

APNIC Budget 2022

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1 Executive Summary

This document contains the APNIC budget submission for the financial year from January to December 2022. The budget submission includes revenue, expense, and capital expenditure projections based on the planned activities for the APNIC Secretariat for 2022.

The purpose of this budget submission is to allow the APNIC Executive Council to approve an expenditure level for 2022, 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 expenditure of AUD \$33,764,411 and projected revenue of AUD \$32,962,915 providing an operating deficit of AUD \$801,496 for 2022. While APNIC is forecasting an operational deficit for 2022, it is important to highlight that \$6,409,319 of expenditure is related to investments in new initiatives across key focus areas of:

- Security, Integrity and Resilience
- Next Generation Registry
- Connected Online Community
- Capacity for Development

APNIC’s ongoing operational budget, before investments, is projected to deliver a \$1,930,089 surplus in 2022 as outlined in Table 2.1 in Section 2 of this budget submission.

Also included in APNIC’s 2022 budget is \$6,362,600 of APNIC Foundation funded project expenditure. This expenditure is fully offset by an equivalent amount of APNIC Foundation funding revenue, such that APNIC is fully re-imbursed for these project costs.

APNIC’s 2022 capital expenditure requirements for 2022 are \$1,469,300.

All values in this document are expressed in Australian Dollars (AUD) unless otherwise indicated.

2 Budget Summary

The 2022 budget for revenue and expenses and capital expenditure are included in the table below:

REVENUE (AUD)	Budget 2021	Forecast 2021	Operational Activities 2022	Investment Activities 2022	Budget 2022
Membership fees	24,300,595	24,244,412	24,799,617		24,799,617
Non-members fees	264,392	257,699	263,209		263,209
Reactivation fees	18,091	22,200	22,644		22,644
Sign-Up fees	343,000	301,700	315,985		315,985
Transfer fees	210,000	214,011	220,431		220,431
Sundry income	124,960	4,449	172,200		172,200
Foundation receipts	948,000	488,166	3,491,095	2,871,505	6,362,600
Operating Revenue	26,209,038	25,532,637	29,285,181	2,871,505	32,156,686
Investment income	762,211	846,644	0	806,229	806,229
TOTAL REVENUE	26,971,249	26,379,281	29,285,181	3,677,734	32,962,915
EXPENSES (AUD)					
Bank service fees	251,212	257,671	261,000		261,000
Communication expenses	1,019,592	651,988	623,600	65,000	688,600
Computer expenses	1,743,227	1,496,864	1,869,755	426,000	2,295,755
Contribution to APNIC Foundation	565,518	0	0		0
Foundation funded project expenses			3,491,095	2,871,505	6,362,600
Depreciation expense	770,942	673,949	839,869		839,869
Doubtful debt expenses	20,000	20,000	20,000		20,000
ICANN contract fee	240,000	197,515	225,600		225,600
Insurance expense	231,833	225,211	231,600		231,600
Meeting and training expenses	485,000	95,149	553,500		553,500
Membership fees expenses	60,040	60,829	81,010		81,010
Office operating expenses	385,430	380,072	445,440	10,200	455,640
Postage & delivery	37,500	15,508	48,000		48,000
Printing & photocopy	39,500	22,855	29,000		29,000
Professional fees	2,519,399	2,170,927	1,404,480	420,000	1,824,480
Recruitment expense	223,200	373,199	306,000		306,000
Salaries and personnel expenses	14,994,013	15,297,000	14,972,663	2,604,614	17,577,277
Sponsorship and Publicity expenses	554,400	343,747	553,780		553,780
Staff training/ Conference expenses	264,650	213,350	314,000		314,000
Translation expenses	20,000	22,867	30,000		30,000
Travel expenses	1,078,200	61,541	1,054,700	12,000	1,066,700
TOTAL EXPENSES	25,503,657	22,580,242	27,355,092	6,409,319	33,764,411
OPERATING SURPLUS / (DEFICIT)	1,467,592	3,799,039	1,930,089	-2,731,585	-801,496

Table 2.1 2022 Budget summary

CAPITAL (AUD)	Budget 2021	Forecast 2021	Operational Activities 2022	Investment Activities 2022	Budget 2022
Equipment & Software	711,350	561,910	901,800	240,000	1,141,800
Office Furniture & Fittings	2,030,000	196,000	40,000	287,500	327,500
TOTAL CAPITAL EXPENDITURE	2,741,350	757,910	941,800	527,500	1,469,300

Table 2.2 2022 Capital Expenditure

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 2022 APNIC Activity Plan
- 2022 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
- Activities funded by and undertaken on behalf of the APNIC Foundation.

