

APNIC Budget 2019

APNIC



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1 Executive Summary

This document contains the APNIC budget submission for the financial year from January to December 2019. The budget submission includes revenue, expense, and capital expenditure projections based on the planned activities for the APNIC Secretariat for 2019.

The purpose of this paper is to allow the APNIC Executive Council to approve an expenditure level for 2019, 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 \$22,928,778 and projected revenue of AUD \$23,173,579 providing an operating surplus of AUD \$244,801 for 2019. The capital expenditure requirements for 2019 are AUD \$874,411. All values in this document are expressed in Australian Dollars (AUD) unless otherwise indicated.

2 Budget Summary

The 2019 budget for revenue, expenses, and capital expenditure are included in the table below:

REVENUE (AUD)	FY 2017	F'Cast 2018	Budget 2019	Change
Investment income	841,080	870,000	1,049,000	20.57%
Membership fees	19,310,962	20,208,000	20,959,575	3.72%
Non-members fees	260,010	253,115	258,112	1.97%
Reactivation fees	27,200	24,000	25,000	4.17%
Sign-Up fees	373,250	331,000	351,000	6.04%
Transfer fees	127,440	165,000	185,000	12.12%
Sundry income	13,570	419,000	187,000	-55.37%
Foundation Receipts		35,000	158,892	353.98%
TOTAL REVENUE	20,953,513	22,305,115	23,173,579	3.89%
	4.12%	6.45%	3.89%	
EXPENSES (AUD)	FY 2017	F'Cast 2018	Budget 2019	Change
Bank service fees	177,670	194,000	203,000	4.64%
Communication expenses	561,271	540,238	599,524	10.97%
Computer expenses	647,453	827,000	1,050,390	27.01%
Contribution to APNIC Foundation	665,058	690,000	746,208	8.15%
Depreciation expense	807,596	850,000	841,892	-0.95%
Doubtful debt expenses	14,653	25,000	25,000	
ICANN contract fee	244,657	278,866	260,000	-6.77%
Insurance expense	173,610	189,738	192,500	1.46%
Meeting and training expenses	389,922	435,000	466,550	7.25%
Membership fees	52,296	49,222	54,218	10.15%
Office Operating expenses	337,207	352,242	353,235	0.28%
Postage & delivery	40,610	43,500	48,500	11.49%
Printing & photocopy	29,311	35,000	39,500	12.86%
Professional fees	1,304,343	1,650,000	1,673,800	1.44%
Recruitment expense	134,793	200,000	120,000	-40.00%
Rent and Outgoings			10,000	
Salaries and personnel expenses	11,096,470	11,945,000	12,993,111	8.77%
Sponsorship and Publicity expenses	681,342	820,000	828,350	1.02%
Staff training/ Conference expenses	148,603	162,500	301,500	85.54%
Tax expenses	-82,284			
Translation expenses	9,027	8,500	22,500	164.71%
Travel expenses	2,161,034	2,100,000	2,099,000	-0.05%
TOTAL EXPENSES	19,594,644	21,395,806	22,928,778	7.16%
	8.6%	9.2%	7.2%	
REVENUE and EXPENSES (AUD)	FY 2017	F'Cast 2018	Budget 2019	Change
Total Revenue	20,953,513	22,305,115	23,173,579	3.89%
Total Expenses	19,594,644	21,395,806	22,928,778	7.16%
OPERATING SURPLUS/(DEFICIT)	1,358,869	909,309	244,801	-73.08%
CAPITAL (AUD)	FY 2017	F'Cast 2018	Budget 2019	Change
Equipment & Software	572,206	575,000	759,411	32.07%
Office Furniture & Fittings	110,211	115,000	115,000	
Total - Capital Expenditure	682,417	690,000	874,411	26.73%

Table 2.1 2019 Budget summary

3 Budget Preparation Notes

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

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

- The 2018 APNIC Survey
- The 2019 APNIC Activity Plan
- 2019 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

3.1 Projection techniques

Projections for membership fees are calculated by analysing recent trends in membership activity. 2019 membership revenues budgets are calculated based on the current (2015) fee schedule. A linear projection of membership growth and account closure is used to estimate the incremental growth in revenue for membership fees in 2019.

Interest income is based on analysis of APNIC's existing cash deposits and the contracted rates and maturity dates for fixed deposits. Estimates of interest from the current account are based on current returns. 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 2019.

