

# APNIC Budget 2020 - Table of Contents

APNIC Approved Budget 2020 ..... 2

APNIC Budget Submission 2020 ..... 5

# APNIC Approved Budget 2020

## Approved Budget 2020

The purpose of this paper is to allow the APNIC Executive Council to approve an expenditure level for 2020, 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 \$24,293,024 and projected revenue of AUD \$24,869,233 providing an operating surplus of AUD \$576,209 for 2020. The capital expenditure requirements for 2020 are AUD \$738,600.**

## Budget Summary

The approved 2020 budget for revenue, expenses, and capital expenditure are included in the table below:

Revenue	Actual 2019	Budget 2020	Change
Membership Fees	21,061,318	22,625,005	7%
Non-Member Fees	255,751	265,300	4%
Reactivation Fees	16,900	25,000	48%
Sign-Up Fee	345,500	331,750	-4%
Transfer Fee	173,831	269,400	55%
Sundry Income	430,863	387,778	-10%
<b>Total Operating Revenue</b>	<b>22,284,163</b>	<b>23,904,233</b>	<b>7%</b>
Investment Income	981,871	965,000	-2%
<b>Total Income</b>	<b>23,266,034</b>	<b>24,869,233</b>	<b>7%</b>
<b>Expenses</b>			
Bank Service Fees	207,759	207,200	-0%
Communication Expenses	570,832	753,550	32%
Computer Expenses	1,067,957	1,154,458	8%
Contribution to APNIC Foundation	762,179	750,463	-2%
Doubtful Debt Expenses	24,302	25,000	3%
Depreciation Expenses	862,055	862,000	-0%
ICANN Contract Fees	263,386	238,000	-10%
Insurance Expenses	206,523	231,833	12%
Meeting and Training Expenses	425,704	561,100	32%
Membership Fees	58,241	54,029	-7%
Office Operating Expenses	342,806	381,300	11%
Postage & Delivery	35,060	39,700	13%
Printing & Photocopy	36,145	40,500	12%
Professional Fees	1,820,443	2,051,021	13%
Recruitment Expense	95,357	145,000	52%
Rent and Outgoings	-	10,000	
Salaries and Personnel Expenses	12,789,661	13,561,230	6%
Sponsorship and Publicity Expense	627,766	679,640	8%
Staff Training Expense	381,567	175,000	-54%
Translation Expense	6,668	20,000	200%
Travel Expenses	2,390,238	2,352,000	-2%
<b>Total Expenses</b>	<b>22,974,649</b>	<b>24,293,024</b>	<b>6%</b>
<b>Total Surplus/(Deficit)</b>	<b>291,385</b>	<b>576,209</b>	<b>98%</b>

Capital Expenditure	Forecast 2019	Budget 2020	Change
Computer Plant & Equipment	435,488	683,600	57%
Office Furniture & Fittings	112,879	55,000	-51%
<b>Total CAPEX</b>	<b>548,367</b>	<b>738,600</b>	<b>35%</b>

# APNIC Budget Submission 2020

## Table of Contents

<b>1</b>	<b>Executive Summary .....</b>	<b>8</b>
<b>2</b>	<b>Budget Summary .....</b>	<b>9</b>
<b>3</b>	<b>Budget Preparation Notes .....</b>	<b>10</b>
	3.1 Projection techniques	10
	3.2 APNIC's Taxation Status	10
<b>4</b>	<b>Revenue.....</b>	<b>11</b>
	4.1 Investment Income	11
	4.2 Membership Fees	11
	4.2.1 Membership growth	11
	4.2.2 Membership and Sign-Up fee revenue – sensitivity analysis	12
	4.3 Non-Members Fees	12
	4.4 Reactivation Fees	12
	4.5 Sign-Up Fees	13
	4.6 Transfer Fees	13
	4.7 Sundry Income	13
	4.8 Foreign Exchange Gains/Losses	13
<b>5</b>	<b>Expenses.....</b>	<b>14</b>
	5.2 Salary and Personnel Expenses	14
	5.3 Travel Expenses	14
	5.4 Professional fees	15
	5.5 Computer Expenses	16
	5.6 Depreciation Expenses	16
	5.7 Sponsorship and Publicity Expenses	17
	5.8 Communication Expenses	17
	5.9 Contribution to APNIC Foundation	18
	5.10 Meeting and Training Expenses	18
	5.11 Office Operating Expenses	19
<b>6</b>	<b>Capital Expenditure .....</b>	<b>20</b>
<b>7</b>	<b>APNIC Foundation .....</b>	<b>21</b>