3.1 Projection techniques

Projections for membership fees are calculated by analysing recent trends in membership activity. A linear projection of membership growth and account closure is used to estimate the incremental growth in revenue for membership fees in 2022. The following emerging drivers have impacted the membership fees budget for 2022:

- New membership growth has decreased and membership closures have increased in 2021 as a result of impacts from the COVID-19 pandemic. While these trends may reverse in future years, the 2021 trend will impact membership fees for at least the 2022 budget year.
- The share of APNIC membership from Least Developed Countries (LDC's) is increasing, with higher growth coming from South Asia economies in particular. As fees payable by members from LDC's is discounted by 50%, the average membership fee from new members is decreasing.

2022 membership revenue budgets are calculated based on the current (2020) fee schedule.

Interest income is based on analysis of APNIC's existing cash deposits, 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 2022.

A headline Consumer Price Index (CPI) inflation rate of 3.0% was recorded for the 12 months ending September 2021 and has been used throughout this submission where there is cost uncertainty for 2022. Reference – <https://www.qgso.qld.gov.au/issues/3441/consumer-price-index-202109.pdf>

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. Work on renewal of the Private Ruling to ensure continuity of APNIC's existing mutuality status will commence in the first quarter of 2022 with support from APNIC's external taxation advisors, KPMG.

4 Revenue

The table below tracks APNIC's revenue from 2015 through to the forecast for 2021 and the budget submission for 2022.

REVENUE (AUD)	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2021	Budget 2022	Change to 2021 Budget
Membership fees	16,933,413	18,354,898	19,310,962	20,213,860	21,061,318	22,766,728	24,300,595	24,244,412	24,799,617	2.1%
Non-members fees	243,049	243,923	260,010	251,054	255,751	260,483	264,392	257,699	263,209	-0.4%
Reactivation fees	37,600	37,700	27,200	22,000	16,900	18,400	18,091	22,200	22,644	25.2%
Sign-Up fees	437,625	465,000	373,250	330,000	345,500	347,250	343,000	301,700	315,985	-7.9%
Transfer fees	77,943	130,139	127,440	164,145	173,831	216,016	210,000	214,011	220,431	5.0%
Sundry income	252,764	193,829	207,131	416,937	327,769	314,749	124,960	4,449	172,200	37.8%
Foundation receipts			2,670	31,002	103,095	147,110	948,000	488,166	6,362,600	571.2%
Operating Revenue	17,982,394	19,425,489	20,308,663	21,428,997	22,284,164	24,070,736	26,209,038	25,532,637	32,156,686	22.7%
Investment income	792,041	890,951	841,080	872,034	981,871	924,590	762,211	846,644	806,229	5.8%
TOTAL REVENUE	18,774,435	20,316,440	21,149,743	22,301,032	23,266,035	24,995,326	26,971,249	26,379,281	32,962,915	22.2%
Change		8.2%	4.1%	5.4%	4.3%	7.4%	7.9%	-2.2%	22.2%	

2022 revenue budget growth % excluding impacts of receipts from APNIC Foundation is 2.7% (2021: 3.0%)

Table 4.1 Revenue over time

4.1 Investment Income

The value of 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 0.5% in 2022, down from 0.8% included in previous year budget submission.

4.2 Membership Fees

4.2.1 Membership growth

The 2022 membership budget has been built using modelling techniques adopted in previous budget cycles. Projections for membership fees are calculated by analysing recent trends in membership activity. A linear projection of membership growth and account closure is used to estimate the incremental growth in revenue for membership fees in 2022.

COVID-19 Impacts

As of October 2021, APNIC is forecast to deliver annualized net membership growth (new & re-activated members less closures) of 5.3% vs 7.3% in 2020. The decline in net membership growth is being driven both by a decrease in new member growth and an increase in account closures.

Membership growth trends have been impacted, in part at least, by the COVID-19 pandemic. While these trends may reverse in future years, the 2021 member growth rate has a direct impact on the membership fee budget for 2022.

Historic membership growth

The table below shows membership growth since 2013:

Member Tier	2013	2014	2015	2016	2017	2018	2019	2020	F'Cast 2021	Budget 2022
Extra Large	20	21	22	22	23	24	24	26	26	26
Very Large	44	40	44	43	41	44	46	48	49	50
Large	146	142	137	138	138	143	143	143	151	161
Medium	391	402	431	449	473	483	493	521	553	580
Small	1194	1388	2165	2643	2971	3376	3601	3685	3837	3884
Very Small	1291	1701	2336	2590	2769	2967	3334	3778	4020	4422
Associate	965	924	133	109	132	125	135	140	145	150
Total Members	4051	4618	5268	5994	6547	7162	7776	8341	8781	9273
New & Reactivated	813	805	968	1048	849	825	838	833	770	804
Closed	-296	-238	-318	-322	-296	-210	-224	-268	-330	-312
Net Growth	517	567	650	726	553	615	614	565	440	492
Average Net Monthly Growth	43	47	54	61	46	51	51	47	37	41

Table 4.2 Membership growth over time

LDC Membership Share

The share of APNIC membership from LDC's is increasing, with higher growth coming from South Asia economies. For 2021 year to date, 30% of all new members are eligible for the LDC discount, compared to the budget assumption of 27.5%. As fees payable by members from LDC's is discounted by 50%, the average membership fee from new members is decreasing. In 2021, average fees for new members is \$1,438, compared to the budget assumption of \$1,451. The increasing LDC membership share will have an ongoing impact on average fees per member and the membership fees budget for 2022.

