

APNIC Budget 2021

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1 Executive Summary

This document contains the APNIC budget submission for the financial year from January to December 2021. The budget submission includes revenue, expense, and capital expenditure projections based on the planned activities for the APNIC Secretariat for 2021.

The purpose of this paper is to allow the APNIC Executive Council to approve an expenditure level for 2021, 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 \$25,503,657 and projected revenue of AUD \$26,971,249 providing an operating surplus of AUD \$1,467,592 for 2021. The capital expenditure requirements for 2021 are AUD \$2,741,350. All values in this document are expressed in Australian Dollars (AUD) unless otherwise indicated.

2 Budget Summary

The 2021 budget for revenue, expenses, and capital expenditure are included in the table below:

| REVENUE (AUD) | Budget 2020 | Forecast 2020 | Budget 2021 | Change to 2020 Budget |
|-------------------------------------|-------------------|-------------------|-------------------|-----------------------|
| Membership fees | 22,625,005 | 22,756,738 | 24,300,595 | 7.4% |
| Non-members fees | 265,300 | 261,425 | 264,392 | -0.3% |
| Reactivation fees | 25,000 | 17,370 | 18,091 | -27.6% |
| Sign-Up fees | 331,750 | 348,620 | 343,000 | 3.4% |
| Transfer fees | 269,400 | 200,467 | 210,000 | -22.0% |
| Sundry income | 387,778 | 436,291 | 1,072,960 | 176.7% |
| Operating Revenue | 23,904,233 | 24,020,911 | 26,209,038 | 9.6% |
| Investment income | 965,000 | 924,799 | 762,211 | -21.0% |
| TOTAL REVENUE | 24,869,233 | 24,945,710 | 26,971,249 | 8.5% |
| EXPENSES (AUD) | | | | |
| Bank service fees | 207,200 | 246,423 | 251,212 | 21.2% |
| Communication expenses | 753,550 | 697,846 | 1,019,592 | 35.3% |
| Computer expenses | 1,154,458 | 1,244,212 | 1,743,227 | 51.0% |
| Contribution to APNIC Foundation | 750,463 | 687,092 | 565,518 | -24.6% |
| Depreciation expense | 862,000 | 701,971 | 770,942 | -10.6% |
| Doubtful debt expenses | 25,000 | 8,034 | 20,000 | -20.0% |
| ICANN contract fee | 238,000 | 223,436 | 240,000 | 0.8% |
| Insurance expense | 231,833 | 229,242 | 231,833 | 0.0% |
| Meeting and training expenses | 561,100 | 164,952 | 485,000 | -13.6% |
| Membership fees | 54,029 | 64,199 | 60,040 | 11.1% |
| Office operating expenses | 391,300 | 296,408 | 385,430 | -1.5% |
| Postage & delivery | 39,700 | 24,492 | 37,500 | -5.5% |
| Printing & photocopy | 40,500 | 34,485 | 39,500 | -2.5% |
| Professional fees | 2,051,021 | 2,072,609 | 2,519,399 | 22.8% |
| Recruitment expense | 145,000 | 168,178 | 223,200 | 53.9% |
| Salaries and personnel expenses | 13,561,230 | 13,849,028 | 14,994,013 | 10.6% |
| Sponsorship and Publicity expenses | 679,640 | 479,630 | 554,400 | -18.4% |
| Staff training/ Conference expenses | 175,000 | 241,575 | 264,650 | 51.2% |
| Translation expenses | 20,000 | 8,007 | 20,000 | 0.0% |
| Travel expenses | 2,352,000 | 330,510 | 1,078,200 | -54.2% |
| TOTAL EXPENSES | 24,293,024 | 21,772,332 | 25,503,657 | 5.0% |
| TOTAL SURPLUS/(DEFICIT) | 576,209 | 3,173,379 | 1,467,592 | 154.7% |
| CAPITAL (AUD) | Budget 2020 | Forecast 2020 | Budget 2021 | Change to 2020 Budget |
| Equipment & Software | 683,600 | 577,706 | 711,350 | 4.1% |
| Office Furniture & Fittings | 55,000 | 46,895 | 2,030,000 | 3590.9% |
| Total - Capital Expenditure | 738,600 | 624,601 | 2,741,350 | 271.2% |

Table 2.1 2021 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 2020 APNIC Survey
- The 2021 APNIC Activity Plan
- 2021 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. 2021 membership revenues budgets are calculated based on the current (2020) fee schedule. A linear projection of membership growth and account closure is used to estimate the incremental growth in revenue for membership fees in 2021.

