

# APNIC EC Meeting Minutes

Perth Convention and Exhibition Centre (PCEC), Perth, Australia  
Tuesday 28 February 2006

*Meeting Start: 11:05 pm (UTC+10)*

## Minutes

### Present:

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

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

### Agenda:

1. Agenda bashing
2. Minutes from last meeting (17 February 2006)
3. Draft budget for 2006
4. Review of APNIC Annual Report 2006
5. Fee structure proposal
6. Update on NIR in India
7. ICANN/NRO status
8. IGF update
9. APNIC 22 proposal
10. APNIC meeting reformat
11. AOB

#### 1. Agenda bashing

The following topics are also to be discussed:

- APIA
- India meeting proposal
- EC election ballot paper
- Bali.

#### 2. Minutes from last meeting (17 February 2006)

- The minutes from the meeting on 17 February were discussed.
- There was a recap of the discussion from the previous meeting regarding the EC's role and accountability. It was suggested that there should be consideration of any perceived risks in the current corporate structure. However, it was noted that APNIC is working very effectively in its current form.

- There was a suggestion that any specific questions can be sent to APNIC's legal advisers for clarification.
- There was a general discussion of the corporate structure of APNIC.
- There was a suggestion to ask the APNIC auditors to report on potential risks and any recommended changes in relation to the current structure.
- There was a suggestion to form an audit subcommittee. It was decided to defer this decision until after the EC election and appointment of EC office holders.
- The minutes from the meeting on 17 February were approved.
- **Action ec-06-004:** Secretariat to prepare a draft response to the IPv6 addressing proposal from Korea. **Ongoing.**
- **Action ec-06-005:** Secretariat to publish minutes from 17 February 2006.

### 3. Draft budget for 2006

- The draft budget for 2006 has been circulated. It was discussed at the previous EC meeting, but has been slightly revised since then.
- As usual, the budget analysis considers optimistic, moderate, and pessimistic scenarios.
- It is expected that operating expenses will be approximately \$6.2 million and revenue approximately \$6.1 million.
- This version of the budget includes capital amounts for eLearning infrastructure, which will also be accompanied by ongoing annual support expenses.
- There were clarifications given for various specific budget items.
- Because of the impact of foreign exchange gains and losses, it is expected that the final outcome of 2006 will be a loss of approximately \$93,000.
- There was a discussion about the implications of budgeting for a loss.
- It was suggested that in the context of the current budget, the long term view must be taken and the EC must consider whether there is a need to review either fees or service levels.
- It was noted that for a long period, APNIC has been increasing services without increasing fees. In fact, fees have not been adjusted for inflation or foreign exchange variations. Due to long term devaluation of the US dollar, the fees have substantially decreased in real terms, resulting in savings for members and a reduction in revenues for the Secretariat.
- It was noted that this budgetary situation has been anticipated for several years, and also there is an ongoing discussion of the fee level.
- It was suggested that the real risk to the APNIC budget would be if an NIR formed for an economy with many members, such as India or Australia. While APNIC's budgets are balanced, we are sensitive and vulnerable to such changes.
- It was noted that when establishment of an NIR can have a negative impact on APNIC, then that demonstrates a failure of the fee structure.
- It was noted that RIPE NCC has a relatively flat fee structure and that they revise the fees every year based on the proposed budget.
- It was noted that if there is to be any change of membership fees, then the members should be alerted well in advance. It was also suggested that the fee structure must be reasonable.
- It was noted that any further problems with the value of the US dollar could be very significant to APNIC.
- The EC approved the budget and recommended tracking it through the year to aim for no financial loss if possible.

#### **4. Review of APNIC Annual Report 2006**

- The Special Purpose Financial Report for 2005 was distributed. It was noted that the audit had been conducted by PricewaterhouseCoopers.
- There was a presentation briefly reviewing the annual report which will be presented at the AMM.
- The report generally follows the format of the printed annual report.
- The Clients First project has been leading to many service improvements.
- There were 1,157 members by the end of 2005, the largest membership gain since 2000.
- There has been a lot of work done on meeting accessibility, including a remote access survey, improvements to jabber and webcast services, and introduction of audiocast and audio archives.
- APNIC has increased its presence at other operator meetings and has entered MoUs with various ISP associations for training and outreach activities.
- There was a review of the policy proposals approved in 2005.
- APNIC has formalised various aspects of the training service. Training course development continues.
- Development of eLearning services has commenced, with a pilot service to be available by mid-2006.
- All critical online services have now been moved to co-location sites.
- VoIP has been installed in the Secretariat, and is being launched this week for outside access to the secretariat.
- MyAPNIC has also been extended and improved, particularly in terms of response times.
- There has been considerable work on certification, including development of a trial implementation of resource certification.
- Greylisting considerably reduced the impact of spam at the secretariat.
- There has been an increase in the focus on marketing and outreach.
- Apster continues as a quarterly publication.
- There have also been several multimedia productions, including a video documentary and several Flash animations.
- The ICONS website has been launched to provide support information for ISPs. This was a request that arose from previous membership surveys.
- APNIC participated with the other RIRs via the NRO at the WSIS meeting in Tunis. The IGF will be formed in 2006, which will require further NRO involvement.
- APNIC also provided support to the ORDIG Internet governance project.
- There was a review of resource statistics. IPv4 allocations continue grow very quickly. Japan still holds the most IPv6 addresses in the region. AS consumption has increased and APNIC has begun to raise awareness of the need to transition to 4-byte ASNs.
- There was a review of other development work that APNIC has contributed to, including the Pan Asia Grants, lame DNS cleanup, and root server deployments.
- In future, the call for proposals for hosting APNIC meetings will be brought forward so that meeting location can be announced 1 year in advance.
- The annual report presentation will also include details of the financial report for 2005. The end of year surplus for 2005 was \$314,000.

