APNIC EC Meeting Minutes

Teleconference
Thursday 30 January 2003

Meeting Start: *11:05 am (UTC+10)*

Minutes

Present:

Che-Hoo Cheng
Geoff Huston
Kuo Wei Wu
Qian Hualin
Xing Li
BK Kim

Paul Wilson
Irene Chan
Connie Chan
Gerard Ross (minutes)

Apologies:

Agenda:

1. Agenda Bashing
2. Minutes from last meeting (20 December 2002)
3. Financial reports for December 2002
4. ICANN Status
5. APNIC 16 meeting proposals
6. NIR application
7. AOB
8. Next meeting

1. Agenda Bashing

The following topics are also to be discussed:

- APNIC investment portfolio to be discussed with Financial reports

- Budget for 2003

- GH tabling notice of intent to resign as Secretary

- EC travel arrangements for APRICOT

2. Minutes from last meeting (20 December 2002)

- There were clarifications of the record of ICANN discussions and to record of the discussions of the Research Scientist position.

- Subject to the amendments discussed, the EC approved the minutes.

- ➢ **Action ec-02-041:** Secretariat to amend and publish minutes from 20 December 2002.

3. Financial reports for December 2002

- As per past practice, this December monthly report was presented as the annual report. The audit has been completed and the financial material reflects the audited records.

- The final reconciliation of expenses and revenues shows that expenses were down by about nine percent and revenue down by about one percent, leaving a slightly larger surplus than expected for the year.

- The total budget was quite accurate, although some line items varied. For example, some of the planned recruitment was not undertaken as it was not actually needed as soon as expected. The tax expenses were down due to an adjustment of tax from the previous year. These two items account for a large proportion of the variation on budget.

- Some areas were higher than expected. Communications expenses were increased, due to additional multihoming expenses to improve connectivity.

- The figures relating to the employment entitlements arises from staff accruing annual leave.

- It was noted that APNIC has done well to come in so close to budget.

- In terms of revenues, the IP resources fees were underestimated in the previous budget. Some other budgeted revenues were overestimated, such as sundry which was reduced due to special arrangements for the Kitakyushu meeting.

- There was a discussion of the R&D and Project Management expenses. It was noted that the main allocation in the R&D budget was the research scientist position. This position was not recruited until late in the year, so the budget was not spent as planned. However, when the Root server project arose, some of the R&D money was used for that. There was also expenditure on the R&D grants program that APNIC has joined.

- In terms of project management and consultancies, APNIC spent less than budgeted, because there was sufficient staff capacity to perform in-house a great deal of the work intended to be outsourced.

- It was noted that the trend is towards a more stable revenue and expense position. It was noted that as APNIC has built a solid cash reserve, it is now appropriate to budget for balanced expense and revenue streams. It was also noted that APNIC Secretariat has taken a conservative approach to expenditure, treating budgeted figures as the maximum approved expenditures but only spending those funds as required.

- The summary of membership in 2002 shows a net gain of 68 members, which is almost exactly as projected. The new membership structure will be taken into account in the next budget. The trend during recent months shows steady but slow net membership growth which we can expect to continue into the next year.

- The EC noted that the annual reports were very satisfactory.

Investment portfolio

- Secretariat recently received the latest report on the performance on the investment portfolio. On the initial conservative recommendation of the EC, the investment was intended to run for a period of five years. So far it has been running for two years. It has not performed well to date, and has recorded a $76,000 loss in 2002 in line with the poor performance across all global markets.

- The total investment value is recorded on the Balance Sheet in the Financial Reports.

- The report notes that some of the fund managers have changed and some have under performed, and it recommends rebalancing the investment across the various holdings. This rebalancing would be carried out by the fund managers at no cost.

- The question for the EC now is whether to accept the recommendations, or to investigate the individual holdings in detail, or to redeem some of the investment and return the funds to the APNIC reserve.

- It was noted that on the whole, investment is outside APNIC's core business. Therefore, the proper role for APNIC would be to act conservatively, but to accept the advice of the

appointed professional managers. It was suggested accepting the recommendation based on the current best knowledge of the fund managers.

- It was decided for now to accept the recommendations from the fund managers to rebalance the investments, and to discuss the investment issues in more detail in Taipei.

- There was a discussion of the approach to take to the budget. It was suggested working with a conservative revenue growth figure of around three percent. It was also noted that exchange rate trends are likely to increase APNIC's US dollar expenses in 2003 and that the budget include an estimate of a weaker US dollar across 2003.

- The DG sought feedback from the EC in relation to the mood and trends of the industry in this region and globally.

- There was another comment that to meet member concerns APNIC's budget should seek to balance the revenue and expenses.

- There was a general discussion of the fee structure. It was agreed that APNIC has an accepted fee structure, so it is more appropriate to budget on the basis on the accepted fees, and leave discussion of amendments to the fee structure for AMMs.

4. ICANN Status

- Summaries of issues discussed late in 2002 have been circulated to the GAR boards.

- The major outstanding item is the redefinition of the ASO. There appears to be general agreement on all other major issues.

