

APNIC EC Meeting Minutes

Teleconference
Thursday, 10th February 2011

Meeting Start: 12:07 pm (UTC +1000)

Present

Akinori Maemura
Ma Yan
Che-Hoo Cheng
Paul Wilson
James Spenceley
Hyun-Joon Kwon

Geoff Huston
Connie Chan
Richard Brown
Irene Chan

Apologies

Jian Zhang

Agenda

1. Agenda Bashing
2. Review of Minutes and Actions
3. Financial Report
4. DG Report
5. India NIR
6. Strategic Planning
7. EC Election
8. APNIC AMM Reporting
9. AOB

Minutes

The Chair of the Executive Council called the meeting to order at 12:07 UTC+1000.

1. Agenda Bashing

There were no changes to the agenda.

2. Review of Minutes and Actions

The minutes of the 18 November 2010 meeting were approved.

The minutes of the 10 December 2010 meeting were approved.

The minutes of the 16 December 2010 meeting were approved.

3. Financial Report

The EC reviewed the unaudited financial report for 2010 (attached). The Board noted the change in the Balance Sheet position reflecting the shift of assets from cash holdings to the APNIC Office, and the higher level of receivables and unearned revenue as compared to the comparable position at the end of 2009. In terms of operating accounts, expenses were 1.6% higher than the budget forecast, while operating revenues were up 3.5% over budget forecasts.

The residual liability for the unlet portions of the Park Road office were recognised in the 2010 expenses. When this space is re-let, any remaining pro-rata lease cost provisions will be recognised in the 2011 operating accounts.

The audited financial report for 2010 will include the taxation assessment for 2010.

The EC accepted the financial report.

4. D-G report

The D-G reported on a number of current and forthcoming activities for APNIC:

- The D-G reported that the flooding in the Brisbane metropolitan area had triggered the operation of the APNIC Business Continuity Plan. While the building itself was not directly affected by the flooding and there was no disaster situation per se, the APNIC Secretariat Executive Team took the decision to close the office and send all staff home and operate the office functions from home for a period of three days. The BCP will be updated to reflect the experience gained from this incident.
- The D-G reported that APNIC had raised a request to the IANA for a further 2 IPv4 /8s in January 2011, triggering the IANA last 5 /8 policy and thereby depleting the IANA of its general use IPv4 address pool. A ceremony to mark this event was held at a meeting of the principals of the NRO, ISOC, ICANN and the IAB in the first week of February.
- The D-G noted that he had approved changes to the APNIC allocation procedures, to be implemented immediately. These changes are intended to ensure that the depletion of remaining IPv4 address pools in APNIC will occur in a fair fashion. The processing time for IPv4 address requests will be extended from 2 to 5 working days to accommodate the procedural changes. The details of these changes will be circulated to members and an opportunity for members to discuss these changes will be provided as part of the APNIC 31 Member Meeting.
- The D-G attended a meeting of the principals of the NRO, ISOC, ICANN and the IAB, held in the first week of February.
- On staffing matters the senior engineering position has been filled and there are two current vacancies, in technical operations and the helpdesk team.

5. India NIR

The EC considered the current status of process of recognition of the India NIR. The EC determined that the Chair and the D-G should talk to NIXI in a conference call to progress this matter.

6. Strategic Planning

This item was not considered.

7. EC Election

The EC has extended an invitation to an individual to undertake the role of EC Election Chair for the forthcoming EC Elections.

8. APNIC AMM Planning

The EC requested that drafts of the EC report to the APNIC Members Meeting be prepared in advance of the APNIC 31 meeting, to allow these reports to be considered at the next EC meeting, prior to the Members Meeting.

9. AOB

No items.

Next Scheduled Meeting

21 February 2011 (APNIC 31)

Meeting closed: 2:25 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
Completed
- Action ec-10-006:** Review of the current APNIC EC election procedures.
Completed
- Action ec-10-017:** EC to respond to the Election Review Panel's report.
Completed
- Action ec-10-021:** Secretariat to publish minutes of the 21 October meeting
Completed
- Action ec-10-022:** DG to request the RFP from NIXI on behalf of the APNIC EC
OBE
- Action ec-10-023:** APNIC EC to publish a statement to members and media regarding the general IPv4 exhaustion and projection model issues.
Completed
- Action ec-11-001:** Secretariat to publish minutes of the 18 November meeting
Completed
- Action ec-11-002:** Secretariat to publish minutes of the 10 December meeting
Completed
- Action ec-11-003:** Secretariat to publish minutes of the 16 December meeting
Completed



