

APNIC EC Meeting Minutes

Teleconference
Thursday, 15th July 2010

Meeting Start: 11:09 noon (UTC +1000)

Present

Akinori Maemura
Che-Hoo Cheng
Hyun-Joon Kwon
Jian Zhang
Paul Wilson

Geoff Huston (minutes)
Richard Brown
Irene Chan

Apologies

Ma Yan
James Spenceley

Agenda

1. Agenda Bashing
2. Review of Minutes and Actions
3. Financial Report
4. DG Report
5. AOB

Minutes

The Chair of the Executive Council called the meeting to order at 11:05 UTC+1000.

1. Agenda Bashing

There were no changes to the Agenda.

2. Review of Minutes and Actions

The minutes of the regularly scheduled EC meeting held on 17 June 2010 were approved.

Action ec-10-014: Secretariat to publish minutes of the 17 June meeting

Review of Actions:

- Action ec-10-003:** Secretariat to proceed with implementation of the non-member fee schedule, with an adoption date of 1 January 2011
Underway
- Action ec-10-005:** Commission a report into the conduct of the APNIC EC Election on 5 March 2010
Underway
- Action ec-10-006:** Review of the current APNIC EC election procedures.
Awaiting report from Action ec-10-005
- Action ec-10-012:** Secretariat to publish minutes of the 18 May meeting
Completed
- Action ec-10-013:** Secretariat to publish full details of the votes cast in the March 2010 EC Elections
Completed

3. Financial Report

The EC noted the financial report for June 2010 (attached).

It was noted that the balance sheet in the June financial report reflects a net 10% growth in the current assets. The balance sheet shows the purchase of the office building and the revaluation of the equity funds. Additional capital works will be undertaken as part of the planned office fit out.

Additional expenses of \$140,000 have been included into the 2010 operational expenditure budget to meet the costs associated with the relocation of the office towards the end of the 2010 calendar year. Receipts are slightly higher than the budget projection at this point. Detailed notes on individual expense and receipt lines are included in the financial report.

The ATO situation remains outstanding. KPMG remains managing this issue, and APNIC continues to await the outcome of the ATO review of the earlier ATO decision.

A separate financial report will be circulated to the EC detailing the complete schedule of capital and operational expenditures associated with the purchase and fitout of the new office accommodation for the August meeting of the EC.

- Action ec-10-015:** Secretariat to prepare a financial report of all capital and operational expenditure associated with the purchase and fitout of the new APNIC office accommodation.

APNIC Membership is now at a total of now 2318 members, with 36 new members in the month of May, all at the Associate level.

The EC approved the June 2010 financial report.

4. D-G report

The D-G reported on the NRO EC retreat, held in mid-June. This meeting was attended by board observers from several RIRs, including Akinori Maemura representing the APNIC EC. The retreat considered a range of operational and strategic issues common to the RIRs, including: V4/V6 transition scenarios and implications for the RIRs' future operating models; the distribution of various NRO operational functions, including online services and communications staffing functions, and the selection of a stable base for these activities rather than annual rotation across the various

RIRs; the NRO roadmap for the adoption of RPKI support across all the RIRs; and NRO relationships with a range of other organisations including ICANN, IANA, IAB, and ITU. Further details would be reported and open for discussion as the minutes of the meeting are published, and as relevant issues arise for APNIC during EC discussions.

The NRO EC met with Rod Beckstrom, the CEO of ICANN, and Elise Gerich, the new ICANN VP for IANA Operations; and attended a consultation with the ICANN GAC regarding current issues.

An inter-RIR staff exchange program has commenced. APNIC has provided a technical staff member to work at AfriNIC to assist in the implementation of the RPKI system, since AfriNIC has selected the APNIC RPKI software systems for their own use.

Preparation for the 2011 APNIC Member Survey has started. This survey will be conducted by Dr John Earls, with the analysis and reporting being performed by Professor Ang Peng Hwa of Nanyang Technical University (NTU) Singapore.

It was noted that there will be a further APT Plenipot Prep meeting prior to the ITU Plenipot meeting later this year. It was noted that the June APT meeting contained no specific mention of any specific role for the ITU in IPv6 address distribution. The ITU IPv6 Group will meet in Geneva at the start of September, although it is noted that there has been no significant activity on the "correspondence group" mailing lists since the last meeting.

