

APNIC EC Meeting Minutes

Taipei International Convention Center (TICC), Taipei, Taiwan
Tuesday 25 February 2003

Meeting Start: 9:15 am

Minutes

Present:

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

Paul Wilson
Connie Chan
Irene Chan
Anne Lord
George Michaelson
Gerard Ross (minutes)

Apologies:

none

Agenda:

1. Agenda Bashing
2. Minutes from last meeting (30 January 2003)
3. Review of Secretariat reports
 - o Financial report for January 2003
 - o 2002 Annual Financial Report
 - o Forward Plan and Budget for 2003
 - o APNIC Annual Report 2002
 - o DG report for member meeting
4. Review of policy and document review process
5. Review of MyAPNIC voting system
6. Review of EC ballot and voting system
7. Relationship between RIRs and IETF
8. ICANN Status
9. Review of VNNIC's application
10. Review of proposals for next APNIC Open Policy Meeting
11. AOB

1. Agenda Bashing

The following topics are also to be discussed:

- Leslie Daigle will be invited to discuss liaison between RIRs and IETF.

2. Minutes from last meeting (30 January 2003)

- The amendments circulated before the meeting were accepted.
- Subject to the amendments discussed, the EC approved the minutes.
- **Action ec-03-045:** Secretariat to amend and publish minutes from 20 December 2002.

3. Review of Secretariat reports

- **Financial report for January 2003**
 - This report is the summary of the financial position, without a budget comparison. The exchange rate is rising and this is impacting on the total expenses in US dollars.
 - Net membership growth has been steadily rising.
 - The insurance premium has increased significantly from last year. The major component of the insurance - the professional indemnity insurance - has now been paid for the year. The total value of the insurance cover is two million dollars. It was suggested that the Secretariat could consider negotiating a higher excess if that would lead to a significantly lower premium.
- **2002 Annual Financial Report**
 - It was noted that the total expenses for 2002 were about 15 percent below budget and the revenue was 0.6 percent below budget.
 - It was noted that because of the exchange rate fluctuations, there could be higher losses on transactions in 2003. In past years, APNIC has made unrealised gains on exchange rates, but in 2003, there are likely to be unrealised losses.
 - It was noted that the Secretariat is awaiting proposals from financial consultants in relation to forming appropriate currency exchange strategies.
 - The surplus for 2003 was approximately 40 percent higher than budgeted.
- **Forward Plan and Budget for 2003**
 - It was noted that there have been minor amendments since the draft of this report was first circulated, due to an adjustment of a tax benefit in favour of APNIC.
 - A formal audited report was also circulated to the EC members. The audited financial report is in AU dollars.
 - There was a brief review of the material and presentations to be provided in the AMM on Friday 28 February 2003.
 - The structure and approach of the report was explained. It was noted that, as usual, the budget is set out with three scenarios, representing optimistic, moderate, and pessimistic outlooks.
 - The EC members reviewed the documentation.
 - There was a question about the actual growth trends. It was noted that the growth within membership categories in 2002 represented a mixed pattern of growth and decline across categories. However, the budget for 2003 appears to indicate growth in all categories. It was explained that the trends within categories were examined carefully in preparing the budget. It was noted that there had been a lot of readjustment in categories in 2002, due to the expansion of the membership structure. It was agreed that there will not be uniform growth across all membership categories in 2003. It was suggested that the optimistic and pessimistic analyses appear to be extreme and that the moderate scenario may not be sensitive enough to the likely growth outcomes and budgetary impacts.
 - It was noted that membership growth in 2002 varied greatly from country to country.
 - The APNIC budget is to a great extent reliant on the small and medium categories. This indicates that the moderate scenario is likely to be a reliable prediction.