An overall inflation rate of 1.9% (1.2% excluding volatile items) was recorded for the 12 months ending September 2018 and this has been used in projecting costs in this submission.

3.2 APNIC's Taxation Status

APNIC's taxation status as a "Mutual Organisation" by way of a Private Ruling from the Australian Taxation Office was re-confirmed in November 2017 for a further five years ending June 2022.

4 Revenue

The table below tracks APNIC's revenue from 2012 through to the forecast for 2018 and the budget submission for 2019.

REVENUE (AUD)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	F'Cast 2018	Budget 2019	Change
Investment income	595,635	585,522	754,563	792,041	890,951	841,080	870,000	1,049,000	20.57%
IP Resource Application fee	2,232,250	1,420,625	1,323,250	-18,375					
Membership fees	14,361,213	15,074,781	15,903,111	16,933,413	18,354,898	19,310,962	20,208,000	20,959,575	3.72%
Non-members fees	227,966	240,225	254,706	243,049	243,923	260,010	253,115	258,112	1.97%
Reactivation fees	43,200	37,050	67,800	37,600	37,700	27,200	24,000	25,000	4.17%
Sign-Up fees				456,000	465,000	373,250	331,000	351,000	6.04%
Transfer fees	11,616	61,339	81,304	77,943	130,139	127,440	165,000	185,000	12.12%
Sundry income		2,812	4,265	3,612	1,587	13,570	419,000	187,000	-55.37%
Foundation Receipts							35,000	158,892	353.98%
TOTAL REVENUE	17,471,880	17,422,353	18,388,999	18,525,283	20,124,198	20,953,513	22,305,115	23,173,579	3.89%
		-0.28%	5.55%	0.74%	8.63%	4.12%	6.45%	3.89%	

Table 4.1 Revenue over time

4.1 Investment Income

The value APNIC's investments continue to increase as excess funds are transferred from the operating account to the Investment Fund and investment returns are reinvested in line with the Investment Policy. APNIC's investment advisors have forecast a yield of 3.42% in 2019. Interest on cash deposits not held in the fund are forecast to achieve 2.5% in 2019.

4.2 Membership Fees

4.2.1 Membership growth

APNIC's membership growth continues and the 2019 Budget assumes a linear continuation of membership growth. The 2019 budget was developed based on the modelling of the recent membership trends. The table below shows membership growth since 2010.

Member Tier	2010	2011	2012	2013	2014	2015	2016	2017	F'cst 2018	Budget 2019
Extra Large	16	21	20	20	21	22	22	23	23	23
Very Large	33	41	45	42	40	44	43	41	44	44
Large	141	145	144	147	142	137	138	138	140	140
Medium	324	378	402	392	402	431	449	473	485	485
Small	867	970	1114	1198	1388	2165	2643	2971	3368	3706
Very Small	637	817	1021	1294	1701	2336	2590	2769	2971	3269
Associate	503	575	788	957	924	133	109	132	126	126
Total	2521	2947	3534	4050	4618	5268	5994	6547	7157	7793
New	478	615	832	813	805	968	1048	849	820	828
Closed	163	189	245	297	237	318	322	296	210	192
Net Growth	315	426	587	516	568	650	726	553	610	636
Average Net Monthly Growth	26	36	49	43	47	54	61	46	51	53

Table 4.2 Membership growth over time

4.2.2 Membership fee revenue – sensitivity analysis

The table below illustrates the potential impact on membership revenue if the actual growth of membership in 2019 varies from the assumptions included in the budget. The average annual fee a new Member will pay is estimated at \$1,324 which accounts for allocations from the last /8 and the IANA reclaimed pool, and for discounts applied to new Members from LDC's, recent trends show 30% of new members are in LDC economies.

Impact of Member Growth on Estimates (% Variation in Member Numbers)

Variation	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
+50%	104	104	104	104	104	104	104	104	104	104	104	104	1,242
+40%	97	97	97	97	97	97	97	97	97	97	97	97	1,159
+30%	90	90	90	90	90	90	90	90	90	90	90	90	1,076
+20%	83	83	83	83	83	83	83	83	83	83	83	83	994
+10%	76	76	76	76	76	76	76	76	76	76	76	76	911
Budget New Members #	69	69	69	69	69	69	69	69	69	69	69	69	828
-10%	62	62	62	62	62	62	62	62	62	62	62	62	745
-20%	55	55	55	55	55	55	55	55	55	55	55	55	662
-30%	48	48	48	48	48	48	48	48	48	48	48	48	580
-40%	41	41	41	41	41	41	41	41	41	41	41	41	497
-50%	35	35	35	35	35	35	35	35	35	35	35	35	414

