

# APNIC 2023 Budget

**APNIC**



## Contents

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

## Tables

Table 2.1 2023 Budget summary	5
Table 2.2 2023 Capital Expenditure	5
Table 4.1 Revenue over time	8
Table 4.2 Membership growth over time	9
Table 4.3 Sensitivity analysis – membership growth	11
Table 4.4 Sensitivity analysis – membership closures	11
Table 5.1 Expenses over time	13
Table 5.2 2023 Workforce	14
Table 5.3 2023 Salary & personnel costs	14
Table 5.4 Wage growth, statutory increases and bonuses	15
Table 6.1 Capital Expenditure over time	19
Table 7.1 APNIC Foundation Funded Activity	20

# 1 Executive Summary

This document contains the APNIC budget submission for the financial year from January to December 2023. The budget submission includes revenue, expense, and capital expenditure projections based on the planned activities for the APNIC Secretariat for 2023.

The purpose of this budget submission is to allow the APNIC Executive Council to approve an expenditure level for 2023, 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 \$33,792,566 and projected revenue of AUD \$32,693,173 providing an operating deficit of AUD \$1,099,393 for 2023. While APNIC is forecasting an operational deficit for 2023, it is important to highlight that \$4,160,087 of expenditure is related to investments in new initiatives across key focus areas of:

- Membership products
- Registry products
- APNIC Academy
- Internet infrastructure support
- Internal technical infrastructure
- Finance and business services

APNIC's ongoing operational budget, before investments, is projected to deliver a \$1,051,631 surplus in 2023 as outlined in Table 2.1 in Section 2 of this budget submission.

Also included in APNIC's 2023 budget is \$4,402,418 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 2023 are \$1,099,400 as outlined in Table 2.2 in Section 2 of this budget submission.

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

## 2 Budget Summary

The 2023 budget for revenue and expenses and capital expenditure are included in the tables below:

			Operational	Investment	
Revenue (AUD)	Budget 2022	Forecast 2022	Activities 2023	Activities 2023	Budget 2023
Membership fees	24,799,617	24,715,216	26,565,676		26,565,676
Non-members fees	263,209	261,510	267,578		267,578
Reactivation fees	22,644	21,210	22,500		22,500
Sign-Up fees	315,985	268,833	294,200		294,200
Transfer fees	220,431	169,072	216,251		216,251
Sundry income	6,128,237	319,805	267,450		267,450
Foundation receipts	406,563	3,710,829	3,050,455	1,351,963	4,402,418
<b>Operating Revenue</b>	<b>32,156,686</b>	<b>29,466,477</b>	<b>30,684,110</b>	<b>1,351,963</b>	<b>32,036,073</b>
Investment income	806,229	750,806	0	657,100	657,100
<b>TOTAL REVENUE</b>	<b>32,962,915</b>	<b>30,217,283</b>	<b>30,684,110</b>	<b>2,009,063</b>	<b>32,693,173</b>
Bank service fees	261,000	277,724	261,000		261,000
Communication expenses	688,600	651,565	730,600		730,600
Computer expenses	2,295,755	1,894,370	2,131,314	138,500	2,269,814
Foundation funded project expenses	6,362,600	3,696,298	3,050,455	1,351,963	4,402,418
Depreciation expenses	839,869	677,762	769,789		769,789
Doubtful debt expenses	20,000	10,000	20,000		20,000
ICANN contract fees	225,600	231,762	238,600		238,600
Insurance expenses	231,600	255,322	238,899		238,899
Meeting & training expenses	553,500	620,898	820,400		820,400
Membership fees expenses	81,010	77,436	72,000		72,000
Office operating expenses	455,640	616,729	427,839		427,839
Postage & delivery expenses	48,000	36,201	71,500		71,500
Printing & photocopy expenses	29,000	27,717	30,500		30,500
Professional fees	1,824,480	1,976,818	1,310,950	80,000	1,390,950
Recruitment expenses	306,000	466,936	182,500		182,500
Salaries & personnel expenses	17,577,277	16,983,801	16,464,914	2,589,624	19,054,538
Sponsorship & publicity expenses	553,780	628,822	782,380		782,380
Staff training expenses	314,000	273,947	268,839		268,839
Translation expenses	30,000	30,000	10,000		10,000
Travel expenses	1,066,700	1,750,000	1,750,000		1,750,000
<b>TOTAL EXPENSES</b>	<b>33,764,411</b>	<b>31,184,108</b>	<b>29,632,479</b>	<b>4,160,087</b>	<b>33,792,566</b>
<b>OPERATING SURPLUS/ (DEFICIT)</b>	<b>(801,496)</b>	<b>(966,825)</b>	<b>1,051,631</b>	<b>(2,151,024)</b>	<b>(1,099,393)</b>

Table 2.1 2023 Budget summary

			Operational	Investment	
CAPITAL (AUD)	Budget 2022	Forecast 2022	Activities 2023	Activities 2023	Budget 2023
Equipment & Software.	711,350	759,222	470,700		470,700
Office Furniture & Fittings.	2,030,000	183,198	10,000	618,700	628,700
<b>Capital Expenditure Reporting</b>	<b>2,741,350</b>	<b>942,420</b>	<b>480,700</b>	<b>618,700</b>	<b>1,099,400</b>

Table 2.2 2023 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 2022 APNIC Survey
- The 2023 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 2023. The following drivers have impacted the membership fees budget for 2023:

- New membership growth has continued at a slower rate than historical trends throughout 2022. While this trend may reverse in future years, the 2022 trend will impact membership fees for at least the 2023 budget year.
- The share of APNIC membership from Least Developed Countries (LDC's) has continued to increase, with higher growth coming from South Asia economies especially. As fees payable by members from LDC's is discounted by 50%, the average membership fee from new members is decreasing.
- The 2023 budget submission includes a change to the bit factor from 1.3 to 1.31 to help combat the ongoing impacts of inflation on APNIC's costs. There has been no change to the base fee.