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 2022 varies from the assumptions included in the budget. The average annual fee a new Member will pay is estimated at \$1,435 which accounts for allocations from the last /8 and the IANA reclaimed pool, and for discounts applied to new Members from LDC's.

New Members	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
LDC	20	20	20	20	20	20	20	20	20	20	20	20	240
Non LDC	47	47	47	47	47	47	47	47	47	47	47	47	564
Total New	67	67	67	67	67	67	67	67	67	67	67	67	804

Membership Fees from new Members

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Impact of 30% More new Members	\$ 2,404	\$ 4,807	\$ 7,211	\$ 9,614	\$ 12,018	\$ 14,421	\$ 16,825	\$ 19,229	\$ 21,632	\$ 24,036	\$ 26,439	\$ 28,843	\$ 187,479
Impact of 20% More new Members	\$ 1,602	\$ 3,205	\$ 4,807	\$ 6,410	\$ 8,012	\$ 9,614	\$ 11,217	\$ 12,819	\$ 14,421	\$ 16,024	\$ 17,626	\$ 19,229	\$ 124,986
Impact of 10% More new Members	\$ 801	\$ 1,602	\$ 2,404	\$ 3,205	\$ 4,006	\$ 4,807	\$ 5,608	\$ 6,410	\$ 7,211	\$ 8,012	\$ 8,813	\$ 9,614	\$ 62,493
Membership Fees from new Members	\$ 8,012	\$ 16,024	\$ 24,036	\$ 32,048	\$ 40,060	\$ 48,071	\$ 56,083	\$ 64,095	\$ 72,107	\$ 80,119	\$ 88,131	\$ 96,143	\$ 624,929
Impact of 10% Less new Members	\$ (801)	\$ (1,602)	\$ (2,404)	\$ (3,205)	\$ (4,006)	\$ (4,807)	\$ (5,608)	\$ (6,410)	\$ (7,211)	\$ (8,012)	\$ (8,813)	\$ (9,614)	\$ (62,493)
Impact of 20% Less new Members	\$ (1,602)	\$ (3,205)	\$ (4,807)	\$ (6,410)	\$ (8,012)	\$ (9,614)	\$ (11,217)	\$ (12,819)	\$ (14,421)	\$ (16,024)	\$ (17,626)	\$ (19,229)	\$ (124,986)
Impact of 30% Less new Members	\$ (2,404)	\$ (4,807)	\$ (7,211)	\$ (9,614)	\$ (12,018)	\$ (14,421)	\$ (16,825)	\$ (19,229)	\$ (21,632)	\$ (24,036)	\$ (26,439)	\$ (28,843)	\$ (187,479)

Sign-Up Fees from new Members

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Impact of 30% More new Members	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 8,550	\$ 102,600
Impact of 20% More new Members	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	\$ 68,400
Impact of 10% More new Members	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 2,850	\$ 34,200
Sign-Up Fees from new Members	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 342,000
Impact of 10% Less new Members	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (2,850)	\$ (34,200)
Impact of 20% Less new Members	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (5,700)	\$ (68,400)
Impact of 30% Less new Members	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (8,550)	\$ (102,600)

Total Fees from new Members

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Impact of 30% More new Members	\$ 10,954	\$ 13,357	\$ 15,761	\$ 18,164	\$ 20,568	\$ 22,971	\$ 25,375	\$ 27,779	\$ 30,182	\$ 32,586	\$ 34,989	\$ 37,393	\$ 290,079
Impact of 20% More new Members	\$ 7,302	\$ 8,905	\$ 10,507	\$ 12,110	\$ 13,712	\$ 15,314	\$ 16,917	\$ 18,519	\$ 20,121	\$ 21,724	\$ 23,326	\$ 24,929	\$ 193,386
Impact of 10% More new Members	\$ 3,651	\$ 4,452	\$ 5,254	\$ 6,055	\$ 6,856	\$ 7,657	\$ 8,458	\$ 9,260	\$ 10,061	\$ 10,862	\$ 11,663	\$ 12,464	\$ 96,693
Fees from new Members	\$ 36,512	\$ 44,524	\$ 52,536	\$ 60,548	\$ 68,560	\$ 76,571	\$ 84,583	\$ 92,595	\$ 100,607	\$ 108,619	\$ 116,631	\$ 124,643	\$ 966,929
Impact of 10% Less new Members	\$ (3,651)	\$ (4,452)	\$ (5,254)	\$ (6,055)	\$ (6,856)	\$ (7,657)	\$ (8,458)	\$ (9,260)	\$ (10,061)	\$ (10,862)	\$ (11,663)	\$ (12,464)	\$ (96,693)
Impact of 20% Less new Members	\$ (7,302)	\$ (8,905)	\$ (10,507)	\$ (12,110)	\$ (13,712)	\$ (15,314)	\$ (16,917)	\$ (18,519)	\$ (20,121)	\$ (21,724)	\$ (23,326)	\$ (24,929)	\$ (193,386)
Impact of 30% Less new Members	\$ (10,954)	\$ (13,357)	\$ (15,761)	\$ (18,164)	\$ (20,568)	\$ (22,971)	\$ (25,375)	\$ (27,779)	\$ (30,182)	\$ (32,586)	\$ (34,989)	\$ (37,393)	\$ (290,079)

