APNIC EC Meeting Minutes

Kyoto International Conference Hall (KICH), Kyoto, Japan
Tuesday 22 February 2005

Meeting Start: 11:05 am

Minutes

Present:

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

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

Apologies:

Kuo-Wei Wu

Agenda:

1. Agenda bashing
2. Minutes from last meeting (28 January 2005)
3. Review of APNIC Annual Report 2004
4. Financial reports
   - o Audited annual financial report for 2004
   - o Financial report for January 2005
   - o Forward plan and budget for 2005
5. ICANN/NRO status
6. Proposed visit to China in March
7. MyAPNIC voting system
8. Review of APNIC 20 proposals
9. EC election
10. AOB
11. Next meeting

1. Agenda bashing

The following topics are also to be discussed:

- None.

2. Minutes from last meeting (28 January 2005)

- The minutes from the meeting on 28 January 2005 were discussed and approved.

> ➢ **Action ec-05-004:** Secretariat to publish minutes from 28 January 2005.

3. Review of APNIC Annual Report 2004

- The published Annual Report for 2004 was circulated. There was a presentation to provide an overview of the contents of the report.

- The total membership has exceeded 1000. The membership growth rate is approximately 100 per year.

- There was a review of the current resource status. It was noted that East Asia is receiving the majority of the total IPv4 address space that APNIC assigns.

- There was a lot of policy activity in 2004, with several policy proposals approved at each APNIC meeting.

- Member services have been stable. A recent development is the scheduling of regular video conferences with NIRs.

- There was a discussion about the relative demand on different languages on the helpdesk. It was noted that the majority of calls are still from Australia and that this will probably remain the case until the helpdesk becomes VoIP enabled.

- There was an overview of training course development and course delivery. In 2004 there were 34 training sessions delivered to over 900 participants.

- The new features of MyAPNIC were discussed. It was noted that in low bandwidth areas, MyAPNIC performance is a problem. Therefore, there are plans to develop a low bandwidth version.

- There is new work ongoing relating to the certificate authority.

- Other technical projects were reviewed, including the root server deployments and the end of the ERX project.

- The lame DNS management process is now active. It is creating an increase in Secretariat workload but has been reducing the extent of lame DNS delegations.

- There was a review of partnerships, collaborations, and liaison work. It was noted that there have been some significant developments in coordination throughout South Asia.

- APNIC provided administrative assistance to the UNDP ORDIG project.

- The recent restructuring of the communication activities in the Secretariat was discussed. Other communication activities were discussed, including Apster, translation, and development of multimedia content.

4. Financial reports

- Audited annual financial report for 2004

  - The audited financial report for 2004 was circulated. This report has been audited by PricewaterhouseCoopers.

  - At the end of 2004, there was a small operating surplus of approximately US$20,000.

  - It was noted that this report has already been discussed in some detail during the previous EC meeting.

  - There was a discussion of the effect of the exchange rate and the relatively low average value of the US dollar. It was noted that in effect, there has been a 10 percent reduction in APNIC membership costs across the region, which has benefited all members.

  - The exchange rate variation has caused a reduction in net income, in AU dollar terms. Over the year there has been a need for very watchful expense management.

- It was noted that RIPE NCC has a dynamic fee structure where fees are determined by each annual budget. This is their method for coping with exchange rate fluctuations.

- There was a discussion of possible alternative ways of managing the fee structure to minimise the effects of exchange rate fluctuations.

- It was suggested that the effects of exchange rates on the fee structure should be clearly explained to members. It was suggested that this needs to be discussed in the context of the developments of the NIR fee schedule. It was explained that it is important to help the members understand that there are dangers in having significant uncertainties in the APNIC budgetary process.

- It was noted that the effect of exchange rates fluctuations is different from country to country.

- It was suggested that there are two separate issues to discuss. One is to increase the income, which is difficult and involves long processes. The other is to reduce expenses. It was noted that the budget has been prepared in a very conservative fashion, not relying on an optimistic view of the economic environment.

- It was suggested that it is worth explaining to the members that APNIC is running a closely balanced budget, which could change if the economic climate turned against us. It was suggested that it could be appropriate to use the reserves to run a slight deficit in the next budget period to maintain existing service levels in the period where the fee schedules are being revised.

- It was noted that the financial impact of variations in membership level depends very much on which membership tiers change.

- The consolidated version of the financial reports will be presented during the Member Meeting.

- Forward plan and draft budget for 2005

  - There was a discussion of the various different predictions for exchange rate movements for the coming year. It was noted that the balance of predictions is for a slightly lower US dollar. It was also noted that interest rates appear to be rising in both Australia and the US, which will have an effect on the APNIC returns from the APNIC capital reserves.

  - As in previous years, the budget has been developed around optimistic, moderate, and pessimistic predictions. It was noted that the expense variation between the three models is not great; however, there is a much greater range of variation in the potential income models. This is due to the majority of the income being received in US dollars.

  - There was a discussion of priorities to be considered if a need to cut expenses should arise. It was noted that committed salaries cannot be easily cut, however planned recruitments can be delayed. Travel expenses are easier to reduce, if the need should arise.

  - It was noted that the ICANN contract fee has risen significantly.

  - There was a discussion of the basis of predictions of growth in higher membership categories. The draft budget has been based on an expectation of the previous year's growth rate being carried through this year.

  - There were discussions of various expense areas, including R&D expenses, membership fees, and others.

  - It was noted that APNIC's membership fee to APIA supports the Secretariat function. APNIC also pays sponsorship money to APRICOT.