APNIC

Annual financial report

(in AUD)

For the month ending December 2010

(Unaudited)

Asia Pacific Network Information Centre

1. Balance Sheet

Statement of Financial Position (AUD)					
	31/12/2010	% of Total Asset or Liab+Equity	% change 31/12/2009	Year-End 2009	Year-End 2008
CURRENT ASSETS					
Cash	5,953,850	34%	-11.0%	6,686,084	6,844,414
Term deposit investment	0	0%	-100.0%	2,300,000	2,300,000
Receivables	878,766	5%	76.9%	496,734	1,518,540
Others	1,161,853	7%	7.4%	1,081,905	540,688
TOTAL CURRENT ASSETS	7,994,469	46%	-24.3%	10,564,723	11,203,642
NON-CURRENT ASSETS					
Other financial assets	1,137,515	6%	0.9%	1,127,796	883,201
Property, plant and equipment *	8,390,655	48%	421.9%	1,607,819	1,708,216
Long term deposit investment	0	0%	-100.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	9,528,170	54%	114.8%	4,435,615	4,291,417
TOTAL ASSETS	17,522,639	100%	16.8%	15,000,337	15,495,060
CURRENT LIABILITIES					
Payables	629,434	4%	-37.8%	1,011,161	629,650
Provisions	1,868,841	11%	77.0%	1,055,625	989,847
Unearned revenue	6,074,215	35%	47.0%	4,130,987	5,383,679
TOTAL LIABILITIES	8,572,490	49%	38.3%	6,197,773	7,003,177
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	128,004	1%	0.0%	166,675	0
Retained earnings	8,822,144	50%	2.2%	8,635,889	8,491,882
TOTAL EQUITY	8,950,149	51%	1.7%	8,802,565	8,491,883
TOTAL LIABILITIES & EQUITY	17,522,639	100%	16.8%	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 and the ongoing refurbishment.
- 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 December 2010. These investments are revalued on a quarterly basis.

1.1 APNIC Reserve

By the end of December, APNIC maintained \$7 million in cash reserves. Since May, part of APNIC's cash reserve has been utilized for purchase the office building, and the office refurbishment costs. 86% of the reserve has been invested in a range of term deposits, whilst 14% remains invested in managed funds. The following chart tracks the value and the allocation of these reserves over time.



1.2 Notes to the 2010 Balance Sheet

The total asset position for APNIC as of 31 December 2010 has decreased by 16.8% when compared to the position at the end of 2009. The major factors causing the change in asset position are:

- A decrease in the “Cash” position of 11% due to the reserve has been utilized for the office building purchased and refurbishment, which has caused significant increase in “Property, plant and equipment”, i.e. 421.9%.
- Cash includes amounts held in current bank account and short term deposits up to 12 months.
- Increase in the “Receivables” and “Unearned Revenue” as at the end of December 2010 as compared to 2009 is mainly due to the delay in invoicing for renewal accounts in 2009 for introduction of the new billing procedure under the 2010 new fee schedule.

2. Income Statement

2.1 Expenses

This is an unaudited draft financial statement. The audited outcome for 2010 may vary from this statement as the final tax calculation and audit is expected to be completed by early February.

EXPENSES (AUD)	2010 (DRAFT)	2009	Variance %	Budget 2010	Budget Variation	Budget Variation %
Bank charges	81,607	65,148	25.3%	79,202	2,405	3.0%
Communication expenses	339,964	156,901	116.7%	327,376	12,588	3.8%
Computer expenses *	328,583	381,519	-13.9%	511,120	(182,537)	-35.7%
Depreciation expense	703,869	718,927	-2.1%	783,975	(80,106)	-10.2%
Sponsorship and Publicity expenses*	252,182	177,469	42.1%	183,787	68,395	37.2%
Doubtful debt expenses	2,106	4,928	-57.3%	4,791	(2,685)	-56.0%
ICANN contract fee *	321,172	358,696	-10.5%	306,000	15,172	5.0%
Insurance expense	116,824	133,822	-12.7%	135,900	(19,076)	-14.0%
Meeting and training expenses	249,401	138,458	80.1%	287,400	(37,999)	-13.2%
Membership fees	53,663	69,496	-22.8%	55,660	(1,997)	-3.6%
Miscellaneous expenses	1,032	5,234	-80.3%	6,850	(5,818)	-84.9%
Office operating expenses *	384,547	132,009	191.3%	140,160	244,387	174.4%
Postage & delivery	27,394	27,170	0.8%	34,550	(7,156)	-20.7%
Printing & photocopy	21,618	24,309	-11.1%	26,260	(4,642)	-17.7%
Professional fees *	554,295	591,140	-6.2%	933,300	(379,005)	-40.6%
Recruitment expense *	140,220	73,836	89.9%	80,000	60,220	75.3%
Relocation/ new office expenses *	69,479	0	0.0%	0	69,479	0.0%
Rent and outgoings *	1,418,314	611,805	131.8%	608,753	809,561	133.0%
Salaries and personnel expenses *	6,507,584	6,033,254	7.9%	6,725,352	(217,768)	-3.2%
Staff training/conference expenses *	146,287	107,973	35.5%	150,155	(3,868)	-2.6%
Tax expense *	101,300	48,830	107.5%	103,464	(2,164)	-2.1%
Translation expenses	14,498	15,637	-7.3%	25,000	(10,502)	-42.0%
Travel expenses *	1,404,527	1,404,359	0.0%	1,518,750	(114,223)	-7.5%
TOTAL EXPENSES	13,240,466	11,280,919	17.4%	13,027,805	212,661	1.6%

