and wished him well in his term of office on ICANN's Board of Directors.

Next Scheduled Meeting

17 June 2010

Meeting closed: 1:02 pm (UTC+1000)

Summary of Action Items

- Action ec-10-003:** Secretariat to proceed with implementation of the non-member fee schedule, with an adoption date of 1 January 2011
Underway
- Action ec-10-004:** Secretariat to draft query handling guidelines, for EC review and approval
Underway
- Action ec-10-005:** Commission a report into the conduct of the APNIC EC Election on 5 March 2010.
Underway
- Action ec-10-006:** Review of the current APNIC EC election procedures.
Underway
- Action ec-10-010:** Secretariat to publish minutes of the 15 April meeting
- Action ec-10-011:** Secretariat to publish minutes of the 13 May meeting



APNIC

Monthly financial report (in AUD)

For the month ending April 2010

Asia Pacific Network Information Centre

1. Balance Sheet

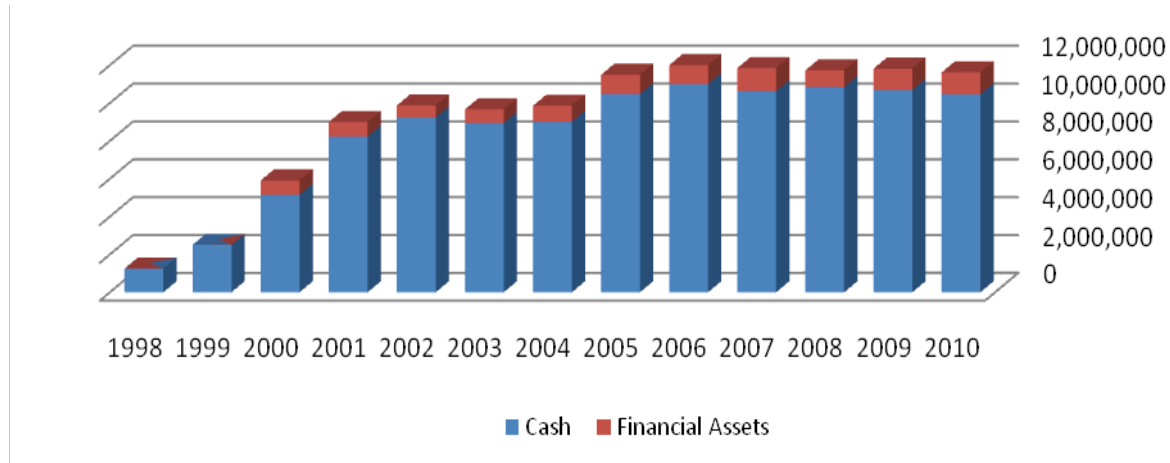
Statement of Financial Position (AU\$)					
	30/04/2010	% of Total Asset or Liab+Equity	% change 31/12/2009	Year-End 2009	Year-End 2008
CURRENT ASSETS					
Cash	8,768,120	57%	31.1%	6,686,084	6,844,414
Term deposit investment	0	0%	-100.0%	2,300,000	2,300,000
Receivables	1,084,331	7%	118.3%	496,734	1,518,540
Others	1,310,983	8%	21.2%	1,081,905	540,688
TOTAL CURRENT ASSETS	11,163,434	72%	5.7%	10,564,723	11,203,642
NON-CURRENT ASSETS					
Other financial assets	1,147,977	7%	1.8%	1,127,796	883,201
Property, plant and equipment	1,497,260	10%	-6.9%	1,607,819	1,708,216
Long term deposit investment	1,700,000	11%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	4,345,237	28%	-2.0%	4,435,615	4,291,417
TOTAL ASSETS	15,508,671	100%	3.4%	15,000,337	15,495,060
CURRENT LIABILITIES					
Payables	438,214	3%	-56.6%	1,010,114	629,650
Provisions	1,069,565	7%	1.3%	1,055,625	989,847
Unearned revenue	4,396,409	28%	6.4%	4,130,987	5,383,679
TOTAL LIABILITIES	5,904,189	38%	-4.7%	6,196,726	7,003,177
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment	185,781	1%	0.0%	166,675	0
Retained earnings	9,418,700	61%	9.1%	8,636,936	8,491,882
TOTAL EQUITY	9,604,482	62%	9.1%	8,803,612	8,491,883
TOTAL LIABILITIES & EQUITY	15,508,671	100%	3.4%	15,000,337	15,495,060

