

APNIC EC Meeting Minutes

Melia Hanoi Hotel, Hanoi, Vietnam
Tuesday 6 September 2005

Meeting Start: 9:00 am (UTC+7)

Minutes

Present:

Akinori Maemura (Chair)
Che-Hoo Cheng
Billy Cheon
Qian Hualin
Vinh Ngo
Kuo-Wei Wu
Ma Yan

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

Agenda:

1. Agenda bashing
2. Minutes from last meeting (19 August 2005)
3. Financial report
 - o August 2005
 - o Semi-annual, 2005
4. APNIC 20 SIG proposals
5. IPv6 fee
6. ICANN/NRO status
7. AOB

1. Agenda bashing

The following topics are also to be discussed:

- None.

2. Minutes from last meeting (19 August 2005)

- The minutes from the meeting on 19 August 2005 were discussed and approved.
- **Action ec-05-020:** Secretariat to publish minutes from 19 August 2005.

3. Financial report

August 2005

- The financial report for August was discussed.
- It was noted that expenses are still around 5.2 percent below budget. Revenue in AUD is below budget, but when the exchange rate gains are factored in, revenue is slightly above budget.

- There was a discussion of the exchange rate variations.
- It was noted that the interest being received is significantly lower than had been expected. It was explained that some term deposits have not yet matured and so the interest has not yet been received.
- Membership is still growing. So far in 2005, there has been an average net monthly growth of approximately 14. In August, one member upgraded from Large to Very Large.
- It was noted that the membership growth is in line with projections from the start of the year, but that the membership income is below budget, mostly due to exchange rate variation. There may also be some variation due to the timing of new memberships.
- There was an explanation of the separate accounting of current and non-current assets. Term deposits longer than one year are considered by the APNIC auditors as non-current assets.
- It was noted that the Secretariat has received investment advice regarding various portfolio options, including a potential investment in real estate. It was noted that when APNIC's current office lease is due for renewal, it is likely that the rental will be raised significantly. It was noted that the amount that would be required to purchase appropriate office space may be more than previously discussed and would require use of some of the EC-mandated capital reserve funds.
- It was noted that office space in Brisbane, comparable to APNIC's current space, costs AU\$4,000 to \$6,000 per square metre to purchase.
- It was suggested to develop a detailed proposal which would include analysis of depreciation, ongoing maintenance, and other issues.
- It was explained that APNIC's current rental level is equivalent to a capitalised cost of around AU\$6 million. There is a strong chance of increases in rent and decreases in longer term interest rates.
- It was noted that in Australian law, tax is payable on the gain in capital value of a property at the time of sale. Land tax is also payable on real estate assets.
- APNIC only receives tax exemptions on membership income, so we would be subject to capital gains tax at time of sale of any property.
- It was agreed that the Secretariat will continue the work of investigating the local property market and provided further analysis to the EC.
- It was explained that APNIC's accountants are not permitted, under Australian law, to provide APNIC with financial advice. It is difficult to obtain truly independent advice regarding real estate investment.

Semi-annual, 2005

- The semi-annual financial report was discussed.
- It is usual for the EC to review this report at the second annual Member Meeting.
- This report is similar to that presented in previous years. It was noted that travel has been brought out of the "general expenses" category, as it represents the largest component of that item.
- This report shows higher revenue and lower expenses than budgeted, largely due to timing issues, and foreign exchange rate variations.

4. APNIC 20 SIG proposals

- There was a review of the proposals scheduled for the SIGs at APNIC 20.

[prop-005-v005] IANA policy for allocation of IPv6 blocks to RIRs

- As this proposal has been discussed at the other RIR forums, there have been some changes to the proposal, although they are within the scope of what was agreed in the APNIC policy forum.

- This proposal has passed through all RIRs except AfriNIC, where it is yet to be discussed.
- It was noted that this proposal raises the question of how proposals should be globally coordinated and passed on to the Address Council.

[prop-031-v001] Proposal to amend APNIC IPv6 assignment and utilisation requirement policy

- This proposal was motivated by the long term concerns regarding IPv4 address utilisation.
- The proposal aims to provide for consistent IPv6 address policies for a period of up to 100 years.
- This proposal questions the current application of the HD-ratio, and argues that the current standard /48 assignment is too wasteful.
- It is expected that many existing holders of IPv6 address may have serious concerns about this proposal. However, it was argued that this proposal is predicated on planning for strong success of IPv6. It was argued that the current IPv6 address supply is not adequate to cope with long term success of IPv6 deployment.
- It was also noted that issues of IPv6 addressing are high on the WSIS agenda. At the international level, it is necessary to demonstrate fair deployment of IPv6 and evidence that the mistakes of IPv4 will not be repeated.
- It was stressed that this proposal does not require that current users will need to change their plans. It was also stressed that it is not proposed to change APNIC IPv6 policies without global consensus.