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 7.3% was recorded for the 12 months ending September 2022 (2021: 3.0%) and has been used throughout this submission where there is cost uncertainty for 2023. Inflation is expected to remain high throughout 2023 and 2024.

Reference – <https://www.qgso.qld.gov.au/issues/3441/consumer-price-index-202209.pdf>

Wage Price Index (WPI) inflation of 4.2% has been used in this submission for salary & personnel cost growth estimates. This is based benchmarks outlined in the *'Korn Ferry Movements & Forecast Report – October 2022'*

## **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 (ATO) was re-confirmed in November 2017 for five years ending June 2022. Early in 2022 APNIC engaged its external taxation advisors, KPMG, to assist in the renewal of the Private Ruling. A submission for extension to the existing Private Ruling was made to the ATO in August 2022. The ATO provided confirmation by way of Private Ruling on 14 December 2022 of the extension of APNIC's status as a Mutual Organisation for the income tax years ending 30 June 2023 – 30 June 2027.

## 4 Revenue

The table below tracks APNIC's revenue from 2019 through to the forecast for 2022 and the budget submission for 2022.

REVENUE (AUD)	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	FY23 Budget vs FY22 Forecast
Membership fees	21,061,318	22,766,728	24,252,513	24,715,216	26,565,676	7.5%
Non-members fees	255,751	260,483	257,209	261,510	267,578	2.3%
Reactivation fees	16,900	18,400	22,400	21,210	22,500	6.1%
Sign-Up fees	345,500	347,250	302,750	268,833	294,200	9.4%
Transfer fees	173,831	216,016	244,156	169,072	216,251	27.9%
Sundry income	327,769	314,749	22,516	319,805	267,450	-16.4%
Foundation receipts	103,095	147,110	453,956	3,710,829	4,402,418	18.6%
<b>Operating Revenue</b>	<b>22,284,164</b>	<b>24,070,736</b>	<b>25,555,500</b>	<b>29,466,477</b>	<b>32,036,073</b>	<b>8.7%</b>
Investment income	981,871	924,590	865,457	750,806	657,100	-12.5%
<b>TOTAL REVENUE</b>	<b>23,266,035</b>	<b>24,995,326</b>	<b>26,420,957</b>	<b>30,217,283</b>	<b>32,693,173</b>	<b>8.2%</b>
Change	4.3%	7.4%	5.7%	14.4%	8.2%	

2023 revenue budget growth % excluding impacts of receipts from APNIC Foundation is 6.6% (2022: 2.1%)

**Table 4.1 Revenue over time**

### 4.1 Investment Income

APNIC's investment portfolio has declined by 11% in 2022 due to market volatility which in turn has impacted investment returns. Investment income projections for 2023 have been based on advice from APNIC's investment advisors. Interest on cash deposits not held in the fund are forecast to achieve 3.95% in 2023, which is an increase from 0.5% included in the previous year's budget submission.

### 4.2 Membership Fees

#### 4.2.1 Membership growth

The 2023 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 2023.

APNIC is forecast to deliver annualized net membership growth (new & re-activated members less closures) of 4.5% in 2022 vs 5.1% in 2021. 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 2022 member growth rate has a direct impact on the membership fee budget for 2023.

The table below shows membership growth since 2019:



Member Count	2019	2020	2021	Forecast 2022	Budget 2023
Extra Large	24	26	26	27	27
Very Large	46	48	49	48	50
Large	143	143	151	165	176
Medium	493	521	548	565	587
Small	3,601	3,685	3,733	3,777	3,823
Very Small	3,334	3,778	4,126	4,357	4,657
Associate	135	140	135	220	244
<b>Total</b>	<b>7,776</b>	<b>8,341</b>	<b>8,768</b>	<b>9,159</b>	<b>9,563</b>
New & Reactivation Adjustment	838	833	770	729	748
Close	-224	-268	-343	-338	-344
<b>Net Growth</b>	<b>614</b>	<b>565</b>	<b>427</b>	<b>391</b>	<b>404</b>
<b>Average Monthly Gain</b>	<b>51</b>	<b>47</b>	<b>36</b>	<b>33</b>	<b>34</b>

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 2022 year to date, 37.4% of all new members are eligible for the LDC discount, compared to the budget assumption of 30%. As fees payable by members from LDC's is discounted by 50%, the average membership fee from new members is decreasing. In 2022, average fees for new members is \$1,255 compared to the budget assumption of \$1,435. The increasing LDC membership share will have an ongoing impact on average fees per member and the membership fees budget for 2023.

Change in Bit Factor

The 2023 budget submission includes a change in the bit factor from 1.3 to 1.31. The purpose of this change is to help combat the ongoing impacts of inflation on APNIC's costs. There has been no change to the base fee which is currently \$1,180.

Table 4.3 below shows the impact of the bit factor adjustment for resource holders.