Note:

* The value in "Reserves on other financial assets investment" was due to the revaluation of our investment in unit trusts and was based on the market valuation as at the end of March 2010. Financial assets investment value is revalued on a quarterly basis.

1.1 APNIC Reserve

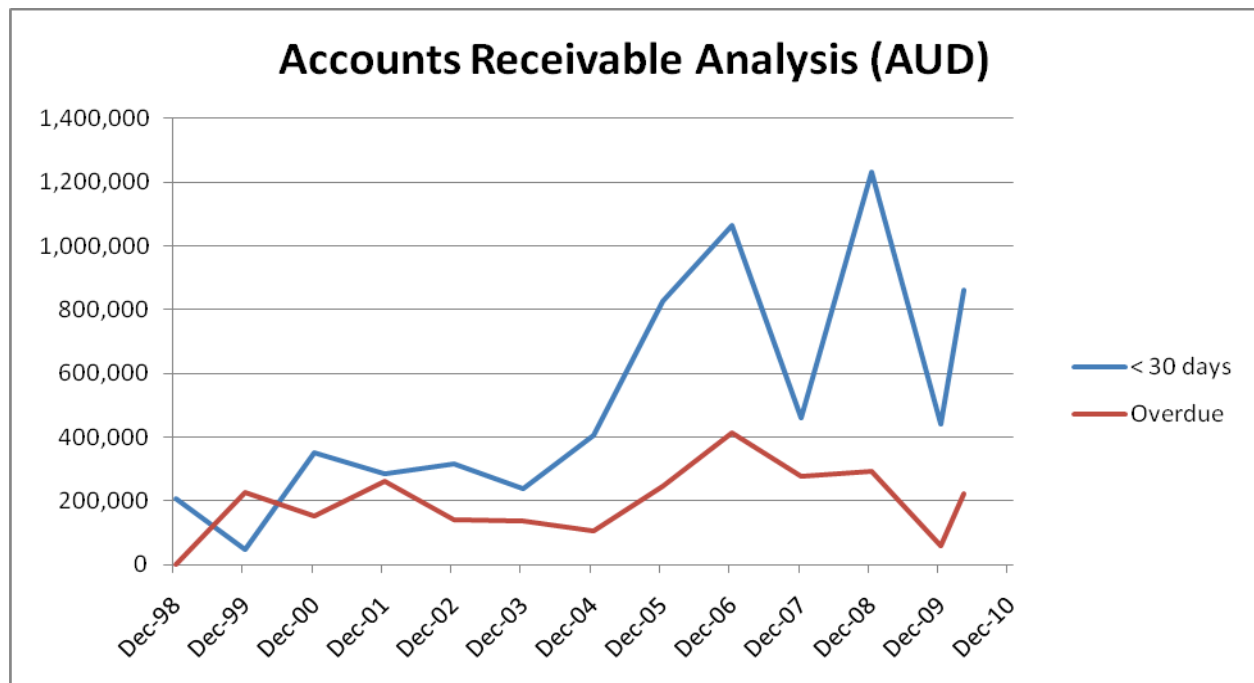
The APNIC reserve consists of cash (i.e. 90%) which invested in various ranges of long and short term deposits, and financial assets (i.e. 10%) invested in managed funds. The Chart below tracks the value and the allocation of these reserves over time.



1.2 Receivables

The receivables balance at the end of April 2010 was \$1,084,331. APNIC has a robust monthly routine billing procedure which involves the following up of outstanding accounts via email, phone and fax messages. Around 21% of the total accounts receivable are now overdue (>30 days) for payment whilst 79% are still current. Under APNIC procedures, services will normally be suspended once the accounts are overdue for more than 30 days, whilst accounts overdue by more than 60 days are to be closed for resources recovery.