#### **5. Fee structure proposal**

- This proposal was discussed at the previous EC meeting. As requested at the last EC meeting, the proposal has been expanded to include more detail of the reasons for fee structure review and the specific motivations behind this proposed structure.
- The rationale for the proposal includes overall revenue maintenance, fairness with respect to large and small members, and balance between NIR and standard members.
- A possible fee structure is documented in the proposal, providing 11 tiers, and a doubling of fees for every additional two bits of address space held.
- It was stressed that this is not a final proposal, but should be considered a sample of what sort of structure could be considered to address the long term budget needs of APNIC, and how such a structure can be analysed.
- It was noted that JPNIC will also introduce a fee structure proposal, which does not represent as radical a change as the Secretariat's proposal.
- There was a discussion of the impact of the proposed structure on NIRs. It was explained that each member of an NIR will be assessed as though they are an APNIC member, with a discount then applied in recognition of services provided by the NIR.
- There was a discussion of how to properly consider the large one-off fees previously paid for NIR allocations.
- There was a suggestion about how to incorporate a mechanism for adjusting fees each year to take account of changes to US dollar values and other budgetary factors. It was suggested that a review period might be considered an implementation issue for this proposal.

[Break 11:05 - 11:30am]

## 6. Update on NIR in India

- There is an initiative to form an Indian NIR. This is being promoted by the Indian government through NIXI, the national Internet Exchange.
- Indian representatives asked APNIC to send them a proposal for the formation of an NIR. They explain that their main motivation is Internet development.
- It has been clearly explained that forming an NIR does not mean India will receive its own address space, or be able to manage address space according to their own policies.
- It was noted that the effect of forming an Indian NIR could be greatly influenced by a revised APNIC fee structure.
- The impact of NIR formation on voting rights for Indian members is a significant issue in the discussions. The Indian government does not wish to reduce the voting entitlements of Indian members.
- One possible approach is to establish an 'agency NIR' in which members of APNIC in India are served by a local office, and receive a discount in recognition of local contributions.
- It was noted that foreign currency transactions are very difficult in India, so changing the collection arrangements to allow a single point of payment would be useful. Under such an arrangement, much of the costs incurred by APNIC in administering accounts in India would be incurred by the local office instead.
- There was a question about the possible relationship of the NIR with the .IN domain administration under NIXI. It was explained that an NIR may be collocated with NIXI, but would operate as an independent organisation.
- It was suggested that this situation could set a precedent that may become very expensive for APNIC, at the expense of other members.
- There was a discussion about whether the NIR principle of allowing choice to ISPs would apply to the proposed Indian model. This was confirmed as a fundamental principle of APNIC's NIR model.

- There were suggestions of approaching this by considering entering a joint venture to form a branch office. It was also noted that in a joint venture arrangement, there is a contract with an expiry date, which allows periodic review of the situation.
- It was noted that APNIC has Indian staff who could be prepared to go to India for an extended period to assist with the setup of an Indian NIR.

## **7. ICANN/NRO status**

- The NRO incorporation documents have been re-circulated.
- The US government DoC has issued an RfI, for information about the renewal of the IANA contract.
- It was suggested to call a joint RIR Board phone conference to discuss this issue.
- It was suggested that the RIRs should be communicating that the address component of the IANA function is an important industry self-regulatory function, which could be fulfilled by the NRO.
- It was noted that the concern of the RIRs is that the IANA registry files have been maintained in way which is accurate, timely, or efficient. This matter has been communicated to ICANN on many occasions, and is finally being addressed by the new IANA General Manager.
- It was suggested that assignment of the IANA function to the NRO would not change any of the current policy processes, or RIR procedures.
- It was noted that at this stage it is not clear whether the DoC is planning to call for tenders.
- It was noted that ICANN received notice of this process several months ago but did not formally communicate it to the RIRs or the NRO.
- It was suggested that the US government is looking for submissions that set out principles to consider in a possible change of the IANA status.
- It was suggested that the RIRs prepare a short document setting out principles of the importance of industry self-management.
- The current contractual arrangement for IANA terminates in September 2006.