## Table of Tables

Table 2.1 2020 Budget summary .....	9
Table 4.1 Revenue over time .....	11
Table 4.2 Membership growth over time .....	11
Table 4.3 Sensitivity analysis – membership growth .....	12
Table 4.4 Sensitivity analysis – membership closures.....	12
Table 5.1 Expenses over time – by value .....	14
Table 6.1 Capital Expenditure over time .....	20
Table 7.1 APNIC Foundation – Financial Estimates 2020.....	21

# 1 Executive Summary

This document contains the APNIC budget submission for the financial year from January to December 2020. The budget submission includes revenue, expense, and capital expenditure projections based on the planned activities for the APNIC Secretariat for 2020.

The purpose of this paper is to allow the APNIC Executive Council to approve an expenditure level for 2020, 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 \$24,293,024 and projected revenue of AUD \$23,918,533 providing an operating deficit of AUD \$374,491 for 2020. The capital expenditure requirements for 2020 are AUD \$738,600. All values in this document are expressed in Australian Dollars (AUD) unless otherwise indicated.**



## 2 Budget Summary

The 2020 budget for revenue, expenses, and capital expenditure are included in the table below:

Revenue	Forecast 2019	Budget 2020	Change
Membership Fees	21,052,094	21,699,005	3%
Non-Member Fees	257,271	260,000	1%
Reactivation Fees	16,788	25,000	49%
Sign-Up Fee	338,000	331,750	-2%
Transfer Fee	172,726	250,000	45%
Sundry Income	420,781	387,778	-8%
<b>Total Operating Revenue</b>	<b>22,257,660</b>	<b>22,953,533</b>	<b>3%</b>
Investment Income	1,018,040	965,000	-5%
<b>Total Income</b>	<b>23,275,700</b>	<b>23,918,533</b>	<b>3%</b>
<b>Expenses</b>			
Bank Service Fees	209,979	207,200	-1%
Communication Expenses	565,702	753,550	33%
Computer Expenses	1,071,356	1,154,458	8%
Contribution to APNIC Foundation	738,166	750,463	2%
Doubtful Debt Expenses	21,363	25,000	17%
Depreciation Expenses	861,532	862,000	0%
ICANN Contract Fees	263,382	238,000	-10%
Insurance Expenses	206,520	231,833	12%
Meeting and Training Expenses	452,242	561,100	24%
Membership Fees	63,496	54,029	-15%
Office Operating Expenses	339,606	381,300	12%
Postage & Delivery	36,943	39,700	7%
Printing & Photocopy	34,986	40,500	16%
Professional Fees	1,863,376	2,051,021	10%
Recruitment Expense	106,868	145,000	36%
Rent and Outgoings	-	10,000	
Salaries and Personnel Expenses	12,973,111	13,561,230	5%
Sponsorship and Publicity Expense	720,728	679,640	-6%
Staff Training Expense	344,124	175,000	-49%
Translation Expense	6,392	20,000	213%
Travel Expenses	2,350,000	2,352,000	0%
<b>Total Expenses</b>	<b>23,229,871</b>	<b>24,293,024</b>	<b>5%</b>
<b>Total Surplus/(Deficit)</b>	<b>45,829</b>	<b>(374,491)</b>	<b>-917%</b>
<b>Capital Expenditure</b>			
Computer Plant & Equipment	552,713	683,600	24%
Office Furniture & Fittings	87,098	55,000	-37%
<b>Total CAPEX</b>	<b>639,811</b>	<b>738,600</b>	<b>15%</b>

Table 2.1 2020 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 which are included in the budget process, including but not limited to the following:

- The 2018 APNIC Survey
- The 2020 APNIC Activity Plan
- 2020 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, forming 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. 2020 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 2020.

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 advisors 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 2020.

An overall inflation rate of 1.7% was recorded for the 12 months ending September 2019 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 2013 through to the forecast for 2019 and the budget submission for 2020.

