# APNIC EC Meeting Minutes

**Tuesday 31 August 2004**
**APNIC 18, Sheraton Nadi, Fiji**

*Meeting Start: 9:00am*

## Minutes

## Present:

Akinori Maemura (Chair)
Che-Hoo Cheng
Qian Hualin
Yong Wan Ju
Vinh Ngo
Kuo-Wei Wu
Ma Yan

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

## Apologies:

N/A

## Agenda:

1. Agenda bashing
2. Minutes from last meeting (16 July 2004)
3. Financial report for July 2004
4. Stakeholders' survey
5. Review of APNIC 18 proposals
6. NIR fee schedule
7. ICANN status
8. NRO update
9. Korean Internet legislation
10. AOB
11. Next Meeting

## 1. Agenda bashing

The following topics are also to be discussed:

- none.

## 2. Minutes from last meeting (11 June 2004)

- The minutes from the meeting on 16 July 2004 were discussed and approved, subject to an amendment to the attendance list, noting the presence of Irene Chan.

> **Action ec-04-019:** Secretariat to publish minutes from 16 July 2004, subject to the requested amendments.

## 3. Financial report for July 2004

- The financial report for July 2004 (in AUD) was circulated. Current expenses are approximately 2.5 percent below the revised budget. Revenue is currently approximately one percent below budget.

- It was noted that the main factor in the monthly result is that July had three pay periods, rather than the normal two. The travel expenses for this meeting also appear in July.

- A semi-annual report (in USD) has been prepared for distribution at the member meeting.

- It was noted that due to the work of the Finance team the accounts receivable has been kept quite low this year. It was also noted that the majority of the accounts receivable are not yet due for payment.

- Most assets are currently in Australian dollar accounts. It was noted that in June a report of the managed fund position was circulated to the EC and discussed. The managed funds are currently performing very strongly.

- The AUD exchange rate is expected to remain stable at .72 to .73 for the rest of the year.

- It was noted that the EC could consider making a recommendation about the percentage of reserve that could be invested. The invested funds currently represent about 10 percent of current assets.

- There was a discussion as to whether the EC should set a fixed percentage of current assets to be invested. It was agreed that it should be up to the Secretariat to determine the appropriate level of investment, in consultation with independent financial advisers.

- There has been a relatively high rate of membership cancellations in recent years, but membership growth remains stable. The hostmasters are active in recovering address space from previously cancelled members.

- There was a discussion of the reasons for membership closure, which are explained in the financial report.

- There was a discussion of the possible reasons for the strong growth in membership in Australia. It was suggested that this seems to be a factor of the local economy. It was noted that the current help desk phone operations may be to the advantage of Australian members; however, there are plans underway to deploy VoIP systems to the helpdesk. It was also noted that there has been strong use of the helpdesk from South Asia, which creates a pressure to extend helpdesk hours.

## 4. Stakeholders' survey

- The Secretariat intends to officially release the 2004 Survey report and the official response during the APNIC Member Meeting.

- It was noted that with such a detailed survey, it is difficult to give a comprehensive response. The response will need to note this and explain the need for a detailed analysis and consideration of the survey results in future planing processes. A draft response has been circulated to the EC for their consideration.

- There has been more information received from John Earls in relation to the statistical method used and how to interpret the numerical ratings. There was a discussion of the responses that received the most significant responses and the potential implications for APNIC strategic planning.

- This survey received 245 responses from 27 economies. It was remarked that this represents a 25 percent return from the membership, which is a very high response.

- The highest level of responses came from areas where John Earls held focus groups.

- It was explained that MyAPNIC contains a contact management area that helps members specify the interest areas of their various contact people. More than half the members are

now using MyAPNIC. There are approximately 5,000 contacts now in MyAPNIC, though it becoming clear that contacts do go out of date very quickly.

- It was suggested that there may be some scepticism about the value of responses from surveys. However, it was noted that surveys also assist by raising awareness of certain issues among the membership. It was noted that although the overall response level is good, the low level of response from certain economies (such as China and Korea) raises some questions about the full relevance of the results.