Account Receivable Aging Status	< 30 days	Due for payment	Total
Accounts Receivable (AUD)	861,107	223,224	1,084,331
	79%	21%	100%



2. Income Statement

2.1 Expenses

This report incorporates the approved 2010 budget. The Year to Date April values are compared to figures for the same period last year, and to the budget which is based on a linear pro rata calculation.

EXPENSES (AUD)	YTD Apr-10	YTD Apr-09	Variance %	YTD (**) Budget	YTD Budget Variation %	Budget 2010
Bank charges	24,746	22,490	10.0%	26,401	-6.3%	79,202
Communication expenses *	73,813	50,132	47.2%	109,125	-32.4%	327,376
Computer expenses	125,913	138,871	-9.3%	170,373	-26.1%	511,120
Depreciation expense	242,652	232,541	4.3%	261,325	-7.1%	783,975
Sponsorship and Publicity expenses	50,279	56,483	-11.0%	61,262	-17.9%	183,787
Doubtful debt expenses	0	1,804	-100.0%	1,597	-100.0%	4,791
ICANN contract fee	102,000	118,616	-14.0%	102,000	0.0%	306,000
Insurance expense	41,935	47,386	-11.5%	45,300	-7.4%	135,900
Meeting and training expenses *	47,448	51,302	-7.5%	95,800	-50.5%	287,400
Membership fees	17,742	21,490	-17.4%	18,553	-4.4%	55,660
Miscellaneous expenses	432	1,019	-57.6%	2,283	-81.1%	6,850
Office operating expenses	41,323	38,447	7.5%	46,720	-11.6%	140,160
Postage & delivery	11,395	7,584	50.3%	11,517	-1.1%	34,550
Printing & photocopy	9,048	12,597	-28.2%	8,753	3.4%	26,260
Professional fees *	244,986	304,975	-19.7%	311,100	-21.3%	933,300
Recruitment expense	20,964	43,288	-51.6%	26,667	-21.4%	80,000
Rent and outgoings *	215,114	195,287	10.2%	202,918	6.0%	608,753
Salaries and personnel expenses *	1,777,031	1,670,801	6.4%	2,241,784	-20.7%	6,725,352
Staff training/conference expenses *	57,367	32,092	78.8%	50,052	14.6%	150,155
Tax expense	0	0	0.0%	34,488	-100.0%	103,464
Translation expenses	0	0	0.0%	8,333	-100.0%	25,000
Travel expenses *	472,846	477,821	-1.0%	506,250	-6.6%	1,518,750
TOTAL EXPENSES	3,577,033	3,525,024	1.5%	4,342,602	-17.6%	13,027,805

2.2 Revenue

Revenue (AUD)	YTD Apr-10	YTD Apr-09	Variance %	YTD (**) Budget	YTD Budget Variation %	Budget 2010
Interest income *	143,568	217,519	-34.0%	153,518	-6.5%	460,555
IP Resource application fees	430,736	405,632	6.2%	480,716	-10.4%	1,442,149
Membership fees *	2,891,347	2,536,018	14.0%	3,314,977	-12.8%	9,944,932
Non-members fees	45,342	41,976	8.0%	45,786	-1.0%	137,357
Per Allocation fees *	791,629	498,002	59.0%	229,642	244.7%	688,926
Reactivation fees	10,800	3,804	183.9%	4,367	147.3%	13,101
Sundry income	44,444	53,840	-17.5%	63,773	-30.3%	191,320
Foreign exchange gain/(loss)	932	3,955	-76.4%	0	0.0%	0
TOTAL REVENUE	4,358,798	3,760,746	15.9%	4,292,780	1.5%	12,878,340