REVENUE (AUD)	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Budget 2020	Change
Membership fees	15,074,781	15,903,111	16,933,413	18,354,898	19,310,962	20,213,860	21,052,094	21,699,005	3.1%
Non-members fees	240,225	254,706	243,049	243,923	260,010	251,054	257,271	260,000	1.1%
Reactivation fees	37,050	67,800	37,600	37,700	27,200	22,000	16,788	25,000	48.9%
Sign-Up fees	0	0	456,000	465,000	373,250	330,000	338,000	331,750	-1.8%
Transfer fees	61,339	81,304	77,943	130,139	127,440	164,145	172,726	250,000	44.7%
Sundry income	112,320	207,304	221,968	186,694	218,185	389,984	420,782	387,778	-7.8%
<b>Operating Revenue</b>	<b>15,525,715</b>	<b>16,514,224</b>	<b>17,969,973</b>	<b>19,418,354</b>	<b>20,317,048</b>	<b>21,371,042</b>	<b>22,257,661</b>	<b>22,953,533</b>	<b>3.1%</b>
Investment income	585,522	754,563	792,041	890,951	841,080	872,034	1,018,040	965,000	-5.2%
<b>TOTAL REVENUE</b>	<b>16,111,236</b>	<b>17,268,788</b>	<b>18,762,014</b>	<b>20,309,305</b>	<b>21,158,128</b>	<b>22,243,077</b>	<b>23,275,701</b>	<b>23,918,533</b>	<b>2.8%</b>
Change		7.2%	8.6%	8.2%	4.2%	5.1%	4.6%	2.8%	

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. Investment returns are reinvested in line with the Investment Policy and the investment income projections are based on advice from APNIC's investment advisors. Interest on cash deposits not held in the fund are forecast to achieve 1.25% in 2020, significantly down from 2.5% included in the 2019 budget submission.

### 4.2 Membership Fees

#### 4.2.1 Membership growth

APNIC's membership growth continues and the 2020 Budget assumes similar membership growth trends to 2019. The table below shows membership growth since 2010.

Member Tier	2010	2011	2012	2013	2014	2015	2016	2017	2018	F'Cast 2019	Budget 2020
Extra Large	16	21	20	20	21	22	22	23	24	24	24
Very Large	33	41	45	42	40	44	43	41	44	46	46
Large	141	145	144	147	142	137	138	138	143	144	144
Medium	324	378	402	392	402	431	449	473	483	492	500
Small	867	970	1114	1198	1388	2165	2643	2971	3376	3583	3853
Very Small	637	817	1021	1294	1701	2336	2590	2769	2967	3324	3557
Associate	503	575	788	957	924	133	109	132	125	136	138
<b>Total</b>	<b>2521</b>	<b>2947</b>	<b>3534</b>	<b>4050</b>	<b>4618</b>	<b>5268</b>	<b>5994</b>	<b>6547</b>	<b>7162</b>	<b>7749</b>	<b>8262</b>
New	478	615	832	813	805	968	1048	849	825	790	790
Closed	163	189	245	297	237	318	322	296	210	240	240
<b>Net Growth</b>	<b>315</b>	<b>426</b>	<b>587</b>	<b>516</b>	<b>568</b>	<b>650</b>	<b>726</b>	<b>553</b>	<b>615</b>	<b>550</b>	<b>550</b>
Average Net Monthly Growth	26	36	49	43	47	54	61	46	51	46	46

Table 4.2 Membership growth over time

## 4.2.2 Membership and Sign-Up fee revenue – sensitivity analysis

The table below illustrates the potential impact on membership revenue if the actual growth of membership in 2020 varies from the assumptions included in the budget. The average annual fee a new Member will pay is estimated at \$1,280 which accounts for allocations from the last /8 and the IANA reclaimed pool, and for discounts applied to new Members from LDC's, analysis of the 2019 trends show 31% of new members are in LDC economies.

New Members 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
LDC	22	22	19	19	22	20	19	20	20	20	20	22	245
Non LDC	45	45	45	45	45	45	45	45	45	45	45	50	545
<b>Total New</b>	<b>67</b>	<b>67</b>	<b>64</b>	<b>64</b>	<b>67</b>	<b>65</b>	<b>64</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>72</b>	<b>790</b>

