

APNIC BUDGET 2016

APNIC



Table of Contents

1	Executive Summary	3
2	Budget Summary	4
3	Budget Preparation Notes	5
	3.1 Projection techniques	5
4	Provisions and Allowances in 2016	6
5	Revenue	7
	5.1 Sign-Up Fee	7
	5.2 Interest & Investment Income	7
	5.3 Membership Fees Income	8
	5.4 Non-Member Fees Income	8
	5.5 Reactivation Fees	8
	5.6 Sundry Income	9
6	Expenses	10
	Expenses over time*	10
	Expenses ranked by total	10
	Major Expenses 2016	11
	6.1 Salary And Wages	11
	6.2 Travel Expenses	11
	6.3 Professional Fees	11
	6.4 Depreciation Expenses	12
	6.5 Sponsorship and Publicity Expenses	12
	6.6 Computer Expenses	12
	6.7 Communication Expenses	12
	6.8 Meeting and Training Expenses	13
	6.9 Office Operating Expenses	13
7	Capital Expenditure 2016	14
	7.1 Equipment & Software	14
	7.2 Office Furniture & Fittings	14

1 Executive Summary

This document contains the APNIC budget submission for the financial year from January to December 2016. The budget submission includes revenue, expense, capital expenditure projections based on the planned activities for the APNIC Secretariat for 2016.

The purpose of this paper is to allow the APNIC Executive Council to approve an expenditure level for 2016, in the manner as described in the APNIC By-laws:

“to establish the basis for the budget of APNIC and determine, in the light of the decisions taken by the Members on the reports referred to in by-law 5(b) above, a ceiling for the expenditure of APNIC until the next AGM after considering all relevant aspects of the work of APNIC in that period” [APNIC By-laws 30 (g)]

The proposed budget includes operational expenditure of AUD \$18,091,244 and projected revenue of AUD \$19,491,288 providing an operating surplus of AUD \$1,400,044 for 2016. The Capital Expenditure requirements for 2016 are AUD \$1,850,649. All values in this document are expressed in Australian Dollars (AUD).

2 Budget Summary

	FY 2015 Forecast	2016 Budget	2016 v. 2015 Forecast Var.
Revenue			
Sign-up Fee	\$437,000	\$438,000	0.2%
IP Resource Application Fee	(\$18,375)		(100.0%)
Interest & Investment Income	\$804,801	\$832,500	3.4%
Membership Fees Income	\$16,891,283	\$17,736,118	5.0%
Non-Member Fees Income	\$243,254	\$246,170	1.2%
Reactivation Fees	\$40,100	\$46,000	14.7%
Transfer Fees	\$66,422	\$75,000	12.9%
Sundry Income	\$215,511	\$117,500	(45.5%)
Total - Revenue	\$18,679,996	\$19,491,288	4.3%
Change %	0.3%	4.3%	
	FY 2015 Forecast	2016 Budget	2016 v. 2015 Forecast Var.
Expenses			
Bank Service Fees	\$157,549	\$170,000	7.9%
Communication Expenses	\$574,956	\$556,186	(3.3%)
Computer Expenses	\$526,738	\$624,521	18.6%
Depreciation Expenses	\$762,464	\$812,365	6.5%
Doubtful Debt Expenses	(\$50,000)	\$25,000	(150.0%)
ICANN Contract Fees	\$284,161	\$262,000	(7.8%)
Insurance Expenses	\$130,534	\$136,800	4.8%
Meeting and Training Expenses	\$383,874	\$447,900	16.7%
Membership Fees	\$52,598	\$72,168	37.2%
Office Operating Expenses	\$309,041	\$325,676	5.4%
Postage & Delivery	\$54,701	\$48,700	(11.0%)
Printing & Photocopy	\$32,482	\$37,940	16.8%
Professional Fees	\$1,258,921	\$1,473,120	17.0%
Recruitment Expense	\$102,577	\$95,000	(7.4%)
Salaries and Personnel Expenses	\$9,460,248	\$10,231,618	8.2%
Sponsorship and Publicity Expense	\$605,917	\$639,750	5.6%
Staff Training Expense	\$150,395	\$162,500	8.0%
Translation Expense	\$3,000	\$10,000	233.3%
Travel Expenses	\$1,896,730	\$1,960,000	3.3%
Total - Expenses	\$16,696,886	\$18,091,244	8.4%
Change %	7.5%	8.4%	
Net Surplus/(Deficit)	\$1,983,110	\$1,400,044	

3 Budget Preparation Notes

The budget is developed on a zero-based methodology, and involves extensive consultation across the organization.

