

# APNIC EC Meeting Minutes

Palace of the Golden Horses Hotel, Kuala Lumpur, Malaysia  
Tuesday 24 February 2004

*Meeting Start: 9:15 am*

## Minutes

### Present:

Akinori Maemura (Chair)  
Che-Hoo Cheng  
Qian Hualin  
Geoff Huston  
Kuo Wei Wu  
Ma Yan

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

### Apologies:

Yong Wan Ju

### Agenda:

1. Agenda bashing
2. Minutes from last meetings (16 January and 16 February 2004)
3. Review of Secretariat reports
  - o Annual financial report for 2003
  - o Financial report for January 2004-02-24
  - o Forward plan and draft budget for 2004
4. Online voting system
5. ICANN status
6. Proposal for stakeholder/government survey
7. Meeting proposals for APNIC 18
8. Confederation member issue
9. AOB
  - o Recent Korean Internet legislation
  - o DG's contract

#### 1. Agenda bashing

The following topics are also to be discussed:

- Recent Korean Internet legislation

#### 2. Minutes from last meetings (16 January and 16 February 2004)

- The minutes from the meeting on 16 January and 16 February 2004 were discussed and approved without amendment.

- **Action ec-04-005:** Secretariat to publish minutes from 16 January and 16 February 2004.

### **3. Review of Secretariat reports**

- **Annual financial report for 2003**

- This was a discussion of the audited annual report for 2003. The final audited result for 2003 was an operating surplus of US\$61,735.
- It was noted that the final taxation expenses were difficult to predict. It had been anticipated that there would be a small loss for the year, but the final results showed a moderate surplus.
- There was a discussion of the need to explain to the membership how the realised foreign exchange loss is calculated. It was noted that there can be some confusion because the financial books must be held in Australian dollars and then converted to US dollars for reporting purposes. It was decided that the DG should explain this to the membership as part of his report.
- It was noted that the realised financial exchange loss is a reporting issue, caused by relative movements of the currencies. APNIC did not actually lose money, although the effect of the exchange rate fluctuations was to reduce reported revenues.
- APNIC is maintaining cash reserves at the level of 12 months of expenses, which meets the objective set several years ago. There was a discussion as to whether the cash reserve level remains appropriate. It was agreed that this budgetary target is still reasonable.
- It was noted that current financial predictions are that the US dollar will continue to fall during 2004, then begin to turn around again by 2005. The average fluctuation is expected to be approximately 11 percent.
- The starting exchange rate for the 2004 budget is 0.78. The official predicted rate for the first quarter 2004 is 0.72. It has been APNIC's accounting practice for several years to follow the official bank exchange rate predictions.
- There was a request that the Secretariat consider hedging strategies. It was noted that this was discussed with the APNIC financial advisers recently, who did not recommend any hedging strategies at this point.
- The major US dollar expenses include ICANN, ISOC, AIT, and the PAN Asia ICT grant programme.
- It was noted that in light of the exchange rate movements, it is the proper role of the EC to monitor the finances throughout the year and possibly review the budget mid-year.
- There was a discussion as to whether APNIC should consider doing future financial reports in Australian dollars. It was suggested that the conversion from the operating currency to the reporting currency is what creates the confusion in the financial reports. However, it was also noted that reporting in US dollars is a useful practice because members have better understanding of US dollar values than AU dollar values.
- There was a suggestion to devise a simpler US dollar reporting format that would eliminate the confusion of foreign exchange influences. However, it was noted that although this may be useful, it would not be possible to get such a report approved by the APNIC auditor.

- **Financial report for January 2004-02-24**

- The financial report for January 2004 was discussed. It was noted that this report does not compare actual expenses to budget because the budget is still to be approved.
- There was a discussion of the current state of the invested funds.