- It was suggested that it may be necessary to be more proactive in contacting people to encourage response from places such as Korea.

- It was suggested that it would be appropriate to conduct another survey in late 2005 or early 2006.

- There was a general discussion about sampling methods and how they affect the worth of surveys. There was some discussion about whether there is a need to give more thought to how sampling should conducted in future surveys.

- It was agreed that the draft response to the survey is at an appropriate level of detail and should be published.

- It was explained that MyAPNIC has a feature, which has not yet been activated, but which allows issue-based polling. The EC was asked to consider ways of making use of this feature. It was explained that it is important to make a clear distinction between polling and voting.

- ➢ **Action ec-04-020:** Secretariat to publish survey results and EC response on the APNIC web site.

## 5. Review of APNIC 18 proposals

- The EC reviewed the policy proposals to be discussed at APNIC 18.

- There was a brief discussion of the background, substance, and potential implications of the following proposals:

  - [prop-021-v001] Expansion of the initial allocation space for existing IPv6 address space holder

    - It was noted that this proposal would simply resolve an anomaly in the existing IPv6 policy by allowing those who already hold IPv6 addresses to have their networks considered in the same way as new requestors.

  - [prop-020-v001] Application of the HD ratio to IPv4

    - It was noted that this proposal has been presented around the regions to mixed responses. In particular, there was a discussion of the rejection of this proposal in the ARIN region.

  - [prop-023-v001] A proposal to prevent the routing of "dark" address space

    - It was noted that this proposal, if accepted, would raise significant legal issues. It was also noted that some of the assumptions behind the proposal did not take adequate account of the history behind some early allocations.

  - [prop-005-v002] Internet Assigned Numbers Authority (IANA) policy for allocation of IPv6 blocks to Regional Internet Registries

    - It was argued that it is necessary to very carefully consider the routing outcomes of adopting such a proposal.

    - There was a discussion of the possibility that various optional positions may need to be considered before this proposal is finalized.

    - In particular it was noted that the final recommended allocation size may need further discussion.

- There was also a discussion of the nature of IANA's role in technical coordination and policy making discussions.
  - [prop-025-v001] Proposal on IPv6 IRR service at APNIC
    - It was suggested that the proposal may be optimistic in the way it views the willingness of the wider community to adopt the proposed practices.

## 6. NIR fee schedule

- There are two proposals to modify the existing NIR fee structure.

- [prop-022-v001] A proposal to abolish redundant charges in IPv6 allocations
  - This proposal is a minor one to abolish redundant charges in relation to subsequent IPv6 allocations. This proposal applies to the current double charging of expansion of IPv6 allocations. To date, this issue has not had much impact.

- [prop-024-v001] Changing NIR fee structure
  - It was explained that, in particular, the impact of IPv6 causes some distortions in NIR fees. The proposal is to cap the level of per-address fees to be paid by NIRs.

  - The Secretariat provided an analysis of how this proposal would affect the IPv4 and IPv6 fees.

  - It was suggested that if the per-address fee revenue is reduced as proposed, then either APNIC has to perform less work, or the contributions to the activity need to be redistributed. It was argued that NIRs pay this fee only once, whereas normal members pay it annually. It was suggested that NIRs could improve their cost allocation by spreading the payment across two years.

  - There was a question as to whether this proposal was about cash flow or actual cost of addresses.

  - It was noted that several people in the past have suggested that the current annual fee structure is unfair to smaller members. For example, a Large member pays four times as much as a Small member, yet may receive 256 times the address holding.

  - It was noted that the NIR fee structure is unpredictable for both NIRs and APNIC. Also, for historical reasons, there are inconsistencies between the normal member fee structure and the NIR fee structure.

  - The Secretariat presented a detailed comparison of the NIR per-address fees and standard annual fees.

  - It was noted that IPv6 has been introduced with reduced fees to aid the transition to IPv6, justified by an assumption of a reduced workload in allocating IPv6. However, there has been no detailed analysis of that assumption.