### Membership Fees from new Members 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Impact of 10% More new Members	\$ 3,573	\$ 7,147	\$ 10,240	\$ 13,653	\$ 17,867	\$ 20,800	\$ 23,893	\$ 27,733	\$ 31,200	\$ 34,667	\$ 38,133	\$ 46,080	\$ 274,987
Impact of 20% More new Members	\$ 1,787	\$ 3,573	\$ 5,120	\$ 6,827	\$ 8,933	\$ 10,400	\$ 11,947	\$ 13,867	\$ 15,600	\$ 17,333	\$ 19,067	\$ 23,040	\$ 137,493
Impact of 30% More new Members	\$ 715	\$ 1,429	\$ 2,048	\$ 2,731	\$ 3,573	\$ 4,160	\$ 4,779	\$ 5,547	\$ 6,240	\$ 6,933	\$ 7,627	\$ 9,216	\$ 54,997
Membership Fees from new Members 2020	\$ 7,147	\$ 14,293	\$ 20,480	\$ 27,307	\$ 35,733	\$ 41,600	\$ 47,787	\$ 55,467	\$ 62,400	\$ 69,333	\$ 76,267	\$ 92,160	\$ 549,973
Impact of 10% Less new Members	\$ (715)	\$ (1,429)	\$ (2,048)	\$ (2,731)	\$ (3,573)	\$ (4,160)	\$ (4,779)	\$ (5,547)	\$ (6,240)	\$ (6,933)	\$ (7,627)	\$ (9,216)	\$ (54,997)
Impact of 25% Less new Members	\$ (1,787)	\$ (3,573)	\$ (5,120)	\$ (6,827)	\$ (8,933)	\$ (10,400)	\$ (11,947)	\$ (13,867)	\$ (15,600)	\$ (17,333)	\$ (19,067)	\$ (23,040)	\$ (137,493)
Impact of 50% Less new Members	\$ (3,573)	\$ (7,147)	\$ (10,240)	\$ (13,653)	\$ (17,867)	\$ (20,800)	\$ (23,893)	\$ (27,733)	\$ (31,200)	\$ (34,667)	\$ (38,133)	\$ (46,080)	\$ (274,987)

### Sign-Up Fees from new Members 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Impact of 10% More new Members	\$ 14,000	\$ 14,000	\$ 13,625	\$ 13,625	\$ 14,000	\$ 13,750	\$ 13,625	\$ 13,750	\$ 13,750	\$ 13,750	\$ 13,750	\$ 15,250	\$ 166,875
Impact of 20% More new Members	\$ 7,000	\$ 7,000	\$ 6,813	\$ 6,813	\$ 7,000	\$ 6,875	\$ 6,813	\$ 6,875	\$ 6,875	\$ 6,875	\$ 6,875	\$ 7,625	\$ 83,438
Impact of 30% More new Members	\$ 2,800	\$ 2,800	\$ 2,725	\$ 2,725	\$ 2,800	\$ 2,750	\$ 2,725	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 3,050	\$ 33,375
Sign-Up Fees from new Members 2020	\$ 28,000	\$ 28,000	\$ 27,250	\$ 27,250	\$ 28,000	\$ 27,500	\$ 27,250	\$ 27,500	\$ 27,500	\$ 27,500	\$ 27,500	\$ 30,500	\$ 333,750
Impact of 10% Less new Members	\$ (2,800)	\$ (2,800)	\$ (2,725)	\$ (2,725)	\$ (2,800)	\$ (2,750)	\$ (2,725)	\$ (2,750)	\$ (2,750)	\$ (2,750)	\$ (2,750)	\$ (3,050)	\$ (33,375)
Impact of 25% Less new Members	\$ (7,000)	\$ (7,000)	\$ (6,813)	\$ (6,813)	\$ (7,000)	\$ (6,875)	\$ (6,813)	\$ (6,875)	\$ (6,875)	\$ (6,875)	\$ (6,875)	\$ (7,625)	\$ (83,438)
Impact of 50% Less new Members	\$ (14,000)	\$ (14,000)	\$ (13,625)	\$ (13,625)	\$ (14,000)	\$ (13,750)	\$ (13,625)	\$ (13,750)	\$ (13,750)	\$ (13,750)	\$ (13,750)	\$ (15,250)	\$ (166,875)