- It was explained that the budget is reviewed against the actual financial position on a monthly basis.
 - It was confirmed that ITU membership is included in the budget.
 - There was an explanation of the "rental holiday", which is the exemption from rent that APNIC received upon signing a new and expanded five year lease.
 - It was noted that travel expenses have been increased. It was noted that APNIC does not send as many staff to RIR meetings as the other RIRs. With the growth in APNIC staff there has been a need to expand the travel for hostmaster and technical staff. There is also an increase in travel costs due to the expansion of training programs.
 - The APNIC staff had a net growth of two in 2002. Staff turnover remains very low.
 - If revenues fall below budget then staff travel is likely to be one of the first expenses to be cut.
 - There are currently three training staff, but hostmasters also go on training courses. The selection of hostmasters for training courses is generally made on the basis of language and cultural speciality.
 - There was a suggestion of the EC developing guidelines for adjusting travel expenses according to actual membership growth. It was suggested that there is no need to restrict budgetary items at this point, but that membership growth should be monitored and major expense items could be reviewed accordingly.
 - It was noted that adopting a moderate budget is a reasonable approach. There are sufficient items in the budget that could be reviewed throughout the year, if necessary, in order to achieve a balanced result by the end of the year.
 - It was explained that a large amount of capital expenditure planned for 2003 relates to root servers and is able to be deferred if required.
 - It was recommended that in terms of staff and equipment expenditure for 2003, APNIC should adopt a "slow start" approach.
 - There was a suggestion for a quarterly review in April, which could determine expense strategies for the remainder of the year.
 - The EC requested that the Secretariat provide year-to-date actual figures with budget comparisons for monthly and quarterly financial reports.
- **APNIC Annual Report 2002**
 - The financial report for 2002 was discussed above. There was no further discussion of the published APNIC Annual Report for 2002.
 - The EC expressed its thanks to the entire APNIC Secretariat for its hard work in 2002.
- **DG report for member meeting**
 - There was a review of the report to be presented at the AMM.
 - There was a review of the membership distribution on a subregional basis (as defined by the United Nations).
 - Membership growth was noted, as was the Secretariat staffing level.
 - There was discussion of the comparison showing that APNIC is now allocating more IPv4 address space than the other RIRs.
 - RIPE NCC is now allocating considerably more IPv6 than other RIRs.
 - There were summaries of activities in various Secretariat areas.
- **Action ec-03-046:** Secretariat to amend format of monthly and quarterly financial reports to include year-to-date actual figures with budget comparisons.

4. Review of policy and document review process

- There was a review of the proposals to be presented relating to the review of the APNIC policy process.
- The current APNIC policy and decision making process was reviewed, including the issues relating to determining consensus. The evolution of the SIG and AMM process was reviewed. The role of the EC was also discussed.
- The EC requested that the slide dealing with the role of the EC be modified to more accurately reflect the actual operation of the EC rather than just the formal statement in the By-Laws.
- There was a review of processes in other RIRs.
- There was a discussion of the extent to which the AMM should be able to review SIG recommendations. It was argued that the membership does need to have some ability to review the recommendations of the SIGs, because the implementation of decisions can have an impact on the organisation as a whole.
- It was noted that at APNIC 14, the AMM was invited to make amendments to recommendations unless there was an objection seeking the issue to be referred back to the SIG.
- It was suggested that language difficulties do hamper the review of decisions in the AMM. It was suggested that it would be more effective to put all policies to a formal vote as it will encourage people to make more effort to understand the proposals.
- It was suggested that it would be valuable to discuss this at the next EC meeting, after it has been presented to the community, so that the mood of the community can be evaluated.
- There was a discussion of the possibility that voting on proposals could raise other concerns.
- It was also noted that consensus processes work much better in a global forum, rather than in one in which there is a more restricted mix of members and community members.

[Break 11:05 - 11:30 am]

5. Review of MyAPNIC voting system

- There was a demonstration of the module being developed for MyAPNIC which will enable online voting. It was noted that the system can distinguish between voting (with voting entitlement determined by membership category) and polling (which is one vote per user). This functionality will be available in the version due to be released in June.
- It was explained that each user of MyAPNIC receives an individual certificate and that security settings can be customised for each user within a member account.
- There was a discussion as to whether the system should be configured to ensure an anonymous voting database, or to allow tracking for audit purposes. It was suggested that vote tracking would fundamentally change the way elections are conducted.
- It was noted that it is good to have a tracking system to allow auditing of the system in development. But in real elections, it should not be possible to track how individuals voted.
- It was agreed that once a vote has been cast it cannot be modified.
- It was noted that it is possible to develop the system so that it can allow both anonymous and auditable voting, depending on the circumstances of the election.
- It was noted that the system could potentially be used for EC elections and for voting on other issues, such as membership structures and other membership-related issues.
- The Secretariat can provide special certificates that will allow EC members to evaluate the pre-release system.

- There was a discussion of the distinction between polling and voting. It was explained that the module that allows informal polling can be removed from MyAPNIC without affecting the other functions. On the other hand, the polling module may be a useful function to have on the public web site for other purposes.
- There was a clarification of the current voting structure for AC elections.
- It was agreed that it was appropriate to demonstrate the voting module at the AMM.
- There was a brief discussion of the potential legal issues that may be relevant to electronic voting.