- It was noted that the Secretariat has received a proposal from the bank for an investment of additional funds in a managed growth account.
- It was noted that APNIC currently invests approximately 5 percent of the cash reserve. There was a discussion as to whether it would be appropriate to increase the level of investment.
- It was suggested that because APNIC is not a financial investment organisation, it is important to remain conservative in terms of investment. It was agreed that the current level of investment is appropriate.
- **Forward plan and draft budget for 2004**
  - It is expected that APNIC will have more than 1,000 members by the end of 2004.
  - It was explained that the budget has been prepared using optimistic, moderate, and pessimistic predictions.
  - It was noted that with a predicted balanced budget, there is a risk of a 0.8 exchange rate leading to a loss at the end of the year. It was noted that there needs to be constant monitoring of the actual figures to budget at each EC meeting.
  - There was a discussion of the potential to cut budgeted expenses further if required.
  - It was noted that there is currently accelerating growth in membership figures.
  - A summary version of this budget will be reported in the AMM.

#### **4. Online voting system**

- It was noted that the Bylaws provide for online voting to be used and that MyAPNIC now provides online voting functions.
- It was suggested that the work has now been done and that online voting should be used for any future election issues.
- It was agreed that there is no need to change the operation of the current policy process to incorporate online voting. Therefore, online voting would be available for EC and NRO/AC elections, and other formal voting issues.
- It was also noted that in the past, there have also been formal votes on fees and NIR issues.
- It was confirmed that members are able to vote by proxy in AC elections, and agreed that they should therefore be able to vote online. There will be an AC election at the next APNIC meeting, so the voting system will be used then.

#### **5. ICANN status**

- The response to ICANN is ready and is about to be sent to ICANN and made public. It was noted that Ray Plzak has been editing the document, but he has been ill recently.
- There has been no further pressure from ICANN to pay accrued fees. It was suggested that without a contract, there is no basis for APNIC to pay ICANN fees.
- There will be a WSIS PrepCom in July, however further details have not yet been released.
- There will be an ITU Internet governance workshop in Geneva this week, which will be attended by representatives from RIPE NCC, ARIN, and LACNIC.
- It was reported that in Japan there have been meetings to discuss issues of Internet governance.

[Break 10:40 - 11:10 am]

#### **6. Proposal for stakeholder/government survey**

- John Earls from KPMG joined the meeting to discuss his discussion paper for the suggested stakeholder/government survey. He suggested not discussing the details of the member survey at this stage, although he did note that it seems appropriate to conduct another member survey now.
- JE noted that he received very good assistance from EC members and others in the previous survey.
- At the next INET meeting in May, there will be a specific Internet governance track. Other major meetings will also attract many of the people relevant to this proposed survey. Therefore, strategic attendance at these meetings will bring down the cost of the survey and will ensure that the most appropriate people are selected.
- JE suggested that APNIC should be more proactive to raise its profile with all who may have an influential role in Internet governance. APNIC should identify all influential people, rank them in terms of influence, establish what they know about APNIC, and establish what their position is in relation to Internet governance.
- JE explained that it is important that APNIC identifies who is generally in favour of APNIC. For example, one of the relevant bodies is the ICC (International Chamber of Commerce), which is supportive of APNIC's position. However, it is also important to be aware that not all bodies in favour of APNIC will be effective strategic allies.
- JE explained that this is an ongoing process.
- It was suggested that the term "Internet governance" takes in a broad set of concepts which are not the business of APNIC. It was suggested that to become involved in these Internet governance issues would be to expose APNIC to significant risk.
- It was argued that APNIC's primary task of distributing the resource, which has no geopolitical analogue, is necessary no matter what the regulatory framework.
- It was suggested that APNIC might do well to investigate relationships, which may then be useful to other international bodies, such as APEC-TEL and the OECD. However, it may be better to avoid advocating APNIC's continued role in a policy environment that could still play out in unpredictable ways.
- It was suggested that it would be necessary to establish that this survey would be of definite benefit to APNIC. It was noted that on the basis of experience, it is very hard to get any useful information and input from higher government levels. However, it was noted that many members now have an existing close relationship to their national governments. Therefore, it may be more effective to seek information about government positions from the membership channels already existing.
- It was clarified that there is no intention for this survey to get into detailed comparative policy analysis from country to country. Rather, it is about seeking out perceptions of APNIC and its role and its relationship to ICANN and other Internet bodies. It was also noted that in several informal discussions, it has been possible to get good, frank, useful input from various officials.
- However, it was noted that it may be misleading to seek the opinions of certain individuals, who may not be able to reflect government opinions, due to the complexity of the bureaucracies involved.
- It was argued that it is important to differentiate the views of individuals within bureaucracies from official government positions.
- It was argued that it is important to understand where governments stand and why, but that APNIC should raise itself into a position that it cannot maintain or be dragged into forums that it should not be involved in.
- It was suggested to speak with some others already operating in this broad area before taking any specific action.