	2016 - 2020	Current	Proposed	Change	Change %
Associate Fee	\$ 500	\$ 500	\$ 500	\$ -	0.00%
Minimum Fee	\$ 1,050	\$ 1,180	\$ 1,180	\$ -	0.00%
Bit Factor	1.308	1.300	1.310	\$ 0.01	0.77%
NIR Multiplier	2.9	2.9	2.9		

Prefix	IPv4 Addresses	2016 - 2020	Current	Proposed	Per IP	Change \$	Change %
/24	256	\$ 1,050	\$ 1,180	\$ 1,180	\$ 4.609	\$ -	0.00%
/23	512	\$ 1,373	\$ 1,534	\$ 1,546	\$ 3.019	\$ 12	0.77%
/22	1,024	\$ 1,796	\$ 1,994	\$ 2,025	\$ 1.978	\$ 31	1.54%
/21	2,048	\$ 2,350	\$ 2,592	\$ 2,653	\$ 1.295	\$ 60	2.33%
/20	4,096	\$ 3,073	\$ 3,370	\$ 3,475	\$ 0.848	\$ 105	3.11%
/19	8,192	\$ 4,020	\$ 4,381	\$ 4,552	\$ 0.556	\$ 171	3.91%
/18	16,384	\$ 5,258	\$ 5,696	\$ 5,964	\$ 0.364	\$ 268	4.71%
/17	32,768	\$ 6,878	\$ 7,404	\$ 7,812	\$ 0.238	\$ 408	5.51%
/16	65,536	\$ 8,996	\$ 9,626	\$ 10,234	\$ 0.156	\$ 609	6.32%
/15	131,072	\$ 11,767	\$ 12,513	\$ 13,407	\$ 0.102	\$ 893	7.14%
/14	262,144	\$ 15,391	\$ 16,267	\$ 17,563	\$ 0.067	\$ 1,296	7.96%
/13	524,288	\$ 20,131	\$ 21,147	\$ 23,007	\$ 0.044	\$ 1,860	8.79%
/12	1,048,576	\$ 26,332	\$ 27,492	\$ 30,140	\$ 0.029	\$ 2,648	9.63%
/11	2,097,152	\$ 34,442	\$ 35,739	\$ 39,483	\$ 0.019	\$ 3,744	10.47%
/10	4,194,304	\$ 45,050	\$ 46,461	\$ 51,723	\$ 0.012	\$ 5,262	11.32%
/9	8,388,608	\$ 58,926	\$ 60,399	\$ 67,757	\$ 0.008	\$ 7,357	12.18%
/8	16,777,216	\$ 77,075	\$ 78,519	\$ 88,761	\$ 0.005	\$ 10,242	13.04%

Effect on Confed/NIRS	IPv4 Addresses	Pre 2020	Base	Proposed	Per IP	Change \$	Change %
CERNET-CN	17,043,456	\$ 224,885	\$ 229,067	\$ 258,991	\$ 0.015	\$ 29,924	13.06%
CHINANET-CN	126,155,008	\$ 488,329	\$ 488,675	\$ 564,876	\$ 0.004	\$ 76,202	15.59%
CNNIC-CN	85,985,792	\$ 420,945	\$ 422,674	\$ 486,518	\$ 0.006	\$ 63,844	15.10%
CU-CN	63,594,496	\$ 374,522	\$ 377,067	\$ 432,576	\$ 0.007	\$ 55,510	14.72%
IDNIC-ID	6,593,536	\$ 155,667	\$ 159,900	\$ 178,901	\$ 0.027	\$ 19,001	11.88%
IRINN-IN	11,499,264	\$ 193,092	\$ 197,369	\$ 222,184	\$ 0.019	\$ 24,815	12.57%
JPNIC-JP	121,055,488	\$ 480,586	\$ 481,102	\$ 555,869	\$ 0.005	\$ 74,767	15.54%
KRNIC-KR	112,415,488	\$ 466,997	\$ 467,805	\$ 540,063	\$ 0.005	\$ 72,258	15.45%
TWNIC-TW	34,095,616	\$ 294,178	\$ 297,815	\$ 339,312	\$ 0.010	\$ 41,496	13.93%
VNNIC-VN	16,193,024	\$ 220,470	\$ 224,671	\$ 253,878	\$ 0.016	\$ 29,206	13.00%
<b>TOTAL</b>	<b>594,631,168</b>	<b>\$ 3,319,670</b>	<b>\$ 3,346,144</b>	<b>\$ 3,833,167</b>	<b>\$ 0.006</b>	<b>\$ 487,023</b>	<b>14.55%</b>

Table 4.3 Impact of bit factor adjustment on resource holders

Based on the assumed annualised net membership growth rate, LDC membership share and average fees per new member, APNIC's budgeted 2023 membership revenue growth will be 7.5% over 2022. Without the bit factor change, the estimated 2023 membership revenue growth would be 2.4%. The impact of the bit factor adjustment from 1.3 to 1.31 will increase budgeted revenue growth by 5.1%.

#### 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 2023 varies from the assumptions included in the budget. The average annual fee a new Member will pay is estimated at \$1,255 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	25	25	25	25	25	25	25	25	25	25	25	25	299
Non LDC	37	37	37	37	37	37	37	37	37	37	37	37	449
<b>Total New</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>748</b>