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.

APNIC's ERP system allows for the verification of all current approved spending commitments. This data is combined with new planned expenditure in 2021.

An overall inflation rate of 0.7% was recorded for the 12 months ending September 2020 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 2015 through to the forecast for 2020 and the budget submission for 2021.

| REVENUE (AUD) | Actual 2015 | Actual 2016 | Actual 2017 | Actual 2018 | Actual 2019 | Budget 2020 | Forecast 2020 | Budget 2021 | Change to 2020 Budget |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|
| Membership fees | 16,933,413 | 18,354,898 | 19,310,962 | 20,213,860 | 21,061,318 | 22,625,005 | 22,756,738 | 24,300,595 | 7.4% |
| Non-members fees | 243,049 | 243,923 | 260,010 | 251,054 | 255,751 | 265,300 | 261,425 | 264,392 | -0.3% |
| Reactivation fees | 37,600 | 37,700 | 27,200 | 22,000 | 16,900 | 25,000 | 17,370 | 18,091 | -27.6% |
| Sign-Up fees | 456,000 | 465,000 | 373,250 | 330,000 | 345,500 | 331,750 | 348,620 | 343,000 | 3.4% |
| Transfer fees | 77,943 | 130,139 | 127,440 | 164,145 | 173,831 | 269,400 | 200,467 | 210,000 | -22.0% |
| Sundry income | 221,968 | 186,694 | 218,185 | 389,984 | 430,831 | 387,778 | 436,291 | 1,072,960 | 176.7% |
| Operating Revenue | 17,969,973 | 19,418,354 | 20,317,048 | 21,371,042 | 22,284,131 | 23,904,233 | 24,020,911 | 26,209,038 | 9.6% |
| Investment income | 792,041 | 890,951 | 841,080 | 872,034 | 981,871 | 965,000 | 924,799 | 762,211 | -21.0% |
| TOTAL REVENUE | 18,762,014 | 20,309,305 | 21,158,128 | 22,243,077 | 23,266,002 | 24,869,233 | 24,945,710 | 26,971,249 | 8.5% |
| | Change | 8.2% | 4.2% | 5.1% | 4.6% | 6.9% | 0.3% | 8.5% | |

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 between 0.6% and 0.8% in 2021, significantly down from 1.25% included in the 2020 budget submission.

4.2 Membership Fees

4.2.1 Membership growth

APNIC's membership growth continues and the 2021 Budget assumes similar membership growth based on recent trends. The table below shows membership growth since 2010.

| Member Tier | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | F'Cast 2020 | Budget 2021 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Extra Large | 16 | 21 | 20 | 20 | 21 | 22 | 22 | 23 | 24 | 24 | 26 | 26 |
| Very Large | 33 | 41 | 45 | 42 | 40 | 44 | 43 | 41 | 44 | 46 | 48 | 48 |
| Large | 141 | 145 | 144 | 147 | 142 | 137 | 138 | 138 | 143 | 143 | 142 | 142 |
| Medium | 324 | 378 | 402 | 392 | 402 | 431 | 449 | 473 | 483 | 493 | 518 | 528 |
| Small | 867 | 970 | 1114 | 1198 | 1388 | 2165 | 2643 | 2971 | 3376 | 3601 | 3730 | 4001 |
| Very Small | 637 | 817 | 1021 | 1294 | 1701 | 2336 | 2590 | 2769 | 2967 | 3334 | 3772 | 4050 |
| Associate | 503 | 575 | 788 | 957 | 924 | 133 | 109 | 132 | 125 | 135 | 140 | 145 |
| Total | 2521 | 2947 | 3534 | 4050 | 4618 | 5268 | 5994 | 6547 | 7162 | 7776 | 8376 | 8940 |
| New | 478 | 615 | 832 | 813 | 805 | 968 | 1048 | 849 | 825 | 838 | 841 | 804 |
| Closed | 163 | 189 | 245 | 297 | 237 | 318 | 322 | 296 | 210 | 224 | 250 | 240 |
| Net Growth | 315 | 426 | 587 | 516 | 568 | 650 | 726 | 553 | 615 | 614 | 591 | 564 |
| Average Net Monthly Growth | 26 | 36 | 49 | 43 | 47 | 54 | 61 | 46 | 51 | 51 | 49 | 47 |

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 2021 varies from the assumptions included in the budget. The average annual fee a new Member will pay is estimated at \$1,451 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 2020 trends show 27.5% of new members are in LDC economies.