6. Review of EC ballot and voting system

- The EC reviewed the ballot paper for the EC election to be held on 28 February 2003. It was noted that the expanded membership categories will lead to a very large number of ballot papers to be counted.
- It was decided to proceed with the election on the current basis. However, it was decided to bring forward the voting time to allow more time for the votes to be counted.
- It was also suggested to use more volunteers than usual to speed up the counting process.
- There were discussions of other procedures that could be applied to future elections.

7. Relationship between RIRs and IETF

- Leslie Daigle, Chair of the IAB, joined the meeting to assist in a discussion of the status of liaison between the RIRs and the IETF. She reviewed the recent discussions which have taken place to form a way of providing more communication between the RIRs and IETF.
- There is a proposal to form an Area Directorate, composed of IETF participants and technical representatives of the RIRs. This has been proposed in response to a perceived lack of understanding between the two bodies and their respective processes.
- Area Directorates are ad hoc, relatively informal, technical groups composed of qualified and interested parties.
- It was noted that on the RIR side, there are staff and participants. There was a question as to whether the directorate should draw from the staff or the community (including SIG chairs). It was suggested that both staff and community members could serve on the directorate.
- It was explained that Directorates themselves are not authoritative and that any recommendations of the Directorate would still need to be ratified in the appropriate forum. The Directorates are generally intended to be support groups to the Area Directors, but in this case, it could be best to expand that role to also provide feedback in both directions.
- It was noted that ensuring representation of the membership could be hard to determine. Selection of the SIG chairs could be a way of ensuring this.
- It was also agreed that staff members should be included.

[Leslie Daigle left the meeting at this point]

- It was explained that there is an increasing perception of miscommunication in the way that messages are communicated between the RIRs and the IETF. There is also a perception among the IETF that the RIR are not properly respecting protocol issues in forming address policy.
- There was a discussion of the need for a Directorate to not appear secretive.
- The EC agreed that Takashi Arano (as Address Policy SIG Chair) and Geoff Huston (as a regular IETF attendee) should be appointed to the Directorate. The APNIC Secretariat should also be responsible for selecting one or more staff members to participate.

- It was noted that it is not yet known whether these discussions have been held with the other RIRs.
- **Action ec-03-047:** Secretariat to select one or more staff members to participate with Geoff Huston and Takashi Arano in the IETF Directorate discussions.

8. ICANN Status

- There was a review of the current state of discussions among the GAR boards.
- It was noted that there are issues outstanding in relation to arbitration or mediation processes that may apply if a dispute were to arise between ICANN and the RIRs.
- It was suggested that the Address Council has two functions. The AC appoints board members and this is being performed satisfactorily. However, the other role of the Address Council is to represent the RIRs. This latter role needs further consideration.
- There has been a suggestion to take the representation function from the AC and create a new body composed of RIR CEOs. This would be acceptable because the APNIC Director General is required to report all activities to the EC.
- There are ongoing concerns over what would happen if ICANN were to fail. To this end the RIRs have been providing input to, and seeking the opinions of, the DoC.
- It was suggested that APNIC can either develop a position on ASO restructuring to take to the GAR boards, or can work with the GAR boards now to develop a common position.
- It was explained that there is currently a nominations committee. It was agreed that this is function that should be left to the ASO.

[Break 12:30 - 2:00 pm]

9. Review of VNNIC's application

- Representatives of VNNIC joined the meeting to discuss their application for NIR status. The representatives were: Hoang Minh Cuong, Vu Xuan Bach, and Tran Kien.
- Son Tran (APNIC Member Services Manager) also joined the discussion.
- VNNIC distributed an update to the supporting material already provided.
- The EC welcomed the VNNIC application and asked if there was any prospect of any other organisations seeking to compete with VNNIC as the NIR for Vietnam. The EC also asked VNNIC to explain the basis on which they represent the Internet community and ISP industry in Vietnam.
- The representatives described the background of VNNIC and explained that they are an official organisation, formed and approved by the government, but run as a non-profit organisation.
- The EC asked how VNNIC would view address policy issues - would VNNIC take a government view or an industry view of address policy? It was explained that VNNIC drafts its policy based on government policy and send it to the Internet community for review.
- The EC asked if VNNIC would consider it a problem for an organisation from another country to operate within VNNIC using addresses sourced from elsewhere. VNNIC explained that this may be considered a policy problem, as foreign ISPs may invest in Internet operations in Vietnam, but may not run their own operations. There are currently three Internet networks in Vietnam, all of which are Vietnamese companies.
- The relationship between VNNIC and VNPT was discussed. Both organisations are under different branches of the same Ministry.
- It was confirmed that VNNIC members will be allowed to also become APNIC members.
- Currently there are four APNIC members in Vietnam.