Revenue Impact of variation to assumptions for Membership Growth on Membership Fees

Variation	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
+50%	\$ 3,807	\$ 7,613	\$ 11,420	\$ 15,226	\$ 19,033	\$ 22,839	\$ 26,646	\$ 30,452	\$ 34,259	\$ 38,065	\$ 41,872	\$ 45,678	\$ 296,907
+40%	\$ 3,045	\$ 6,090	\$ 9,136	\$ 12,181	\$ 15,226	\$ 18,271	\$ 21,316	\$ 24,362	\$ 27,407	\$ 30,452	\$ 33,497	\$ 36,542	\$ 237,526
+30%	\$ 2,284	\$ 4,568	\$ 6,852	\$ 9,136	\$ 11,420	\$ 13,703	\$ 15,987	\$ 18,271	\$ 20,555	\$ 22,839	\$ 25,123	\$ 27,407	\$ 178,144
+20%	\$ 1,523	\$ 3,045	\$ 4,568	\$ 6,090	\$ 7,613	\$ 9,136	\$ 10,658	\$ 12,181	\$ 13,703	\$ 15,226	\$ 16,749	\$ 18,271	\$ 118,763
+10%	\$ 761	\$ 1,523	\$ 2,284	\$ 3,045	\$ 3,807	\$ 4,568	\$ 5,329	\$ 6,090	\$ 6,852	\$ 7,613	\$ 8,374	\$ 9,136	\$ 59,381
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-10%	\$ (761)	\$ (1,523)	\$ (2,284)	\$ (3,045)	\$ (3,807)	\$ (4,568)	\$ (5,329)	\$ (6,090)	\$ (6,852)	\$ (7,613)	\$ (8,374)	\$ (9,136)	\$ (59,381)
-20%	\$ (1,523)	\$ (3,045)	\$ (4,568)	\$ (6,090)	\$ (7,613)	\$ (9,136)	\$ (10,658)	\$ (12,181)	\$ (13,703)	\$ (15,226)	\$ (16,749)	\$ (18,271)	\$ (118,763)
-30%	\$ (2,284)	\$ (4,568)	\$ (6,852)	\$ (9,136)	\$ (11,420)	\$ (13,703)	\$ (15,987)	\$ (18,271)	\$ (20,555)	\$ (22,839)	\$ (25,123)	\$ (27,407)	\$ (178,144)
-40%	\$ (3,045)	\$ (6,090)	\$ (9,136)	\$ (12,181)	\$ (15,226)	\$ (18,271)	\$ (21,316)	\$ (24,362)	\$ (27,407)	\$ (30,452)	\$ (33,497)	\$ (36,542)	\$ (237,526)
-50%	\$ (3,807)	\$ (7,613)	\$ (11,420)	\$ (15,226)	\$ (19,033)	\$ (22,839)	\$ (26,646)	\$ (30,452)	\$ (34,259)	\$ (38,065)	\$ (41,872)	\$ (45,678)	\$ (296,907)

Table 4.3 Sensitivity analysis – membership growth

Based on analysis of recent trends, it is forecast that 828 new Members will join APNIC in 2019, the average value of closed accounts is estimated at \$2,193 and 16 account closures are expected each month, in 78% of cases, resources are returned to APNIC. The table below illustrates the impact on Membership revenue if the actual number of membership closures in 2019 varies from the assumptions included in the budget.

Sensitivity of Member Closure Rates

Variation	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
-50%	8	8	8	8	8	8	8	8	8	8	8	8	96
-40%	10	10	10	10	10	10	10	10	10	10	10	10	115
-30%	11	11	11	11	11	11	11	11	11	11	11	11	134
-20%	13	13	13	13	13	13	13	13	13	13	13	13	154
-10%	14	14	14	14	14	14	14	14	14	14	14	14	173
Budget Closures #	16	16	16	16	16	16	16	16	16	16	16	16	192
+10%	18	18	18	18	18	18	18	18	18	18	18	18	211
+20%	19	19	19	19	19	19	19	19	19	19	19	19	230
+30%	21	21	21	21	21	21	21	21	21	21	21	21	250
+40%	22	22	22	22	22	22	22	22	22	22	22	22	269
+50%	24	24	24	24	24	24	24	24	24	24	24	24	288