2.2 Revenue

Revenue (AUD)	2010 (DRAFT)	2009	Variance %	Budget 2010	Budget Variation	Budget Variation %
Interest income *	397,689	566,854	-29.8%	460,555	(62,866)	-13.7%
IP Resource application fees	1,373,986	1,194,713	15.0%	1,442,149	(68,163)	-4.7%
Membership fees *	10,199,249	7,863,971	29.7%	9,944,932	254,317	2.6%
Non-members fees	149,382	125,598	18.9%	137,357	12,025	8.8%
Per Allocation fees *	994,277	1,542,369	-35.5%	688,926	305,351	44.3%
Reactivation fees	23,550	8,876	165.3%	13,101	10,449	79.8%
Sundry income	205,760	161,853	27.1%	191,320	14,440	7.5%
Foreign exchange gain/(loss)	(18,471)	(38,262)	-51.7%	0	(18,471)	0.0%
TOTAL REVENUE	13,325,422	11,425,972	16.6%	12,878,340	447,081	3.5%

2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	2010 (DRAFT)	2009	Variance %	Budget 2010	Budget Variation	Budget Variation %
Total Revenue	13,325,422	11,425,972	16.6%	12,878,340	447,081	3.5%
Total Expenses	13,240,466	11,280,919	17.4%	13,027,805	212,661	1.6%
OPERATING PROFIT/(LOSS)	84,955	145,054		(140,465)	234,421	

2.4 Notes on the Profit and Loss Statement

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

1. Expenses

- **Computer expenses** – Computer expenses were significantly lower as a result of delays in the implementation of infrastructure related to the HiAvail project.
- **Depreciation expenses** – Depreciation costs were lower as result of an overall lower than anticipated capital expenditure
- **ICANN contract fee** - Recalculated according to the revised APNIC proportion of NRO expenses, which was not available during budget process
- **Insurance Expense** – Lower than budget as a result of a review of existing insurance policies
- **Office operating expenses** – Includes costs related to the new premises and of the write-off of asset/ office furniture improvements disposal from the old premises
- **Professional fees** – much lower than budgeted due to planned consultancy work that was not undertaken
- **Recruitment expenses** - Includes expenses associated with overseas recruitments during 2010
- **Relocation/ new office expenses** - Includes costs related to the relocation of the secretariat and infrastructure to the new premises in December.
- **Rent and outgoings** - Includes provision for “remaining lease commitment” and "make good" costs related to the old office lease, these costs were not included in the budget.
- **Sponsorship & publicity expenses** – Includes \$30k sponsorship for the Opening Reception at IETF Beijing
- **Salaries and Wages** – Year to date actual is lower than budgeted reflecting time taken to appoint new resources and replacement roles
- **Tax expense** – The taxation assessment for 2010 has not been completed; the projected tax expense is based on the current tax ruling treating APNIC as a ‘mutual’ organisation. We have received notification from ATO to confirm our mutuality status.
- **Travel expenses** – lower than budgeted due to the Executive team focusing on travel expenditure, and less travel cost due to the APNIC 30 meeting at the Gold Coast, Australia.

2. Revenue

- **Interest Income** – APNIC utilized cash from term deposits for the property purchase and office refurbishment expenses. This has resulted in a reduction in interest income earned when compared to the original budget.
- **Membership fees** - The new membership fee schedule was implemented from 1 Jan 2010, as each member reached their new anniversary date they were invoiced under the new fee schedule.