  - It was suggested that the small members now make up the most significant bloc within the membership. Therefore, it is important to be careful in ensuring that the burden between large and small members remains well balanced.

  - It was again suggested that another way to approach the NIR fee issue would be to pay off the per-address fee on an annual basis for several years.

  - There was also a counter proposal to conduct a more thorough review of the NIR fee structure, considering the number of members of NIRs, the structure of the NIRs, and the contribution of NIRs' services. This suggestion has come up before but has not received support from the NIRs.

  - It was noted that the counter proposal to allow NIRs to pay existing one-off fees over an extended period could be implemented quickly as a matter of administration rather than policy.

  - It was argued that the IPv6 fee structure may need to be reviewed in a broader context.

- It was proposed to launch a project to revise the current NIR fee structure within one year.
- It was decided to discuss this proposal and the suggested alternatives further in the SIG.

## 7. ICANN status

- There is little further to report on ICANN status. There has been no further progress on the ASO MoU since the ICANN Board did not formally discuss this issue at the last ICANN meeting in Kuala Lumpur.

## 8. NRO update

- It was noted that a bank account has been set up to allow NRO funds to be more easily managed, for instance in making payments such as to ICANN.
- The lawyers are actively working on the issue of the location of incorporation.

## 9. Korean Internet legislation

- Representatives from KRNIC (Billy Cheon and Hyun-Joon Kwon) joined the meeting to discuss the new legislation passed by the Korean government in relation to Internet address resources.
- Billy Cheon presented a summary of the legislation. The law applies to.kr domain names and IP addresses allocated or assigned in Korea and other related information facilities.
- The Korean government considered the growing importance of the Internet to the national economy and the level of threat posed by Internet security issues. The government wishes to provide a guarantee of stable Internet resource management. By example, the Korean Internet blackout on 25 January 2003 was noted.
- The legislation establishes ministerial responsibility for Internet address resource issues. The ministry is also charged with providing policies for development and standardization.
- NIDA (the Internet Address Management Authority) has been established.
- The act provides that all persons who wish to use Internet addresses in Korea must obtain them from NIDA.
- There was a question as to whether it is feasible for NIDA to execute an NIR agreement with APNIC, within the constraints of the legislation. It was noted that the outcome of that discussion has consequences for the future allocation of addresses. It was noted that it is necessary to negotiate an appropriate agreement that can reconcile KRNIC's legal position with APNIC's broader international obligations. NIDA promised that they will arrange an opportunity to reconcile the issues between APNIC and Korean Governmental positions.
- It was suggested that it is necessary to determine the extent to which the general provisions in the new laws could be applied to continue NIR operations within the APNIC policy framework.
- There was a general discussion of the negotiations that occurred in Korea as this law was being developed.
- There were several points made about how the restrictions on IP addressing could have a serious impact on many businesses within Korea.
- It was noted that in relation to some of the restrictions within the act there are no penalties specified.
- It was noted that Korea is still supporting the ICANN system; however, it also wants to stress the role of the GAC.
- Paul Wilson (and perhaps an EC member) may make plans to visit Korea shortly to discuss this legislation further.
- There was a sharing of experience of how different NIRs liaise with their governments.

- It was noted that it is important to keep governments aware that DNS and IP addressing issues should be kept separate. Likewise, it is important to stress that IP addresses do no work on a geographical basis. There is a potential threat of a very high overhead to APNIC in having to meet with multiple governments that wish to treat IP addresses as a national resource.

- It was suggested that the EC and Secretariat should provide documentation supporting the view that IP addresses are not a national resource.

## 10. AOB

- Discussion of the next EC election and online voting remains to be discussed.

## 11. Next meeting

- TBA

***Meeting closed:*** *1:45pm*

# Open action items

➢ **Action ec-04-019:** Secretariat to publish minutes from 16 July 2004, subject to the requested amendments.

➢ **Action ec-04-020:** Secretariat to publish survey results and EC response on the APNIC web site.