

APNIC EC Meeting Minutes

Bali International Convention Centre, Nusa Dua, Indonesia
Tuesday 27th February 2007

Meeting Start: Start: 9:10 am (UTC+8)

Present:

Akinori Maemura (Chair)
Che-Hoo Cheng
Billy Cheon
Qian Hualin
Vinh Ngo
Kuo-Wei Wu
Ma Yan
Paul Wilson
Irene Chan
Geoff Huston
Connie Chan
Gerard Ross (minutes)

Apologies:

Agenda:

1. Agenda bashing
2. Minutes from last meeting (15 December 2006)
3. Financial report
4. Draft budget for 2007
5. APNIC member survey
6. APNIC fee structure
7. Meeting with ISPAI
8. AOB
9. Next meeting

1. Agenda bashing

The following topic was added to the agenda:

- None.

2. Minutes from last meetings (12 January and 16 February 2007)

- The minutes from the meeting on 12 January and 16 February 2007 were approved.
- Action ec-07-005: Secretariat to publish minutes from 12 January and 16 February 2007.

3. Financial report

- The following documents were circulated: Audited Financial Report 2006, 2006 Annual Financial Report, APNIC Per Address Fees Analysis.
- There was a brief discussion about the liability insurance cover for EC members. It was decided that the Secretariat should seek updated legal advice on the appropriate level of liability cover for EC members.
- It was noted that APNIC finished 2006 with a net surplus of US\$304,000.

- There was a motion to adopt the Audited Financial Report for 2006.
- It was explained that the Audited Financial Report is prepared in Australian dollars. The 2006 Annual Financial Report contains the same financial data, translated into US dollars and verified by the auditors before publication.
- There was a request for the audited reports to be provided to the EC earlier in future meetings, but it was also noted that the report is generally received from the auditors in late February.
- This report will be presented to the members at the AMM on Friday.
- There was a suggestion of reformatting the chart showing membership growth to make it easier to see the growth in the extra large and large categories. The secretariat staff agreed to this request.
- The EC approved the financial reports for 2006.
- The EC then considered the APNIC Per Address Fees Analysis.
- It was noted that the income from per address fees is significant, but that all per address fees are paid on a one-off basis, not annually as is the case for standard member fees. It was noted that this analysis is very useful and may inform the fee structure discussion, but need not be discussed in further detail in this agenda item.
- Action ec-07-006: Secretariat to seek legal advice on the level of insurance cover for APNIC EC members.

4. Draft budget for 2007

- The third version of the draft budget for 2007 has been circulated.
- There was a request for presenting draft budgets earlier in the future. It was noted that the first draft of this budget was presented in November. It was agreed that the next budget would be presented earlier, with a view to approving the budget at the start of the calendar year.
- There was a discussion of budget planning and the need to try to reach balanced budgets. It was noted that approving a budget involves making a decision about the range and scope of services.
- There was a request for the Secretariat to work with the EC over the next three days to reduce the projected deficit before the budget is approved for the AMM.
- There was a statement in support of the budgeted increase in salary. However, it was argued that eroding the reserve is dangerous for the organisation.
- It was then argued that companies use their reserves frequently to support deficit budgets and that this is part of the reason for building a reserve. It was argued that preserving the reserve this year will involve cutting services and possibly losing staff.
- It was also noted that this budget needs to be considered in the context of the ongoing fee structure review. It has long been communicated that the budgets have been getting tighter in the current fee structure. It was also noted that APNIC runs on a much lower budget than either RIPE NCC or ARIN.
- There was a suggestion of setting a maximum budget deficit of \$500,000.
- It was noted that in 2006 there was a high staff turnover. It was noted that some of the turnover was related to salary. This also motivated the Secretariat to conduct the Hay Group review of APNIC positions.
- There was a suggestion of moving away from the US dollar as the APNIC fee currency. It was also noted that this alone is not sufficient as it will be necessary for the fee paid to reflect currency movements.
- It was argued that it is necessary to separate the fee setting from the currency of payment.

- The EC agreed to a maximum target deficit of \$500,000.
- The EC acknowledged that there is still a need for a fee structure change to be approved this year.
- Action ec-07-007: Secretariat to schedule presentation of first draft of the 2008 budget for October or earlier.
- Action ec-07-008: Secretariat to circulate a further draft of the budget for approval before the AMM.

[Break 10:35 – 11:00 am]

5. APNIC fee structure

- A report of the fee structure voting questions was presented. It was noted that because of the possibility of the vote resulting in an unworkable combination of results, the vote was considered to be non-binding.
- It was noted that 76 members participated in the vote, casting over 800 votes in total.
- The details of the results for each question were presented.
- There was a brief discussion about the implications of charging members and members of NIRs under the same fee schedule.
- It was clarified that the voting entitlements in this election were based on the formal membership vote distribution.
- There was a discussion about the implications of applying the membership fee schedule to historical fees. There was a question about harmonising such a proposal as a global policy, but it was suggested there was little chance of achieving this.
- It was noted that there is strong opposition in Taiwan to charging for historical address. However, in Korea, historical addresses are subjected to the same fees as any other addresses.
- It was noted that KRNIC feels that it would be unfair to charge NIRs based on the collective address holdings of LIRs.
- There was a presentation of the rationale for the fee structure review. The main rationale is fairness, between different types and sizes of members, in annual cost per address, and across different economies. The presentation showed multiple comparisons of the number, address holdings, and fee contributions paid by standard and NIR members. This presentation also contains a proposal for a new APNIC fee structure.
- It was noted that the per address fees are unworkable due to their unpredictability and because they make it impossible to compare fee contributions across different membership types.
- There was a discussion of the impact of the formation of new NIRs upon APNIC revenues, and a suggestion that under the current fee structure, APNIC would not survive the advent of a number of new NIRs in major economies of the region.
- It was noted there is a fee structure session on the agenda for APNIC 23.
- It was suggested that there should be a target of finalising a new fee proposal to be presented at APNIC 24.
- There was a suggestion that the EC could discuss these issues with the chairs of the Fees Working Group in order to move the issue ahead.
- It was noted that the previous fee revision which introduced the per-address fee structure was initiated by KRNIC and led to a proposal put forward by the EC.
- There was a suggestion that the EC could ask the working group for a schedule of future actions. It was also suggested that the EC could ask the working group what help is required from the EC to reach a conclusion.