| New Members 2021 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2021 |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| LDC | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 216 |
| Non LDC | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 588 |
| Total New | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 804 |

| Membership Fees from new Members 2021 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2021 |
|---------------------------------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Impact of 30% More new Members | \$ 2,430 | \$ 4,861 | \$ 7,291 | \$ 9,722 | \$ 12,152 | \$ 14,583 | \$ 17,013 | \$ 19,443 | \$ 21,874 | \$ 24,304 | \$ 26,735 | \$ 29,165 | \$ 189,573 |
| Impact of 20% More new Members | \$ 1,620 | \$ 3,241 | \$ 4,861 | \$ 6,481 | \$ 8,101 | \$ 9,722 | \$ 11,342 | \$ 12,962 | \$ 14,583 | \$ 16,203 | \$ 17,823 | \$ 19,443 | \$ 126,382 |
| Impact of 10% More new Members | \$ 810 | \$ 1,620 | \$ 2,430 | \$ 3,241 | \$ 4,051 | \$ 4,861 | \$ 5,671 | \$ 6,481 | \$ 7,291 | \$ 8,101 | \$ 8,912 | \$ 9,722 | \$ 63,191 |
| Membership Fees from new Members 2021 | \$ 8,101 | \$ 16,203 | \$ 24,304 | \$ 32,406 | \$ 40,507 | \$ 48,609 | \$ 56,710 | \$ 64,811 | \$ 72,913 | \$ 81,014 | \$ 89,116 | \$ 97,217 | \$ 631,911 |
| Impact of 10% Less new Members | \$ (810) | \$ (1,620) | \$ (2,430) | \$ (3,241) | \$ (4,051) | \$ (4,861) | \$ (5,671) | \$ (6,481) | \$ (7,291) | \$ (8,101) | \$ (8,912) | \$ (9,722) | \$ (63,191) |
| Impact of 20% Less new Members | \$ (1,620) | \$ (3,241) | \$ (4,861) | \$ (6,481) | \$ (8,101) | \$ (9,722) | \$ (11,342) | \$ (12,962) | \$ (14,583) | \$ (16,203) | \$ (17,823) | \$ (19,443) | \$ (126,382) |
| Impact of 30% Less new Members | \$ (2,430) | \$ (4,861) | \$ (7,291) | \$ (9,722) | \$ (12,152) | \$ (14,583) | \$ (17,013) | \$ (19,443) | \$ (21,874) | \$ (24,304) | \$ (26,735) | \$ (29,165) | \$ (189,573) |

| Sign-Up Fees from new Members 2021 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2021 |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Impact of 30% More new Members | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 8,700 | \$ 104,400 |
| Impact of 20% More new Members | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 5,800 | \$ 69,600 |
| Impact of 10% More new Members | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 2,900 | \$ 34,800 |
| Sign-Up Fees from new Members 2021 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 29,000 | \$ 348,000 |
| Impact of 10% Less new Members | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (2,900) | \$ (34,800) |
| Impact of 20% Less new Members | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (5,800) | \$ (69,600) |
| Impact of 30% Less new Members | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (8,700) | \$ (104,400) |

| Total Fees from new Members 2021 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2021 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Impact of 30% More new Members | \$ 11,130 | \$ 13,561 | \$ 15,991 | \$ 18,422 | \$ 20,852 | \$ 23,283 | \$ 25,713 | \$ 28,143 | \$ 30,574 | \$ 33,004 | \$ 35,435 | \$ 37,865 | \$ 293,973 |
| Impact of 20% More new Members | \$ 7,420 | \$ 9,041 | \$ 10,661 | \$ 12,281 | \$ 13,901 | \$ 15,522 | \$ 17,142 | \$ 18,762 | \$ 20,383 | \$ 22,003 | \$ 23,623 | \$ 25,243 | \$ 195,982 |
| Impact of 10% More new Members | \$ 3,710 | \$ 4,520 | \$ 5,330 | \$ 6,141 | \$ 6,951 | \$ 7,761 | \$ 8,571 | \$ 9,381 | \$ 10,191 | \$ 11,001 | \$ 11,812 | \$ 12,622 | \$ 97,991 |
| Fees from new Members 2021 | \$ 37,101 | \$ 45,203 | \$ 53,304 | \$ 61,406 | \$ 69,507 | \$ 77,609 | \$ 85,710 | \$ 93,811 | \$ 101,913 | \$ 110,014 | \$ 118,116 | \$ 126,217 | \$ 979,911 |
| Impact of 10% Less new Members | \$ (3,710) | \$ (4,520) | \$ (5,330) | \$ (6,141) | \$ (6,951) | \$ (7,761) | \$ (8,571) | \$ (9,381) | \$ (10,191) | \$ (11,001) | \$ (11,812) | \$ (12,622) | \$ (97,991) |
| Impact of 20% Less new Members | \$ (7,420) | \$ (9,041) | \$ (10,661) | \$ (12,281) | \$ (13,901) | \$ (15,522) | \$ (17,142) | \$ (18,762) | \$ (20,383) | \$ (22,003) | \$ (23,623) | \$ (25,243) | \$ (195,982) |
| Impact of 30% Less new Members | \$ (11,130) | \$ (13,561) | \$ (15,991) | \$ (18,422) | \$ (20,852) | \$ (23,283) | \$ (25,713) | \$ (28,143) | \$ (30,574) | \$ (33,004) | \$ (35,435) | \$ (37,865) | \$ (293,973) |