### Total Fees from new Members 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Impact of 10% More new Members	\$ 17,573	\$ 21,147	\$ 23,865	\$ 27,278	\$ 31,867	\$ 34,550	\$ 37,518	\$ 41,483	\$ 44,950	\$ 48,417	\$ 51,883	\$ 61,330	\$ 441,862
Impact of 20% More new Members	\$ 8,787	\$ 10,573	\$ 11,933	\$ 13,639	\$ 15,933	\$ 17,275	\$ 18,759	\$ 20,742	\$ 22,475	\$ 24,208	\$ 25,942	\$ 30,665	\$ 220,931
Impact of 30% More new Members	\$ 3,515	\$ 4,229	\$ 4,773	\$ 5,456	\$ 6,373	\$ 6,910	\$ 7,504	\$ 8,297	\$ 8,990	\$ 9,683	\$ 10,377	\$ 12,266	\$ 88,372
Fees from new Members 2020	\$ 35,147	\$ 42,293	\$ 47,730	\$ 54,557	\$ 63,733	\$ 69,100	\$ 75,037	\$ 82,967	\$ 89,900	\$ 96,833	\$ 103,767	\$ 122,660	\$ 883,723
Impact of 10% Less new Members	\$ (3,515)	\$ (4,229)	\$ (4,773)	\$ (5,456)	\$ (6,373)	\$ (6,910)	\$ (7,504)	\$ (8,297)	\$ (8,990)	\$ (9,683)	\$ (10,377)	\$ (12,266)	\$ (88,372)
Impact of 25% Less new Members	\$ (8,787)	\$ (10,573)	\$ (11,933)	\$ (13,639)	\$ (15,933)	\$ (17,275)	\$ (18,759)	\$ (20,742)	\$ (22,475)	\$ (24,208)	\$ (25,942)	\$ (30,665)	\$ (220,931)
Impact of 50% Less new Members	\$ (17,573)	\$ (21,147)	\$ (23,865)	\$ (27,278)	\$ (31,867)	\$ (34,550)	\$ (37,518)	\$ (41,483)	\$ (44,950)	\$ (48,417)	\$ (51,883)	\$ (61,330)	\$ (441,862)

Table 4.3 Sensitivity analysis – membership growth

Based on analysis of recent trends, it is forecast that 790 new Members will join APNIC in 2020, the average value of closed accounts is estimated at \$1,544 and on average, 20 account closures are expected each month, in 75% of cases, resources are returned to APNIC. The table below illustrates the impact on Membership revenue if the actual number of membership closures in 2020 varies from the assumptions included in the budget.

Account Closures 2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Membership Accounts	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-240

### Reduction in Membership Fees from account closures 2020

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Impact of 10% Less closures	\$ 1,287	\$ 2,573	\$ 3,860	\$ 5,147	\$ 6,433	\$ 7,720	\$ 9,007	\$ 10,293	\$ 11,580	\$ 12,867	\$ 14,153	\$ 15,440	\$ 100,360
Impact of 20% Less closures	\$ 643	\$ 1,287	\$ 1,930	\$ 2,573	\$ 3,217	\$ 3,860	\$ 4,503	\$ 5,147	\$ 5,790	\$ 6,433	\$ 7,077	\$ 7,720	\$ 50,180
Impact of 30% Less closures	\$ 257	\$ 515	\$ 772	\$ 1,029	\$ 1,287	\$ 1,544	\$ 1,801	\$ 2,059	\$ 2,316	\$ 2,573	\$ 2,831	\$ 3,088	\$ 20,072
Reduction in fees from account closures	\$ (2,573)	\$ (5,147)	\$ (7,720)	\$ (10,293)	\$ (12,867)	\$ (15,440)	\$ (18,013)	\$ (20,587)	\$ (23,160)	\$ (25,733)	\$ (28,307)	\$ (30,880)	\$ (200,720)
Impact of 10% More closures	\$ (257)	\$ (515)	\$ (772)	\$ (1,029)	\$ (1,287)	\$ (1,544)	\$ (1,801)	\$ (2,059)	\$ (2,316)	\$ (2,573)	\$ (2,831)	\$ (3,088)	\$ (20,072)
Impact of 25% More closures	\$ (643)	\$ (1,287)	\$ (1,930)	\$ (2,573)	\$ (3,217)	\$ (3,860)	\$ (4,503)	\$ (5,147)	\$ (5,790)	\$ (6,433)	\$ (7,077)	\$ (7,720)	\$ (50,180)
Impact of 50% More closures	\$ (1,287)	\$ (2,573)	\$ (3,860)	\$ (5,147)	\$ (6,433)	\$ (7,720)	\$ (9,007)	\$ (10,293)	\$ (11,580)	\$ (12,867)	\$ (14,153)	\$ (15,440)	\$ (100,360)

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 2020 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 increase slightly compared to 2019.

## **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 31% of new members. The effect of a variance to the budget assumptions for membership growth for this revenue item is outlined above in 4.2.2.

## **4.6 Transfer Fees**

Transfer activity is expected to increase in 2020 with IPv4 reclamation, projections take this into account.