Revenue Impact of change to Membership Fees due to variation in assumptions for account closures(\$)

Variation	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
-50%	\$ 883	\$ 1,765	\$ 2,648	\$ 3,531	\$ 4,413	\$ 5,296	\$ 6,179	\$ 7,061	\$ 7,944	\$ 8,827	\$ 9,709	\$ 10,592	\$ 68,848
-40%	\$ 706	\$ 1,412	\$ 2,118	\$ 2,825	\$ 3,531	\$ 4,237	\$ 4,943	\$ 5,649	\$ 6,355	\$ 7,061	\$ 7,767	\$ 8,474	\$ 55,078
-30%	\$ 530	\$ 1,059	\$ 1,589	\$ 2,118	\$ 2,648	\$ 3,178	\$ 3,707	\$ 4,237	\$ 4,766	\$ 5,296	\$ 5,826	\$ 6,355	\$ 41,309
-20%	\$ 353	\$ 706	\$ 1,059	\$ 1,412	\$ 1,765	\$ 2,118	\$ 2,471	\$ 2,825	\$ 3,178	\$ 3,531	\$ 3,884	\$ 4,237	\$ 27,539
-10%	\$ 177	\$ 353	\$ 530	\$ 706	\$ 883	\$ 1,059	\$ 1,236	\$ 1,412	\$ 1,589	\$ 1,765	\$ 1,942	\$ 2,118	\$ 13,770
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
+10%	\$ (177)	\$ (353)	\$ (530)	\$ (706)	\$ (883)	\$ (1,059)	\$ (1,236)	\$ (1,412)	\$ (1,589)	\$ (1,765)	\$ (1,942)	\$ (2,118)	\$ (13,770)
+20%	\$ (353)	\$ (706)	\$ (1,059)	\$ (1,412)	\$ (1,765)	\$ (2,118)	\$ (2,471)	\$ (2,825)	\$ (3,178)	\$ (3,531)	\$ (3,884)	\$ (4,237)	\$ (27,539)
+30%	\$ (530)	\$ (1,059)	\$ (1,589)	\$ (2,118)	\$ (2,648)	\$ (3,178)	\$ (3,707)	\$ (4,237)	\$ (4,766)	\$ (5,296)	\$ (5,826)	\$ (6,355)	\$ (41,309)
+40%	\$ (706)	\$ (1,412)	\$ (2,118)	\$ (2,825)	\$ (3,531)	\$ (4,237)	\$ (4,943)	\$ (5,649)	\$ (6,355)	\$ (7,061)	\$ (7,767)	\$ (8,474)	\$ (55,078)
+50%	\$ (883)	\$ (1,765)	\$ (2,648)	\$ (3,531)	\$ (4,413)	\$ (5,296)	\$ (6,179)	\$ (7,061)	\$ (7,944)	\$ (8,827)	\$ (9,709)	\$ (10,592)	\$ (68,848)

Table 4.4 Sensitivity analysis – membership closures

4.3 Non-Members Fees

Fees from Non-Member account holders continue to be very stable and it is anticipated that in 2019 that there will be minimal change to this revenue for this item.

4.4 Reactivation Fees

Reactivation Fees are charged to Members to reactivate their accounts after closure. The revenue for this item is expected to be in line with 2018.

4.5 Sign-Up Fees

Sign-Up fees are directly related to membership growth as outlined in table 4.2 above. The fee is \$500 and is discounted by 50% for LDC economies currently making up 30% of new members. The effect of a variance to the budget assumptions for membership Growth for this revenue item is set out in the table below:

Revenue Impact of variation to assumptions for Membership growth on Sign Up Fees													
Variation	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total
+50%	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 14,625	\$ 175,500
+40%	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 11,700	\$ 140,400
+30%	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 8,775	\$ 105,300
+20%	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 5,850	\$ 70,200
+10%	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 2,925	\$ 35,100
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-10%	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (2,925)	\$ (35,100)
-20%	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (5,850)	\$ (70,200)
-30%	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (8,775)	\$ (105,300)
-40%	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (11,700)	\$ (140,400)
-50%	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (14,625)	\$ (175,500)

Table 4.5 Sensitivity analysis – Sign-Up fees

4.6 Transfer Fees

The revenue from transfer fees is estimated as similar to the actuals achieved in 2018.