Table 4.3 Sensitivity analysis – membership growth

Based on analysis of recent trends, it is forecast that 804 new Members will join APNIC in 2021. The average value of closed accounts is estimated at \$1,892 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 2021 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2021 |
|-----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|
| Membership Accounts | -20 | -20 | -20 | -20 | -20 | -20 | -20 | -20 | -20 | -20 | -20 | -20 | -240 |

| Reduction in Membership Fees from account closures 2021 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2021 |
|---|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Impact of 30% Less closures | \$ 946 | \$ 1,892 | \$ 2,838 | \$ 3,784 | \$ 4,730 | \$ 5,676 | \$ 6,622 | \$ 7,568 | \$ 8,514 | \$ 9,460 | \$ 10,406 | \$ 11,352 | \$ 73,788 |
| Impact of 20% Less closures | \$ 631 | \$ 1,261 | \$ 1,892 | \$ 2,523 | \$ 3,153 | \$ 3,784 | \$ 4,415 | \$ 5,045 | \$ 5,676 | \$ 6,307 | \$ 6,937 | \$ 7,568 | \$ 49,192 |
| Impact of 10% Less closures | \$ 315 | \$ 631 | \$ 946 | \$ 1,261 | \$ 1,577 | \$ 1,892 | \$ 2,207 | \$ 2,523 | \$ 2,838 | \$ 3,153 | \$ 3,469 | \$ 3,784 | \$ 24,596 |
| Reduction in fees from account closures 2021 | \$ (3,153) | \$ (6,307) | \$ (9,460) | \$ (12,613) | \$ (15,767) | \$ (18,920) | \$ (22,073) | \$ (25,227) | \$ (28,380) | \$ (31,533) | \$ (34,687) | \$ (37,840) | \$ (245,960) |
| Impact of 10% More closures | \$ (315) | \$ (631) | \$ (946) | \$ (1,261) | \$ (1,577) | \$ (1,892) | \$ (2,207) | \$ (2,523) | \$ (2,838) | \$ (3,153) | \$ (3,469) | \$ (3,784) | \$ (24,596) |
| Impact of 20% More closures | \$ (631) | \$ (1,261) | \$ (1,892) | \$ (2,523) | \$ (3,153) | \$ (3,784) | \$ (4,415) | \$ (5,045) | \$ (5,676) | \$ (6,307) | \$ (6,937) | \$ (7,568) | \$ (49,192) |
| Impact of 30% More closures | \$ (946) | \$ (1,892) | \$ (2,838) | \$ (3,784) | \$ (4,730) | \$ (5,676) | \$ (6,622) | \$ (7,568) | \$ (8,514) | \$ (9,460) | \$ (10,406) | \$ (11,352) | \$ (73,788) |

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 2021 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 2020.

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 27.5% 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 track in line with 2020 activity.

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
- Income generated from the recovery of APNIC staff costs and travel for work undertaken for Foundation activities, primarily in training delivery
- The APNIC Foundation through a grant will fund a significant portion of APNIC's training delivery costs.
- 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 2015, with more detail of the major expenses included below:

| EXPENSES (AUD) | Actual 2015 | Actual 2016 | Actual 2017 | Actual 2018 | Actual 2019 | Budget 2020 | Forecast 2020 | Budget 2021 | Change to 2020 Budget |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|
| Bank service fees | 156,496 | 167,917 | 177,670 | 193,762 | 207,759 | 207,200 | 246,423 | 251,212 | 21.2% |
| Communication expenses | 591,885 | 532,212 | 561,271 | 542,895 | 570,832 | 753,550 | 697,846 | 1,019,592 | 35.3% |
| Computer expenses | 520,784 | 533,628 | 647,453 | 817,599 | 1,067,957 | 1,154,458 | 1,244,212 | 1,743,227 | 51.0% |
| Contribution to APNIC Foundation | 0 | 18,003 | 665,058 | 732,710 | 762,179 | 750,463 | 687,092 | 565,518 | -24.6% |
| Depreciation expense | 764,145 | 785,218 | 807,596 | 856,029 | 862,055 | 862,000 | 701,971 | 770,942 | -10.6% |
| Doubtful debt expenses | -54,293 | -6,225 | 14,653 | -1,445 | 24,302 | 25,000 | 8,034 | 20,000 | -20.0% |
| ICANN contract fee | 284,161 | 243,026 | 244,657 | 278,866 | 263,386 | 238,000 | 223,436 | 240,000 | 0.8% |
| Insurance expense | 131,550 | 128,793 | 173,610 | 189,738 | 206,523 | 231,833 | 229,242 | 231,833 | 0.0% |
| Meeting and training expenses | 350,313 | 363,343 | 389,922 | 396,545 | 425,704 | 561,100 | 164,952 | 485,000 | -13.6% |
| Membership fees | 49,532 | 48,971 | 52,296 | 48,309 | 58,241 | 54,029 | 64,199 | 60,040 | 11.1% |
| Office operating expenses | 315,608 | 324,948 | 337,207 | 342,458 | 342,806 | 391,300 | 296,408 | 385,430 | -1.5% |
| Postage & delivery | 51,029 | 41,893 | 40,610 | 42,808 | 35,060 | 39,700 | 24,492 | 37,500 | -5.5% |
| Printing & photocopy | 33,807 | 38,165 | 29,311 | 35,605 | 36,145 | 40,500 | 34,485 | 39,500 | -2.5% |
| Professional fees | 1,195,494 | 1,409,430 | 1,304,343 | 1,458,389 | 1,820,443 | 2,051,021 | 2,072,609 | 2,519,399 | 22.8% |
| Recruitment expense | 119,077 | 94,307 | 134,793 | 185,554 | 95,357 | 145,000 | 168,178 | 223,200 | 53.9% |
| Salaries and personnel expenses | 9,586,575 | 10,459,153 | 11,096,470 | 11,962,294 | 12,789,661 | 13,561,230 | 13,849,028 | 14,994,013 | 10.6% |
| Sponsorship and Publicity expenses | 575,775 | 624,179 | 681,342 | 759,741 | 627,766 | 679,640 | 479,630 | 554,400 | -18.4% |
| Staff training/ Conference expenses | 169,122 | 164,441 | 148,603 | 199,349 | 381,567 | 175,000 | 241,575 | 264,650 | 51.2% |
| Translation expenses | 2,883 | 11,147 | 9,027 | 7,855 | 6,668 | 20,000 | 8,007 | 20,000 | 0.0% |
| Travel expenses | 1,961,551 | 2,085,745 | 2,161,034 | 2,165,459 | 2,390,238 | 2,352,000 | 330,510 | 1,078,200 | -54.2% |
| TOTAL EXPENSES | 16,805,493 | 18,068,294 | 19,676,928 | 21,214,519 | 22,974,649 | 24,293,024 | 21,772,332 | 25,503,657 | 5.0% |
| Change | | 7.5% | 8.9% | 7.8% | 8.3% | 5.7% | -10.4% | 5.0% | |

Table 5.1 Expenses over time

5.2 Salary and Personnel Expenses

Salary and personnel expenses will increase by 8.4% in 2021 when compared to the forecast expenditure for the 2020 year and 10.6% compared to the 2020 budget. The assumptions included in this budget are:

- Employee superannuation contributions will increase from 9.5% to 10.0% in July 2021
- 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 2020. There are 4 new staff positions included in the budget submission:
 - Services Director
 - Quality assurance and WH&S Officer
 - Training Officer for Foundation projects funded by APIDT grants
 - External Relations Manager to convert from a contract role once travel restrictions are lifted
- Three APNIC staff will be seconded to the APNIC Foundation, their costs are included in the expense; Contribution to APNIC foundation.

5.3 Travel Expenses

The outlook for travel remains unclear, the budget submission included a provision for \$1M for travel during 2021, assuming that travel will commence in the second half of 2021. The travel budget also includes costs for international traveller support, corporate travel agency fees and an allowance for a carbon offset program.

