

APNIC EC Meeting Minutes

Teleconference
Friday 13 June 2003

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

Minutes

Present:

Che-Hoo Cheng
Geoff Huston
Kuo Wei Wu
Ma Yan
Akinori Maemura (Chair)
Yong Wan Ju

Paul Wilson
Irene Chan
Gerard Ross (minutes)

Apologies:

Qian Hualin

Agenda:

1. Agenda bashing
2. Minutes from last meeting (8 May 2003)
3. Revised budget for 2003
4. Financial report for May 2003
5. NIR contract
6. ICANN status
7. AOB
8. Next meeting

1. Agenda bashing

The following topics are also to be discussed:

- Proposed reactivation fee for members who cancel and rejoin
- IETF letter to the RIRs

2. Minutes from last meeting (8 May 2003)

- The minutes from the meeting on 8 May 2003 were discussed and approved without amendment. The EC also formally approved the amended minutes from 16 April 2003.
- **Action ec-03-056:** Secretariat to publish minutes from 8 May and 16 April 2003.

3. Revised budget for 2003

- PW explained the revised budget which has been prepared as requested by the EC.
- Section 2 shows the various variables in which the budget is based. These have been calculated or estimated based on "optimistic", "moderate" and "pessimistic" outlooks.

[Ma Yan joined the call at this point]

- The membership forecast is basically a pro rata projection of the membership figures achieved so far this year (January to May).
- The exchange rate for the entire year is officially projected at 0.6238 by APNIC's bank.
- The dollar figures (variables 2,3 and 4) are projections from the actual figures from January to May this year.
- Section 2.1 shows a comparison of the original budget for 2003 (A) and the new budget (B).
- Membership fees are slightly higher, but per-allocation fees are lower than previously budgeted.
- The cash flow forecast was discussed. It was noted that due to higher expenses this year, the ending cash is predicted to be slightly below the mandated 100 percent of the next year's budget.
- Expenses are expected to be 6.9 percent higher than originally forecast.
- The total revenues are expected to be 0.7 percent higher than originally forecast.
- The expected operating surplus is expected to be \$227,164.
- It was noted that it is very difficult to forecast both future exchange rate movements and ISP activity. Therefore, it is proposed to continue adopting prudent approach to expenses throughout the year.
- It was also suggested that more sophisticated strategies in regard to exchange rate hedging could be considered. However, in the past the EC has been of the view that APNIC is not a financially expert organisation and should rely on external advice.
- It was noted that the revised budget does not rely on substantial cutting back to any planned activities to return a positive bottom line.
- There was a question about moving some of the capital reserve into AU dollars, which is currently showing a better interest rate and is expected to retain a strong exchange rate for the foreseeable future. It was noted that so far APNIC is using the bank's projection, which is more conservative than some other projections.
- It was noted that the good interest rate on AU dollars would offset the risk of moving some funds across from the US dollar holdings. It was suggested to move additional of working capital into AU dollars now. The EC expressed agreement with this general direction.
- It was noted however that the AU dollar reserves have been increasing and now stand at the equivalent of approximately one million US dollars in term deposits.
- The EC stated that the Secretariat should have the discretion to make decisions in relation to the actual amounts converted. It was noted that the Secretariat will soon be meeting with the financial advisers.
- There was a request for the Secretariat to carefully monitor these developments and report on any significant changes.

4. Financial report for May 2003

- This financial report is based on the new revised budget.
- The accounts receivable currently due for payment are very low for this time of year, reflecting the hard work of the Finance department. This reflects a tightening of the cash flow management.
- It was noted that there has been a big increase in insurance fees. APNIC had to defer a plan for a diesel generator on the basis of the very high public liability insurance required.

- The recruitment expenses were questioned. There have been some positions filled this year through recruitment agencies, which incur high expenses. This expense has been projected from actual expenses this year, rather than historical figures. Therefore, the year end actual expense may not be as high as projected.
- The year to date operating surplus is very small, but the revised budget should increase that to over \$200,000.
- There was a discussion to clarify the YTD budget variations shown as operating surplus. The relevance of unrealised gains and losses was noted. This causes some confusion and will be explained and presented more clearly in future reports.
- It was noted that membership growth remains stable and positive, though not as high as in some previous years.
- **Action ec-03-057:** Secretariat to modify reporting of operating surplus to more clearly show the effect of unrealised gains and losses.