  - It was noted that when APNIC first began paying ISOC membership fees, ISOC was in dire financial straits. Now that ISOC is financially secure, it may be appropriate for APNIC to consider a lower level of membership.

- APNIC's ITU-T membership does not expire until March 2005. It may be worth reconsidering the decision to cancel this membership. There was a suggestion of continuing the membership for this year, but without the commitment to provide 12 months' notice of future cancellation.

- There was a discussion of the travel expenses associated with the training program. It was noted that training activities are run on a non-commercial basis, and do not recover their full costs.

- It was noted that the current proposed budget is quite modest and carries a relatively low risk.

- The EC approved the budget. The Secretariat will provide monthly financial reports to allow the EC continuous review of the budget throughout the year.

- Financial report for January 2005

  - The financial report for January 2005 has been prepared in AU dollars.

  - The exchange rate average was 0.7689, slightly lower than the rate for the previous month.

  - The statement of activities shows only actual expenses as the budget was not approved at the time this report was prepared.

  - It was clarified that membership fees are not taxed, but other income is subject to taxation. It was also noted that payroll tax is included in the tax expenses.

  - There was a review of the movements in the membership totals in January. It was noted that there have been many mergers in Australia recently.

  - There was a discussion of the cash reserves that have been invested in term deposits.

  - The EC approved the financial report for January 2005.

5. ICANN/NRO status

- NRO has provided provisional membership to AfriNIC. Full membership will be granted after formal recognition by ICANN, which is expected to be passed at the April ICANN meeting.

- Incorporation of the NRO is still being pursued, and Uruguay remains the most likely site for incorporation.

- The joint RIR legal teams are continuing to discuss the terms of a service contract between the NRO and ICANN.

- There was a discussion of ASO activity. In September, the IPv4 global policy was submitted to the AC, but there has been no response to the RIRs since then. This is an issue to raise with the Asia Pacific AC members.

- There was a discussion of the ASO/GAC liaison negotiations.

- There was an update of recent WSIS/WGIG activities. Within these forums, there was a proposal from ITU for a novel IPv6 allocation framework, with nations competing with the RIRs. The RIRs have provided comments on this proposal.

- The WGIG has released a series of draft working papers. APNIC responded to the draft related to names and addresses.

- There have been recent WGIG and WSIS Prepcom-2 meetings. It appears the WGIG has not yet arrived at a definition of Internet governance. It seems that WGIG in response to the criticism of the draft working papers, may not pursue those papers further as formal outputs of the group. It is currently difficult to get a feeling of what the outcomes of the WGIG process may be.

- APNIC has been putting considerable effort into dispelling many misconceptions and misunderstandings relating to scarcity of IPv4 address space. APNIC is also seeking to make important information on governance issues commonly available.

- APNIC has provided substantial support to the APDIP ORDIG project (Open Regional Dialogue on Internet Governance), including lending the time of two APNIC staff members to the project.

- There was a discussion of the need for APNIC to consider possible outcomes of the WSIS process. It was noted that many countries find unacceptable the special position of the US vis-à-vis ICANN.

- There was a discussion about activities of the ITU-T and ITU-D, and APNIC's sector membership of ITU-T.

- The EC decided to keep APNIC's ITU-T membership open for the coming year.

- ➢ **Action ec-05-002:** The APNIC Secretariat will prepare a draft of the APNIC response to the ICANN strategic plan and circulate it to the EC.

6. Proposed visit to China in March

- It has been proposed that the Director General visit China to meet Madam Hu to discuss current issues. This visit has been proposed for early April, just before the global IPv6 Summit.

- If this meeting goes ahead, it would be an important meeting for EC members to attend.

- It was explained that the merger of ministries in China has meant that many of the people in charge of Internet issues come from a telecommunications background. Some people have recently explained to the government officials that there is no IPv4 address shortage. However, it will be very useful for more official presentations to the government to explain allocation policies clearly and improve understanding of these issues.

[MY left the meeting at this point.]

7. MyAPNIC voting system

- The EC has previously decided that the MyAPNIC voting system should be put through a trial on a non-critical issue before being used for important elections.

- It was proposed to use the system in mid-2005 to ask the members whether they wish the Secretariat to continue publishing a hard copy annual report or to instead provide only an electronic version.

- The EC accepted this proposal.

- It was suggested that if the voting trial is successful, then the first opportunity to use the system on an official issue would be the AC election due by the end of this year.

- ➢ **Action ec-05-005:** Secretariat to prepare a trial of the MyAPNIC voting system on the subject of future hard copy publication of the Annual Report. The vote is to be scheduled for mid-2005.

8. Review of APNIC 20 proposals

Vietnam

- Representatives from VNNIC presented the details of their proposal to host APNIC 20 in Hanoi from 6-9 September 2005.

- There was a discussion of the proposal, in which the EC requested that the proponents further negotiate the room rates and seek greater levels of local sponsorship. It was noted that the hotel rate includes breakfast and that the total bid includes daily lunch and one conference dinner.

- The VNNIC delegation left the room and the EC continued their discussion of the bid.

- The EC decided to accept the VNNIC bid to host APNIC 20 in Hanoi.

9. EC election

- The draft EC election ballot paper was circulated and approved.

10. AOB

- None

11. Next meeting

- TBA

Meeting closed: *12.30 pm*

Open action items

- ➢ **Action ec-05-004:** Secretariat to publish minutes from 28 January 2005.
- ➢ **Action ec-05-005:** Secretariat to prepare a trial of the MyAPNIC voting system on the subject of future hard copy publication of the Annual Report. The vote is to be scheduled for mid-2005.
- ➢ **Action ec-05-006:** Secretariat to renew APNIC's sector membership of ITU-T.