5.4 Professional fees

Professional Fees will increase by 22.8% compared to the 2020 budget, the largest contributor is the increase in the investment in the further development of the infrastructure and services platform common to APNIC products.

Details of major expenses for 2021 expenses are:

| Description | Budget 2021 |
|--|-------------|
| PE-5A-Professional Developer/ DevOps (i) | 248,000 |
| DGE-4B-Professional Joao Damas consultancy | 210,000 |
| BE-5B-Professional Investment consultant service | 168,000 |
| PE-1B-Professional Full Stack web developer | 132,000 |
| CE-1C-Professional iTank design consultancy | 123,344 |
| PE-3A-Professional Lead Full Stack web developer (APNIC conferences) | 110,400 |
| PE-1B-Professional Lead Full Stack web developer (Membership Products) | 88,320 |
| STE-3C-Professional IGF/ICANN/ITU consultants | 80,000 |
| CE-4A-Professional Comms contractors | 75,000 |
| BE-1B-Professional SSO APNIC Requirements Review & Implementation | 70,000 |
| HE-5C-Professional HR consulting | 65,000 |
| HE-5C-Professional Leadership consulting | 60,000 |
| HE-5C-Professional Product management (i) | 60,000 |
| IDE-5A-Professional Cybersecurity Host penetration testing | 50,000 |
| PE-2B-Professional Information Architecture | 50,000 |
| DGE-1A-Professional Benchmarking consultancy | 42,500 |
| IDE-3E-Professional Outsource content development | 40,000 |
| PE-2B-Professional RPKI development | 40,000 |

5.5 Computer Expenses

Computer expenses include all non-capital purchases of equipment, consumables, license and support fees for hardware and software. Ongoing transition to cloud services contributes to the increase of 51% in 2021. Major expenses in 2021 are:

| Description | Budget 2021 |
|--|-------------|
| DGE-4B-Computer Research cloud computing | 163,600 |
| BE-1C-Computer NetSuite license | 149,864 |
| BE-1A-Computer Salesforce licence | 120,000 |
| IDE-2B-Computer Cloud infrastructure | 120,000 |
| IDE-3E-Computer APNIC Academy virtual labs licence | 120,000 |
| BE-1B-Computer Cloudflare Licence | 63,000 |
| PE-1B-Computer Online Community Platform (i) | 60,000 |
| BE-1B-Computer SSO APNIC Login | 55,000 |
| HE-5C-Computer HRIS Licences | 47,365 |
| BE-1A-Computer Pardot licence | 44,000 |
| IDE-5A-Computer Source code vulnerability scanner | 42,000 |
| IDE-2B-Computer Firewall & intrusion detection/ prevention | 40,435 |
| BE-5B-Computer Lucidcharts (Corp) licence | 37,000 |
| BE-1A-Computer Salesforce premium support | 36,000 |
| BE-1B-Computer SSO LifeCycle Okta | 30,000 |
| IDE-5A-Computer Hardware maintenance & blades | 30,000 |
| IDE-5A-Computer Managed vulnerability reporting program | 30,000 |
| IDE-5A-Computer Security information and event management | 30,000 |

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 2021. The amounts budgeted for 2021 are:

- Equipment depreciation 630,494
- Capital works allowances - 6 Cordelia St 140,448

5.7 Sponsorship and Publicity Expenses

Sponsorship and Publicity expenses include APNIC contributions to the NRO expenses, and sponsorship of NOG's and other community events. Major expenses in 2021 include:

| Description | Budget 2021 |
|--|-------------|
| IDE-3C-Publicity Sponsorships for NOGs/ IXPs/ Peering | 170,000 |
| DGE-2C-Publicity NRO expenses | 156,000 |
| CE-3A-Publicity APNIC conference fellowships (i) | 60,000 |
| CE-1A-Publicity Google PPC advertising | 40,000 |
| STE-3C-Publicity Regional/ National sponsorship | 40,000 |
| BE-1A-Publicity General promotional item | 24,000 |
| SE-1A-Publicity APNIC lounge gifts and promotion T-shirts | 10,000 |
| STE-3C-Publicity 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 network connections and the cost of rack-space in the co-locations that are critical to APNIC's network resilience. The major costs included in the 2021 budget include the following:

| Description | Budget 2021 |
|---|-------------|
| IDE-2B-Communication Data centre rack hire & cross connects | 186,000 |
| IDE-2B-Communication Network equipment support & maintenance | 150,000 |
| IDE-2B-Communication Transit/ Peering/ Virtual interconnections | 114,000 |
| IDE-2B-Communication 24x7 Emergency hotline service | 110,000 |
| IDE-2B-Communication APNIC Network presence & peering | 90,000 |
| IDE-2B-Communication DNS anycast & regional whois cloud hosting | 77,000 |
| IDE-2B-Communication Dark fibre interconnections | 68,000 |
| IDE-1A-Communication VoIP service & call charges | 64,000 |
| IDE-3F-Communication Community Honeynet Hosting expenses | 50,000 |
| IDE-3F-Communication Root server peering & cross connect & virtual interconne | 45,000 |
| IDE-2B-Communication Data network/ service monitoring & alerting | 35,000 |
| IDE-5A-Communication Backup cloud storage | 15,000 |

