

APNIC EC Meeting Minutes

Face to Face Meeting

Monday, 27 August 2012

Meeting Start: 9:08am (UTC +7:00)

Present

Akinori Maemura
Ma Yan
James Spenceley
Che-Hoo Cheng
Kenny Huang
Gaurab Raj Upadhaya
Wendy Zhao
Paul Wilson

Geoff Huston
Richard Brown
Irene Chan
Sanjaya
Craig Ng

Agenda

1. Agenda Bashing
2. Review of Previous Minutes
3. Financial Report
4. NIR agreement
5. Transfer fee schedule
6. Survey report
7. DG Report
8. APNIC 36
9. AOB

Minutes

The EC Chair called the meeting to order at 9:08 am.

1. Agenda Bashing

There were no changes to the agenda.

2. Review of Minutes and Actions

The minutes of the meeting held on 26 July 2012, were unanimously approved.

Motion to approve the minutes proposed by Paul Wilson, seconded by: Kenny Huang

3. Financial Report

The EC noted the July 2012 financial report (attached).

The total asset position within APNIC is reported as an 11.3% increase over the net asset levels as of the end of 2011.

The current operating income is 5.3% above the pro-rata monthly income as projected by the 2012 budget, and expenses are 3.9% below budget. Membership enrolment levels continue to be strong, and the cost-recovery training program has been deferred. The projected operating surplus for 2012 is currently \$2.2M operating surplus.

There are 3,297 APNIC members as of the end of July, The membership enrolment levels are predominately in the Small and Very Small membership categories, broadly reflective of the current IPv4 address allocation policies. July has seen the highest levels of membership growth seen to date, on a monthly basis.

The EC noted the July financial report as representing the financial position of APNIC as of the end of the July 2012, and the EC was satisfied that the company is solvent and able to meet all current debts.

4. NIR Agreement

It was reported that the NIRs have until the end of August to respond with comments to the APNIC Secretariat the current draft of the NIR Membership Agreement. The EC will be briefed on the progress of this agreement will be reported to the EC in the September meeting.

5. Transfer Fee Schedule

The EC resumed consideration of the matter of whether to levy a fee on members for the registration of a transfer of IPv4 addresses.

The EC unanimously adopted the following resolution:

In consideration of the incremental costs associated with the processing of IPv4 address transfers, the APNIC EC resolves to levy a transfer fee on IPv4 address transfers, commencing as of the date of the Members Meeting at APNIC 34. The fee for processing an IPv4 address transfer will be set at 20% of the equivalent annual membership fee for the transferred address size. The transfer fee is to be levied on the receiving APNIC member in the case of inter-RIR transfers into APNIC, and on the disposing APNIC member in case of inter-RIR transfers out of APNIC. In the case of an address transfer between APNIC members, the transfer fee is to be levied on the recipient of the transfer. The transfer fee will be reviewed annually. The APNIC EC directs the APNIC Secretariat to provide information on the service costs for processing transfers to assist in reviewing this fee.

Motion to adopt this resolution proposed by James Spenceley, seconded by: Gaurab Raj Upadhaya

The EC requested that the Secretariat publish a background note to members relating to the considerations of cost and risk associated with processing address transfers

6. Survey Report

The results of the 2012 APNIC Membership and Stakeholder Survey were presented to the EC in advance of the presentation to the APNIC Members' Meeting.

7. DG Report

A written report will be circulated to the EC (attached).

8. APNIC 36

Wendy Zhao left the meeting for this agenda item.

The APNIC EC considered proposals to host APNIC 36 in 2013.

The EC unanimously decided to select Xi'an as the venue for APNIC 36.

Motion to select Xi'an as the venue for APNIC 36 proposed by Akinori Maemura, seconded by Kenny Huang

9. AOB

There were no items of AOB.

Next Scheduled Meeting

20 September, 2012 (Teleconference)

Meeting Adjourned: 1:02 pm (UTC+700) Monday 27 August 2012

APNIC EC meeting DG Report, 27 August 2012

APNIC 34 preparation

- Meeting preparations have been busy as usual but smooth
- Major new feature of this meeting is the additional workshop week which has been popular, and will be regular feature in future
- Smaller team of APNIC staff is being trialled at this meeting (21 staff in total)
- Registration numbers are healthy

AMM report (Refer to slides)

- AMM report slides are available on the meeting website.

NC election (Refer to slides)

- NC election preparation has been smooth, with no issues to report
- Prof Kanchana Kanchanasut will serve as election chair

NRO update

- CCG meeting scheduled after APNIC 34 in Cambodia, hosted by APNIC. Primary focus on IGF preparations where the NRO has a booth and 2 workshops
- NRO EC face-to-face meeting to be held after the I* meeting in London
- Meeting with ITU-D Dir. Brahima Sanou to be scheduled, for discussion of collaboration opportunities
- CFO meeting scheduled for mid-October hosted by AfriNIC. Richard and Irene are attending.