Membership Fees from new Members	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Impact of 30% More new Members	\$ 2,551	\$ 5,101	\$ 7,652	\$ 10,202	\$ 12,753	\$ 15,303	\$ 17,854	\$ 20,404	\$ 22,955	\$ 25,505	\$ 28,056	\$ 30,606	\$ 198,941
Impact of 20% More new Members	\$ 1,700	\$ 3,401	\$ 5,101	\$ 6,801	\$ 8,502	\$ 10,202	\$ 11,902	\$ 13,603	\$ 15,303	\$ 17,003	\$ 18,704	\$ 20,404	\$ 132,627
Impact of 10% More new Members	\$ 850	\$ 1,700	\$ 2,551	\$ 3,401	\$ 4,251	\$ 5,101	\$ 5,951	\$ 6,801	\$ 7,652	\$ 8,502	\$ 9,352	\$ 10,202	\$ 66,314
<b>Membership Fees from new Members</b>	<b>\$ 8,502</b>	<b>\$ 17,003</b>	<b>\$ 25,505</b>	<b>\$ 34,007</b>	<b>\$ 42,509</b>	<b>\$ 51,010</b>	<b>\$ 59,512</b>	<b>\$ 68,014</b>	<b>\$ 76,516</b>	<b>\$ 85,017</b>	<b>\$ 93,519</b>	<b>\$ 102,021</b>	<b>\$ 663,135</b>
Impact of 10% Less new Members	\$ (850)	\$ (1,700)	\$ (2,551)	\$ (3,401)	\$ (4,251)	\$ (5,101)	\$ (5,951)	\$ (6,801)	\$ (7,652)	\$ (8,502)	\$ (9,352)	\$ (10,202)	\$ (66,314)
Impact of 20% Less new Members	\$ (1,700)	\$ (3,401)	\$ (5,101)	\$ (6,801)	\$ (8,502)	\$ (10,202)	\$ (11,902)	\$ (13,603)	\$ (15,303)	\$ (17,003)	\$ (18,704)	\$ (20,404)	\$ (132,627)
Impact of 30% Less new Members	\$ (2,551)	\$ (5,101)	\$ (7,652)	\$ (10,202)	\$ (12,753)	\$ (15,303)	\$ (17,854)	\$ (20,404)	\$ (22,955)	\$ (25,505)	\$ (28,056)	\$ (30,606)	\$ (198,941)

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	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 7,480	\$ 89,760
Impact of 20% More new Members	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 4,987	\$ 59,840
Impact of 10% More new Members	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 2,493	\$ 29,920
<b>Sign-Up Fees from new Members</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 24,933</b>	<b>\$ 299,200</b>
Impact of 10% Less new Members	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (2,493)	\$ (29,920)
Impact of 20% Less new Members	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (4,987)	\$ (59,840)
Impact of 30% Less new Members	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (7,480)	\$ (89,760)

Total Fees from new Members	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Impact of 30% More new Members	\$ 10,031	\$ 12,581	\$ 15,132	\$ 17,682	\$ 20,233	\$ 22,783	\$ 25,334	\$ 27,884	\$ 30,435	\$ 32,985	\$ 35,536	\$ 38,086	\$ 288,701
Impact of 20% More new Members	\$ 6,687	\$ 8,387	\$ 10,088	\$ 11,788	\$ 13,488	\$ 15,189	\$ 16,889	\$ 18,589	\$ 20,290	\$ 21,990	\$ 23,690	\$ 25,391	\$ 192,467
Impact of 10% More new Members	\$ 3,344	\$ 4,194	\$ 5,044	\$ 5,894	\$ 6,744	\$ 7,594	\$ 8,445	\$ 9,295	\$ 10,145	\$ 10,995	\$ 11,845	\$ 12,695	\$ 96,234
<b>Fees from new Members</b>	<b>\$ 33,435</b>	<b>\$ 41,937</b>	<b>\$ 50,439</b>	<b>\$ 58,940</b>	<b>\$ 67,442</b>	<b>\$ 75,944</b>	<b>\$ 84,445</b>	<b>\$ 92,947</b>	<b>\$ 101,449</b>	<b>\$ 109,951</b>	<b>\$ 118,452</b>	<b>\$ 126,954</b>	<b>\$ 962,335</b>
Impact of 10% Less new Members	\$ (3,344)	\$ (4,194)	\$ (5,044)	\$ (5,894)	\$ (6,744)	\$ (7,594)	\$ (8,445)	\$ (9,295)	\$ (10,145)	\$ (10,995)	\$ (11,845)	\$ (12,695)	\$ (96,234)
Impact of 20% Less new Members	\$ (6,687)	\$ (8,387)	\$ (10,088)	\$ (11,788)	\$ (13,488)	\$ (15,189)	\$ (16,889)	\$ (18,589)	\$ (20,290)	\$ (21,990)	\$ (23,690)	\$ (25,391)	\$ (192,467)
Impact of 30% Less new Members	\$ (10,031)	\$ (12,581)	\$ (15,132)	\$ (17,682)	\$ (20,233)	\$ (22,783)	\$ (25,334)	\$ (27,884)	\$ (30,435)	\$ (32,985)	\$ (35,536)	\$ (38,086)	\$ (288,701)

Table 4.3 Sensitivity analysis – membership growth

Based on analysis of recent trends, it is forecast that 729 new Members will join APNIC in 2022 (61 per month). The average value of closed accounts is estimated at \$1,732 and on average, 28 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 2023 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	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-344
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	\$ 1,241	\$ 2,483	\$ 3,724	\$ 4,965	\$ 6,206	\$ 7,448	\$ 8,689	\$ 9,930	\$ 11,171	\$ 12,413	\$ 13,654	\$ 14,895	\$ 96,819
Impact of 20% Less closures	\$ 828	\$ 1,655	\$ 2,483	\$ 3,310	\$ 4,138	\$ 4,965	\$ 5,793	\$ 6,620	\$ 7,448	\$ 8,275	\$ 9,103	\$ 9,930	\$ 64,546
Impact of 10% Less closures	\$ 414	\$ 828	\$ 1,241	\$ 1,655	\$ 2,069	\$ 2,483	\$ 2,896	\$ 3,310	\$ 3,724	\$ 4,138	\$ 4,551	\$ 4,965	\$ 32,273
<b>Reduction in fees from closures</b>	<b>\$ (4,138)</b>	<b>\$ (8,275)</b>	<b>\$ (12,413)</b>	<b>\$ (16,550)</b>	<b>\$ (20,688)</b>	<b>\$ (24,825)</b>	<b>\$ (28,963)</b>	<b>\$ (33,100)</b>	<b>\$ (37,238)</b>	<b>\$ (41,376)</b>	<b>\$ (45,513)</b>	<b>\$ (49,651)</b>	<b>\$ (322,729)</b>
Impact of 10% More closures	\$ (414)	\$ (828)	\$ (1,241)	\$ (1,655)	\$ (2,069)	\$ (2,483)	\$ (2,896)	\$ (3,310)	\$ (3,724)	\$ (4,138)	\$ (4,551)	\$ (4,965)	\$ (32,273)
Impact of 20% More closures	\$ (828)	\$ (1,655)	\$ (2,483)	\$ (3,310)	\$ (4,138)	\$ (4,965)	\$ (5,793)	\$ (6,620)	\$ (7,448)	\$ (8,275)	\$ (9,103)	\$ (9,930)	\$ (64,546)
Impact of 30% More closures	\$ (1,241)	\$ (2,483)	\$ (3,724)	\$ (4,965)	\$ (6,206)	\$ (7,448)	\$ (8,689)	\$ (9,930)	\$ (11,171)	\$ (12,413)	\$ (13,654)	\$ (14,895)	\$ (96,819)