There are a number of key inputs that are included in the budget process, including:

- The 2014 APNIC Survey
- The 2016 APNIC Activity Plan
- 2016 Priorities as established through the Operational Planning process
- The APNIC organization structure, HR cost analysis and recruitment plans
- Membership projections, derived from analysis of historical membership growth and recent trends
- Investment return forecasts provided by APNIC's investment advisors
- The asset register and quantity survey reports, which form the basis of depreciation and capital allowance forecast
- Taxation expense forecasts, which are based on advice from APNIC's accounting advisers and tax consultants and contingent on APNIC continuing to operate as a mutual not-for-profit organisation.

3.1 Projection techniques

Projections for Membership Fees are developed by evaluating each existing member and evaluating the revenue for each month of 2016 to account for fees to be recognised under the existing fees schedules.

Interest income is based on analysis of existing deposits and their rates, and maturity dates. Investment income predictions are based on forecasts provided by APNIC's investment managers across the range of investment categories set out in APNIC's Investment Policy.

The ERP system allows for the verification of all current approved spending commitments. This data is combined with new planned expenditure in 2016.

An inflation rate of 2.5% was recorded for the 12 months ending September 2015, which has been used in projecting costs for 2016.

4 Provisions and Allowances in 2016

APNIC Foundation

APNIC will underwrite an amount up to \$50,000 AUD to fund the establishment of the APNIC Foundation in 2016. These funds will be used to set-up the entity in Hong Kong and cover operational costs for 2016.

APNIC's Taxation Status

On behalf of APNIC, KPMG has lodged an application for a new private ruling from the Australian Tax Office in relation to APNIC's 'Mutuality' status for taxation purposes. These accounts have been prepared on the basis that there is no change to the treatment of revenue from Members for taxation purposes.

APNIC Survey

Every two years APNIC undertakes a survey to widely canvas the views and opinions of the community to contribute to APNIC's future plans. In 2016, APNIC will engage independent consultants to undertake stakeholder consultations across the region, and engage a professional research organisation to undertake the survey, provide expert analysis, and report the results back to the members. The total costs for this activity, including all travel, will be \$115,000 in 2016.

KPMG Advisory

KPMG were commissioned by the APNIC EC to undertake a review of the current NIR model and to identify and evaluate options for a future NIR model. The majority of this work will be completed by the end of 2015, with a provision of \$50,000 for the finalisation of this work included in the budget for 2016.

5 Revenue

The table below sets out the trends in APNIC revenues from 2011 through to our forecast for 2015 and budget estimates for 2016. It shows an overall increase of 4.3% in 2016 compared to the 2015 full year forecast.

APNIC revenue over time

	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Forecast	2016 Budget	2016 v. 2015 Forecast Var.
Revenue							
Sign-up Fee					\$437,000	\$438,000	0.2%
IP Resource Application Fee	\$1,530,500	\$2,232,250	\$1,420,625	\$1,323,250	(\$18,375)		(100.0%)
Interest & Investment Income	\$395,591	\$595,635	\$585,522	\$754,563	\$804,801	\$832,500	3.4%
Membership Fees Income	\$12,968,291	\$14,361,213	\$15,074,781	\$15,903,111	\$16,891,283	\$17,736,118	5.0%
Non-Member Fees Income	\$198,425	\$227,966	\$240,225	\$254,706	\$243,254	\$246,170	1.2%
Reactivation Fees	\$25,200	\$43,200	\$37,050	\$67,800	\$40,100	\$46,000	14.7%
Transfer Fees		\$11,616	\$61,339	\$81,304	\$66,422	\$75,000	12.9%
Sundry Income	\$298,657	\$186,481	\$115,132	\$211,569	\$215,511	\$117,500	(45.5%)
Total - Revenue	\$15,416,721	\$17,654,431	\$17,568,641	\$18,622,931	\$18,679,996	\$19,491,288	4.3%
Change %	15.7%	14.5%	-0.5%	6.0%	0.3%	4.3%	