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 (67 per month). The average value of closed accounts is estimated at \$1,769 and on average, 26 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 2022 varies from the assumptions included in the budget.

Account Closures	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Membership Accounts	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-312

Reduction in Membership Fees from account closures	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Impact of 30% Less closures	\$ 1,150	\$ 2,299	\$ 3,449	\$ 4,599	\$ 5,748	\$ 6,898	\$ 8,048	\$ 9,197	\$ 10,347	\$ 11,497	\$ 12,646	\$ 13,796	\$ 89,674
Impact of 20% Less closures	\$ 766	\$ 1,533	\$ 2,299	\$ 3,066	\$ 3,832	\$ 4,599	\$ 5,365	\$ 6,132	\$ 6,898	\$ 7,664	\$ 8,431	\$ 9,197	\$ 59,782
Impact of 10% Less closures	\$ 383	\$ 766	\$ 1,150	\$ 1,533	\$ 1,916	\$ 2,299	\$ 2,683	\$ 3,066	\$ 3,449	\$ 3,832	\$ 4,215	\$ 4,599	\$ 29,891
Reduction in fees from account closures	\$ (3,832)	\$ (7,664)	\$ (11,497)	\$ (15,329)	\$ (19,161)	\$ (22,993)	\$ (26,825)	\$ (30,658)	\$ (34,490)	\$ (38,322)	\$ (42,154)	\$ (45,987)	\$ (298,912)
Impact of 10% More closures	\$ (383)	\$ (766)	\$ (1,150)	\$ (1,533)	\$ (1,916)	\$ (2,299)	\$ (2,683)	\$ (3,066)	\$ (3,449)	\$ (3,832)	\$ (4,215)	\$ (4,599)	\$ (29,891)
Impact of 20% More closures	\$ (766)	\$ (1,533)	\$ (2,299)	\$ (3,066)	\$ (3,832)	\$ (4,599)	\$ (5,365)	\$ (6,132)	\$ (6,898)	\$ (7,664)	\$ (8,431)	\$ (9,197)	\$ (59,782)
Impact of 30% More closures	\$ (1,150)	\$ (2,299)	\$ (3,449)	\$ (4,599)	\$ (5,748)	\$ (6,898)	\$ (8,048)	\$ (9,197)	\$ (10,347)	\$ (11,497)	\$ (12,646)	\$ (13,796)	\$ (89,674)

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 2022 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 2021.

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 outlined above in 4.2.2.

4.6 Transfer Fees

Transfer activity is expected to track in line with 2021 activity.

4.7 Sundry Income

Sundry income includes revenue for sources such as:

- Meeting receipts registration – Members/Non-Members
- Meeting receipts – Sponsorship
- External training receipts – Members/Non-Members
- Research funding – cooperative research with organisations such as ICANN, ISOC and other key partners.
- 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.

4.8 Foundation Receipts

Foundation receipts includes all funds received from the APNIC Foundation in respect of projects to be delivered by APNIC. Foundation receipts are offset by a corresponding expenditure budget line 'Foundation funded project expenses'.

This presentation represents a change from previous years, whereby:

- Only Training Academy receipts were recognised as income, under 'Sundry Income'.
- All other APNIC Foundation receipts were directly offset against the corresponding expenditure.
- APNIC Foundation expenditure that was not offset was disbursed throughout the APNIC Income Statement.

The new presentation methodology is designed to provide more transparency over the activities of APNIC that are funded by the APNIC Foundation.

The activities to be funded by the APNIC Foundation are outlined below in Section 7.