2.3 Operating Profit/ Loss

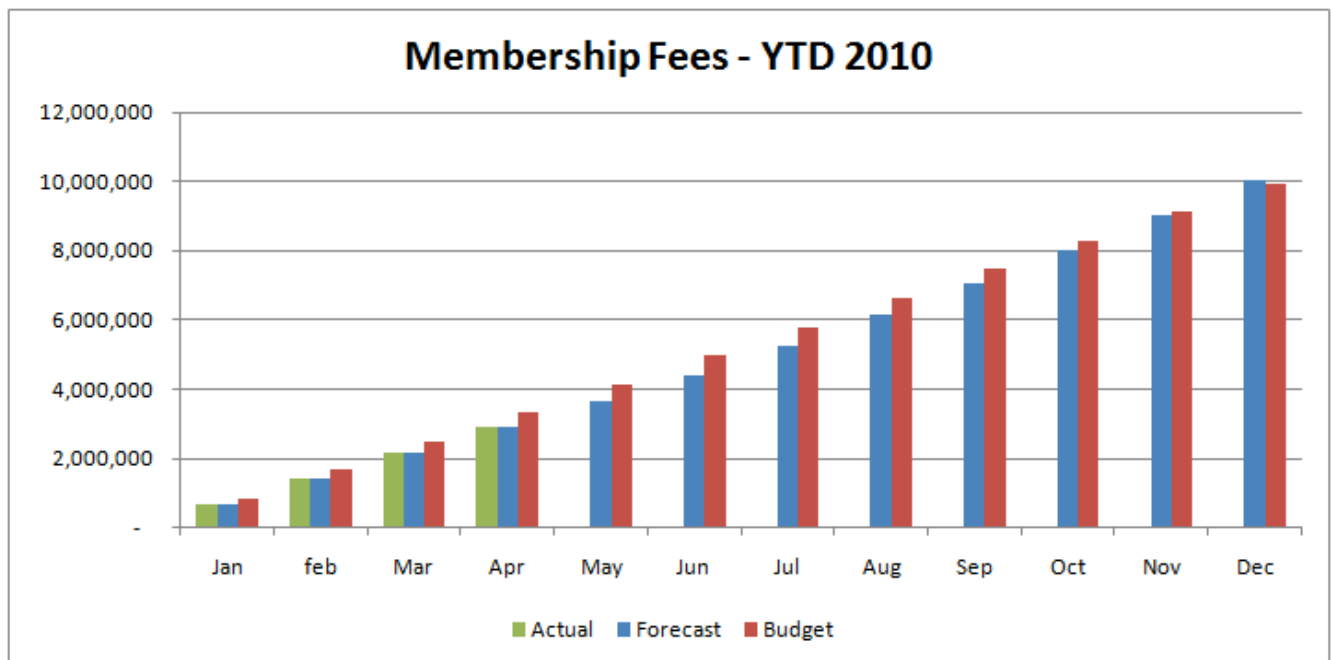
REVENUE and EXPENSES (AUD)	YTD Apr-10	YTD Apr-09	Variance %	YTD (**) Budget	YTD Budget Variation %	Budget 2010
Total Revenue	4,358,798	3,760,746	15.9%	4,292,780	1.5%	12,878,340
Total Expenses	3,577,033	3,525,024	1.5%	4,342,602	-17.6%	13,027,805
OPERATING PROFIT/(LOSS)	781,764	235,723	231.6%	(49,822)	-556.4%	(149,465)

Notes:

The major factors causing the variance between the year to date budgeted and actual operating position were:

1. Revenue

- **Interest Income** – APNIC has been rearranging its cash deposits to be in a position to settle the Cordelia Street purchase in May and the costs related to refurbishment up until the end of the year. The full effect on the 2010 interest revenue and the balance sheet accounts will be provided with the forecast in the June financial statements.
- **Membership fees** - The new membership fee schedule was implemented from 1 Jan 2010, as each member reaches their new anniversary date they will be invoiced under the new fee schedule. There will be large negative variance for the first half of the year when compared to the linear budget (Full Year/12). Graph below shows the Membership fees forecast which includes actuals up until the end of April is tracking well against the phased budget estimates.