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 2023 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 2022.

## 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 37.4% 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 2022 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 most 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'.

Foundation receipts and Foundation funded project expenses are reported as separate line items in APNIC's financial statements to provide 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 2019, with more detail of the major expenses included below:

EXPENSES (AUD)	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	FY23 Budget vs FY22 Forecast
Bank service fees	207,759	241,477	259,116	277,724	261,000	-6.0%
Communication expenses	570,832	697,060	634,015	651,565	730,600	12.1%
Computer expenses	1,067,957	1,216,809	1,514,823	1,894,370	2,269,814	19.8%
Contribution to APNIC Foundation	762,179	760,890	0	0	0	0.0%
Foundation funded project expenses	0	0	0	3,696,298	4,402,418	19.1%
Depreciation expenses	862,055	707,658	652,408	677,762	769,789	13.6%
Doubtful debt expenses	24,302	-733	13,413	10,000	20,000	100.0%
ICANN contract fees	263,386	223,432	197,515	231,762	238,600	3.0%
Insurance expenses	206,523	229,242	224,060	255,322	238,899	-6.4%
Meeting & training expenses	425,704	135,335	88,785	620,898	820,400	32.1%
Membership fees expenses	58,241	62,381	62,720	77,436	72,000	-7.0%
Office operating expenses	342,806	290,543	367,000	616,729	427,839	-30.6%
Postage & delivery expenses	35,060	26,198	11,674	36,201	71,500	97.5%
Printing & photocopy expenses	36,145	32,428	22,109	27,717	30,500	10.0%
Professional fees	1,820,443	1,932,613	2,212,254	1,976,818	1,390,950	-29.6%
Recruitment expenses	95,357	165,662	297,997	466,936	182,500	-60.9%
Salaries & personnel expenses	12,789,661	14,070,813	15,707,940	16,983,801	19,054,538	12.2%
Sponsorship & publicity expenses	627,766	437,724	315,397	628,822	782,380	24.4%
Staff training expenses	381,567	218,474	149,705	273,947	268,839	-1.9%
Translation expenses	6,668	3,007	22,867	30,000	10,000	-66.7%
Travel expenses	2,390,238	331,259	65,455	1,750,000	1,750,000	0.0%
<b>TOTAL EXPENSES</b>	<b>22,974,649</b>	<b>21,782,270</b>	<b>22,819,252</b>	<b>31,184,108</b>	<b>33,792,566</b>	<b>8.4%</b>
<b>Change</b>	<b>8.3%</b>	<b>-5.2%</b>	<b>4.8%</b>	<b>36.7%</b>	<b>8.4%</b>	

2023 expense budget growth % excluding impacts of APNIC Foundation funding is 9.55% (2022: 22.84%)

**Table 5.1 Expenses over time**

### 5.1 Salary and Personnel Expenses

Salary and personnel expenses will increase by 12% in 2023 when compared to the forecast expenditure for the 2022. The assumptions included in the budget are:

- Existing headcount commitments continue from 2022. There are 4 new staff positions included in the 2023 budget submission for APNIC. Of these:
  - 1 role to be funded by APNIC:
    - 1 x Paralegal to provide ongoing support for HRM, proactive response to member and community concerns and legal support. Currently, APNIC have engaged a casual resource to support in these areas. The appointment of a full-time Paralegal would replace the existing casual resource.
  - 3 roles to be funded by APNIC Foundation:
    - Full Stack Developer (Academy Product)
    - Training & Development Co-ordinator
    - Product Development – Salesforce Developer (contractor conversion)
- Employee superannuation contributions will increase from 10.5% to 11% in July 2023
- 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 4.2%. This is based benchmarks outlined in the 'Korn Ferry Movements & Forecast Report – October 2022'

- Ongoing provision of a telecommunications allowance to all staff to support remote and hybrid working

For completeness, Table 5.2 below shows 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 2023 for both APNIC and APNIC Foundation.

2022 vs 2023 Reconciliation		APNIC	APNIC Staff Foundation Funded*	APNIC Foundation	TOTAL
2022	Filled	112	12	9	133
	Hiring	1	4	0	5
<b>TOTAL 2022 Workforce</b>		<b>113</b>	<b>16</b>	<b>9</b>	<b>138</b>
2023	Increase	1	3	0	4
	Decrease	-1	0	0	-1
<b>TOTAL 2023 Workforce</b>		<b>113</b>	<b>19</b>	<b>9</b>	<b>141</b>

\*All APNIC resources, funded by APNIC Foundation including for delivery of non-APNIC projects (i.e. ISIF)

**Table 5.2 2023 Workforce**

Table 5.3 below shows the reconciliation of salary and wages expenditure from 2022 forecast to 2023 budget (APNIC only).