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	Actual 2020	Budget 2021	Forecast 2021	Budget 2022	Change to 2021 Budget
Bank service fees	156,496	167,917	177,670	193,762	207,759	241,477	251,212	257,671	261,000	3.9%
Communication expenses	591,885	532,212	561,271	542,895	570,832	697,060	1,019,592	651,988	688,600	-32.5%
Computer expenses	520,784	533,628	647,453	817,599	1,067,957	1,216,809	1,743,227	1,496,864	2,295,755	31.7%
Contribution to APNIC Foundation	0	18,003	665,058	732,710	762,179	760,890	565,518	0	0	-100.0%
Foundation funded project expenses	0	0	0	0	0	0	0	0	6,362,600	0.0%
Depreciation expense	764,145	785,218	807,596	856,029	862,055	707,658	770,942	673,949	839,869	8.9%
Doubtful debt expenses	-54,293	-6,225	14,653	-1,445	24,302	-733	20,000	20,000	20,000	0.0%
ICANN contract fee	284,161	243,026	244,657	278,866	263,386	223,432	240,000	197,515	225,600	-6.0%
Insurance expense	131,550	128,793	173,610	189,738	206,523	229,242	231,833	225,211	231,600	-0.1%
Meeting and training expenses	350,313	363,343	389,922	396,545	425,704	135,335	485,000	95,149	553,500	14.1%
Membership fees expenses	49,532	48,971	52,296	48,309	58,241	62,381	60,040	60,829	81,010	34.9%
Office operating expenses	315,608	324,948	337,207	342,458	342,806	290,543	385,430	380,072	455,640	18.2%
Postage & delivery	51,029	41,893	40,610	42,808	35,060	26,198	37,500	15,508	48,000	28.0%
Printing & photocopy	33,807	38,165	29,311	35,605	36,145	32,428	39,500	22,855	29,000	-26.6%
Professional fees	1,195,494	1,409,430	1,304,343	1,458,389	1,820,443	1,932,613	2,519,399	2,170,927	1,824,480	-27.6%
Recruitment expense	119,077	94,307	134,793	185,554	95,357	165,662	223,200	373,199	306,000	37.1%
Salaries and personnel expenses	9,586,575	10,459,153	11,096,470	11,962,294	12,789,661	14,070,813	14,994,013	15,297,000	17,577,277	17.2%
Sponsorship and Publicity expenses	575,775	624,179	681,342	759,741	627,766	437,724	554,400	343,747	553,780	-0.1%
Staff training/ Conference expenses	169,122	164,441	148,603	199,349	381,567	218,474	264,650	213,350	314,000	18.6%
Translation expenses	2,883	11,147	9,027	7,855	6,668	3,007	20,000	22,867	30,000	50.0%
Travel expenses	1,961,551	2,085,745	2,161,034	2,165,459	2,390,238	331,259	1,078,200	61,541	1,066,700	-1.1%
TOTAL EXPENSES	16,805,493	18,068,294	19,676,928	21,214,519	22,974,649	21,782,270	25,503,657	22,580,242	33,764,411	32.4%
	Change	7.5%	8.9%	7.8%	8.3%	-5.2%	17.1%	-11.5%	32.4%	

2022 expense budget growth % excluding impacts of receipts from APNIC Foundation is 21.4% (2021: 3.6%)

Table 5.1 Expenses over time

5.2 Salary and Personnel Expenses

Salary and personnel expenses will increase by 15% in 2022 when compared to the forecast expenditure for the 2021 year and 17% compared to the 2021 budget. The assumptions included in the budget are:

- Existing headcount commitments continue from 2021. There are 9 new staff positions included in the 2022 budget submission for APNIC, Of these:
 - 4 roles are classified as new investment expenditure:
 - 2 x Full Stack Developers – Next Gen Registry
 - Security DevOps – Next Gen Registry
 - Site Reliability Engineer – 99.999% Preparation
 - 5 roles are classified as operational expenditure:
 - Senior Communications Officer – Internal Communications
 - Accounts Finance Officer – Foundation Support & HRM
 - Internal Security Specialist – Replacement of existing role with return of travel
 - IT Support Engineer – Organisational growth
 - HR Generalist – Organisational growth
- Employee superannuation contributions will increase from 10.0% to 10.5% in July 2022
- 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%
- Rollout of telecommunications allowance to all staff to support remote and hybrid working

For completeness, Table 5.2 and 5.3 below show the APNIC and APNIC Foundation headcounts. Only the APNIC headcount is relevant for this budget submission.

Table 5.2 below shows a forecast headcount as at 31 December 2021 for both APNIC and APNIC Foundation.

Note 1 – Of the 97 permanent contracts, 5 were transferred from contractor arrangements in 2021

Note 2 – Leave cover = maternity or other long term leave arrangements

Table 5.2 2021 Employees

Table 5.3 below shows the 2021 headcount forecast and additional roles included in the 2022 budget for both APNIC and APNIC Foundation.

2022 Employees	Notes	APNIC	APNIC Foundation / NRO	TOTAL Workforce
2021 Total Workforce		106	9	115
New roles - operational		5		5
New roles - investment	1	4	7	11
New roles - casual	2	4	-	4
2022 Budget Workforce		119	16	135

Note 1 – Roles directly attributable to investments outlined in the Activity Plan

Note 2 – Roles related to the HRM project

Table 5.3 2022 Employee headcount

Table 5.4 below shows the reconciliation of salary and wages expenditure from 2021 forecast to 2022 budget (APNIC only).