5.9 Contribution to APNIC Foundation

APNIC will underwrite Foundation costs up to a maximum of \$565,518 in 2021, down from the \$687k forecast in 2020. Included in this amount is the costs for the three 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 expense category includes venue and equipment hire, catering and social events. The major contributors to this expense are the APNIC conferences in 2021 with the assumption that APNIC51 will be a virtual conference and APNIC52 will be a Face-to-Face meeting. Major provisions included in the 2021 budget are:

| Description | Budget 2021 |
|--|-------------|
| IDE-3E-Meeting Training support (Venue & catering costs) | 100,000 |
| CE-3A-Meeting APNIC Conference week venue hire and catering | 80,000 |
| CE-3A-Meeting APNIC Conference Workshop week venue hire and catering | 50,000 |
| CE-3A-Meeting APNIC Conference AV rental | 40,000 |
| BE-5C-Meeting Xmas and Mid Year Staff events | 38,250 |
| CE-3A-Meeting APNIC Conference Opening reception | 35,000 |
| CE-3A-Meeting APNIC Conference Closing dinner | 25,000 |
| CE-3A-Meeting APNIC Conference Hackathon | 10,000 |
| DGE-5D-Meeting Venue Hire Quarterly ELT offsite & EC meeting | 9,000 |
| CE-3A-Meeting APNIC Conference social transportation | 8,000 |
| CE-3A-Meeting APNIC Conference Workshop week closing dinner | 8,000 |
| CE-3A-Meeting APNIC Conference Meet the EC Cocktail | 7,500 |
| CE-3A-Meeting APNIC Conference APIX event | 7,000 |
| PE-5C-Meeting Product area staff entertainment | 6,000 |
| CE-3A-Meeting APNIC Conference signage | 5,000 |
| SE-1A-Meeting Member gathering | 5,000 |
| SE-1A-Meeting Services outreach exhibition | 5,000 |

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. It is assumed that more staff will return to the office as restrictions are lifted early in 2021. Major planned expenditure for 2021 includes:

| Description | Budget 2021 |
|--|-------------|
| BE-5B-Office Cleaning | 60,000 |
| BE-5B-Office Electricity | 60,000 |
| BE-5C-Office Kitchen supplies and catering | 55,000 |
| BE-5B-Office Land tax | 51,000 |
| BE-5B-Office BCC rates | 39,000 |
| BE-5B-Office General maintenance and repairs | 12,000 |
| HE-5C-Office WHS facilitated support/ audits | 12,000 |
| HE-5C-Office Health promotions | 11,000 |
| HE-5C-Office Online and paper subscription | 7,700 |
| BE-5B-Office building A/C service | 7,200 |
| BE-5B-Office Electrical repairs & testing | 7,200 |
| BE-5B-Office Stationery supplies | 7,000 |
| BE-5B-Office Plant hire | 6,900 |
| BE-5B-Office Water rates | 6,000 |
| BE-5B-Office Building security service | 5,580 |
| BE-5B-Office Rubbish removal | 5,000 |

6 Capital Expenditure

Capital expenditure comprises equipment & software and office equipment. For the 2021 budget submission capital expenditure provision is \$2,741,350. Of this amount, \$711,350 relates to Equipment & Software, and \$2,030,000 relates to Office Furniture & Fittings as set out in the table below:

| CAPITAL (AUD) | Actual 2015 | Actual 2016 | Actual 2017 | Actual 2018 | Actual 2019 | Budget 2020 | Forecast 2020 | Budget 2021 | Change to 2020 Budget |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|-----------------------|
| Equipment & Software | 671,551 | 809,626 | 572,206 | 510,658 | 552,713 | 683,600 | 577,706 | 711,350 | 4.1% |
| Office Furniture & Fittings | 36,731 | 12,136 | 110,211 | 91,273 | 87,098 | 55,000 | 46,895 | 2,030,000 | 3590.9% |
| Total - Capital Expenditure | 708,282 | 821,762 | 682,417 | 601,930 | 639,811 | 738,600 | 624,601 | 2,741,350 | 271.2% |
| Change | | 16.0% | -17.0% | -11.8% | 6.3% | 15.4% | -15.4% | 338.9% | |