- JE explained his belief that even if APNIC wishes to remain neutral in a broader political conflict, it is still necessary for APNIC to ensure that its role is well understood by the players in those conflicts.
- It was explained that the proposal recognises that it would be too expensive to survey each government in the region, but that it would be more effective to only hold the survey at a few strategically chosen meetings.
- However, it was suggested that most of the meetings discussed tend to attract either domain name specialists or professional bureaucrats with no practical knowledge of Internet addressing. It was suggested that outside of the RIR meetings, there are probably very few forums where there is much knowledge of RIR activities and roles.
- It was argued that before proceeding, it is necessary to clearly define where to get the effective input and what the benefit of the survey is to APNIC members.

[John Earls left the meeting at this point]

- It was decided that the proposal must be revised to provide far more detail about the benefit for APNIC's members and the specific methodology before any further action should be taken.

## **7. Meeting proposals for APNIC 18**

- It was suggested that it is necessary to clearly define the role of the member meeting, whether that be to encourage maximum member attendance, reduce costs for the organisation, or provide outreach to all parts of the region.
- There was a discussion of the criteria for selection.
- It was suggested that a strong reason for holding the meeting in Fiji is that it would encourage more participation from a part of the region that has not had a strong representation previously.
- It was decided that the next call for proposals should clearly state the criteria which can be used to judge where to hold the meeting. This relates to forming a clear understanding of the rationale for holding the APNIC Meeting.
- It was agreed that the Fiji proposal is reasonably costed, is reasonably accessible to many members, and would provide a valuable outreach benefit. Therefore, APNIC 18 will be held in Fiji.

## **8. Confederation member issue**

- There has been a request from a member to be accepted as a confederation member. The Secretariat has advised the member that their request can only be granted with the approval of the EC.
- It was suggested that there are many companies in the region which are parents to several subsidiaries and that the problem can be solved by those organisations themselves.
- It was argued that if all other members are able to achieve efficient utilisation then there is no justification for allowing different rules for confederations. It was suggested that the confederation model poses many problems across the region.
- It was noted that there is a current policy proposal to allow a type of confederation model which would still ensure a high total address utilisation requirement.
- It was also noted that there is a stalled proposal to apply a modified HD ratio to IPv4 utilisation.
- It was argued that encouraging support for the HD ratio would be a much better way of solving the problem than re-instituting a confederation model.
- It was agreed that the request to form a new confederation should not be granted.

- The Secretariat will liaise with the requestor to provide support for working around their problems and to discuss the possibilities provided by the HD ratio proposal.

## 9. AOB

- **Recent Korean Internet legislation**
  - M.H. Billy Cheon joined the meeting to explain the current position in Korea regarding recent Internet legislation.
  - There was an informal discussion of this issue.
  - The EC decided to draft a set of comments and questions for clarification from KRNIC.

[Anne Lord, George Michaelson, Irene Chan, Connie Chan, and Gerard Ross left the meeting at this point]

- **DG's contract**
  - It was decided to renew Paul Wilson's contract, for a 5-year term.

## 10. Next meeting

- Friday 12 March 2004, by teleconference.

*Meeting closed: 1:00 pm*

## Open action items

- **Action ec-04-005:** Secretariat to publish minutes from 16 January and 16 February 2004.