At the recent Indonesian IPv6 Summit, an Asia Pacific IPv6 Task Force meeting was held. APNIC provided support for this meeting in its role as Secretariat for this group, since being elected to that position during the APNIC meetings in KL.

The D-G announced that Pablo Hinojosa will start as APNIC's new Senior Public Affairs Advisor on July 19th.

5. AOB

India NIR Application

The EC reviewed progress in the India NIR Application, and was briefed on further conversations that had occurred between the principal of NIXI and the D-G, during the recent ICANN meetings. The EC was advised that no further response had been received from NIXI to its request for further information relating to the NIR Criteria (attached). The EC was of the view that no further action could be taken on this NIR application until the requested information was provided to the EC.

EC Election Review

The EC was briefed on the progress of the Election Review Panel. The Panel's work is underway and the Panel's report is anticipated to be submitted to the EC before the coming APNIC 30 meetings.

The EC noted the discussions on the APNIC talk mailing list, and requested the Secretariat to post some pointers to the APNIC Corporate Governance documents, to assist in informing the discussion.

Next Scheduled Meeting

23 August 2010 (APNIC 30)

Meeting closed: 12:32 pm (UTC+1000)

Summary of Action Items

- Action ec-10-003:** Secretariat to proceed with implementation of the non-member fee schedule, with an adoption date of 1 January 2011
Underway
- Action ec-10-004:** Secretariat to draft query handling guidelines, for EC review and approval
Underway
- Action ec-10-005:** Commission a report into the conduct of the APNIC EC Election on 5 March 2010.
Underway
- Action ec-10-006:** Review of the current APNIC EC election procedures.
Underway
- Action ec-10-014:** Secretariat to publish minutes of the 17 June meeting
- Action ec-10-015:** Secretariat to prepare a financial report of all capital and operational expenditure associated with the purchase and fitout of the new APNIC office accommodation.

From: MAEMURA Akinori
Subject: [EC] APNIC EC's response on the issue of India NIR
Date: 4 June 2010 7:58:44 PM AEST
To: Ravi Shanker
Cc: Srinivas Chendi, APNIC EC, Naresh Ajwani, NIXI Board of Directors, , Rajesh Chharia

Dear Mr. Ravi Shanker,

Thank you for your email of 23 May addressed to the Director-General of APNIC. As your note explicitly states that NIXI is no longer interested in continuation of the negotiation with the APNIC Secretariat on the proposal for the operation of a 'thin-NIR" model, where the APNIC Secretariat would provide the technical registration services to the India NIR, then the basis upon which the Director-General was given the authority to negotiate directly with you is no longer relevant, and he has passed this matter of the recognition of an India NIR back to the APNIC Executive Council for further consideration.

The Executive Council would like to advise you that the in-principle recognition of the India NIR, undertaken in December 2009, was based on the proposal received from NIXI at the time and the assumption that the APNIC Secretariat would be operating the registry services part of such an NIR. This was subject to the successful negotiation of specific and sustainable operational arrangements between the APNIC Director-General and the NIR. Given that this direction is no longer under active consideration, the APNIC EC will now be guided by the provisions in the APNIC Policy document "NIR Criteria" (<http://www.apnic.net/policy/nir-criteria>) in their deliberations on this matter.

To quote from that document: "While not providing performance or quality criteria for NIRs, this document does provide a number of technical and operational requirements with which any new and existing NIRs should always comply. These are objective criteria which are consistent with the criteria by which RIRs themselves are recognised, and which have been deemed by the Internet community globally as essential to the responsible management of Internet resources. "

The APNIC EC accepts that criteria 3.1, relating to formal endorsement at the national level by the appropriate Government body has been provided by NIXI.

However, from the material submitted to date to the APNIC EC, the EC is unable to adequately judge the extent to which NIXI is able to demonstrate that it meets the provisions of section 3.2 and 3.3 of the APNIC NIR Criteria document, and, in particular the extent to which NIXI has the organizational and technical capacity to thoroughly implement all aspects of APNIC address management policies at all times. The APNIC EC would like to request that NIXI submit a response that specifically addresses sections 3.2 and 3.3 of the NIR Criteria document.