5.1 Sign-Up Fee

A Sign-Up fee is charged to account holders when joining APNIC. This budget is based on 924 new members in 2016, 10% of those members being from LDC's who receive a 50% discount on all fees. The table below highlights the revenue sensitivity of this fee depending on the actual number of new account holders joining APNIC in 2016. The base value of \$438,000 assumes membership growth of 924, with 10% of new members being from LDC's in 2016. The table below demonstrates the revenue impact of under or overachieving on this growth estimate.

Sensitivity analysis of Sign-up fees 2016

New Members 2016	#	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	FYR 2016
< 20%	739	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$5,840)	(\$70,080)
< 10%	832	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$2,920)	(\$35,040)
Budget Estimate	924	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
> 10%	1016	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$2,920	\$35,040
> 20%	1109	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$5,840	\$70,080

5.2 Interest & Investment Income

APNIC continues to invest its cash reserves as set out in the approved Investment Policy. The current Investment managers are Credit Suisse who were appointed by the Executive Council in 2013. APNIC has at the end of October 2015, \$18.8M invested through this policy but retains \$4.1M in short-term deposits as part of its broader diversification strategy and to allow smooth transition to the new banking provider in December 2015. The investment managers have provided a detailed forecast for income over the next 12 months, and this has been included with forecast returns on cash deposits to derive the 2016 budget estimate for Investment income.

5.3 Membership Fees Income

Growth in membership (annual) fee revenue continues to be limited to small increments resulting from “final /8” allocations (to new and existing Members), and unpredictable increments resulting from transfers received. The introduction of the revised Fee Schedule in January 2015 sees new Members joining at a tier based on their initial allocation. This resulted in the number of Associate Members reducing significantly during 2015. Around 101 Associate Members are expected to remain by the end of 2016, representing less than 2% of Members.

Net Member growth in 2016 is estimated at 610, comprising new members of 924, with 314 accounts expected to close in 2016. The membership trend is as follows:

Membership by Tier over time

Membership Projection								2015	2016
Membership Tier	2009	2010	2011	2012	2013	2014	Forecast	Budget	
Extra Large	13	16	21	20	20	21	22	22	
Very Large	31	33	41	45	44	40	41	41	
Large	106	141	145	144	146	142	138	138	
Medium	276	324	378	402	391	402	425	426	
Small	823	867	970	1,114	1,194	1,388	2,122	2,442	
Very Small	472	637	817	1,021	1,291	1,701	2,361	2,659	
Associate	449	503	575	788	965	924	110	101	
TOTAL	2,170	2,521	2,947	3,534	4,051	4,618	5,219	5,829	
Growth #	315	351	426	587	517	567	601	610	
Growth %	17.0%	16.2%	16.9%	19.9%	14.6%	14.0%	13.0%	11.7%	

The budget for the 2016 Membership Fees is based on a detailed bottom up analysis of the existing membership, combined with assumptions for membership growth, membership closure and expected allocations during 2016. This calculation assumes no changes to the current fee schedule in 2016. The ARMS database provides details on each the expected fees for each Member at their next anniversary date under this new fee schedule; this is combined with the unrecognised revenue in the accounting system that will be brought to account in 2016.