- It was confirmed that it would probably not be a policy issue for an ISP in Vietnam to use IP addresses obtained from APNIC.
- It was noted that the supporting documentation provided explains the rights and benefits that will be conferred to VNNIC members.

Currently, VNNIC does not charge membership fees.

- The per-allocation/assignment fee was explained. This fee is based on units of /24 in IPv4.
- There was a discussion of the effect of the per-address fees under the confederation fee schedule. It was noted that this fee has not yet been accounted for in the supporting documentation.
- There was a discussion of the staffing of VNNIC. VNNIC runs domain name services as well, so many of the staff members are occupied in those services. It was noted that VNNIC may in future apply for gTLD services.
- It was noted that other NIRs that were involved in domain name services have split those operations from their address services.
- The EC asked about the VNNIC plan for training staff. It was recommended that VNNIC discuss possible staff exchanges with APNIC for hostmaster training. VNNIC committed to dispatch a staff member to APNIC within three months of approval, if granted.
- VNNIC confirmed it does not have a structure like the APNIC EC, but it has been working with the local industry to discuss the structure of the organisation.
- VNNIC explained their plan for database implementation.
- There was discussion of the effect of the allocation window process applied under the new NIR operational policies. VNNIC confirmed that they understand and are comfortable with this policy.
- VNNIC confirmed they would translate all relevant APNIC documents.
- VNNIC have hosted two APNIC training sessions, which also included VNNIC seminars and meetings. They plan to host one member meeting and three training meetings annually. VNNIC also holds quarterly bi-lateral and multi-lateral working sessions with ISPs.
- VNNIC were encouraged to continue to form relationships and communication with other NIRs. It was noted that VNNIC already has good relationships with KRNIC and TWNIC.
- The EC thanked VNNIC for attending and providing this additional information.

[The VNNIC representatives and Son Tran left the meeting at this point]

- The EC discussed the VNNIC application. It was noted that VNNIC is currently small and is closely linked to government. It was suggested that this is a step towards governments becoming more involved in APNIC forums. However, it was suggested that this is a concern that will be common to all new NIRs and should not be held against this particular application.
- It was also argued that because they are small, there is an opportunity for VNNIC's engagement with the APNIC community now to be a way of encouraging more growth and diversity within the industry.
- It was confirmed that APNIC has not received comments from the Vietnamese community either for or against the VNNIC application.
- It was noted that although Vietnam is not small, its Internet industry is. It was suggested that working with VNNIC as an NIR now would help in training and be good for the growth of the industry.
- It was noted that VNNIC has been sincerely engaged with APNIC already, especially in terms of training and interpretation.

- It was agreed that the application of VNNIC should be approved and that the APNIC Secretariat should be authorised to apply reasonable resources to provide assistance and support to them.
- VNNIC will be required to sign a new membership agreement and arrange to dispatch staff to APNIC for training.

10. Review of proposals for next APNIC Open Policy Meeting

- The APNIC EC considered a number of proposals to host the APNIC Members meeting for the August / September 2003 timeframe. Proposals were received relating to hosting the meeting in venues in Indonesia, Korea and Nepal.
- The EC considered the proposals with regard to cost to members, travel considerations, and cost to APNIC. A decision was made to hold the meeting at the Korean venue for 2003.

11. AOB

- None

Meeting closed: 5:30 pm

Open action items

- **Action ec-03-033:** (Updated 25/02/2003) Secretariat has received legal advice on whether to prepare either an addendum to the membership agreement or alternatively develop a separate NIR membership agreement. Either option is acceptable. Secretariat to now complete draft of new agreement.
- **Action ec-03-045:** Secretariat to amend and publish minutes from 20 December 2002.
- **Action ec-03-046:** Secretariat to amend format of monthly and quarterly financial reports to include year-to-date actual figures with budget comparisons.
- **Action ec-03-047:** Secretariat to select one or more staff members to participate with Geoff Huston and Takashi Arano in the IETF Directorate discussions.
- **Action ec-03-048:** GH to prepare a document summarising the current state of discussions with the GAR boards and proposing a restricted role for the ASO.