The EC has been advised by the APNIC Director-General that NIXI may still wish to outsource certain operational functions of the NIR. As discussed in previous meetings between the APNIC EC and the principals of NIXI when NIXI proposed to operate the NIR in a consortium arrangement with ISPAI, the EC regards any significant outsourcing arrangements to be material to this recognition process. If NIXI intend to outsource any parts of the operation of the NIR function we request that your response include the specific details of the outsource service provider and details of the specific functions involved.

The APNIC EC accepts that it has already undertaken the community

consultation referred to in section 4.1, and upon receipt of the additional material requested, the EC will be in a position to resume the NIR recognition process for India.

The EC is aware that the NIR recognition process has been a protracted exercise in this case, and recognises that this request for further material will cause some further delay. However, the EC is mindful of its responsibility in ensuring that address management is undertaken responsibly and with all due care and attention to detail and procedure, and is mindful of its responsibility to the global Internet community to ensure that all aspects of address management under the EC's purview are undertaken in a responsible manner.

Sincerely Yours,

MAEMURA Akinori,
Chair of the APNIC Executive Council



APNIC

Semi-annual financial report

(in AUD)

For the month ending June 2010

Asia Pacific Network Information Centre

1. Balance Sheet

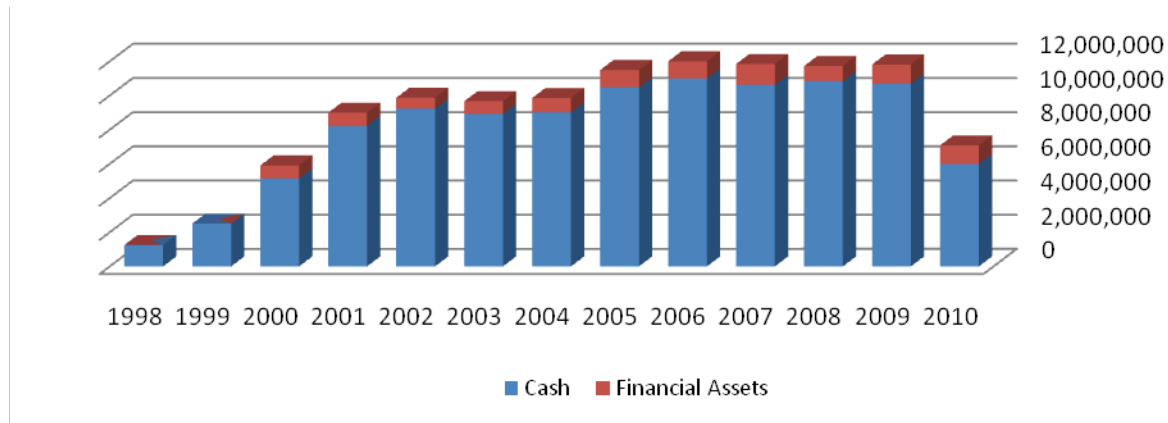
Statement of Financial Position (AU\$)					
	30/05/2010	% of Total Asset or Liab+Equity	% change 31/12/2009	Year-End 2009	Year-End 2008
CURRENT ASSETS					
Cash	4,302,837	26%	-35.6%	6,686,084	6,844,414
Term deposit investment	0	0%	-100.0%	2,300,000	2,300,000
Receivables	1,610,296	10%	224.2%	496,734	1,518,540
Others	1,503,649	9%	39.0%	1,081,905	540,688
TOTAL CURRENT ASSETS	7,416,782	45%	-29.8%	10,564,723	11,203,642
NON-CURRENT ASSETS					
Other financial assets	1,080,474	7%	-4.2%	1,127,796	883,201
Property, plant and equipment *	6,346,512	38%	294.7%	1,607,819	1,708,216
Long term deposit investment	1,700,000	10%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	9,126,987	55%	105.8%	4,435,615	4,291,417
TOTAL ASSETS	16,543,769	100%	10.3%	15,000,337	15,495,060
CURRENT LIABILITIES					
Payables	371,760	2%	-63.2%	1,010,114	629,650
Provisions	1,094,458	7%	3.7%	1,055,625	989,847
Unearned revenue	5,504,054	33%	33.2%	4,130,987	5,383,679
TOTAL LIABILITIES	6,970,272	42%	12.5%	6,196,726	7,003,177
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	75,027	0%	0.0%	166,675	0
Retained earnings	9,498,469	57%	10.0%	8,636,936	8,491,882
TOTAL EQUITY	9,573,497	58%	8.7%	8,803,612	8,491,883
TOTAL LIABILITIES & EQUITY	16,543,769	100%	10.3%	15,000,337	15,495,060