- **Per allocation fees** charged for allocations to the NIR's were significantly higher than expected due to large requests from NIRs. As at the end of April, CNNIC is the only NIR that has renewed under the 2010 fee schedule.

2. Expenses

Much of the variance between Actual and Budget relates to the fact that the budget is allocated evenly over the 12 months of 2010, whereas the actual expenses only reflect where expenses have been incurred.

Notes for some significant variance are:-

- **Communication expenses** – Majority of expenses budgeted for the high availability project have not yet been incurred
- **Computer expenses** - A number of projected expenses including E-learning software upgrades have not yet occurred. Expenses related to the HiAvail project are yet to be incurred.
- **Meeting and training expenses** – Majority of the budget is allocated for our stand alone meeting APNIC 30 which is budgeted cost significantly more than APNIC 29
- **Professional fees** - APNIC has contributed its committed AUD \$110k to the ISIF second project grant
- **Rent and outgoings** – During the annual audit we were advised that we were required to make provision for make good costs related the lease at Park Road in Milton.
- **Salaries and personnel expenses** –
 - Delay in appointing budgeted new resources including the Senior Liaison role
 - Full year budget includes salary increments with a majority of the annual salary reviews to be completed
 - Focus on reducing leave balances across APNIC
- **Staff training/ conference expenses** – A broad range of training has been provided to enhance staff professional skills. The budget expenditure is forecast to achieve budget by the end of the year.
- **Travel expenses** – These expenses are incurred based on the travel calendar and are not incurred evenly across the year, it is forecast that the budget expenditure will equate to the actual by the end of 2010.

3. Other Important Considerations

- No adjustments have been made to the approved 2010 budget to account for costs associated with the purchase and refurbishment of APNIC's premises. A mid-year review of the budget will be undertaken for the June financial report; this will take into account the final projections for the building acquisition.
- No adjustment is included in these accounts in respect of APNIC's current dealings with the Australian Taxation office.

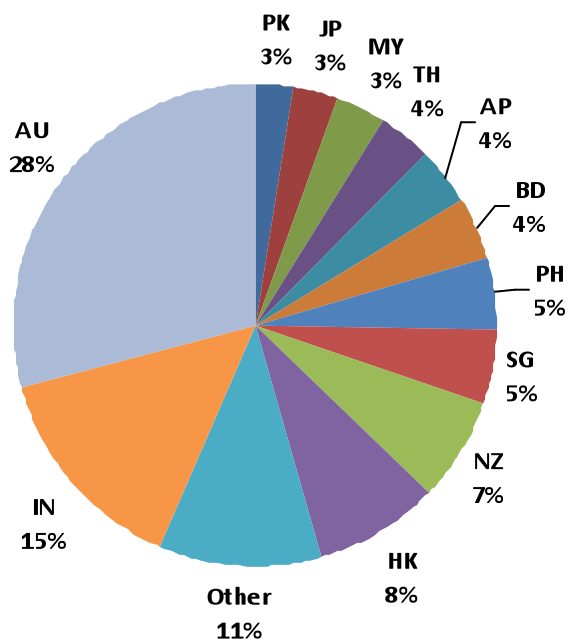
3. Membership

3.1 Membership Statistics

At the end of April 2010, APNIC had a total of 2,274 members serving 52 economies. There was a net growth of 35 members, with 33 new members, 7 member accounts were closed and 2 member accounts were reactivated during April.

3.1.1 Membership by Economy

The following chart illustrates the APNIC membership distribution by economy.