- It was noted that the Rio ICANN meeting is not likely to deal substantially with the ASO issues.

- ➢ **Action ec-02-042:** The Secretariat to prepare a budget and circulate a draft before APNIC 15.

5. APNIC 16 meeting proposals

- It was suggested that North Asia has received more attention from APNIC in terms of meetings and that it would be a good idea to show support to the southern part of the region this time.

- There was also a suggestion that Korea would attract more attendance for a September meeting.

- It was noted that the Kathmandu proposal is the cheapest proposal for APNIC and participants. In terms of the Indonesian proposal, Jakarta is cheaper than Bali. Korea is the most expensive proposal, but is still cheaper than the Japan meeting of September 2002.

- A matrix summary of the meeting proposals has been circulated to the EC. In 2002, there was a general discussion of the proposal, followed by an interview before the AMM. If this is desired again, then it will be necessary to notify the proponents as soon as possible.

- The EC sought comments from the Secretariat. It was noted that there do not appear to be any logistical problems with any of the proposals. It was noted that Indonesia has experience and good facilities. It was also noted that Nepal has become a well equipped venue for various regional conferences, and has strong tourist facilities. In the absence of clear logistical factors it seems more appropriate to decide on the basis of benefit to APNIC members, regarding such factors as location and cost. Furthermore, it would be difficult for the Secretariat to provide detailed objective recommendations on the specifics of the proposals without undertaking a thorough study, including visiting the proposed sites.

- There was a discussion as to whether announcing the decision at APRICOT raises problems for the proponents in terms of time remaining to prepare for the meeting. It was noted that none of the proponents have raised this as a problem.

- There were questions raised about the transport to Nepal and the political situation in Indonesia. It was noted that the Nepal proposal includes detail of flight connections. There was a brief discussion of the perceptions of safety in Bali and Jakarta.

- It was decided to continue considering the proposals now and to advise the proponents to attend APRICOT and be prepared to ask questions.

- It was noted that the proposals are quite comprehensive.

[KWW had to leave the meeting at this point]

➢ **Action ec-02-043:** Secretariat to invite APNIC 16 host proponents to attend APRICOT and meet with the EC, and advise them that a decision will be announced at the Member Meeting.

6. NIR application

- Secretariat has received a complete application from VNNIC. It has also received an incomplete application from Cambodia, which requires more detail before it can be considered.

- The general detail of the application was discussed. It was noted that VNNIC has provided a general overview of their organisation, but they have not specifically addressed structural requirements as described in the APNIC documentation.

- The applicants have been advised that they will receive a response from the EC as soon as possible. It was suggested to invite VNNIC to attend the EC meeting at APRICOT and discuss their applications. Alternatively, specific questions could be raised via email before the next meeting.

- It was noted that there do not appear to be any significant adverse conclusions to be drawn on the face of the application. However, there are some issues that are not clear.

- There was a suggestion that it would be appropriate to make a formal decision in Taipei that could be announced at the AMM.

- It was suggested that there might be a case for some period of supervision, as was the case with the establishment of LACNIC. It was noted that there is nothing in the current documentation in relation to probationary approval, but that it may be appropriate to introduce such a provision if and when the first new NIR is announced.

- It was noted that there may be a need to seek further clarification from VNNIC in relation to their fee structure.

➢ **Action ec-02-044:** Secretariat to invite VNNIC to attend APRICOT and meet with the EC, and advise them that a decision will be announced subsequently.

7. AOB

Resignation of secretary

- GH has announced his intention to resign as Secretary. The EC requested that GH continue until the next election, where the office holders will be re-elected.

- The EC accepted GH's resignation, effective at the end of February.

EC travel arrangements

- There was a reminder for all EC members to register on the RegWeb site. There is no charge for EC members.

- EC members should also forward their flight details to Connie Chan.

8. Next meeting

- 25 February 2003, Taipei (APRICOT/APNIC15).

Meeting closed: *12:55pm*

Open action items

➢ **Action ec-02-025:** Secretariat to investigate past meeting attendance data and prepare a proposal for determining AC voting entitlement.

➢ **Action ec-02-033:** Secretariat to seek legal advice on preparing an addendum to the membership agreement or alternatively developing a separate NIR membership agreement.

➢ **Action ec-02-037:** The Secretariat will investigate the basis for the projected per allocation fee for IPv4 addresses. (Work is underway).

➢ **Action ec-02-040:** Secretariat to post message on behalf of the EC to the GAR boards list briefly explaining the reasons for joining the ITU-T. [completed 30 January 2003]

➢ **Action ec-02-041:** Secretariat to amend and publish minutes from 20 December 2002.

➢ **Action ec-02-042:** The Secretariat to prepare a budget and circulate a draft before APNIC 15.

➢ **Action ec-02-043:** Secretariat to invite APNIC 16 host proponents to attend APRICOT and meet with the EC, and advise them that a decision will be announced at the Member Meeting.

➢ **Action ec-02-044:** Secretariat to invite VNNIC to attend APRICOT and meet with the EC, and advise them that a decision will be announced subsequently.