Note *:

- Property, plant and equipment – balances have increased significantly compared to last year due to the settlement of the APNIC office building in May 2010.
- Reserves on other financial assets investment – This balance is due to the revaluation of our investment in unit trusts and was based on the market valuation as at the end of June 2010. These investments are revalued on a quarterly basis.

1.1 APNIC Reserve

By the end of June, APNIC has maintained \$7.1 million cash reserves. 85% of the reserve has been invested in a range long and short term deposits, whilst 15% remains invested in managed funds. Part of the APNIC cash reserve was used to purchase the office building at 6 Cordelia Street, South Brisbane in May. The Chart below tracks the value and the allocation of these reserves over time.



1.2 Receivables

The receivables balance at the end of June 2010 was \$1,610,296. Around 27% of the total accounts receivable balances are now overdue for payment whilst 73% are current. Under APNIC billing procedures, services will normally be suspended once the accounts are overdue for more than 30 days, whilst accounts overdue by more than 60 days are to be closed for resources recovery, unless payment extension has been requested. APNIC's monthly billing procedure involves following up those outstanding accounts closely via email, phone and fax messages.

Account Receivable Aging Status	< 30 days	Due for payment	Total
Accounts Receivable (AUD)	1,175,924 73%	434,372 27%	1,610,296 100%

2. Income Statement

2.1 Expenses

This report incorporates the year to date actual, budget and projected estimates. The Year to Date June figures are compared to figures for the same period last year and to the YTD budget. The projected Actual figures are based on forecast estimates of expenditure and includes allowances for costs associated with the new building refurbishment and relocation.

EXPENSES (AUD)	YTD Jun-10	YTD Jun-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Bank charges	37,185	33,528	10.9%	79,202	74,370	-6.1%
Communication expenses *	115,811	76,905	50.6%	327,376	321,621	-1.8%
Computer expenses *	179,067	199,443	-10.2%	511,120	508,134	-0.6%
Depreciation expense *	356,958	353,962	0.8%	783,975	884,262	12.8%
Sponsorship and Publicity expenses	90,084	73,146	23.2%	183,787	180,168	-2.0%
Doubtful debt expenses	0	1,804	-100.0%	4,791	4,791	0.0%
ICANN contract fee *	160,586	179,348	-10.5%	306,000	321,172	5.0%
Insurance expense	60,206	68,323	-11.9%	135,900	120,411	-11.4%
Meeting and training expenses	50,745	52,164	-2.7%	287,400	281,491	-2.1%
Membership fees	26,613	32,235	-17.4%	55,660	53,226	-4.4%
Miscellaneous expenses	471	1,422	-66.8%	6,850	943	-86.2%
Office operating expenses *	88,188	59,691	47.7%	140,160	280,376	100.0%
Postage & delivery	16,162	11,797	37.0%	34,550	32,323	-6.4%
Printing & photocopy	11,950	14,645	-18.4%	26,260	23,899	-9.0%
Professional fees *	287,074	388,136	-26.0%	933,300	914,147	-2.1%
Recruitment expense	55,917	55,758	0.3%	80,000	91,833	14.8%
Rent and outgoings *	319,582	294,888	8.4%	608,753	639,164	5.0%
Salaries and personnel expenses *	2,973,861	2,853,124	4.2%	6,725,352	6,654,442	-1.1%
Staff training/conference expenses	73,537	40,706	80.7%	150,155	150,074	-0.1%
Tax expense	0	0	0.0%	103,464	103,464	0.0%
Translation expenses	0	0	0.0%	25,000	25,000	0.0%
Travel expenses *	694,419	660,249	5.2%	1,518,750	1,513,838	-0.3%
TOTAL EXPENSES	5,598,414	5,451,271	2.7%	13,027,805	13,179,151	1.2%