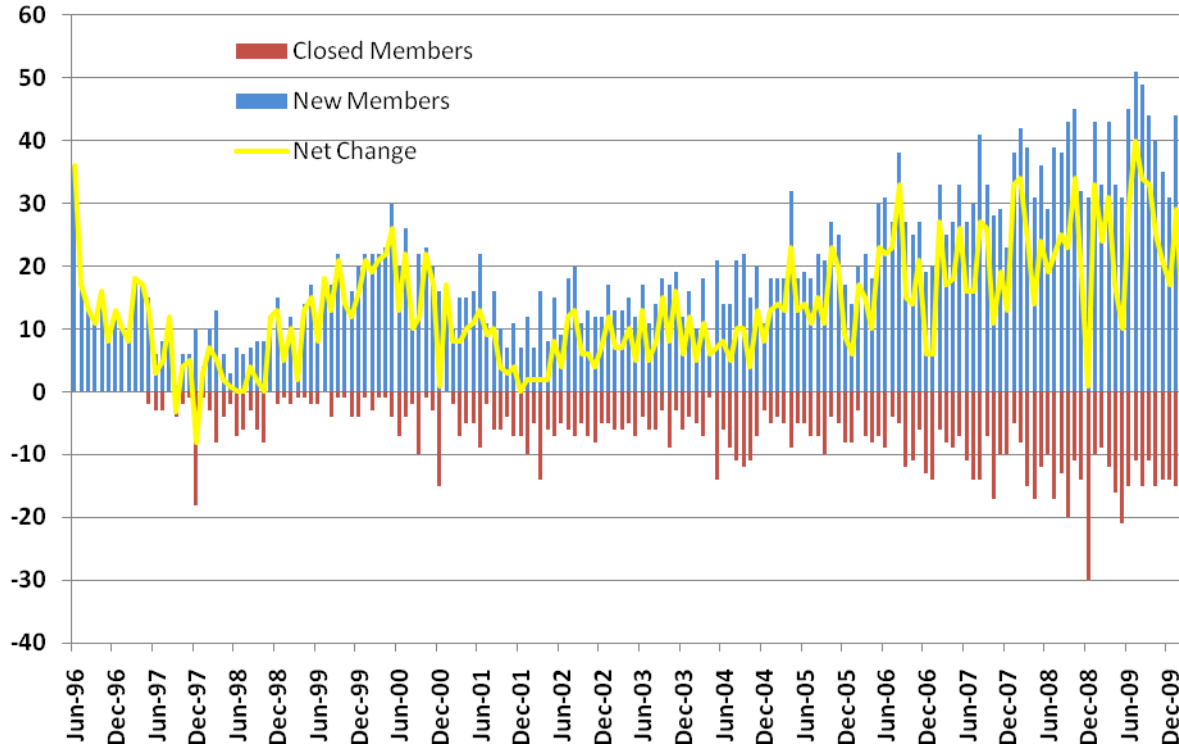
3.1.2 Membership by Category

The following table shows the monthly changes in membership and provides an analysis of APNIC's membership tiers. The majority of APNIC members remain in the Small membership tier. The final column shows the voting tier that members would be if they were assessed on resource holdings at the end of April.