4.7 Sundry Income

Sundry income includes revenue for sources such as:

- Meeting receipt registration – Members/Non-Members
- Meeting receipt – Sponsorship
- External training receipts - Members/Non-Members
- Recovery of APNIC staff costs and travel for work undertaken for foundation activities

Meeting Sponsorship will be lower, 2018 included significant sponsorship for the Noumea meeting which will not be achieved in 2019.

4.8 Foreign Exchange Gains/Losses

The budget for exchange rate variances has been set as zero; it is not possible to forecast the total gain or loss on APNIC transactions. APNIC has a low exposure to currency variations as all fees from members and the majority of expenses in running APNIC's operations are paid in Australian dollars.

5 Expenses

The tables below set out APNIC's expenses since 2012, with commentary on the major expenses is included below:

EXPENSES (AUD)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	F'Cast 2018	Budget 2019	Change
Salaries and personnel expenses	8,145,433	8,298,111	8,731,164	9,586,575	10,459,153	11,096,470	11,945,000	12,993,111	8.77%
Travel expenses	1,822,239	1,937,230	1,955,471	1,961,551	2,085,745	2,161,034	2,100,000	2,099,000	-0.05%
Professional fees	939,882	1,246,373	1,052,757	1,195,494	1,409,430	1,304,343	1,650,000	1,673,800	1.44%
Computer expenses	551,362	548,748	572,528	520,784	533,628	647,453	827,000	1,050,390	27.01%
Depreciation expense	816,998	753,032	765,548	764,145	785,218	807,596	850,000	841,892	-0.95%
Sponsorship and Publicity expenses	270,696	319,623	340,946	575,775	624,179	681,342	820,000	828,350	1.02%
Contribution to APNIC Foundation					18,003	665,058	690,000	746,208	8.15%
Communication expenses	440,762	490,600	483,803	591,885	532,212	561,271	540,238	599,524	10.97%
Meeting and training expenses	191,561	332,819	374,850	350,313	363,343	389,922	435,000	466,550	7.25%
Office Operating expenses	249,930	300,757	312,744	315,608	324,948	337,207	352,242	353,235	0.28%
Staff training/ Conference expenses	151,386	163,053	135,996	169,122	164,441	148,603	162,500	301,500	85.54%
ICANN contract fee	321,655	136,732	260,333	284,161	243,026	244,657	278,866	260,000	-6.77%
Bank service fees	132,080	138,337	145,823	156,496	167,917	177,670	194,000	203,000	4.64%
Insurance expense	126,673	126,751	129,971	131,550	128,793	173,610	189,738	192,500	1.46%
Recruitment expense	99,574	89,472	144,423	119,077	94,307	134,793	200,000	120,000	-40.00%
Membership fees	68,392	48,294	55,611	49,532	48,971	52,296	49,222	54,218	10.15%
Postage & delivery	28,493	45,269	22,071	51,029	41,893	40,610	43,500	48,500	11.49%
Printing & photocopy	38,115	36,586	48,508	33,807	38,165	29,311	35,000	39,500	12.86%
Doubtful debt expenses	27,099	30,990	34,259	-54,293	-6,225	14,653	25,000	25,000	
Translation expenses	11,928	15,255	1,623	2,883	11,147	9,027	8,500	22,500	164.71%
Rent and Outgoings	-12,562							10,000	
Tax expenses	-17,506	-96,166	-34,609	12,777	-18,217	-82,284			
TOTAL EXPENSES	14,404,193	14,585,138	15,533,822	16,818,270	18,050,078	19,594,644	21,395,806	22,928,778	7.16%
		1.3%	6.5%	8.3%	7.3%	8.6%	9.2%	7.2%	

Table 5.1 Expenses over time – by value

5.2 Salary and Personnel Expenses

Salary and personnel expenses will increase by 8.8% in 2019 when compared to the forecast expenditure for the 2018 year. The assumptions included in this budget are:

- Employee superannuation contributions will remain at 9.5%
- All permanent staff will take 3.5 weeks of annual leave
- The overall allowance for salary increases resulting from role changes and annual performance reviews will be set at 3.5%
- Existing headcount commitments continue from 2018 with the provision made for the recruitment of a legal officer during 2019 (Refer 3.3.3.1 Activity Plan) and a new training position to support foundation activities (3.1.4)
- As in 2018, two APNIC staff will be seconded to the APNIC foundation, their costs are included in the expense; Contribution to APNIC foundation.