2021 vs 2022 Reconciliation	Amount	% of 2021 Baseline
2021 Forecast Salary & Personnel Costs	\$ 15,297,000	
Increases, bonuses and statutory oncharges in 2022	\$ 118,429	0.8%
New roles - committed 2021	\$ 572,258	3.7%
New roles - operational	\$ 507,079	3.3%
New roles - investment	\$ 493,764	3.2%
Casual Employees	\$ 577,325	3.8%
Ancilliary Costs	\$ 11,423	0.1%
TOTAL	\$ 17,577,277	14.9%

Table 5.4 2021 forecast vs. 2022 budget reconciliation

5.3 Travel Expenses

The outlook for travel remains unclear, both in terms of cost and frequency of travel vs. online engagement. Ancillary costs of travel such as PCR testing, hotel quarantine, unforeseen changes and cancellations will all need to be considered as part of the return to travel. The safety of APNIC staff and members remains the key priority in all travel related decisions. As part of its travel risk assessment, APNIC are:

- Undertaking Country specific risk assessments that include potential COVID-19 related impacts.
- Working with its insurers to ensure COVID-19 related medical costs are covered under existing insurance policies before travel takes place.

APNIC has set aside an initial budget provision of \$1M for travel during 2022. The appropriateness of the provision will continue to be assessed throughout the year. The travel budget anticipates costs for international traveller support, corporate travel agency fees and an allowance for a carbon offset program.

5.4 Professional fees

Professional Fees includes all contractor and consultant services and advisory. APNIC's conversion of key personnel from contractor to employee in 2021 has contributed to an overall decrease in professional fees of 28% in 2022.

The total 2022 budget provision for professional fees is \$1,824,480 (Budget 2021: \$2,519,399). Major professional fees expenditure in 2022 includes:

Budget Description	Budget 2022
DGE-4B-Professional Lab research consultancy	225,000
BE-5B-Professional Investment consultant service	200,000
HE-5C-Professional Productivity coaching (i)	180,000
PE-1B-Professional Salesforce Developer	160,000
CE-1C-Professional iTank design consultancy	125,130
DGE-5B-Professional Registry knowledge graph	120,000
CE-1A-Professional Survey expenses	93,000
DGE-5D-Professional Legal fees	90,000
STE-3C-Professional IGF/ICANN/ITU consultants	80,000
HE-5C-Professional Leadership consulting	60,000
BE-5B-Professional Financial and tax advice	50,500
DGE-5B-Professional Data Warehouse consultancy	50,000
HE-5C-Professional HR consulting	50,000
BE-5B-Professional Audit fees	47,000
STE-1A-Professional Benchmarking consultancy	42,500
IDE-5A-Professional ISO27001 Consulting/ Audit/ Certification	40,000

5.5 Computer Expenses

Computer expenses include all non-capital purchases of equipment, consumables, license and support fees for hardware and software. APNIC's ongoing commitment to cloud services has contributed to an increase to computer expenses in recent years. In 2022, the focus on security, integrity and resilience has further added to computer expenses. Overall, computer expenses are budgeted to increase by 32% in 2022.

The total 2022 budget provision for computer expenses is \$2,295,755 (Budget 2021: \$1,743,227).

Major planned expenditure includes:

Budget Description	Budget 2022
IDE-1C-Computer NetSuite license	187,320
IDE-1A-Computer Salesforce licence	165,300
IDE-2B-Computer Cloud infrastructure	120,000
IDE-5A-Computer HackerOne VRP & BBP program	105,000
DGE-4B-Computer Research cloud computing	82,200
IDE-5A-Computer Secure Network/ Server Access	80,000
IDE-5A-Computer Server Backup Protection	80,000
IDE-5A-Computer CentOS upgrade path	70,000
IDE-2B-Computer Firewall & intrusion detection/ prevention	70,000
HE-5C-Computer HRIS Licences	65,000
IDE-1B-Computer Cloudflare Licence	63,000
IDE-3A-Computer Zoom video conferencing licence	63,000
IDE-1B-Computer SSO APNIC Login	61,000
PE-3D-Computer Online Community Platform	60,000
IDE-5A-Computer APNIC Archive Permanent Storage Solution	50,000
IDE-5A-Computer Vmware licence	46,000
IDE-5A-Computer SSO LifeCycle Okta	45,000
IDE-5A-Computer HackerOne Rapid7 license & Support	45,000
IDE-1A-Computer Pardot licence	44,000
IDE-1A-Computer Salesforce premium support	42,000
IDE-5A-Computer Source code vulnerability scanner	42,000

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 2022. The amounts budgeted for 2022 are:

- Equipment depreciation \$715,199
- Capital works allowances - 6 Cordelia Street \$124,670

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.