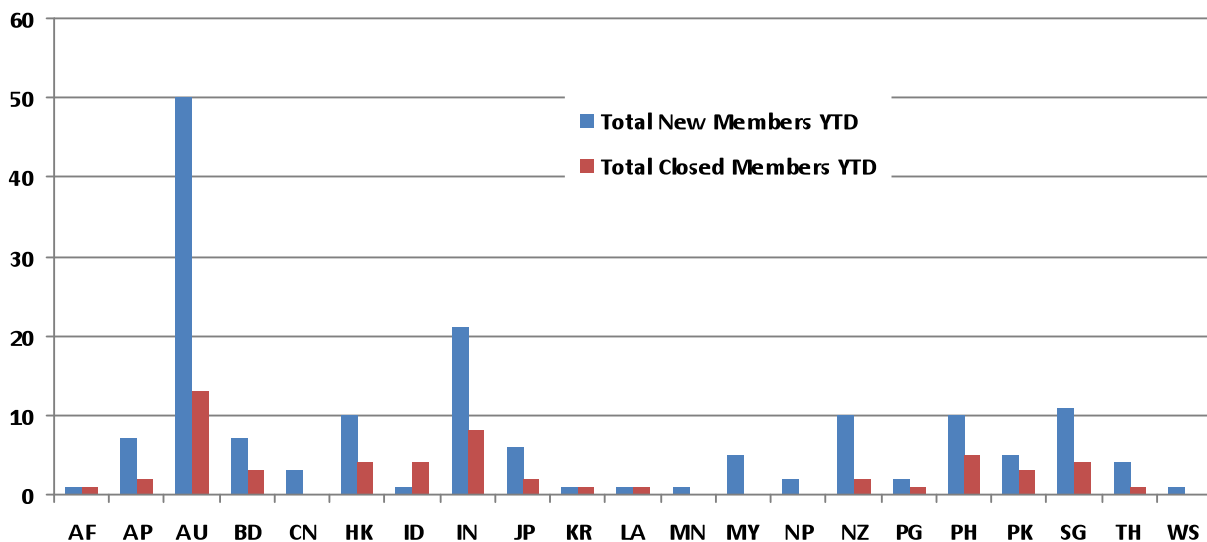
Membership	Total Mar-10	New Apr-10	Reactivate Apr-10	(Closed) Apr-10	Size Change Apr-10	Total YTD Apr-10	Total YTD (%) Apr-10	Tier based on Resource Holdings Apr-10
Extra Large	14	0	0	0	0	14	1%	16
Very Large	31	0	0	0	1	32	1%	34
Large	116	0	0	(1)	2	117	5%	136
Medium	287	0	0	0	3	290	13%	333
Small	828	0	2	(1)	(3)	826	36%	916
Very Small	505	1	0	(1)	18	523	23%	746
Associate	465	32	0	(4)	(21)	472	21%	93
TOTAL	2246	33	2	(7)	0	2274	100%	2274

3.1.3 Membership Movement

The following graph illustrates monthly movements of APNIC membership.



The graph below illustrates by economy, the year to date number of new members who have joined APNIC and the number who have closed accounts. Australia has the highest number of both new and closed members, i.e. 50 new and 13 closed members, followed by India and Hong Kong.



APNIC 29 policy proposals that have reached consensus

Version: 1
Prepared by: Sam Dickinson
Date: 17 May 2010

Introduction and background

The intention of this document is to assist the APNIC EC in the process of endorsing the consensus policy decisions before implementation by the Secretariat.

The Policy SIG Chairs have deemed that three policy proposals reached consensus at APNIC 29 in Kuala Lumpur, Malaysia and during the final eight-week comment period:

- prop-079: Abuse contact information
- prop-080: Removal of IPv4 prefix exchange policy
- prop-082: Removing aggregation criteria for IPv6 initial allocations

Explicit support is not required during the final call for comments period: consensus is assumed to prevail unless significant objections are posted to the appropriate SIG mailing list.

For a full description of the APNIC policy development process, please see:

<http://www.apnic.net/services/services-apnic-provides/policy/policy-development-process>

The following pages summarise the history of the three policy proposals listed above.

prop-079: Abuse contact information

Proposal details	This is a proposal to introduce a mandatory abuse contact field (referring to an Incident response team) for objects in the APNIC Whois Database to provide a more efficient way for abuse reports to reach the correct network contact.
Current status	Consensus announced following end of final comment period. Pending endorsement at APNIC EC teleconference.
Author	Tobias Knecht
Relevant forum	Policy SIG
Most recent version	prop-079-v003
Previous versions	prop-079-v002 prop-079-v001
Status at other RIRs	AfriNIC: The author of prop-079 has submitted the same proposal to the AfriNIC region, AFPUB-2010-GEN-002. ARIN: An abuse-POC exists for Organizational ID identifiers. LACNIC: An abuse-c exists for inetnum, inet6num, and aut-num objects. RIPE: An IRT (Incident Response Team) object can be linked to inetnum and inet6num objects.

Proposal history

Timeline	Activity
29 January 2010	Version 1 posted to the Policy SIG mailing list for discussion
10 February 2010	Version 2 posted to the Policy SIG mailing list for discussion.
24 February 2010	Version 3 posted to the Policy SIG mailing list for discussion.
4 March 2010	Version 3 reached consensus at the APNIC 29 Policy SIG and AMM.
8 March - 3 May 2010	Version 3 in eight-week final call for comment period.
5 May 2010	Consensus decision announced to SIG mailing list.
20 May 2010	Pending endorsement at APNIC EC teleconference.