5.3 Travel Expenses

APNIC's travel expenses will not increase in 2019.

This category includes travel for; APNIC Staff, APNIC EC, NRO AC, Support for SIG Chairs.

Travel expenses include all corporate travel management fees and International SOS membership, which provides advice and emergency assistance for those travelling on APNIC business.

5.4 Professional fees

Professional Fees will increase by 1.4%, the major contributor is the APNIC Academy. Details for 2019 expenses are (cross-referenced with sections/items in the Activity Plan document):

• Labs consultancy (3.3.3)	192,000
• CRM Consultant (3.1.2.9)	180,000
• Investment Consultant Service (3.4.2.1)	147,000
• Legal Advice & Expenses (3.4.3.1)	140,000
• Non-staff trainers (3.1.4.2)	120,000
• Design Consultancy (3.1.2)	120,000
• HR Consulting Fees (3.4.1)	100,000
• External Consultant Technical Assistance (3.1.4.3)	60,000
• Benchmarking consultancy (3.1.2.1)	50,000
• Outsourced Content Development (F2F & Online) (3.1.4.4)	50,000
• Non-staff trainers' travels (3.1.4.2)	50,000
• Travel for guest speakers and media (3.2.1.1)	43,000
• Audit Fees – PWC (3.4.2.1)	40,000
• Financial and Tax advice – KPMG (3.4.2.1)	35,000
• NetSuite Consulting Support (3.1.3.4)	35,000
• ISO27001 (ISMS) Consulting (3.1.3.6)	30,000
• APNIC 47 Stenography fees (3.2.1.1)	28,000
• APNIC 48 Stenography fees (3.2.1.1)	28,000
• ISO9001 Recertification Consulting (3.1.2.6)	21,000

5.5 Computer Expenses

Computer expenses include all non-capital purchases of equipment, consumables, license and support fees for hardware and software. There are several costs related to work already commenced which contribute to the increase in 2019. Major expenses in 2019 are:

• NetSuite ERP Licenses (3.1.3.4)	120,000
• Cloud Computing Expenses (3.3.3.1)	100,000
• Salesforce Licence (3.1.2.9)	86,000
• APNIC Academy - Virtual Labs (3.1.4.4)	75,000
• Firewall & Intrusion detection/prevention (3.1.3.2)	57,240
• F5 BIG-IP Support and maintenance (3.1.3.2)	50,000
• APNIC Academy - Third-party Course Content (3.1.4.4)	50,000

• Pardot Licence Expenses (3.1.2.9)	39,000
• VMware licenses (3.1.3.2)	30,000
• Nexonia Expense Reporting (3.1.3.4)	25,000
• Hardware maintenance support (3.1.3.2)	23,000
• Maintenance contract - DNSSEC signers (3.1.3.2)	20,000

5.6 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 2019. The amounts budgeted for 2019 are:

• Equipment depreciation (3.1.3.2)	680,460
• Capital works allowances - 6 Cordelia St (3.4.4.1)	161,432

5.7 Sponsorship and Publicity Expenses

Sponsorship and Publicity expenses include APNIC contributions to the NRO expenses, the ISIF program, and sponsorship of NOG's and other community events. Major expenses in 2019 include:

• NRO Expenses APNIC Contribution (3.3.1.1)	176,000
• Regional technical development NOG sponsorships (3.2.2.3)	120,000
• APNIC contribution to ISIF grants pool (3.2.4.2)	100,000
• Google PPC Advertising - member outreach (3.1.2.5)	80,000
• Regional community development sponsorships (3.2.3.1)	65,000
• Research grants on technical issues (3.2.4.2)	60,000
• APNIC conference fellowships (3.2.2.2)	60,000
• Regional security sponsorships (3.2.2.4)	40,000
• Regional/national IGFs sponsorship (3.2.3.5)	40,000
• General promotional items (3.1.2.1, 3.2.1.1)	20,000

5.8 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 2019 budget include the following:

- Rack hire, power, cross connect (3.1.3.1)