2.2 Revenue

Revenue (AUD)	YTD Jun-10	YTD Jun-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Interest income *	198,783	397,859	-50.0%	460,555	288,783	-37.3%
IP Resource application fees	621,486	567,251	9.6%	1,442,149	1,242,972	-13.8%
Membership fees *	4,511,671	3,831,335	17.8%	9,944,932	10,127,610	1.8%
Non-members fees	69,136	63,070	9.6%	137,357	138,271	0.7%
Per Allocation fees *	917,989	681,943	34.6%	688,926	977,989	42.0%
Reactivation fees	13,800	6,340	117.7%	13,101	27,600	110.7%
Sundry income	105,793	140,010	-24.4%	191,320	135,793	-29.0%
Foreign exchange gain/(loss)	21,290	(18,716)	-213.8%	0	42,579	0.0%
TOTAL REVENUE	6,459,947	5,669,092	14.0%	12,878,340	12,981,598	0.8%

2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	YTD Jun-10	YTD Jun-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Total Revenue	6,459,947	5,669,092	14.0%	12,878,340	12,981,598	0.8%
Total Expenses	5,598,414	5,451,271	2.7%	13,027,805	13,179,151	1.2%
OPERATING PROFIT/(LOSS)	861,533	217,821		(148,465)	(197,553)	

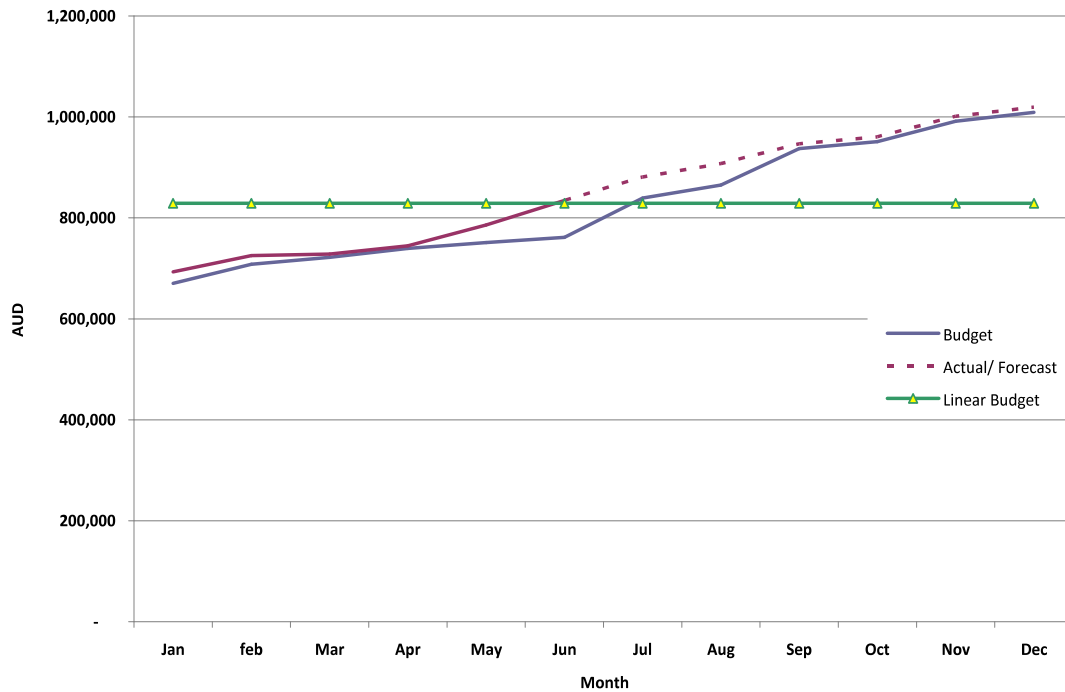
Notes:

The major factors causing the variance between the budgeted and forecast operating position were:

1. Revenue

- **Interest Income** – APNIC has utilized cash from term deposits for the property purchase in June, and hence interest income earned for the rest of the year will be decreased.
- **Membership fees** - The new membership fee schedule was implemented from 1 Jan 2010, as each member reaches their new anniversary date they will be invoiced under the new fee schedule. There will be large negative variance for the first half of the year when compared to the linear budget (Full Year/12). The graph below shows the Membership fees forecast which includes actuals up until the end of June is tracking well against the phased budget estimates.