Discussion statistics*

Total number of posts on mailing list in final comment period	0
Total number of people participating on mailing list discussion in final comment period	0

* Excluding administrative process comments related to the proposal from the SIG Chair or Co-chairs.

prop-080: Removal of IPv4 prefix exchange policy

Proposal details	This is a proposal to remove the policy that currently permits resource holders to return three or more noncontiguous IPv4 address blocks and have the prefixes replaced with a single, larger, contiguous block.
Current status	Consensus announced following end of final comment period. Pending endorsement at APNIC EC teleconference.
Author	Guangliang Pan
Relevant forum	Policy SIG
Most recent version	prop-080-v001
Previous versions	NA
Status at other RIRs	ARIN has two policies related to exchanging noncontiguous prefixes. For more information, see section 4.6, "Amnesty and Aggregation Requests" and section 4.7, "Aggregation Requests" in the ARIN Number Resource Policy Manual. AfriNIC, LACNIC and RIPE have no similar prefix exchange policies.

Proposal history

Timeline	Activity
29 January 2010	Posted to the Policy SIG mailing list for discussion
4 March 2010	Reached consensus at the APNIC 29 Policy SIG.
8 March - 3 May 2010	Proposal in eight-week final call for comment period.
5 May 2010	Policy SIG Chairs ask for feedback from the community on whether two objections received against the proposal should be considered "substantial" or not. One of the two people objecting removes their objection.
13 May 2010	Following feedback from the community, SIG Chairs announce consensus decision announced to SIG mailing list.
20 May 2010	Pending endorsement at APNIC EC teleconference.

Discussion statistics*

Total number of posts on mailing list in final comment period	11
Total number of people participating on mailing list discussion in final comment period	6

* Excluding administrative process comments related to the proposal from the SIG Chair or Co-chairs. Includes comments made in the feedback period following the comment period.

prop-082: Removing aggregation criteria for IPv6 initial allocations

Proposal details	This is a proposal to remove the aggregation requirement from the IPv6 initial allocation policy.
Current status	Consensus announced following end of final comment period. Pending endorsement at APNIC EC teleconference.
Authors	Tomohiro Fujisaki Akira Nakagawa Fuminori Tanizaki Masaru Akai Toshio Tachibana
Relevant forum	Policy SIG
Most recent version	prop-082-v002
Previous versions	prop-082-v001
Status at other RIRs	<p>LACNIC: 2007-01: Modifications to the IPv6 Prefix Initial Allocation Policy , which removes the requirement to announce an initial allocation as a single prefix in favour of announcing the prefix with the minimum possible level of disaggregation, is currently under discussion.</p> <p>RIPE: 2009-06: Removing Routing Requirements from the IPv6 Address Allocation Policy, which removes routing requirements from IPv6 policy, was recently adopted by the community.</p> <p>AfriNIC and ARIN initial IPv6 allocation criteria require a plan to aggregate, with no requirement for aggregation for subsequent allocation criteria. Neither RIR is has any proposal to modify these criteria.</p>

Proposal history

Timeline	Activity
2 February 2010	Version 1 posted to the Policy SIG mailing list for discussion
24 February 2010	Version 2 posted to the Policy SIG mailing list for discussion.
4 March 2010	Reached consensus at the APNIC 29 Policy SIG.
8 March - 3 May 2010	Proposal in eight-week final call for comment period.
5 May 2010	SIG Chairs announce consensus decision announced to SIG mailing list.
20 May 2010	Pending endorsement at APNIC EC teleconference.

Discussion statistics*

Total number of posts on mailing list in final comment period 0

Total number of people participating on mailing list discussion in final comment period 0

* Excluding administrative process comments related to the proposal from the SIG Chair or Co-chairs.