105,024

• Interactive Datacentre rack hire (3.1.3.1)	58,000
• AU switch, router, Wi-Fi, VPN Smartnet (3.1.3.1)	57,000
• Peering: 250Mbps PIPE/TPG Transit & Peer (3.1.3.1)	50,000
• Comscentre VoIP hosting service (3.1.3.4)	45,000
• Dark Fibre: Office-EMP - Eight Mile Plains (3.1.3.1)	42,000
• Netnod anycast secondary DNS hosting (3.1.3.1)	30,000
• Megaport, PCCW connection to SG, HK and Japan (3.1.3.1)	30,000
• Anycast Global load balancing - RDAP & whois (3.1.3.1)	25,000
• Cloud compute Engine - Google, Amazon (3.1.3.5)	20,000
• Vocus dark fibre and peering - Equinix (3.1.3.1)	18,360
• AU Peering: AARNET transit and Eduroam service (3.1.3.1)	17,000
• Server hosting - DNS Anycast (3.1.3.1)	16,800
• Server hosting - Whois and RDAP (3.1.3.1)	15,000
• External backup storage (3.1.3.1)	15,000

5.9 Contribution to APNIC Foundation

APNIC will underwrite Foundation costs up to a maximum of \$746,208 in 2019. Included in this amount is the costs for the two APNIC staff seconded to the Foundation and recovery of other internal resource costs (Activity Plan item 3.2.4). Details can be found at 7.1 below.

5.10 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, catering and social events. The major contributors to this expense are the APNIC conferences in 2019 in Daejeon, South Korea and Chiang Mai, Thailand. While not all meeting expenses are included in this expense, the major venue and logistic costs are included. A portion of these costs in some instances is offset by sponsorship and Registration/workshop income. Major provisions included in the 2019 budget are:

• APNIC 48 Conference week - main plenary (3.2.1.1)	60,000
• APNIC 48 Conference AV rental (3.2.1.1)	40,000
• End of year and mid-year Staff Events (3.4.1.3)	32,500
• Training support - venue and catering (3.1.4.1)	30,000
• APNIC 47 - APRICOT Closing Reception (3.2.1.1)	30,000
• APNIC 48 Workshop week – catering (3.2.1.1)	25,000
• APNIC 48 Conference closing dinner (3.2.1.1)	25,000
• APNIC 48 Opening reception (3.2.1.1)	24,000

• Staff Entertainment annual (3.4.1.3)	18,000
• APNIC 47 AV-Webcast Equipment Rental (3.2.1.1)	18,000
• Services outreach exhibition (3.2.1.1)	15,000
• APNIC 48 Conference week - venue hire (3.2.1.1)	15,000
• APNIC 48 Workshop week - venue hire (3.2.1.1)	14,500
• APNIC 47 Conference Package (3.2.1.1)	12,000
• 6 Member gatherings (3.1.2.5)	11,000
• APNIC 48 Conference signage (3.2.1.1)	10,000

5.11 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. Major planned expenditure for 2019 includes:

• Cordelia Street – Electricity (3.4.4.1)	60,000
• Land Tax (3.4.4.1)	56,900
• Kitchen Supply and Catering Expense (3.4.4.1)	52,500
• Office Cleaning (3.4.4.1)	45,000
• BCC Rates (3.4.4.1)	36,000
• WHS Support t(3.4.3.2)	12,000
• General Maintenance and repairs (3.4.4.1)	10,000
• Rubbish removal (3.4.4.1)	9,000
• Office building A/C service monthly (3.4.4.1)	7,560
• Health Checks (3.4.3.2)	7,500
• Water Rates (3.4.4.1)	6,500
• Plant Hire (3.4.4.1)	6,000
• Stationery Supplies (3.4.4.1)	5,000
• Electrical repair & testing (3.4.4.1)	5,000

6 Capital Expenditure

Capital expenditure comprises equipment & software and office equipment. For the 2019 budget submission capital expenditure provision is \$874,411. Of this amount, \$759,411 relates to Equipment & Software, and \$115,000 relates to Office Furniture & Fittings as set out in the table below:

CAPITAL (AUD)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	F'Cast 2018	Budget 2019	Change
Equipment & Software	337,479	661,095	662,698	671,551	809,626	572,206	575,000	759,411	32.07%
Office Furniture & Fittings	60,664	89,911	31,278	36,371	12,136	110,211	115,000	115,000	
Total - Capital Expenditure	398,143	751,006	693,976	707,922	821,762	682,417	690,000	874,411	26.73%

Table 6.1 Capital Expenditure over time

Major items in Equipment & Software include:

- 2 x Router and 2 switches 10Gb, peering and cloud (3.1.3.1) 205,112
- New IXP Development X 4 (3.2.2.2) 200,000
- Dell blade cache (3.1.3.1) 65,000
- New compute server, switches, sundries – Research (3.3.3.1) 60,000
- 2 x Network switch - APNIC office. (3.1.3.1) 29,000
- Openflow Switches, lab content - SDN workshop (3.1.4.1) 25,000
- Office WIFI controller replacement (3.1.3.1) 20,432
- Firewalls to enhance lab of security workshop (3.1.4.1) 20,000
- Conference/Spare laptops - 5x replacements (3.1.3.4) 15,000
- 4 x remote controlled webcast cameras. (3.1.3.1) 14,400
- New headsets for MS and RS (3.1.2.1) 7,800
- Wireless access points and Wifi Monitoring Tool (3.1.2.1) 6,800
- Office Machines - printers, TVs, etc. (3.4.4.1) 6,000
- Staff monitor due for replacement (3.1.3.1) 6,000
- 15 WIFI Controller licenses for conference (3.1.3.1) 5,619

Office Furniture & Fittings include allowances for replacement of office furniture and kitchen equipment, office modifications and alterations.

- Major costs will be related to the installation of bathroom facilities on Level 2.

7 APNIC Foundation

The APNIC foundation will require up to a maximum of \$746,208 of funding in 2019, details of expected revenue and expenses for the foundation are included below:

	Budget 2017	FY 2017 in USD	FY 2017	Budget 2018	Forecast 2018	Budget 2019	Budget vs Forecast Var	Variance %
Operating Contribution Received - APNIC	720,281	USD 517,641.82	665,058	700,683	690,000	746,208	56,208	8%
Contribution Received - Grants	0	USD 5,490.81	7,055	145,000	601,348	619,000	17,652	3%
Interest Income	0	USD 47.25	61	0	139	0	(139)	-100%
TOTAL REVENUE	720,281	USD 523,179.88	672,173	845,683	1,291,487	1,365,208	73,721	6%
EXPENSES								
Grant Expenses		USD 5,490.82	7,055	145,000	601,348	619,000	17,652	3%
Other Expenses		(USD 5,585.53)	(7,176)	0	0	0	0	0%
Operating Expenses								
Bank Service Fees	350	USD 117.46	151	500	1,020	1,000	(20)	-2%
Communication Expenses	5,000	USD 0.00	0	3,000	2,502	3,000	498	20%
Computer Expenses	5,000	USD 500.97	644	1,000	3,813	5,000	1,187	31%
Depreciation Expense	2,640	USD 545.79	701	0	0	0	0	0%
Meeting and Training Expenses	1,500	USD 2,393.75	3,075	1,500	0	0	0	0%
Personnel Support Expenses	512,481	USD 361,950.86	465,029	532,873	502,628	572,808	70,180	14%
Postage & Delivery	250	USD 0.00	0	250	234	500	266	114%
Printing & Photocopy	5,000	USD 0.00	0	1,000	0	1,000	1,000	0%
Professional Fees	30,000	USD 65,202.53	83,771	40,000	24,446	40,000	15,554	64%
Recruitment Expense	5,000	USD 0.00	0	2,000	0	1,500	1,500	0%
Staff Training Expense	5,000	USD 980.50	1,260	2,000	0	2,000	2,000	0%
Translation Expense	2,500	USD 0.00	0	1,000	1,126	1,000	(126)	-11%
Travel Expenses	145,560	USD 86,067.46	110,578	115,560	154,371	118,400	(35,971)	-23%
TOTAL EXPENSES	720,281	USD 517,664.61	665,087	845,683	1,291,487	1,365,208	73,721	6%
OPERATING SURPLUS/(DEFICIT)	0	USD 5,515.27	7,086	0	0	0	-0	0%

REVENUE and EXPENSES (AUD)	Budget 2017	FY 2017 in USD	FY 2017	Budget 2018	Forecast 2018	Budget 2019	Budget vs Forecast Var	Variance %
Total Revenue	720,281	USD 523,179.88	672,173	845,683	1,291,487	1,365,208	73,721	6%
Total Expenses	720,281	USD 517,664.61	665,087	845,683	1,291,487	1,365,208	73,721	6%
OPERATING SURPLUS/(DEFICIT)	0	USD 5,515.27	7,086	0	0	0	-0	0%

Table 7.1 APNIC Foundation – Financial Estimates 2019