## **8. IGF update**

- There was no further progress to report on the IGF.

## **9. APNIC 22 proposal**

- Representatives of TWNIC joined the meeting to present details of their proposal to host APNIC 22 from August 22-25 (although the following two weeks have also been reserved).
- There was a discussion about the frequency of international flights scheduled into Kaohsiung. It was noted that there are approximately 80 direct international flights daily.
- It was noted that a large local provider will provide Internet access, including wireless access.
- It was noted that the last meeting in Taiwan was successful in terms of sponsorship, so APNIC would be expecting the hosts to secure appropriate sponsorship for this meeting.
- The hosts have had some initial discussions with prospective sponsors who appear to be interested, based on success of past APNIC and APRICOT meetings.
- It was suggested rescheduling the meeting to start from 4 September.
- The EC decided to accept this proposal.

## **10. APNIC meeting reformat**

- There is a discussion underway about changing the APNIC meetings to a single track. This has already been done successfully in the RIPE meeting. This matter is subject to discussion with the SIG chairs.
- It was explained that the format would retain the SIGs but would ensure that more operational information could be held in plenary sessions.
- It was noted that the suggested reformat doesn't really change the APNIC/APRICOT relationship, but that it would make it easier to integrate a single track through the APRICOT program.
- It was also suggested that the SIG chairs could act as a program committee to better manage the overall content.

## **11.AOB**

### **APIA**

- Paul Wilson has been elected to the APIA Board.
- The EC expressed support for his appointment, and agreed that his service on the APIA Board should be provided on behalf of APNIC in his capacity as APNIC Director General.

### **EC election ballot paper**

- It was noted that so far only 27 members have voted online, with votes closing in less than 24 hours.
- The sample ballot papers were circulated for reference.

### **Bali**

- It was explained that the APRICOT board's final deadline for confirming the Bali venue is eight months before the meeting.
- It is understood that in the absence of any further security incidents, the meeting will certainly proceed as planned. However, the meeting organisers shall clearly communicate the security situation to staff and participants.
- APNIC secretariat must also communicate the situation clearly to staff and participants.
- It was agreed that the APNIC EC supports holding the meeting in this location, under the current circumstances. However this position will be review in future in case of any changes to the security circumstances in Bali.

### **Meeting proposal from India**

- NIXI and ISPAI have sent a formal expression of interest to hold APNIC 24 in New Delhi in 2007, in conjunction with SANOG.

### **dotAsia**

- There was a brief update of the progress of the dotAsia bid, which has now been approved by ICANN. Contract negotiations with ICANN are now underway, as are moves to formally establish the organisation.
- CHC formally requested the EC to approve APNIC joining dotAsia and appointing him to the dotAsia Board, conditional on his re-election to the EC.
- It was noted that there APNIC would not be liable for any membership fees or legal liability. dotAsia will be a non-profit organisation, with general aims similar to those of APNIC.
- It was noted that APNIC has previously been reluctant to become involved in domain name issues. However, it was suggested that as dotAsia is a not-for-profit company, it will perform regional Internet development functions.
- It was noted that APNIC has already joined ISOC, ITU, and several other organisations, without specifically getting involved in the business of those organisations and without creating conflicts with its own role.

- It was suggested that it would be entirely up to APNIC to determine its level of involvement.
- There was a suggestion that APNIC's support for the dotAsia bid may mean something different from APNIC's ongoing support for dotAsia.
- There was a discussion about how this issue fits with APNIC's core responsibility.
- It was clarified that on the initial dotAsia board, only original members can appoint board members, who then serve as individuals. It was noted that the initial period of dotAsia's life could be volatile, so it is in APNIC's interest to promote stability.
- There was a suggestion that supporting this proposal would set a precedent that may cause problems if support was requested for other domain name organisations. It was suggested that as it is proposed to provide symbolic support only rather than undertaking concrete actions, then this shouldn't create problems for other organisations in the region.
- It was suggested that this issue would not require an ongoing obligation but would instead be a symbolic gesture.
- It was clarified that although this only needs to be a one-off action, APNIC has to join as a member, as it has previously signed a letter of intent to do so.
- It was suggested that this decision could be deferred until after the EC election.

## 12. Next meeting

- To be announced.

*Meeting closed: 1:40 pm (UTC+8)*

## Open action items

- **Action ec-06-004:** Secretariat to prepare a draft response to the IPv6 addressing proposal. **Ongoing.**
- **Action ec-06-005:** Secretariat to publish minutes from 17 February 2006.