## **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
- External funding from research activities

Meeting Sponsorship will be lower, 2019 included significant sponsorship for the Chiang Mai meeting which will not be replicated in 2020.

## **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. The decline in the Australian dollar will potentially affect expense items including travel.

## 5 Expenses

The tables below set out APNIC's expenses since 2013, with commentary on the major expenses is included below:

EXPENSES (AUD)	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Budget 2020	Change
Bank service fees	138,337	145,823	156,496	167,917	177,670	193,762	209,979	207,200	-1.3%
Communication expenses	490,600	483,803	591,885	532,212	561,271	542,895	565,702	753,550	33.2%
Computer expenses	548,748	572,528	520,784	533,628	647,453	817,599	1,071,356	1,154,458	7.8%
Contribution to APNIC Foundation	0	0	0	18,003	665,058	732,710	738,166	750,463	1.7%
Depreciation expense	753,032	765,548	764,145	785,218	807,596	856,029	861,532	862,000	0.1%
Doubtful debt expenses	30,990	34,259	-54,293	-6,225	14,653	-1,445	21,363	25,000	17.0%
ICANN contract fee	136,732	260,333	284,161	243,026	244,657	278,866	263,382	238,000	-9.6%
Insurance expense	126,751	129,971	131,550	128,793	173,610	189,738	206,520	231,833	12.3%
Meeting and training expenses	332,819	374,850	350,313	363,343	389,922	396,545	452,242	561,100	24.1%
Membership fees	48,294	55,611	49,532	48,971	52,296	48,309	63,496	54,029	-14.9%
Office operating expenses	300,757	312,744	315,608	324,948	337,207	342,458	339,605	391,300	15.2%
Postage & delivery	45,269	22,071	51,029	41,893	40,610	42,808	36,943	39,700	7.5%
Printing & photocopy	36,586	48,508	33,807	38,165	29,311	35,605	34,986	40,500	15.8%
Professional fees	1,246,373	1,052,757	1,195,494	1,409,430	1,304,343	1,458,389	1,863,375	2,051,021	10.1%
Recruitment expense	89,472	144,423	119,077	94,307	134,793	185,554	106,868	145,000	35.7%
Salaries and personnel expenses	8,298,111	8,731,164	9,586,575	10,459,153	11,096,470	11,962,294	12,973,111	13,561,230	4.5%
Sponsorship and Publicity expenses	319,623	340,946	575,775	624,179	681,342	759,741	720,728	679,640	-5.7%
Staff training/ Conference expenses	163,053	135,996	169,122	164,441	148,603	199,349	344,124	175,000	-49.1%
Translation expenses	15,255	1,623	2,883	11,147	9,027	7,855	6,392	20,000	212.9%
Travel expenses	1,937,230	1,955,471	1,961,551	2,085,745	2,161,034	2,165,459	2,350,000	2,352,000	0.1%
<b>TOTAL EXPENSES</b>	<b>15,058,033</b>	<b>15,568,431</b>	<b>16,805,493</b>	<b>18,068,294</b>	<b>19,676,928</b>	<b>21,214,519</b>	<b>23,229,870</b>	<b>24,293,024</b>	<b>4.6%</b>
Change		3.4%	7.9%	7.5%	8.9%	7.8%	9.5%	4.6%	

Table 5.1 Expenses over time – by value

### 5.2 Salary and Personnel Expenses

Salary and personnel expenses will increase by 4.5% in 2020 when compared to the forecast expenditure for the 2019 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 2019.
- As in 2019, 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 be similar in 2020, noting pressure on pricing resulting from the continued decline of the Australian dollar against the US dollar, at this stage this impact is being offset by strong competition.

This category includes travel for; APNIC Staff, APNIC EC, NRO NC, 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. In 2020, there is a provision to implement a carbon offset program.