[prop-029-v001] Proposal for discrete networks and national peering

- This is a proposal received by MCI, which aims to re-introduce a form of confederation structure.
- This proposal has been presented previously.
- It was noted that under this proposal, the record-keeping obligation would be on the member, without full scrutiny by APNIC.

[prop-030-v001] Deprecation of ip6.int reverse DNS service in APNIC

- This proposal seeks to bring an end to the maintenance of the ip6.int reverse domain.
- It was noted that the current rate of querying on this domain is negligible.
- This proposal will be updated to reflect the publication of RFC 4159.

[Break 10:20 am - 11:05 am]

5. IPv6 fee

- An analysis of the NIR fee structure was distributed and discussed.
- The methodology of the analysis was explained.
- It was noted that it is difficult to predict the amount of per-address fees as it varies significantly from year to year.
- It was noted that there are currently 340 separate ISPs to whom direct allocations have been under NIR memberships.
- It was noted that any consideration of the NIR fee structure should be scalable into the future to ensure a sustainable revenue stream.
- It was suggested that a new fee structure could be based on the existing fee structure for normal APNIC members, with a discount applied to the members of NIRs.

- It was suggested that according to these preliminary figures, the application of a 60 percent discount to members of NIRs would provide a sustainable replacement for current NIR fees.
- There was a clarification of the determination of membership tiers for NIRs.
- It was noted that the proposed change may result in a slightly higher fee to be paid by the NIRs, although the variation is not large. It was suggested that this question would require more analysis.
- It was argued that basing the NIR fee structure on the normal fee structure will provide greater transparency for the majority of APNIC members.
- There was also a discussion of the issue of voting considerations.
- It was clarified that this proposal would also apply to existing confederation members.
- There was a discussion of the comparative fee levels applied to members of NIRs.
- It was noted that the proposed approach would eliminate the one-off allocation fee, which has caused considerable concern for ISPs seeking IPv6 from NIRs.
- It was noted that it is important to ensure fee equity between NIRs and normal members, as the majority of members are not in economies served by NIRs.
- It was suggested that the proposed new structure does appear to strike a fair balance between NIR and non-NIR members.
- It was clarified that the per-address fees are not subject to company income tax, as they are a part of the overall membership revenue.
- It was noted that this proposal would achieve long-term sustainability.
- This change would require a formal proposal to be made and put to a membership vote. The first opportunity to do this would be at APNIC 21 in 2006.
- There was an alternative suggestion of removing the per-address fee (as described in this proposal) but applying a discount smaller than 60 percent.
- There was also a discussion of reconsidering the current membership tiers, given a perception of unfairness of fee levels in the lower tiers. However, it was noted that trying to make two major changes to the fee structure at once might be too complicated.
- It was noted that although in the past formal votes were dominated by the larger members, who are able to attend the meetings, this will not necessarily be the case in the future now that electronic voting is available.
- It was noted that the NIR SIG should include a discussion of this proposal. It was suggested holding a longer discussion of this in APNIC 21, with a view to proceeding to a vote at APNIC 22.

6. ICANN/NRO status

- The RIR legal teams are currently still exchanging and discussing NRO incorporation documents.

There appear to be ongoing delays with the various legal teams all needing to providing their respective inputs.

- The NRO/ICANN contract is still under negotiation. The current model under discussion is to have separate contracts for services and funding.
- It was suggested that there is a need to move more quickly towards incorporation. It was noted that there had previously been an argument by some members of the NRO that it should never be incorporated. This is no longer the case. Some RIRs are still of the opinion that the NRO should not have a budget.
- There was a suggestion that the APNIC could issue a statement emphasising the need to give greater priority to the incorporation and resourcing of the NRO.

- There was a reminder that the NRO EC minutes are publicly available.
- It was argued that solving some fundamental issues of NRO coordination is important for the relationship to the WSIS process.
- There was a suggestion of offering certain APNIC resources, including staffing, to help expedite some of the issues. It was suggested that this issue should be communicated between the RIR Boards. It was agreed that the APNIC EC communication should note the need to finalise incorporation and other issues and that a temporary contribution of a staff member from APNIC could help to coordinate this.
- **Action ec-05-021:** EC to prepare a statement to other RIR Boards regarding contributions to NRO coordination efforts.

7. AOB

NRO NC election

- Sample ballot papers were distributed for discussion. It was noted that online voting is now open.
- There was a discussion of the voting mechanisms to be used, including online voting, proxy voting, and on site voting.

8. Next meeting

NRO NC election

- TBA

Meeting closed: 12:25 pm (UTC+7)

Open action items

- **Action ec-05-020:** Secretariat to publish minutes from 19 August 2005.
- **Action ec-05-021:** EC to prepare a statement to other RIR Boards regarding contributions to NRO coordination efforts.