

APNIC EC Meeting Minutes

Teleconference
Friday 15 February 2002

Meeting Start: 11:00 am

Minutes

Present:

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

Paul Wilson
Connie Chan
Irene Chan
Gerard Ross (minutes)

Agenda:

1. Agenda bashing
2. Review of previous minutes (11/01/2002)
3. Financial report for 2001
4. Draft financial report for January 2002
5. EC response to Member Survey
6. Draft budget for 2002
7. Non-member resource services agreement
8. EC Conflict of Interest policy
9. Update on ICANN contract
10. AOB
11. Next meeting

1. Agenda bashing

Additional items added to agenda: Non-member agreement and Conflict of Interest statement; update of ICANN contract.

2. Review of previous minutes (11/01/2002)

- It was noted that amendments had been made to first draft of minutes, relating to financial report exchange rates.
- The minutes were accepted.
- **Action:** Secretariat to post minutes on web site.

3. Financial report for 2001

- It was noted that two reports had been circulated: one in the normal format, and the other as a three-page report which is to appear in the annual report. This second document is in the same format as in previous annual reports.
- It was noted that tax expenses have now been included since the initial draft of the financial report.

- It was noted that there appear to be no issues of concern in the financial report.
- It was explained that the forecasts for the coming year are based on National Australia Bank exchange rate forecasts.
- It was explained by Paul Wilson that the current form of reporting is no longer adequate for the current project/departmental basis in which APNIC operates. Work has been underway to update the APNIC chart of accounts, so that financial reporting in future can better represent APNIC's activities.
- It was noted that the relatively long table of expenses in section 2.1 makes it difficult to match expenditure to the strategic aims of the organisation. It was requested that this be taken into account in the new reporting structure. It was noted by Paul Wilson that current changes (mentioned above) will enable this.
- It was noted that although detailed financial reports generally presented in the APNIC member meeting, the By-Laws give members access to detailed reports upon request.
- It was noted that there was no call in the member survey for additional or different financial reporting from APNIC.

4. Draft financial report for January 2002

- There was discussion of the correlation between requests for membership applications and new members (illustrated in a new graph). Latest data shows a recent increase in the number of new membership applications, which may indicate a coming increase in new membership.
- It was noted that there an increase in membership closures in the second half of 2001. It was explained that a change in the reporting procedure has higher number of closed members than in the past.
- The financial report was formally accepted by the EC.
- **Action:** Secretariat to provide an analysis of member closures to next EC meeting.

5. EC response to Member Survey

- There was a discussion of the draft EC response to the Member Survey. It was suggested that the latest draft response is more specific in terms of the recommendations and conclusions in the report, which is appropriate.
- It was noted that in relation to the simultaneous translation facilities, there may be too many languages to make this viable for APNIC. It was noted that some investigation had been made into making translation hardware available, with the intention that those seeking translation would provide their own translators. On the basis of the concerns expressed, it was suggested that the EC asks the Secretariat to investigate the translation options.
- In relation to the suggestion for using independent arbitrators for dispute resolution, it was suggested that while this may be appropriate for disputes regarding allocation issues, whereas Member Meetings may be more appropriate for disputes involving EC meetings. However, it was argued that a resolution of a Member Meeting may be seen to be an enforced resolution rather than a satisfactory outcome for aggrieved parties.
- It was suggested that arbitration process set out in our bylaws has not yet been fully incorporated into the APNIC procedural documentation. Therefore the Secretariat is asked to provide better documentation of the existing mechanisms.
- It was also requested that the final notes in the draft relating to Detection of unused address blocks and IPv6 issues should be struck out as they are under active development, and therefore not issues requiring specific EC direction. It was noted that although IPv6 issues have been highlighted by the report, the EC response merely needs to refer to those issues.
- **Action:** The Secretariat to immediately amend the document as requested and forward to the Chair, who will coordinate the approval for publication.

6. Draft budget for 2002

- It was noted that as in past years, the budget shows three scenarios: optimistic, moderate, pessimistic; representing different economic and operational outlooks. APNIC's practice is to adopt the "moderate" scenario as the operating budget.
- It was noted that the budget is still in draft stage and changes are likely as items are adjusted, and as a result of current work on the accounting system.
- It was noted that the target for this budget is to provide a total of one year's budget in surplus at the end of the year, and this is achieved under the moderate projection.
- It was noted that in recent years APNIC has consistently underspent (although the service delivery has generally been as promised). It was explained by Paul Wilson that most of the expense saving in 2001 was attributable to exchange rate fluctuations, which may not continue. Also, delayed recruitment has reduced annual cost in 2001, but full salary cost must be projected for all staff in 2002.
- It was suggested that the worst case set out in the budget is still quite reasonable, and that the optimistic forecast of membership growth appears unrealistic in the current climate.
- There was a discussion about the necessity for a three-columned budget. It was noted that in the past, the adopted budget presented to the APNIC membership includes moderate projections only, without the additional scenarios. It was agreed that the 3-column format is useful for EC consideration.
- It was observed that projections for Large and Very Large members need to be amended, since optimistic numbers are less than moderate, and agreed that the next draft should address this.
- It was noted that in general the methodology for preparing the budget is prudent and reasonable.
- It was noted that there is further consolidation to be done on this budget and EC approval will not be sought until the March meeting, just prior to the AMM.

7. Non-member resource services agreement

- It was noted that this document is overdue, as APNIC has never had a non-member agreement. Recent changes to assignment policy will increase the likelihood of non-members seeking services.
- It was noted that this document has been based very closely on the new APNIC Standard Membership Agreement.
- It was observed that this agreement does not directly affect member relationships with APNIC, and therefore need not to be taken through the full document review process.
- The document was accepted by the EC.

8. EC Conflict of Interest policy

- It was noted that the draft conflict of interest policy requested in the last EC meeting is based closely upon the IEEE document which appears to be a reasonable model.
- It was suggested that in case of conflict an EC member should not be required to physically remove themselves from the Member Meetings, however they would be obliged not to speak on the issue in question.

9. Update on ICANN contract

- It was noted that the previous suggestions relating to the Annex were approved by APNIC, and have since been incorporated by ARIN into the latest draft, which has now been passed back to ICANN.
- It was noted that the draft in its current form, including the requirement for ICANN to allocate only to RIRs even where a subsequent allocation was required, is the minimum that would be acceptable to the EC.

10.AOB

- Regarding the action item to investigate a trust fund for temporary holding of ICANN payments, it was noted that there does not appear to be any advantage in establishing a trust fund. Unlike other trust account situations, such an account would have very few transactions (no more than 2 transactions per year), and therefore it has very low administrative cost. It would also provide no advantage in terms of APNIC's tax situation, balance sheet, financial reporting or audit requirements.
- Regarding the APNIC meeting proposal for September, it was noted that there have been expressions of interest from JPNIC and from Bangladesh, and that formal proposals would be made before the deadline.
- It was also noted that there are still no nominations for the upcoming EC elections, despite reminder announcements being made.

11.Next meeting

APRICOT, March 2002.

Meeting closed: 12:30 pm