## 5.4 Professional fees

Professional Fees will increase by 10%, the major contributor is the APNIC Academy. Details of major expenses for 2020 expenses are:

Labs Consultancy	209,600
HR Consulting Fees	175,000
Information Services - Full Stack Dev	165,000
Investment Consultant Service	156,000
Legal Advice & Expenses	139,560
Non-staff trainers	130,000
Design Consultancy	120,811
Super Portal - CMS & Web Consultation & Module Development	118,000
CRM Consultant Implementation	80,800
Non-staff trainers - Travel	80,000
Industry interviews and internal policy review	80,000
Consultant - 2020 APNIC Survey	75,000
Outsourced Content Development (F2F & Online)	50,000
Academy Translation Services	50,000
Audit Fees	39,750
Financial and Tax advice	34,000
ERP Consulting Support	30,000
Strategic Planning Services Consultancy	30,000
PKI Compliance Audit	30,000
APNIC APRICOT Event Stenography	28,000
APNIC Conference Stenography	26,000
Business Internal Systems - Doc Mgt - SharePoint	25,000
Travel for guest speakers and media to APNIC conferences	25,000

## 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 2020. Major expenses in 2020 are:

ERP Licenses	131,688
Salesforce Licence Expenses	120,000
Research Cloud Computing Expenses	120,000
APNIC Academy - Virtual Labs (LODS & VM Licences)	85,000
Cloudflare	57,000
Pardot Licence Expenses	44,000
Firewall & Intrusion detection/prevention	41,000
Salesforce Premium Support	36,000
HR IS Licences	35,452
SSO LifeCycle	30,000
Cloud deployment - Initial node	30,000
AU - Hardware maintenance	27,000
APNIC Academy - Website Licences & Dev Tools	25,000
Local Network Storage support and maintenance	25,000
Vmware licenses - Hosts, Vcenter and ROB	22,500

## 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 2020. The amounts budgeted for 2020 are:

Equipment depreciation	703,653
Capital works allowances - 6 Cordelia St	158,347



## 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 2020 include:

Sponsorships for NOGs / IXPs / Peering / R&E / Security Related Events & Activities	170,000
NRO Expenses APNIC Contribution	155,000
Contribution to ISIF Grants fund	100,000
Google PPC Advertising - member dev/ASN Project	60,000
APNIC conference fellowships	60,000
Regional/national IGFs sponsorship	40,000
General promotional items	24,000
Regional community dev conference sponsorship	10,000

## 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 2020 budget include the following:

AU - Data centre rack hire & cross connects	177,600
Network equipment support and Maintenance	120,000
AU - Transit, Peering, virtual interconnections	114,000
APNIC Network presence & Peering in Singapore, Tokyo & HK	80,000
DNS Anycast and Regional whois cloud hosting	68,100
AU - Dark fibre interconnections	68,000
VoIP service and call charges	59,250
Network, service monitoring and alerting	19,500
Hosting Expenses for Community HoneyNet	15,000
Backup: Cloud storage	15,000

## 5.9 Contribution to APNIC Foundation

APNIC will underwrite Foundation costs up to a maximum of \$750,463 in 2020. Included in this amount is the costs for the two APNIC staff seconded to the Foundation and recovery of other internal resource costs. 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 2020 in Australia, 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 in some instances is offset by sponsorship and Registration/workshop income. Major provisions included in the 2020 budget are:

APNIC Conference week - main plenary	94,000
Training support (venue and catering costs)	50,000
APNIC Conference AV rental	40,000
Xmas and Mid Year Staff Events	36,000
APNIC Conference Opening reception	35,000
APNIC APRICOT Closing Reception	30,000
APNIC Conference Workshop week - catering	25,000
APNIC Conference closing dinner	25,000
NRO CFO Retreat	15,000
APNIC Conference week - venue hire	15,000
APNIC Conference Workshop week - venue hire	14,500
APNIC APRICOT Conference Package	14,000
APNIC APRICOT AV-Webcast Equipment Rental	11,000
Workshop transportation - 5 days	10,000
Services outreach exhibition	10,000
Member gathering	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 2020 includes:

Cordelia Street - Electricity	60,000
Kitchen Supply and Catering Expenses	54,000
Land Tax	53,250
Office Cleaning	42,000
BCC Rates	37,500
General Workplace Health & Safety	24,080
General Maintenance and repairs	12,000
WHS Support	12,000
Staff health initiatives	11,000
Office building A/C service monthly	7,920
Stationery Supplies	7,200
Electrical repair & testing	7,200
Plant Hire	6,600
Office painting	6,500
Water Rates	6,000
Building Security Services	4,700

## 6 Capital Expenditure

Capital expenditure comprises equipment & software and office equipment. For the 2020 budget submission capital expenditure provision is \$738,600. Of this amount, \$683,600 relates to Equipment & Software, and \$55,000 relates to Office Furniture & Fittings as set out in the table below:

CAPITAL (AUD)	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Forecast 2019	Budget 2020	Change
Equipment & Software	659,449	653,998	671,551	809,626	572,206	510,658	552,713	683,600	23.7%
Office Furniture & Fittings	89,911	31,728	36,731	12,136	110,211	91,273	87,098	55,000	-36.9%
<b>Total - Capital Expenditure</b>	<b>749,360</b>	<b>685,725</b>	<b>708,282</b>	<b>821,762</b>	<b>682,417</b>	<b>601,930</b>	<b>639,811</b>	<b>738,600</b>	<b>15.4%</b>
	Change	-8.5%	3.3%	16.0%	-17.0%	-11.8%	6.3%	15.4%	

**Table 6.1 Capital Expenditure over time**

Major provisions in Equipment & Software include:

IXP and Root Server Development	200,000
Renewals - APNIC Laptops and Monitors	130,000
Virtualisation Network storage	90,000
Labs Servers	80,000
Virtualisation servers	60,000
Conference Laptops & Equipment Spares	30,000
Conference Network equipment and shipment boxes	23,000
PBCS Implementation	22,000
Office wired and wireless network upgrade	22,000
IT Office Equipment, Projectors etc.	20,000

Office Furniture & Fittings include allowances for replacement of office furniture and kitchen equipment, office modifications and alterations. There will be an upgrade of the Lighting and Security camera systems in 2020, with a provision of \$40K.

## 7 APNIC Foundation

The APNIC foundation will require up to a maximum of \$750,463 of funding in 2020, details of expected revenue and expenses for the foundation are included below:

	Budget 2018	FY 2018 in USD	FY 2018	Budget 2019	Forecast 2019	Budget 2020	Budget vs Forecast	Variance %
Operating Contribution Received - APNIC	700,683	USD 543,074.80	732,710	746,208	742,029	750,463	8,434	1%
Contribution Received - Grants	145,000	USD 479,221.96	646,560	619,000	567,213	690,000	122,787	22%
Interest Income	0	USD 321.76	434		778	0	(778)	-100%
<b>TOTAL REVENUE</b>	<b>845,683</b>	<b>USD 1,022,618.52</b>	<b>1,379,704</b>	<b>1,365,208</b>	<b>1,310,020</b>	<b>1,440,463</b>	<b>130,443</b>	<b>10%</b>
<b>EXPENSES</b>								
Grant Expenses	145,000	USD 479,221.96	646,560	619,000	567,213	690,000	122,787	22%
<b>Operating Expenses</b>								
Bank Service Fees	500	USD 423.16	571	1,000	1,067	1,000	(67)	-6%
Communication Expenses	3,000	USD 1,455.76	1,964	3,000	1,984	2,000	16	1%
Computer Expenses	1,000	USD 2,761.92	3,726	5,000	9,729	6,000	(3,729)	-38%
Depreciation Expense	0		0	0		0	0	0%
Meeting and Training Expenses	1,500	USD 1,518.17	2,048	0	2,794	3,000	206	7%
Personnel Support Expenses	532,873	USD 397,233.54	535,943	572,808	535,872	572,163	36,291	7%
Postage & Delivery	250	USD 187.28	253	500	343	500	157	46%
Printing & Photocopy	1,000	USD 1,772.57	2,392	1,000	4,479	4,000	(479)	-11%
Professional Fees	40,000	USD 33,580.61	45,307	40,000	36,496	40,000	3,504	10%
Recruitment Expense	2,000		0	1,500	0	0	0	0%
Staff Training Expense	2,000		0	2,000	0	0	0	0%
Translation Expense	1,000	USD 633.17	854	1,000	1,359	1,000	(359)	-26%
Travel Expenses	115,560	USD 103,830.39	140,087	118,400	148,684	120,800	(27,884)	-19%
<b>TOTAL EXPENSES</b>	<b>845,683</b>	<b>USD 1,022,618.53</b>	<b>1,379,704</b>	<b>1,365,208</b>	<b>1,310,020</b>	<b>1,440,463</b>	<b>130,443</b>	<b>10%</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(USD 0.01)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>REVENUE and EXPENSES (AUD)</b>								
Total Revenue	845,683	USD 1,022,618.52	1,379,704	1,365,208	1,310,020	1,440,463	130,443	10%
Total Expenses	845,683	USD 1,022,618.53	1,379,704	1,365,208	1,310,020	1,440,463	130,443	10%
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>(USD 0.01)</b>	<b>-0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

Table 7.1 APNIC Foundation – Financial Estimates 2020