5. NIR contract

- A revised version of the proposed NIR contract has been circulated. There have been no further comments received on the current draft, except for VNNIC, who have noted that they are prepared to sign it as it currently stands.
- The contract may need to go through further discussions with other NIRs, therefore, if VNNIC are to sign now, it should be amended to a one year term so that all NIRs can be on a consistent contractual basis.
- There was a discussion of the use of the term "LIR". It was suggested to formally define the term and expand the acronym.
- The EC was asked to approve this contract, subject to the amendment discussed above, for the purposes of allowing VNNIC to commence operations. Full approval of the contract for other NIRs could be deferred until the NIRs have had more time to consider the document.
- It was noted that one issue not covered by the contract is escrow of resources and records. It was suggested that rather than have this in the contract, it could be part of an operational agreement. This could also be referred to the NIR SIG.
- There was a request for NIR representatives to ensure that comments could be finalised prior to APNIC 16.

6. ICANN status

- GH and PW attended the RIPE meeting in Barcelona and met Paul Twomey.
- It was noted that all EC members are welcome to join the regular GAR Boards teleconferences.
- There is a need to better understand the practical outcome of the ICANN reforms. ICANN seems to have two distinct roles, one as a regular operational body, and one as a policy organisation. It appears that the operational aspects of ICANN will proceed without regular intervention from legal counsel and the Board.
- Drafts have been circulated in relation to the makeup and potential operations of the NRO. This will be passed to the four RIRs and their legal advisers. It is possible that the NRO could be formed within 4-6 weeks.
- There are also discussions relating to the policy role of ICANN, with emphasis on the structure of the ASO and its role as a policy interface between ICANN and the RIRs.
- There have been some discussions on the ongoing relationship between ICANN and the RIRs. These discussions have covered the status of the review of the ICANN contract which is due in September.
- There is a meeting with Nancy Victory scheduled in Montreal.

- Paul Twomey has expressed his desire to get IANA working properly in respect to all of its customers.
- It was noted that there is a need for better and more detailed reporting to the RIR boards of these latest discussions.

[Kuo-Wei Wu had to leave the call at this point]

- It was noted that there will be a conference call on Thursday 19 June at 13:00 UTC and that all EC members are encouraged to join.

7. AOB

Fee schedule for members who cancel and rejoin

- There has been an ongoing problem with members who close their memberships and subsequently rejoin. It is proposed to impose a reactivation fee to reactivate an existing membership, rather than creating a new membership account. The proposed fee is US\$1000 and would be subject to the payment of all outstanding fees.
 - It was clarified that this would be open to current and future members. It was also noted that current practices in regard to cancelling memberships and recovering resources are much stricter than in the past.
 - It was suggested that once resources are formally withdrawn, this option would no longer be open. Practically, the option could remain open for up to a year, that is for the period in which the resources are kept out of circulation.
 - There was a question as to whether this should be discussed at the AMM. It was suggested that it is possible for the EC to make this decision at any time and simply report it to the next AMM.
- **Action ec-03-058:** Secretariat to provide a draft of the amended fee schedule and circulate it to the EC for their consideration in the July teleconference.

IETF letter to the RIRs

- On 29 May, an IAB request was sent to the RIRs regarding private addresses and PI address space in IPv6.
 - The IETF are considering the provision for "site local" address space in IPv6. In effect this would get rid of private addresses and require that all networks have relationships with the RIRs, even where private and not connected to the Internet.
 - It was suggested that this issue is worthy of a response from APNIC as it has the potential to have a large impact on how RIRs do business.
 - It was noted that there is an opportunity to meet with Harald Alvestrand and Leslie Daigle in Montreal.
 - It was suggested that people have become used to having RFC1918 addresses available to them. If that is not available, then they are likely to simply make up their own range, or adopt some ad hoc standard.
 - It was explained that there is a strong feeling that private addresses are bad, as NATs make the entire network less useful, especially for technologies like VOIP. It is also felt that the problem with site local is that the definition of "site" is not clear, making router engineering difficult.
- **Action ec-03-059:** GH will circulate to the EC a draft APNIC response to the IAB.

8. Next meeting

- TBA

Meeting closed: 12:55 pm

➤ **Open action items**

- **Action ec-03-056:** Secretariat to publish minutes from 8 May and 16 April 2003.
- **Action ec-03-057:** Secretariat to modify reporting of operating surplus to more clearly show the effect of unrealised gains and losses.
- **Action ec-03-058:** Secretariat to provide a draft of the amended fee schedule and circulate it to the EC for their consideration in the July teleconference.
- **Action ec-03-059:** GH will circulate to the EC a draft APNIC response to the IAB.