Membership revenue by month 2016

Membership Fees 2016	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	FYR 2016
Existing Members in ARMS	\$ 1,432,710	\$ 1,434,806	\$ 1,437,144	\$ 1,439,635	\$ 1,441,241	\$ 1,442,747	\$ 1,443,952	\$ 1,444,721	\$ 1,444,346	\$ 1,444,346	\$ 1,444,346	\$ 1,444,346	\$ 17,294,340
New Members in 2015	\$ 45,811	\$ 56,247	\$ 66,683	\$ 77,120	\$ 87,556	\$ 97,992	\$ 108,428	\$ 118,865	\$ 129,301	\$ 139,737	\$ 150,173	\$ 160,610	\$ 1,238,523
Closures/Mergers etc.	(\$24,369)	(\$30,190)	(\$36,012)	(\$41,833)	(\$47,654)	(\$70,635)	(\$76,456)	(\$82,277)	(\$88,098)	(\$93,919)	(\$99,741)	(\$105,562)	(\$796,745)
Estimated membership Fees	\$ 1,454,151	\$ 1,460,863	\$ 1,467,816	\$ 1,474,922	\$ 1,481,143	\$ 1,470,105	\$ 1,475,925	\$ 1,481,308	\$ 1,485,549	\$ 1,490,164	\$ 1,494,779	\$ 1,499,394	\$ 17,736,118

The table below illustrates the revenue impact of varying levels of new membership, the mid point being 924 new Members as set out in the 2016 budget.

Membership revenue sensitivity 2016

Fees from New Member	#	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	FYR 2016
< 20%	739	(\$9,162)	(\$11,249)	(\$13,337)	(\$15,424)	(\$17,511)	(\$19,598)	(\$21,686)	(\$23,773)	(\$25,860)	(\$27,947)	(\$30,035)	(\$32,122)	(\$247,705)
< 10%	832	(\$4,581)	(\$5,625)	(\$6,668)	(\$7,712)	(\$8,756)	(\$9,799)	(\$10,843)	(\$11,886)	(\$12,930)	(\$13,974)	(\$15,017)	(\$16,061)	(\$123,852)
Budget Estimate	924	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
> 10%	1016	\$4,581	\$5,625	\$6,668	\$7,712	\$8,756	\$9,799	\$10,843	\$11,886	\$12,930	\$13,974	\$15,017	\$16,061	\$123,852
> 20%	1109	\$9,162	\$11,249	\$13,337	\$15,424	\$17,511	\$19,598	\$21,686	\$23,773	\$25,860	\$27,947	\$30,035	\$32,122	\$247,705

5.4 Non-Member Fees Income

Non-Member fee revenue for 2016 is estimated based on the analysis of the non-Members contained in the APNIC database.

5.5 Reactivation Fees

Reactivation fees are charged when Members' accounts have been closed for non-payment. The budget for this fee is based on analysis of previous activity and reflects the reduced fees charged under the new fee schedules for both Member and Non-Member accounts.

5.6 Sundry Income

Sundry income includes revenue from sponsorship for APNIC conferences and registration fees received for other events and training activities. In 2016 the budget comprises:

- APNIC 42 Sponsorship (international and local sponsors) 40,000
- APNIC 42 Workshop and conference Registration Income 35,000
- APNIC 41 Sponsorship 20,000
- Training Events 22,500

6 Expenses

APNIC's expense budget is developed after extensive review of all outstanding commitments and planned future expenditure. The table below shows APNIC's expenses over time from 2011 to the forecast result for 2015 and the proposed budget for 2016.