6. Meeting with ISPAI

- A delegation from ISPAI joined the meeting to present the details of the proposal to host APNIC 24 in New Delhi.
- It was noted that because APNIC 24 is being held with SANOG, it is difficult to fully separate the accounting for the meetings. This is due to shared expenses, such as venue, food and other items. Therefore, ISPAI have proposed that ISPAI would accept whatever contribution APNIC chooses to make, and would itself bear any loss on the meeting or accept any surplus that may be achieved. It was noted that ISPAI has already received \$50,000 in sponsorship.
- It was noted that this proposal is a departure from the normal arrangements for APNIC meetings and also from the original proposal for APNIC 24.
- ISPAI have projected a total meeting cost of \$105,000. It was clarified that under this proposal, APNIC would still bear the costs of staff travel and accommodation and equipment shipping. ISPAI, however, would provide assistance with import and re-export.
- It was noted by APNIC that these meetings are not designed to make a profit. It would be necessary to ensure that the meeting would not become a commercial event in style or content. It would also be necessary for APNIC to retain full authority for designing the programme and content.
- The ISPAI representative acknowledged these requirements.
- It was noted that SANOG and APNIC would reserve the right to establish the registration fees.
- It was noted that this represents a very different model from previous APNIC meetings and may take some time to fully evaluate.
- ISPAI agreed that the entire programme and agenda would remain APNIC and SANOG's decision.
- It was confirmed that the Intercontinental Hotel in New Delhi has been selected and the original quote from the hotel has been reduced.
- ISPAI gave an assurance of security for delegates. It was noted that airport shuttles will be organised for all delegates.
- It was explained that ISPAI has expressed interest in forming an Indian NIR. It was noted that the Indian government and regulatory body are taking an interest in this matter.
- It was explained that the process of applying for NIR recognition is one that would need to be discussed in depth.
- It was noted that there has also been interest from NIXI in also forming an NIR. It was explained that ISPAI has approached NIXI on this subject and is seeking NIXI's support.
- It was noted that it is not likely that an NIR application could be finalised in time for announcement at the New Delhi meeting.

[The ISPAI delegation left the meeting at this point]

- It was noted that while this proposal for changing the meeting arrangement did come as a surprise, it does help provide a solution to the logistical problems of jointly hosting the meeting with SANOG.
- It was noted there were special financial arrangements for two previous meetings in Korea and Japan, to help meet the higher than usual local hosting costs.
- There was a comment that there are still several issues that remain to be finalised, especially in relation to which party is responsible for the details of setting up and running the meeting. It was noted that a part of the agreement would be that APNIC must remain responsible for any major decisions.
- It was noted that the SANOG meeting hosted by ISPAI in Mumbai was very successful.

- It was noted that in every meeting there is some risk about how operations will proceed.
- It was noted that APNIC has worked with ISPAI on several training and other events in the past few years and that these events have all gone well.
- There was a discussion about whether there was a possibility of a back-up venue if something was to go wrong.
- The EC agreed to accept the modified proposal and go ahead with the new financial arrangements, subject to careful supervision of the operational details.

7. APNIC member survey

- It was noted that a presentation summarising the survey results has been uploaded to the web site.
- The results are generally quite positive, although there will be a need to prioritise a number of actions in response to the survey.
- It was agreed that there is no need to discuss the survey in detail at this meeting.
- The response to this survey was higher than any previous survey. The report notes that 90 percent of previous survey recommendations have been actioned.
- There was a brief review of the results.
- The survey result will be formally launched at the AMM.
- Action ec-07-009: Secretariat to draft a survey response, to be endorsed and published by the EC.

8. AOB

APNIC office premises

- The Secretariat has commissioned an architects firm to scout for suitable properties, and recently inspected a site that had become available. It was a large site to be sub-developed. However, the development estimate turned out to be around AUD \$10 million, which was regarded as too high.
- The previous site that was discussed has also been costed at a relatively high price, so the Secretariat has asked the architects to propose alternatives for that site. Unfortunately this site is relatively small and therefore potentially inflexible.
- It is unlikely there will be time to buy and develop a new property before the current lease expires, however a 5-year option exists, and an extension of the lease can be arranged within that period.

9. Next meeting

- tba.

Meeting closed: 1:25 pm (UTC+8)

Open action items

- **Action ec-07-005:** Secretariat to publish minutes from 12 January and 16 February 2007.
- **Action ec-07-006:** Secretariat to seek legal advice on the level of insurance cover for APNIC EC members.
- **Action ec-07-007:** Secretariat to schedule presentation of first draft of the 2008 budget for October or earlier.
- **Action ec-07-008:** Secretariat to circulate a further draft of the budget for approval before the AMM.
- **Action ec-07-009:** Secretariat to draft a survey response, to be endorsed and published by the EC.