NIXI

- Slow progress, latest scheduled teleconference did not happen.
- Lead staff member (Anoop) is leaving NIXI, after extensive training by APNIC.
- No further news re inauguration.
- APNIC supported "roadshow" for NIXI member development is still in planning, but not scheduled yet

ELT strategic meetings in August:

- Organisational structure review (what's working and what's not)
- Mission and visions
- Focus on key messages within APNIC
- Collaboration/MoU with RIPE NCC (incl Axel's visit to APNIC office in July)

APNIC history project (working with Kilnam Chon, Gerard Ross)

- APNIC contribution to Asia Internet History book project (Kilnam Chon)
- Gerard Ross (ex APNIC staff) will work on research and writing for APNIC chapter
- Launch at Xi'an meeting (APNIC's 20th birthday)

APEC TELMIN

- APNIC attended APEC TEL and TELMIN meetings during August, in St Petersburg (Paul Wilson, Miwa Fujii, plus RIPE NCC staff)

- APNIC was invited as guest at TELMIN9 meeting room + Ministerial dinner
- 8 “bi-lateral” meetings arranged with various delegations (JP, AU, PH, US, ID, MY, CN)
- Successful result with inclusion of IPv6 references in TELMIN declaration
- PW delivered APNIC guest message at the end of TELMIN

WTSA & WCIT

- APT Meetings in Bangkok, August, held to prepare preliminary APT common proposals to the meetings later this year in Dubai (Adam Gosling and Adam Peak, consulting)
- After delays in reaching NRO agreement, APNIC has engaged Access Partnerships to work on development of ITR responses and text. Some of the cost (GBP 18,000, extra-budgetary) may be recovered from NRO.

Upcoming travels

- I* Meeting in London next week 5-6 September 2012 (PW)
- Latin American preparatory meeting for the Internet Forum in Bogotá (Iacigf5) 24-26 September 2012 / FRIDA Awards ceremony 26 September 2012 / Seed Alliance Evaluation Framework Meeting 27-29 September 2012 (Sylvia is presenting at the Iacigf5)
- Australian IGF Canberra 11-12 October 2012 (PW)
- Joint APNIC/LACNIC boards meeting in Montevideo, October
- IGF Meeting in Baku Azerbaijan, October
- AfriNIC meeting, November (with Africa-Asia collaboration meeting)
- WTSA and WCIT meetings in Dubai, December
- EC retreat meeting, Brisbane or Japan, December

HR matters

- KPI project established to determine meaningful measurement of output across the organisation
- Netsuite HR module implementation under way
- Discussions underway with Communications Strategist for "packaging and distribution" of DG office and Labs activities, representative forums and articles.
- Possibility of some rationalisation of resources in future once needs are established (e.g. Publications; Events)
- Current/upcoming recruitment: Office Manager (replacement); Software Engineer (replacement); Technical Trainer/Consultant (replacement; potential for partnerships with external consultants)

Monthly Financial Report (in AUD)

July 2012

Table of Contents

Statement of Financial Position.....	3
Notes to the 2012 Balance Sheet	3
Statement of Income.....	4
Expenses	4
Revenue	4
Operating Surplus/ Deficit	5
Notes on the Statement of Income	5
APNIC Reserve.....	6
Cash Flow Statement	6
APNIC Capital Reserve	6
Membership.....	7
Membership Statistics	7
Membership by Category	7
Membership Growth	7
Year-to-Date Membership Movement by Economy	8

Statement of Financial Position

	31/07/2012	% of Total	% change 31/12/2011	Year-End 2011
CURRENT ASSETS				
Cash/ Term deposits	11,429,796	51%	26.3%	9,048,267
Receivables	953,950	4%	-11.5%	1,077,330
Others	782,540	3%	29.4%	604,933
TOTAL CURRENT ASSETS	13,166,286	59%	22.7%	10,730,530
NON-CURRENT ASSETS				
Other financial assets	1,026,892	5%	4.1%	986,920
Property, plant and equipment	8,247,693	37%	-2.2%	8,436,968
Deferred tax assets	60,985	0%	0.0%	60,985
TOTAL NON-CURRENT ASSETS	9,335,571	41%	-1.6%	9,484,874
TOTAL ASSETS	22,501,857	100%	11.3%	20,215,404
CURRENT LIABILITIES				
Payables	907,756	4%	103.7%	445,677
Provisions	1,164,457	5%	-2.2%	1,190,748
Unearned revenue	7,050,215	31%	-1.7%	7,171,080
TOTAL LIABILITIES	9,122,428	41%	3.6%	8,807,506
EQUITY				
Share capital	1.00	0%	0.0%	1.00
Reserves other financial assets investment *	(12,230)	0%	0.0%	(43,085)
Retained earnings	13,391,659	60%	16.9%	11,450,982
TOTAL EQUITY	13,379,429	59%	17.3%	11,407,898
TOTAL LIABILITIES & EQUITY	22,501,857	100%	11.3%	20,215,404

Note:

* Reserves on other financial assets investment – This balance is due to the revaluation of our investment in unit trusts based on the market valuation as at the end of June 2012. These investments are re-valued on a quarterly basis.