Expenses over time*

	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Forecast	2016 Budget	2016 v. 2015 Forecast Var.
Expenses							
Bank Service Fees	\$102,974	\$132,080	\$138,337	\$145,823	\$157,549	\$170,000	7.9%
Communication Expenses	\$385,819	\$440,762	\$490,600	\$483,803	\$574,956	\$556,186	(3.3%)
Computer Expenses	\$397,535	\$551,362	\$548,748	\$572,528	\$526,738	\$624,521	18.6%
Depreciation Expenses	\$875,273	\$816,998	\$753,032	\$765,548	\$762,464	\$812,365	6.5%
Doubtful Debt Expenses	\$12,808	\$27,099	\$30,990	\$34,259	(\$50,000)	\$25,000	(150.0%)
ICANN Contract Fees	\$284,889	\$321,655	\$136,732	\$260,333	\$284,161	\$262,000	(7.8%)
Insurance Expenses	\$120,236	\$126,673	\$126,751	\$129,971	\$130,534	\$136,800	4.8%
Meeting and Training Expenses	\$398,014	\$191,561	\$332,819	\$374,850	\$383,874	\$447,900	16.7%
Membership Fees	\$54,261	\$68,392	\$48,294	\$55,611	\$52,598	\$72,168	37.2%
Office Operating Expenses	\$275,653	\$249,930	\$300,757	\$312,744	\$309,041	\$325,676	5.4%
Postage & Delivery	\$32,842	\$28,493	\$45,269	\$22,071	\$54,701	\$48,700	(11.0%)
Printing & Photocopy	\$37,515	\$38,115	\$36,586	\$48,508	\$32,482	\$37,940	16.8%
Professional Fees	\$605,124	\$939,882	\$1,246,373	\$1,052,757	\$1,258,921	\$1,473,120	17.0%
Recruitment Expense	\$123,485	\$99,574	\$89,472	\$144,423	\$102,577	\$95,000	(7.4%)
Salaries and Personnel Expenses	\$7,203,720	\$8,145,433	\$8,298,111	\$8,731,164	\$9,460,248	\$10,231,618	8.2%
Sponsorship and Publicity Expense	\$293,035	\$270,696	\$319,623	\$340,946	\$605,917	\$639,750	5.6%
Staff Training Expense	\$107,752	\$151,386	\$163,053	\$135,996	\$150,395	\$162,500	8.0%
Translation Expense	\$10,297	\$11,928	\$15,255	\$1,623	\$3,000	\$10,000	233.3%
Travel Expenses	\$1,576,246	\$1,822,239	\$1,937,230	\$1,955,471	\$1,896,730	\$1,960,000	3.3%
Total - Expenses	\$12,927,306	\$14,421,699	\$15,058,033	\$15,568,431	\$16,696,886	\$18,091,244	8.4%
Change %	(1.6%)	11.6%	4.4%	3.4%	7.5%	8.4%	

* Excluding tax and abnormal expenses

Expenses ranked by total

The table below shows the budgeted 2016 expenses compared to the forecast for 2015 and the original 2015 budget. The expenses have been ranked by total for 2016.

	2015 Budget	FY 2015 Forecast	2016 Budget	2016 v. 2015 Forecast Var.	2016 v. 2015 Budget Var.
Expenses					
Salaries and Personnel Expenses	\$9,460,248	\$9,460,248	\$10,231,618	8.2%	8.2%
Travel Expenses	\$1,900,000	\$1,896,730	\$1,960,000	3.3%	3.2%
Professional Fees	\$1,267,300	\$1,258,921	\$1,473,120	17.0%	16.2%
Depreciation Expenses	\$762,266	\$762,464	\$812,365	6.5%	6.6%
Sponsorship and Publicity Expense	\$649,900	\$605,917	\$639,750	5.6%	(1.6%)
Computer Expenses	\$642,172	\$526,738	\$624,521	18.6%	(2.7%)
Communication Expenses	\$537,940	\$574,956	\$556,186	(3.3%)	3.4%
Meeting and Training Expenses	\$519,400	\$383,874	\$447,900	16.7%	(13.8%)
Office Operating Expenses	\$305,107	\$309,041	\$325,676	5.4%	6.7%
ICANN Contract Fees	\$282,835	\$284,161	\$262,000	(7.8%)	(7.4%)
Bank Service Fees	\$151,950	\$157,549	\$170,000	7.9%	11.9%
Staff Training Expense	\$155,000	\$150,395	\$162,500	8.0%	4.8%
Insurance Expenses	\$136,900	\$130,534	\$136,800	4.8%	(0.1%)
Recruitment Expense	\$90,000	\$102,577	\$95,000	(7.4%)	5.6%
Membership Fees	\$64,435	\$52,598	\$72,168	37.2%	12.0%
Postage & Delivery	\$50,000	\$54,701	\$48,700	(11.0%)	(2.6%)
Printing & Photocopy	\$44,840	\$32,482	\$37,940	16.8%	(15.4%)
Doubtful Debt Expenses	\$20,000	(\$50,000)	\$25,000	(150.0%)	25.0%
Translation Expense	\$25,000	\$3,000	\$10,000	233.3%	(60.0%)
Total Expenses	\$17,065,293	\$16,696,886	\$18,091,244	8.4%	6.0%