- **Per allocation fees** – Charges for allocations to the NIR's were significantly higher than expected due to large requests from NIRs during 2010.

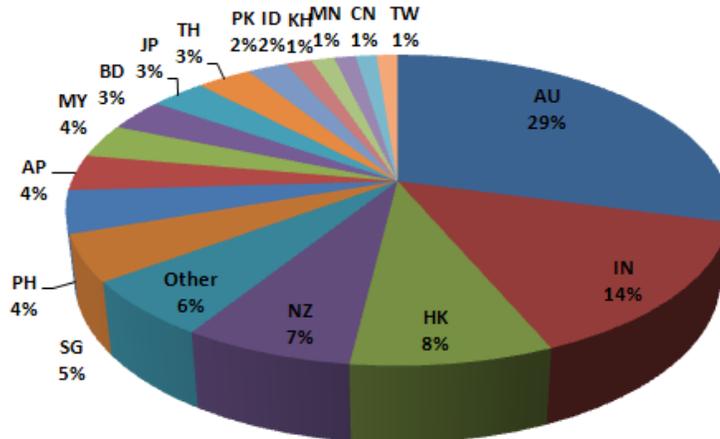
3. Membership

3.1 Membership Statistics

At the end of December 2010, APNIC had a total of 2,521 members serving 52 economies. We have the highest member growth in December, with the net growth of 53 members during the month, with 58 new members, 7 member accounts were closed, and 2 member accounts has been reactivated during December.

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.

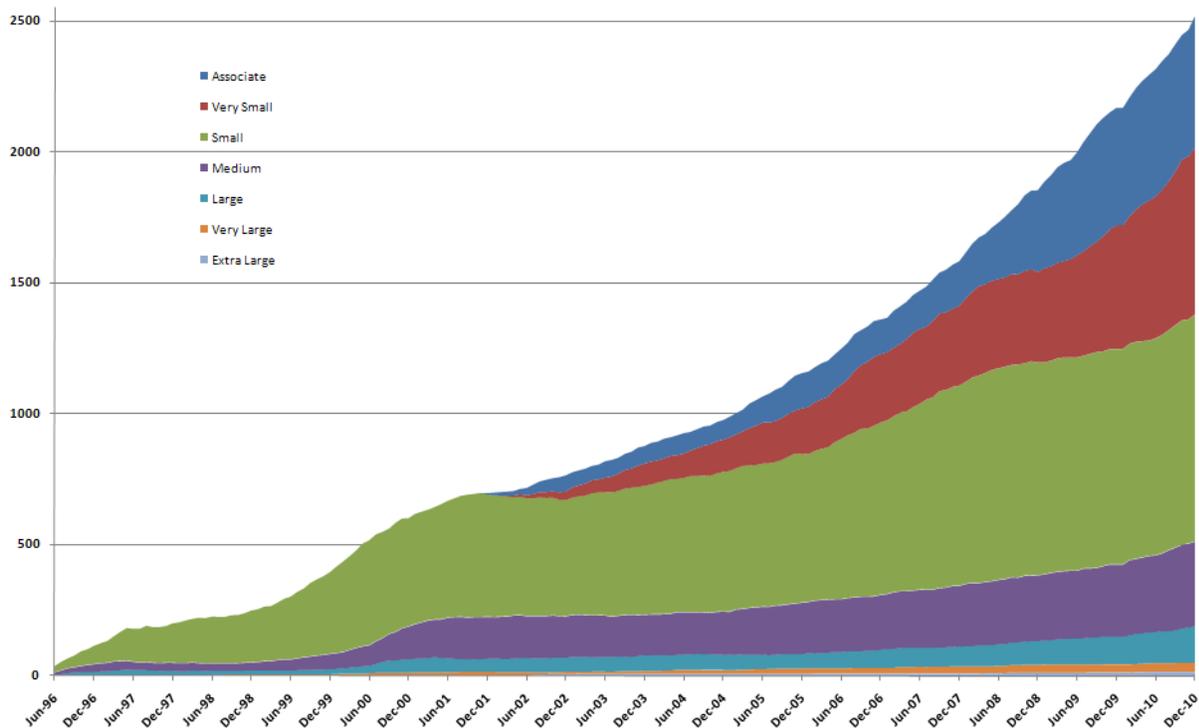
Membership	Total Nov-10	New Dec-10	Reactivate Dec-10	(Closed) Dec-10	Size Change Dec-10	Total YTD Dec-10	Total YTD (%) Dec-10
Extra Large	15	0	0	0	1	16	1%
Very Large	34	0	0	0	(1)	33	1%
Large	137	0	0	0	4	141	6%
Medium	320	0	1	(1)	4	324	13%
Small	856	3	0	(2)	10	867	34%
Very Small	622	4	1	(3)	13	637	25%
Associate	484	51	0	(1)	(31)	503	20%
TOTAL	2468	58	2	(7)	0	2521	100%

The table below provides progressive membership data and the percentage in each membership category for the total membership from the year 2001 to 2010. This table shows that membership growth has continued to be strong in 2010.