Table 6.1 Capital Expenditure over time

The budget provision includes a provision of \$2,000,000 for the refurbishment of the APNIC office. The current office fit-out was completed in 2010, with seating capacity for 81 staff. Adapting to a post COVID working environment along with staffing increases driven by the APNIC Foundation and APIDT will require a major review of future requirements and an upgrade of the current office facility. This provision is allocated to the end of 2021, with no impact on depreciation during the year.

Provisions in for Capital Expenditure in 2021 include:

| Description | Budget 2021 |
|---|-------------|
| BA-5C-Fittings Workspace remodeling (i) | 2,000,000 |
| HA-5C-Capital HRIS Implementation (i) | 160,000 |
| BA-5A-Capital IT office/ Projectors/ TVs equipment | 85,000 |
| BA-5A-Capital Staff Laptops | 84,000 |
| DGA-4B-Capital Labs servers | 80,000 |
| IDA-3F-Capital IXP and Root server development | 60,000 |
| BA-5A-Capital Elafent Cloud Platform (ECP) implementation | 50,000 |
| IDA-3A-Capital Conference WIFI replacement/ Network case and AV accessories | 43,150 |
| IDA-5A-Capital Office wired and wireless network upgrade | 42,000 |
| IDA-5A-Capital NexDC and Interactive switch replacement | 21,200 |
| IDA-5A-Capital Juniper Edge Router | 20,000 |
| IDA-5A-Capital RPKI HSM replacement | 20,000 |
| BA-5A-Capital Conference Laptops | 15,000 |
| IDA-3E-Capital Training Labs server upgrade | 15,000 |
| BA-5B- Fittings Office furniture | 10,000 |
| BA-5B- Fittings Office improvements/ Lighting/ Security cameras | 10,000 |
| BA-5B-Fittings HotDesking equipment | 10,000 |
| IDA-5A-Capital Dell server running proxy/ loadbalancers | 10,000 |
| BA-5A-Capital Staff monitors | 6,000 |

7 APNIC Foundation

The APNIC foundation will require up to a maximum of \$565,518 of funding in 2021, details of expected revenue and expenses for the foundation are included below:

| | Budget 2020 | Forecast 2020 | Budget 2021 | Change to 2020 Budget |
|---|------------------|------------------|------------------|-----------------------------|
| Contribution Received - APNIC | 750,463 | 687,092 | 565,518 | -25% |
| Contribution Received - Grants | 690,000 | 291,106 | 7,615,620 | 1004% |
| Contribution Received - APIDT Projects Overhead | | | 960,853 | 0% |
| Interest Income | | 91 | 0 | 0% |
| TOTAL REVENUE | 1,440,463 | 978,289 | 9,141,991 | 535% |
| EXPENSES | | | | |
| Grant Expenses | 690,000 | 291,106 | 7,615,620 | 1004% |
| Operating Expenses | | | | |
| Bank Service Fees | 1,000 | 1,754 | 4,300 | 330% |
| Communication Expenses | 2,000 | 329 | 300 | -85% |
| Computer Expenses | 6,000 | 2,459 | 8,600 | 43% |
| Meeting and Training Expenses | 3,000 | 261 | 2,900 | -3% |
| Personnel Support Expenses | 572,163 | 563,013 | 1,317,371 | 130% |
| Postage & Delivery | 500 | 0 | 0 | -100% |
| Printing & Photocopy | 4,000 | 13,184 | 2,900 | -28% |
| Professional Fees | 40,000 | 85,875 | 121,400 | 204% |
| Recruitment Expense | 0 | 0 | 2,900 | 0% |
| Staff Training Expense | 0 | 7,917 | 4,300 | 0% |
| Translation Expense | 1,000 | 0 | 0 | -100% |
| Travel Expenses | 120,800 | 12,390 | 61,400 | -49% |
| TOTAL OPERATING EXPENSES | 750,463 | 687,183 | 1,526,371 | 103% |
| TOTAL EXPENSES | 1,440,463 | 978,289 | 9,141,991 | 535% |
| OPERATING SURPLUS/(DEFICIT) | 0 | 0 | 0 | 0% |

Table 7.1 APNIC Foundation – Financial Estimates 2021