The total 2022 budget provision for computer expenses is \$553,780 (Budget 2021: \$554,400). Major planned expenditure includes:

Budget Description	Budget 2022
DGE-2C-Publicity NRO expenses	178,000
IDE-3C-Publicity Sponsorships for NOGs/ IXPs/ Peering	80,000
CE-3A-Publicity APNIC conference fellowships (i)	70,000
CE-1A-Publicity Google PPC advertising	65,000
STE-3C-Publicity Community/ non-technical sponsorship	64,500
BE-1A-Publicity General promotional item	24,000

Budget Description	Budget 2022
CE-1A-Publicity Facebook advertising/ Sponsored posts	13,500
SE-1A-Publicity APNIC lounge gifts and promotion T-shirts	10,000
PE-2B-Publicity Sponsorship for OpenBSD Foundation	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 total 2022 budget provision for computer expenses is \$688,600 (Budget 2021: \$1,019,592). Major planned expenditure includes:

Budget Description	Budget 2022
IDE-2B-Communication Data centre rack hire & cross connects	200,000
IDE-2B-Communication Transit/ Peering/ Virtual interconnections	200,000
IDE-2B-Communication Network equipment support & maintenance	126,000
IDE-2B-Communication DNS anycast & regional whois cloud hosting	76,100
IDE-2B-Communication Data network/ service monitoring & alerting	65,000
IDE-3F-Communication Root server peering & cross connect & virtual interconnect	10,000

5.9 Foundation funded project expenditure

APNIC Foundation funded project expenditure is fully offset by an equivalent amount of APNIC Foundation funding revenue, such that APNIC is fully re-imbursed for these project costs. Project costs include both materials and labour costs of employees assigned to APNIC Foundation funded projects.

Projects that will be funded by the APNIC Foundation in 2022 are:

Workstream	Activity	Expenses
3E. APNIC Academy	3E.1. Academy Product Management	731,506
3E. APNIC Academy	3E.2. Instructor-Led Training	968,493
3E. APNIC Academy	3E.3. Self-Paced Training	287,671
3E. APNIC Academy	3E.4. Community Trainers Network	919,042
3E. APNIC Academy	3E.8. Academy Product Development	582,192
3E. APNIC Academy	3E.9. Curriculum for Non-Technical Audiences	418,082
3F. Internet Infrastructure Support	3F.1. Internet infrastructure development	164,383
3F. Internet Infrastructure Support	3F.2. Community Honeynet and Security Threat Sharing Platform	77,000
3F. Internet Infrastructure Support	3F.3. M-Root Deployment Support	1,871,231
4B. Research and Analysis	4B.1. Conducting research and measurements	343,000
	Total	6,362,600

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. For budgeting purposes, it has been assumed that APNIC53 will be a virtual conference and APNIC54 will be a Face-to-Face meeting.

The total 2022 budget provision for computer expenses is \$553,500 (Budget 2021: \$485,000). Major planned expenditure includes:

Budget Description	Budget 2022
HE-5C-Meeting Staff Conference	150,000
CE-3A-Meeting APNIC Conference week venue hire and catering	90,000
CE-3A-Meeting APNIC Conference Workshop week venue hire and catering	50,000
CE-3A-Meeting APNIC Conference AV rental	40,000
CE-3A-Meeting APNIC Conference Opening reception	30,000
CE-3A-Meeting APNIC Conference Closing dinner	20,000
BE-5C-Meeting Xmas and Mid Year Staff events	20,000
IDE-3C-Meeting Communities gathering post training/ events	12,000
CE-3A-Meeting APNIC Conference Workshop week closing dinner	10,000
CE-3A-Meeting APNIC Conference signage	10,000
CE-3A-Meeting APNIC Conference APIX event	10,000
CE-3A-Meeting APNIC Conference Hackathon	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.

The total 2022 budget provision for computer expenses is \$455,640 (Budget 2021: \$385,430). Major planned expenditure includes:

Budget Description	Budget 2022
BE-5B-Office Cleaning	70,000
BE-5B-Office Electricity	60,000
BE-5C-Office Kitchen supplies and catering	55,000
BE-5B-Office Land tax	50,000
BE-5B-Office BCC rates	42,000
BE-5B-Office General maintenance and repairs	26,700
HE-5C-Office Health & Ergonomics	22,000
HE-5C-Office ECO APNIC	20,000
SE-1A-Office Customer services books periodical subscription	10,200
IDE-5B-Office Building security service	10,000
BE-5B-Office Misc furniture & decoration	10,000
BE-5B-Office Electrical repairs & testing	10,000

6 Capital Expenditure

Capital expenditure comprises equipment & software and office equipment. For the 2022 budget submission capital expenditure provision is \$1,469,300. Of this amount, \$1,141,800 relates to Equipment & Software, and \$327,500 relates to Office Furniture & Fittings as set out in the table below:

CAPITAL (AUD)	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2021	Budget 2022	Change to 2021 Budget
Equipment & Software	671,551	809,626	572,206	510,658	552,713	502,865	711,350	561,910	1,141,800	60.5%
Office Furniture & Fittings	36,731	12,136	110,211	91,273	87,098	14,408	2,030,000	196,000	327,500	-83.9%
Total - Capital Expenditure	708,282	821,762	682,417	601,930	639,811	517,273	2,741,350	757,910	1,469,300	-46.4%
Change		16.0%	-17.0%	-11.8%	6.3%	-19.2%	430.0%	-72.4%	-46.4%	

Table 6.1 Capital Expenditure over time

The capital expenditure budget includes a provision of \$237,500 for short-term office remodelling to support ongoing hybrid work arrangements ahead of a planned office relocation in 2023 – 2024. Other areas of capital expenditure includes: cyclical renewal of internal IT equipment, RKPI HSM replacement and redundancy, renewal of network hardware, and HRIS implementation.