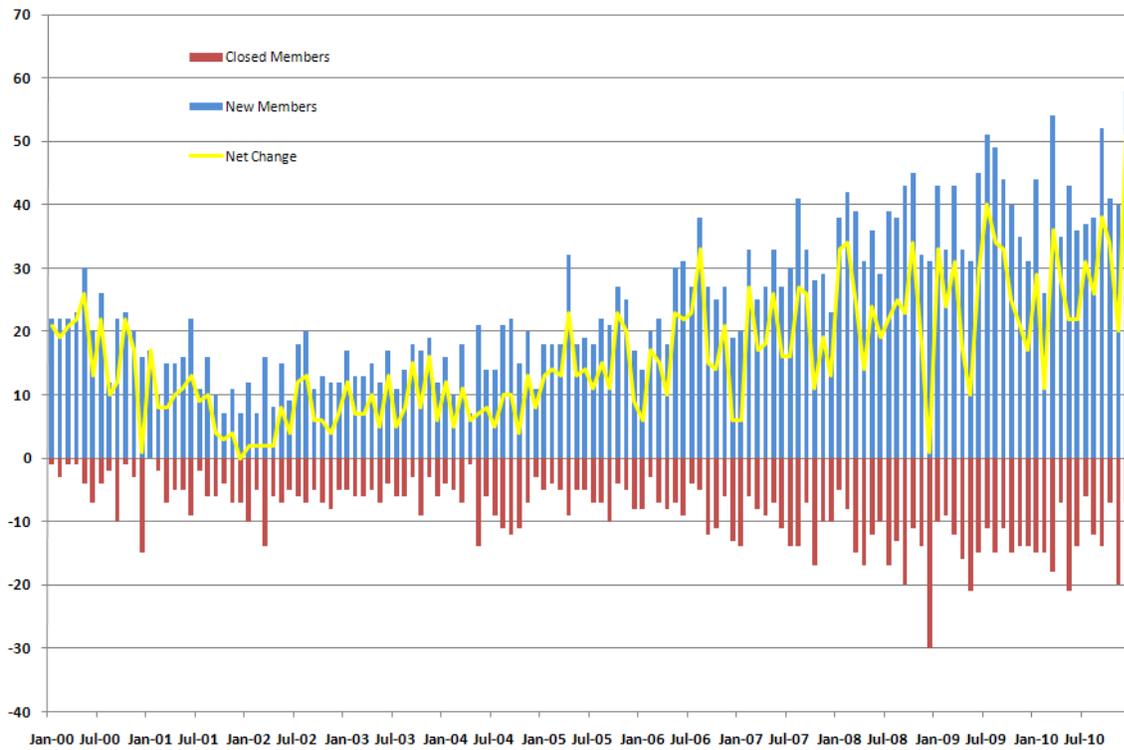
Membership	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Extra Large	0	7	8	8	8	9	9	12	13	16
Very Large	15	8	11	14	20	21	27	30	31	33
Large	51	55	60	60	56	70	77	92	106	141
Medium	160	158	155	164	196	210	231	251	276	324
Small	468	445	493	534	568	658	765	813	823	867
Very Small	0	32	85	123	174	261	304	345	472	637
Associate	5	62	67	75	135	133	171	312	449	503
TOTAL	699	767	879	978	1157	1362	1584	1855	2170	2521
New	157	153	178	189	253	298	349	443	478	507
Close	60	85	66	90	74	93	127	172	163	156
Net Gain	97	68	112	99	179	205	222	271	315	351
Average Monthly Net Gain	8	6	9	8	15	17	19	23	26	29

3.1.3 Membership Movement

The following graphs illustrate total number of members since 1996, followed by the monthly movements of APNIC membership and 2009 new and closed members by economy.



The following graph illustrates monthly movements of APNIC membership since 2000.



3.1.4 Year to Date Membership Movement by Economy

The graph below illustrates the year to date new and closed membership movement by economy.