2022 vs 2023 Reconciliation	Notes	Amount	% of 2022 Baseline
<b>2022 forecast salary &amp; personnel costs</b>		<b>\$ 16,983,801</b>	
Increases, bonuses and statutory oncharges in 2023	1	\$ 1,577,475	9.3%
Current role vacancies	2	\$ 327,825	1.9%
New roles - operational	3	\$ 55,802	0.3%
Casual employees	3	\$ 31,812	0.2%
Ancillary costs	4	\$ 77,824	0.5%
<b>TOTAL</b>		<b>\$ 19,054,538</b>	<b>12.2%</b>

Note 1 – Refer to table 5.4 for further breakdown.

Note 2 – includes 2 roles approved and budgeted.

Note 3 – Paralegal role to commence July 2023 and included as a casual role from January – June 2023.

Note 4 – includes Work Cover, income protection and allowances, less APNIC Foundation cross charges.

**Table 5.3 2023 Salary & personnel costs**

Wage growth, bonuses & statutory increases	Notes	Amount
Budgeted wage price growth	1	\$ 540,039
Annual leave, leave loading, LSL and payroll tax	2	\$ 50,519
Superannuation	3	\$ 18,167
2022 roles annualised	4	\$ 944,323
Bonuses (incl. superannuation and payroll tax)	5	\$ 24,426
<b>Total</b>		<b>\$ 1,577,475</b>

Note 1 – Assumed at 4.2%

Note 2 – Based on note 1 value

Note 3 – Increase from 10.5% to 11% on 1 July 2023

Note 4 – Part year to full year extrapolation of roles approved and recruited in 2022

Note 5 – Increase over 2022 (2.5 weeks of total wages)

**Table 5.4 Wage growth, statutory increases and bonuses**

## 5.2 Computer Expenses

Computer expenses include all non-capital purchases of equipment, consumables, license and support fees for hardware and software. In 2023, continued focus on security, resilience, and investment in working to achieve 59s availability for highly critical services will contribute to cost increases along with APNIC's commitment to cloud services and CPI impacts.

Overall, computer expenses are budgeted to increase by 20% in 2023.

The total 2023 budget provision for computer expenses is \$2,269,814 (Forecast 2022: \$1,894,370). Major planned expenditure includes:

Budget Code	BUD 2023	Investment/ Operations	Pillar
IDE-5A-Computer Zoom video conferencing license	64,000	Operations	Capability
IDE-1A-Computer Pardot licence	44,000	Operations	Membership
IDE-1A-Computer Salesforce licence	182,000	Operations	Membership
IDE-1A-Computer Salesforce premium support	40,000	Operations	Membership
IDE-1B-Computer Cloudflare Licence	120,000	Operations	Membership
IDE-1B-Computer SSO APNIC Login	61,000	Operations	Membership
IDE-1C-Computer Expense reporting licence	25,800	Operations	Membership
IDE-1C-Computer NetSuite license	183,000	Operations	Membership
IDE-5A-Computer Atlassian Cloud	30,000	Operations	Capability
IDE-5A-Computer GitLab	27,000	Operations	Capability
IDE-5A-Computer SSO LifeCycle Okta	58,500	Operations	Capability
IDE-5A-Computer ZTNA & PAM	20,000	Investment	Capability
IDE-5A-Computer Security Compliance Tool	58,000	Investment	Capability
IDE-5A-Computer Adobe creative cloud (Corp)	22,000	Operations	Capability
IDE-5A-Computer Lucidcharts (Corp)	43,000	Operations	Capability
DGE-5B-Computer Data Warehouse Licenses	169,280	Operations	Capability
DGE-4A-Computer Neo4J license	50,000	Operations	Information
HE-5C-Computer HRIS Licences	138,000	Operations	Capability
IDE-1A-Computer Email gateways Halon licence	21,000	Operations	Membership
IDE-2B-Computer Cloud infrastructure	150,500	Operations	Registry
IDE-5A-Computer CentOS upgrade path	45,000	Operations	Capability
IDE-5A-Computer Rapid7 license & Support	45,000	Operations	Capability
IDE-5A-Computer HackerOne VRP & BBP program	96,000	Operations	Capability
IDE-5A-Computer Server Backup Protection	30,000	Operations	Capability
IDE-5A-Computer Source code vulnerability scanner	40,000	Investment	Capability
IDE-5A-Computer Vmware licence	30,000	Operations	Capability
IDE-2B-Computer Firewall & intrusion detection/ prevention	75,000	Operations	Registry
IDE-2B-Computer HSM support & maintenance RPKI	35,000	Operations	Registry
IDE-5A-Computer Local network storage support & maintenance	35,000	Operations	Capability
IDE-2B-Computer 59s Monitoring improvement	20,000	Investment	Registry

### 5.3 Professional Fees

Professional Fees includes all contractor and consultant services and advisory. APNIC continues to use contractor arrangements for services that do not require full-time in-house resources, delivery of discreet projects and some international arrangements where employment arrangements are not practical.

In 2023, completion of project work and revision of some services has resulted in a decrease in professional fees. The total 2023 budget provision for professional fees is \$1,390,950 (Forecast 2022: \$1,976,818). Major professional fees expenditure in 2023 includes:

Budget Code	BUD 2023	Investment/ Operations	Pillar
BE-5B-Professional Workspace Consultancy	20,000	Investment	Capability
CE-1C-Professional iTank design consultancy	134,100	Operations	Membership
CE-1C-Professional Strategic planning services consultancy	90,000	Operations	Membership
DGE-5D-Professional Legal fees	150,500	Operations	Capability
DGE-4B-Professional Lab research consultancy	238,500	Operations	Information
DGE-5B-Professional Data Warehouse consultancy	20,000	Operations	Capability
DGE-4A-Professional Registry knowledge graph	60,000	Investment	Information
BE-5B-Professional Audit fees	50,000	Operations	Capability
BE-5B-Professional Financial and tax advice	40,000	Operations	Capability
BE-1C-Professional NetSuite consultant support	30,000	Operations	Membership
BE-5B-Professional Business internal system	22,000	Operations	Capability
HE-5C-Professional HR consulting	80,000	Operations	Capability
HE-5C-Professional HRIS support/ integration (i)	65,000	Operations	Capability
HE-5C-Professional Leadership consulting	30,000	Operations	Capability
HE-5C-Professional Productivity coaching (i)	108,850	Operations	Capability
IDE-5A-Professional ISO27001 Consulting/ Audit/ Certification	20,000	Operations	Capability
IDE-5A-Professional 59s Tier 1 support improvement	50,000	Investment	Capability
STE-3C-Professional IGF/ICANN/ITU consultants	50,000	Operations	Development
STE-3C-Professional Strategic Engagement consultants	58,500	Operations	Development

### 5.4 Depreciation

Depreciation expenses are budgeted based on analysis of the existing depreciation and capital allowance schedules; including anticipated depreciation based on Capital Expenditure planned for 2023.

APNIC's capitalization threshold for new assets is \$1,000. The depreciation amounts budgeted for 2023 are:

- Equipment depreciation – \$645,199
- Capital works allowances - 6 Cordelia Street – \$124,670

The total 2023 budget provision for depreciation is \$769,789 (Forecast 2022: \$677,762)

### 5.5 Meeting & Training Expenses

Meeting and training expenses include all costs incurred in running APNIC meetings, conferences and 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 APNIC55 will be hosted in The Philippines and APNIC56 will be hosted in Japan. In 2023, the return of APRICOT / APNIC55 as a hybrid meeting will contribute to increased costs along with CPI impacts.

The total 2023 budget provision for Meeting & training expenses is \$820,400 (Forecast 2022: \$620,898).

Major planned expenditure includes:



Budget Code	BUD 2023	Investment/ Operations	Pillar
BE-5C-Meeting Xmas and Mid Year Staff events	30,000	Operations	Capability
CE-3A-Meeting APNIC APRICOT Closing reception	32,000	Operations	Development
CE-3A-Meeting APNIC Conference Closing dinner	30,000	Operations	Development
CE-3A-Meeting APNIC Conference Opening reception	90,000	Operations	Development
CE-3A-Meeting APNIC Conference AV rental	90,000	Operations	Development
CE-3A-Meeting APNIC Conference week venue hire and catering	240,000	Operations	Development
CE-3A-Meeting APNIC Conference Workshop week venue hire and catering	50,000	Operations	Development
CE-3A-Meeting APRICOT APNIC AGM Room and catering	38,000	Operations	Development
HE-5C-Meeting Staff Conference	20,000	Operations	Capability
SE-1A-Meeting Services outreach exhibition	20,000	Operations	Membership

## 5.6 Sponsorship & Publicity Expenses

Sponsorship and publicity expenses includes APNIC's contributions to the NRO and sponsorship of NOG's and other community events. In 2023, APNIC's commitment to ongoing work of the NRO includes additional investment into the delivery of the NRO strategic plan.

The total 2023 budget provision for Sponsorship & publicity expenses is \$782,380 (Forecast 2022: \$628,822). Major planned expenditure includes:

Budget Code	BUD 2023	Investment/ Operations	Pillar
BE-1A-Publicity General promotional item	40,000	Operations	Membership
CE-1A-Publicity Google PPC advertising	90,000	Operations	Membership
CE-3D-Publicity APNIC conference fellowships (i)	70,000	Operations	Development
CE-3A-Publicity APNIC Conference & NFH T-Shirt	20,000	Operations	Development
CE-3A-Publicity APNIC Conference guest travel	35,000	Operations	Development
DGE-2C-Publicity NRO expenses	328,000	Operations	Registry
IDE-3C-Publicity Sponsorships for NOGs/ IXPs/ Peering	80,000	Operations	Development
STE-3C-Publicity Community/ non-technical sponsorship	80,000	Operations	Development

## 5.7 Communication Expenses

Communication expenses include data network expenses, Internet connectivity expenses, telephony and mobile phone expenses. The major contributors to costs 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 2023 budget provision for computer expenses is \$730,600 (Forecast 2022: \$651,565). Major planned expenditure includes:

Budget Code	BUD 2023	Investment/ Operations	Pillar
IDE-2B-Communication Data centre rack hire & cross connects	230,000	Operations	Registry
IDE-2B-Communication Data network/ service monitoring & alerting	40,000	Operations	Registry
IDE-2B-Communication DNS anycast & regional whois cloud hosting	100,000	Operations	Registry
IDE-2B-Communication Network equipment support & maintenance	150,000	Operations	Registry
IDE-2B-Communication Transit/ Peering/ Virtual interconnections	200,000	Operations	Registry

## 5.8 Travel Expenses

While APNIC returned to travel in 2022, seat availability and costs remain volatile and unpredictable. APNIC are actively managing its travel expenses both through trip frequency and trip costs. The assumptions included in the budget are:

- All conference travel will be in economy class
- All regional travel will be in economy class
- All travel booking fees and overheads are included in the travel budget

- APNIC Foundation funded project travel is included in Foundation funded project expenses (i.e. it is excluded from the APNIC travel budget)
- Professional development travel is included in APNIC's training & professional development budget (i.e. it is excluded from the APNIC travel budget)
- Frequent ongoing review of planned travel will continue to ensure that all trips are justified under the APNIC Activity Plan and aligned with the budget assumptions

APNIC has set aside an initial budget provision of \$1.75M for travel during 2023. The budget has been allocated across business areas based on pre-pandemic travel patterns.