Membership Fee Forecast 2010



- **Per allocation fees** charged for allocations to the NIR's were significantly higher than expected due to large requests from NIRs. As at the end of June, majority of the NIRs have renewed under the 2010 fee schedule. The budget estimates were based on analysis of NIR member anniversary dates and analysis of historical NIR allocation activity.

2. Expenses

Some significant variance between projected forecast and budget figures are as followed:-

- **Communication expenses** – The majority of costs associated with the HiAvail project will occur in the second half of the year
- **Computer expenses** - A number of projected expenses including E-learning software upgrades have not yet occurred.
- **Depreciation expenses** – The projection includes the estimated capital allowance and depreciation for the new office building.
- **ICANN contract fee** – Increase in the APNIC proportion for NRO contribution
- **Office operating/ relocating expenses** – The projection includes the estimated office relocation cost (December) and operating expenses for the new office premise.
- **Professional fees** - APNIC has contributed its committed AUD \$110k to the ISIF second project grant. The majority of expenses budgeted for the consulting on research projects will be incurred during second half of the year. Legal costs continue to be hard to predict.
- **Rent and outgoings** – During the annual audit we were advised that we were required to make provision for make good costs related the lease at Park Road in Milton.
- **Salaries and personnel expenses** –
 - Delay in appointing budgeted new resources including the Senior Liaison role
 - Focus on reducing leave balances across APNIC
- **Travel expenses** – staff travel activity has been monitored and it is forecast that the budget expenditure will be met by the end of 2010.

3. Other Important Considerations

- No adjustment is included in these accounts in respect of APNIC's current dealings with the Australian Taxation office.
- Final cost estimates and projected cash flows related to the building refurbishment will be available by the end of August; projections in this report are based on estimates.

Note: Accounts are projected base on the following:-

- *pro-rata from the actual figures and projected until end of year*
- *year to date figures will be used if further expenses are not expecting*
- *budget figures, or*
- *other updated information on hand.*

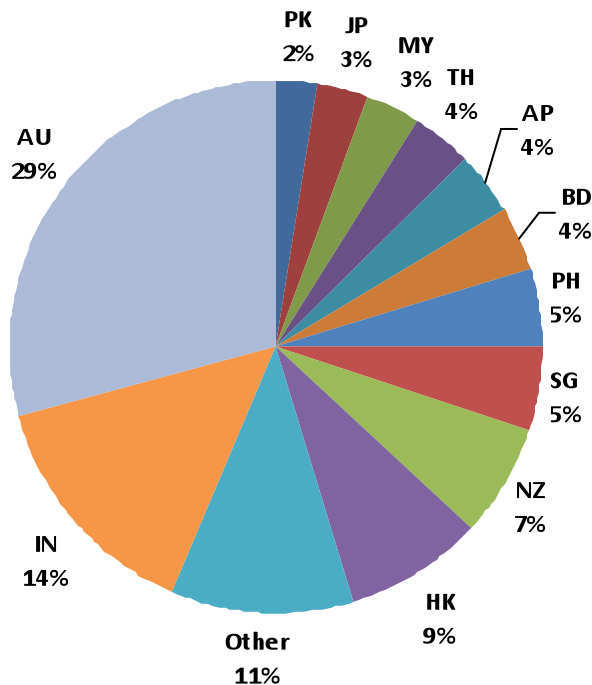
3. Membership

3.1 Membership Statistics

At the end of June 2010, APNIC had a total of 2,318 members serving 52 economies. There was a net growth of 22 members, with 36 new members, and 14 member accounts were closed during June.

3.1.1 Membership by Economy

The following chart illustrates the APNIC membership distribution by economy.