Major Expenses 2016

6.1 Salary And Wages

Salary and wages expense for 2016 will increase by 8.2% compared to the forecast for 2015. This budget is calculated based on the following assumptions:

- Employer superannuation contributions will remain at 9.5% during 2016
- On average staff will utilise 3.5 weeks annual leave entitlements during 2016
- Overall increase to account for role changes, performance and cost of living is 3.5%
- Existing headcount commitments continue from 2015, plus new positions in 2016

Proposed headcount for 2016 is 76, and includes 2 new roles:

- Communications – Junior Web Developer
- Resource Services – Internet resource analyst

6.2 Travel Expenses

The budget submission includes a reduction of 3.3% in travel expenses in 2016. Allocations have been made for travel by EC and ASO members to RIR, ICANN, IGF and other meetings in 2016.

Travel expenses include the International SOS membership, providing advice and emergency assistance for those travelling on APNIC business, including staff, contractors and the EC.

6.3 Professional Fees

Professional fees continue to increase as APNIC moves to engaging specialist consultants to support its activities as an alternative to full time employment contracts. Major consulting activities planned for 2016 include:

• I-Root & F-Root Maintenance	145,000
• HR related consultancy	150,000
• Legal Advice & Expenses	135,000
• Technical Assistance Services	120,000
• Investment Consultant Service	113,000
• Non-staff trainers	112,000
• Design Consultancy	111,650
• Financial and Tax advice - KPMG	80,000
• APNIC Survey 2016 - Focus Groups and Interviews	65,000*
• On-line curriculum development	50,000
• APNIC Foundation activities	50,000*
• Survey Analysis and Report	50,000*
• Analysis of NIR Framework	50,000*
• Audit Fees	36,000

*Incremental for 2016

6.4 Depreciation Expenses

Depreciation expenses are budgeted based on analysis of the existing depreciation and capital allowance schedules; including anticipated depreciation based on Capital Expenditure planned for 2016.

6.5 Sponsorship and Publicity Expenses

Sponsorship and Publicity includes APNIC contributions to the NRO expenses, the ISIF program, and sponsorship of NOG's and other community events. Major expenses in 2016 include:

• NRO Expenses APNIC Contribution	135,000
• ISIF Grants	100,000
• Google PPC Advertising	60,000
• NOG sponsorships	60,000
• Research grants on technical issues	60,000
• APNIC conference fellowships	50,000
• Non-NOG conferences and events	40,000
• Regional/National IGF sponsorships	30,000
• Other global event sponsorships	15,000

6.6 Computer Expenses

Computer expenses include all non-capital purchases of equipment, consumables, license and support fees for hardware and software. Computer expenses were low in 2015, a result of funding from ICANN and Comcast which was used to offset research and development activities. Major contributors to this cost in 2016 are:

• ERP Licenses users and modules	95,000
• Vmware licenses	59,322
• Vulnerability testing, BYOD license	26,600
• F5 maintenance	25,000
• UPS, AC, Dell switch maintenance	24,108
• Offsite Backup	21,800
• Safenet Authentication	20,400
• Expense Reporting	20,000
• CMS Basic SLA 24x7 support	20,000

6.7 Communication Expenses

Communication expenses include data network expenses, Internet connectivity expenses, telephony and mobile phone expenses. The major contributors to costs here are the ongoing cost of the dark fibre network and the cost of rack-space in the co-locations that are critical to APNIC's network resilience. The major costs included in the 2016 budget include the following:

• NEXTDC: IX Peering	118,804
• INTERACTIVE: Uplink	111,970
• VoIP: Service & Maintenance	60,000
• WHOIS & RDAP	58,800

• DARK FIBRE & Uplink	56,400
• DNS ANYCAST: Autonomica: Netnod	35,000
• VoIP: Cisco Smartnet	25,000
• HK: HKIX 100MBps + Rack Space	24,136
• US: NTT 100Mbps Up-Link, Cisco Smartnet	14,776

6.8 Meeting and Training Expenses

Meeting and Training expenses include all the costs incurred in running the meetings including APNIC conferences and other meeting/training events. This includes; venue and equipment hire, plus catering and social events. These costs will increase by close to nearly 17.0% in 2016. The major contributors to this expense are the APNIC conferences in 2016 in New Zealand and Bangladesh. While not all meeting expenses are included in this expense, the major venue and logistic costs are included. A portion of these costs is offset by sponsorship and Registration/workshop income.

• APNIC Staff Conference	50,000
• APNIC 42 Conference AV rental	25,000
• APNIC 42 Conference week - catering	24,000
• Secretariat Events	22,500
• APNIC 41 (APRICOT Closing Reception)	21,000
• Training support (venue and catering costs)	20,000
• APNIC 41 Registration fee for Guests	20,000
• APNIC 42 Conference week - venue hire	20,000
• APNIC 42 Opening reception	17,500
• APNIC 41 Conference Room Rental	16,500
• Services outreach booth/venue	15,000

6.9 Office Operating Expenses

The major costs in this item include electricity, land tax, council and water rates, cleaning and rubbish removal, air-conditioning and security. There are a number of major contracts currently being renegotiated, but overall costs are expected to be in line with 2015 allowing for CPI increases and overall staffing increases. Major planned expenditure for 2016 includes:

• Cordelia Street - Electricity	54,000
• Land Tax	47,000
• Kitchen Supply and Catering Expense	35,000
• Office Cleaning Contract	33,000
• Council Rates	29,900
• General Maintenance and repairs	12,000
• Security patrol, maintenance	9,200
• Office building A/C service	7,200

7 Capital Expenditure 2016

Capital expenditure comprises equipment & software and office equipment. For the 2016 budget submission capital expenditure is planned at \$1,850,649. Actual capital expenditure for 2015 was below plan which has resulted in some of the upgrades being moved into the 2016 budget.

7.1 Equipment & Software

Expenditure on equipment and software is budgeted at \$1,783,884 for 2016; this includes capitalised expenditure on technical infrastructure, software, and implementation costs including consulting fees. Major contributors in 2016 to this budget are:

• US,JP,HK remote site virtualisation	323,000
• Root Server new installations, upgrade and maintenance	150,000
• Stats Development Work	100,000
• CRM Development Work	100,000
• Replacing old blades AU	70,000
• Office 2016 vmware fusion upgrade, Visio, Omnigraple	68,970
• 70TB disk and server for offsite data compression.	65,000
• Conference H/W: AV switch, pelican cases, server	65,000
• US-COLO: New Router & Switches	63,338
• JP-COLO: New Router & Switches	63,338
• HK-Colo: New Routers & Switches replacement	63,338
• Host/device vulnerability scanner, Pentest, secure fileshare	61,400
• RPKI: HSM hardware and backup replacement	44,000

7.2 Office Furniture & Fittings

Office equipment major expenditures are budgeted at \$66,765 in 2016. This allows for ongoing upgrade of furniture and fixtures and upgrade of some of the kitchen appliances. Additional desks and seating will be added to the existing layout to enable up to 8 new workstations.

• Office Improvements - Including Media Lab	20,000
• 8 new desks at an estimated \$2000 each	16,000
• Misc. Furniture & equipment	10,000
• Meeting room equipment upgrades	5,765
• Electrical wiring of new work spaces	5,000
• Kitchen Fridge	3,500
• 8 X chairs	2,400
• Dishwasher replacement (2x)	2,000