## 5.9 Other Expenses

Other expenses included in APNIC's budget submission include bank service fees, doubtful debts, ICANN contract expenses, insurance, membership fees, office operating expense, postage & delivery, printing & photocopy, recruitment expense, staff training expense and translation expenses.

The total 2023 budget provision for Other expenses is \$1,821,677 (Forecast 2022: \$2,303,774). Major planned expenditure includes:

Budget Code	BUD 2023	Investment/ Operations	Pillar
IDE-5A-Printing Office printing & photocopy	20,000	Operations	Capability
BE-5B-Office Cleaning	78,000	Operations	Capability
BE-5B-Office Electricity	66,000	Operations	Capability
BE-5B-Office BCC rates	48,000	Operations	Capability
BE-5C-Office Kitchen supplies and catering	45,000	Operations	Capability
BE-5B-Office General maintenance and repairs	50,000	Operations	Capability
BE-5C-Office General workplace health & safety	25,000	Operations	Capability
CE-3A-Postage APNIC APRICOT event shipment	20,000	Operations	Development
CE-3A-Postage APNIC Conference & NFH event shipment	30,000	Operations	Development
DGE-2C-ICANN Contribution	238,600	Operations	Registry
BE-5D-Insurance Brokerage fees	37,000	Operations	Capability
BE-5D-Insurance Combined	235,000	Operations	Capability
BE-5B-Office Land tax	51,800	Operations	Capability
BE-1A-Bank Merchant fees	240,000	Operations	Membership
BE-5B-Doubtful Debts expense	20,000	Operations	Capability
HE-5C-Recruitment HR fees	100,000	Operations	Capability
HE-5C-Training Study assistance	50,000	Operations	Capability
HE-5C-Training Group/ General workshops	70,000	Operations	Capability
HE-5C-Training Staff individual professional development	125,000	Operations	Capability
HE-5C-Recruitment Migration Expenses	75,000	Operations	Capability
STE-3C-Membership International & Regional Annual Registration	22,200	Operations	Development

## 6 Capital Expenditure

Capital expenditure comprises of office furniture, fittings & building improvements and equipment & software. The 2023 budget submission includes capital expenditure provisions of \$1,099,400. Of this amount, \$628,700 relates to office furniture, fittings & building improvements, and \$470,700 relates to equipment & software as set out in the table below:

CAPITAL (AUD)	Actual 2019	Actual 2020	Actual 2021	Forecast 2022	Budget 2023	FY23 Budget vs FY22 Forecast
Equipment & Software	552,713	502,865	540,440	759,222	470,700	-38.0%
Office Furniture & Fittings	87,098	14,408	9,244	183,198	628,700	243.2%
<b>Total - Capital Expenditure</b>	<b>639,811</b>	<b>517,273</b>	<b>549,684</b>	<b>942,420</b>	<b>1,099,400</b>	<b>16.7%</b>
<b>Change</b>	<b>6.3%</b>	<b>-19.2%</b>	<b>6.3%</b>	<b>71.4%</b>	<b>16.7%</b>	

**Table 6.1 Capital Expenditure over time**

The capital expenditure budget includes a provision of \$593,700, workspace improvements. Of this, \$543,700 is related to rectification of subsidence issues in the ground floor carpark of the APNIC office. This provision is an initial estimate only based on preliminary engineering reports. More work is needed to fully assess the necessity of these works.

Other areas of capital expenditure includes cyclical renewal of internal IT equipment and renewal of network hardware.

Provisions for capital expenditure in 2023 include:

CAPEX (AUD)	Budget 2023
<b>Office furniture, fittings &amp; building improvements</b>	
BA-5B-Fittings Workspace Improvement	593,700 *
IDA-5A-Capital Staff monitors	10,000
BA-5B-Fittings Aircon new compressors	25,000 *
<b>Total</b>	<b>628,700</b>
<b>Equipment &amp; software</b>	
IDA-5A-Capital NexDC and Interactive switch replacement	92,000
IDA-5A-Capital Servers	75,000
IDA-3E-Capital Training Labs server/ equipment	15,000
IDA-3F-Capital IXP and Root server development	10,000
IDA-5A-Capital Staff Laptops	154,200
IDA-3A-Capital Conference WIFI replacement/ Network case and AV accessories	25,000
DGA-4B-Capital Labs servers	45,000
IDA-5A-Capital IT office/ Projectors/ TVs equipment	20,000
IDA-5A-Capital Conference Laptops	16,000
IDA-5B- Fittings Office improvements/ Lighting/ Security cameras	10,000
IDA-3A-Capital Conference Check-In Hardware	8,500
<b>Total</b>	<b>470,700</b>
<b>TOTAL CAPEX</b>	<b>1,099,400</b>

\* = Investment expenditure

## 7 APNIC Foundation Funded Activity

APNIC Foundation funded activities are outlined below:

Workstream	Category	Activity	Funding
3E. APNIC Academy	Operations	3E.1 Academy Product Management	\$ 910,500
3E. APNIC Academy	Operations	3E.2 Training Events	\$ 867,500
3E. APNIC Academy	Operations	3E.3 Community Trainers Network	\$ 905,600
3E. APNIC Academy	Investments	3E.7 Academy Product Development	\$ 570,000
3E. APNIC Academy	Investments	3E.8 Curriculum for Non-Technical Audiences	\$ 80,021
3F. Internet Infrastructure Support	Operations	3F.2 Community Honeynet and Security Threat Sharing Platform	\$ 77,000
3F. Internet Infrastructure Support	Investments	3F.3 M-Root Deployment Support	\$ 701,942
4B. Research and Analysis	Operations	4B.1 Conducting Research and Measurements	\$ 289,855
<b>TOTAL</b>			<b>\$ 4,402,418</b>

**Table 7.1 APNIC Foundation Funded Activity**