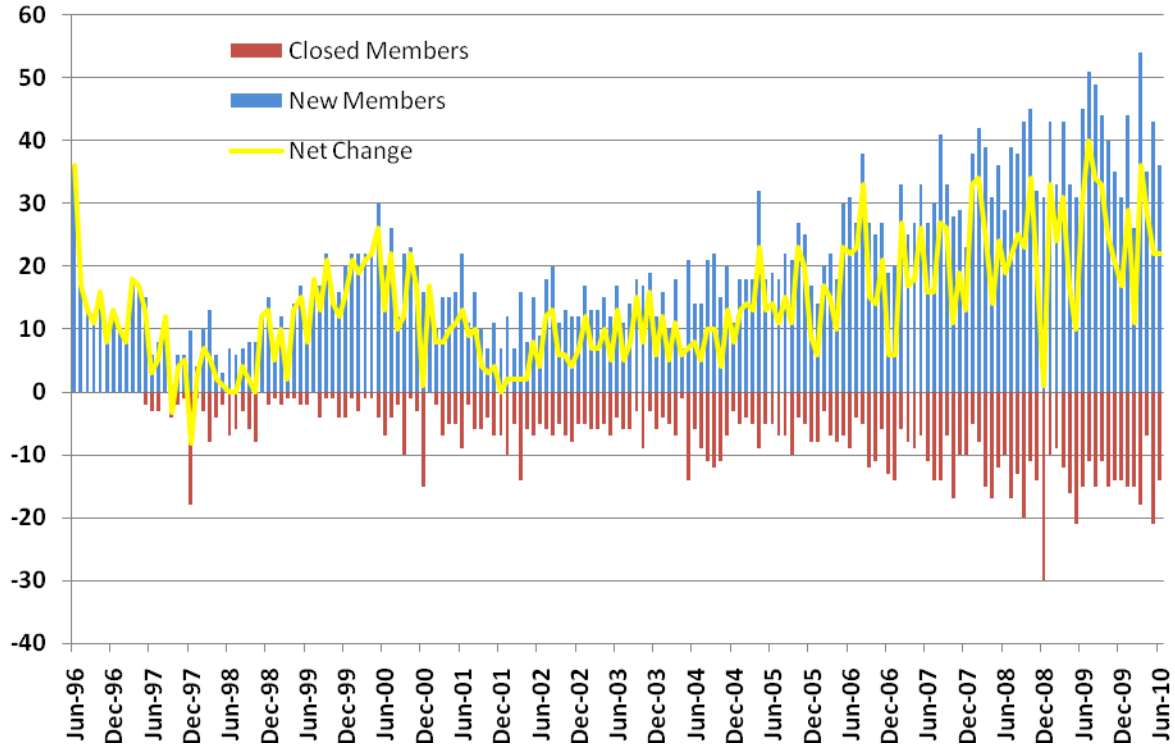
3.1.2 Membership by Category

The following table shows the monthly changes in membership and provides an analysis of APNIC's membership tiers. The majority of APNIC members remain in the Small membership tier. The final column shows the voting tier that members would be if they were assessed on resource holdings at the end of June.

Membership	Total May-10	New Jun-10	(Closed) Jun-10	Size Change Jun-10	Total YTD Jun-10	Total YTD (%) Jun-10	Tier based on Resource Holdings Jun-10
Extra Large	15	0	0	0	15	1%	16
Very Large	33	0	0	0	33	1%	35
Large	119	0	0	1	120	5%	140
Medium	292	0	(1)	2	293	13%	329
Small	822	0	(4)	11	829	36%	924
Very Small	534	0	0	8	542	23%	784
Associate	481	36	(9)	(22)	486	21%	90
TOTAL	2296	36	(14)	0	2318	100%	2318

3.1.3 Membership Movement - Tiers

The following graph illustrates monthly movements of APNIC membership.



3.1.4 YTD Membership Movement - Economy

The graph below illustrates by economy, the year to date number of new members who have joined APNIC and the number who have closed accounts. Australia has the highest number of both new and closed members, i.e. 74 new and 21 closed members, followed by India and Hong Kong.