Provisions for Capital Expenditure in 2022 include:

Budget Description	Budget 2022
BA-5C-Fittings Workspace remodeling (i)	287,500
IDA-2B-Capital RPKI HSM additional redundancy	170,000
IDA-5A-Capital Staff Laptops	160,600
DGA-4B-Capital Labs servers	123,000
HA-5C-Capital HRIS Implementation (i)	100,000
IDA-5A-Capital RPKI HSM replacement	90,000
IDA-5A-Capital IT office/ Projectors/ TVs equipment	65,000
IDA-3F-Capital IXP and Root server development	60,000
IDA-5A-Capital APNIC Archive Permanent Storage Solution	50,000
IDA-2B-Capital Network Time Server	50,000
IDA-5A Capital Network - Router/ Switch & server for Singapore Pop	50,000
IDA-5A-Capital Network storage disk upgrade	48,000
IDA-3A-Capital Conference WIFI replacement/ Network case and AV accessories	43,000
IDA-5A-Capital Office wired and wireless network upgrade	31,000
IDA-3E-Capital Training Labs server/ equipment	25,000
HA-5B-Fittings Aircon new compressors	25,000
IDA-5A-Capital NexDC and Interactive switch replacement	21,200
IDA-5A-Capital Juniper Edge Router	20,000
IDA-5A-Capital Conference Laptops	15,000
IDA-2B-Capital Dell server running proxy/ loadbalancers	10,000
IDA-5B- Fittings Office improvements/ Lighting/ Security cameras	10,000
IDA-5A-Capital Secure Network/ Server Access	10,000
BA-5B- Fittings Office furniture	5,000

7 APNIC Foundation Funded Activity

APNIC Foundation receipts and project expenditure are outlined below.

REVENUE (AUD)	Budget 2021	Forecast 2021	Budget 2022
Foundation Receipts			
Foundation Receipts	932,000	392,889	6,362,600
TOTAL REVENUE	932,000	392,889	6,362,600
EXPENSES (AUD)			
Communication expenses			
3F.3. M-Root Deployment Support	-	-	273,972
Total Communication expenses	-	-	273,972
Computer expenses			
3E.1. Academy Product Management	286,000	-	226,027
3E.2. Instructor-Led Training	-	-	47,945
3E.3. Self-Paced Training	-	-	205,479
3E.9. Curriculum for Non-Technical Audiences	7,000	3,853	2,692
3F.1. Internet infrastructure development	-	-	143,835
3F.2. Community HoneyNet and Security Threat Sharing Platform	-	-	77,000
3F.3. M-Root Deployment Support	457,000	92,701	638,356
4B.1. Conducting research and measurements	-	-	343,000
Total Computer expenses	750,000	96,554	1,684,334
Meeting and training expenses			
3E.10. Focused Training for Targeted Economies	-	-	-
3E.2. Instructor-Led Training	106,000	3,047	68,493
Total Meeting and training expenses	106,000	3,047	68,493
Professional fees			
3E.1. Academy Product Management	-	-	205,479
3E.10. Focused Training for Targeted Economies	-	-	-
3E.3. Self-Paced Training	-	-	82,192
3E.4. Community Trainers Network	608,000	96,110	589,042
3E.7 Platform and Curriculum Development	357,000	152,400	-
3E.8. Academy Product Development	-	-	280,822
3E.9. Curriculum for Non-Technical Audiences	707,000	228,448	415,390
3F.3. M-Root Deployment Support	-	-	410,958
Total Professional fees	1,672,000	476,958	1,983,883
Salaries and personnel expenses			
3E.1. Academy Product Management	429,000	247,462	300,000
3E.2. Instructor-Led Training	603,000	361,270	824,658
3E.4. Community Trainers Network	250,000	120,636	330,000
3E.8. Academy Product Development	214,000	-	301,370
3F.3. M-Root Deployment Support	643,000	107,048	410,959
Total Salaries and personnel expenses	2,139,000	836,416	2,166,987
Travel expenses			
3E.2. Instructor-Led Training	-	-	27,397
3F.1. Internet infrastructure development	-	-	20,548
3F.3. M-Root Deployment Support	-	-	136,986
Total Travel expenses	-	-	184,931
TOTAL EXPENSES	4,667,000	1,412,975	6,362,600
FOUNDATION EXPENSE OFFSET	(3,735,000)	(1,020,086)	-
TOTAL SURPLUS/(DEFICIT)	-	-	-

Table 7.1 APNIC Foundation Funded Activity