Notes to the 2012 Balance Sheet

The total asset position for APNIC as the end of July 2012 has increased by 11.3% when compared to the position at the end of 2011. The major factors causing the change are:

- The increase in the “Cash” position is primarily due to the timing impact of expenses. Cash includes amounts held in the operating account and short-term deposits of up to 12 months.

Statement of Income

Expenses

This report incorporates the year to date, budget and forecast estimates. The Year to Date (YTD) actual figures are compared to the figures for the same period last year. The Forecast figures have been derived from a detailed review of the expected revenues and committed and planned expenditure for 2012.

EXPENSES (AUD)	YTD Jul-12	YTD Jul-11	Variance %	Forecast 2012	Forecast Variation to Budget	Forecast Variation	Budget 2012
Bank charges	69,862	56,847	22.9%	116,328	328	0.3%	116,000
Communication expenses *	250,453	271,578	-7.8%	428,890	(15,878)	-3.6%	444,768
Computer expenses	291,780	226,720	28.7%	473,812	(100,000)	-17.4%	573,812
Depreciation expense *	493,482	488,540	1.0%	850,580	(49,420)	-5.5%	900,000
Doubtful debt expenses	1,258	137	815.4%	25,000	0	0.0%	25,000
ICANN contract fee	182,776	166,185	10.0%	321,655	11,655	3.8%	310,000
Income tax expense *	0	0	0.0%	76,500	(73,500)	-49.0%	150,000
Insurance expense	73,750	69,899	5.5%	125,869	(2,731)	-2.1%	128,600
Meeting and training expenses	158,169	150,206	5.3%	490,400	0	0.0%	490,400
Membership fees	39,807	31,781	25.3%	70,400	0	0.0%	70,400
Miscellaneous expenses	2	1,119	-99.8%	500	(500)	-50.0%	1,000
Office operating expenses *	144,454	176,937	-18.4%	257,814	18,369	7.7%	239,445
Postage & delivery	14,905	16,778	-11.2%	34,500	0	0.0%	34,500
Printing & photocopy	18,300	16,963	7.9%	52,600	(15,000)	-22.2%	67,600
Professional fees	338,032	306,270	10.4%	923,369	23,019	2.6%	900,350
Recruitment expense	51,517	58,072	-11.3%	116,000	15,000	14.9%	101,000
Salaries and personnel expenses	4,648,353	3,814,760	21.9%	8,245,603	0	0.0%	8,245,603
Sponsorship and Publicity expenses	112,084	108,086	3.7%	346,000	0	0.0%	346,000
Staff training/conference expenses	98,438	75,636	30.1%	159,313	0	0.0%	159,313
Translation expenses	11,928	0	0.0%	15,000	0	0.0%	15,000
Travel expenses *	1,149,717	847,996	35.6%	1,994,940	(417,418)	-17.3%	2,412,358
TOTAL EXPENSES	8,149,067	6,884,512	18.4%	15,125,073	(606,076)	-3.9%	15,731,149

Revenue

Revenue (AUD)	YTD Jul-12	YTD Jul-11	Variance %	Forecast 2012	Forecast Variation to Budget	Forecast Variation	Budget 2012
IP Resource application fees *	1,269,750	933,250	36.1%	2,090,500	1,101,397	111.4%	989,103
Interest income *	320,622	190,754	68.1%	543,237	131,237	31.9%	412,000
Membership fees	8,255,560	7,344,377	12.4%	14,300,000	347,933	2.5%	13,952,067
Non-members fees	133,345	110,398	20.8%	219,069	(0)	0.0%	219,069
Reactivation fees	16,200	16,500	-1.8%	27,390	0	0.0%	27,390
Sundry income *	98,385	219,549	-55.2%	145,296	(713,611)	-83.1%	858,907
Foreign exchange gain/(loss)	(4,118)	(9,226)	-55.4%	2,038	2,038	0.0%	0
TOTAL REVENUE	10,089,744	8,805,603	14.6%	17,327,530	868,994	5.3%	16,458,536

Operating Surplus/ Deficit

REVENUE and EXPENSES (AUD)	YTD Jul-12	YTD Jul-11	Variance %	Forecast 2012	Forecast Variation to Budget	Forecast Variation	Budget 2012
Total Revenue	10,089,744	8,805,603	14.6%	17,327,530	868,994	5.3%	16,458,536
Total Expenses	8,149,067	6,884,512	18.4%	15,125,073	(606,076)	-3.9%	15,731,149
OPERATING SURPLUS/(DEFICIT)	1,940,677	1,921,091	1.0%	2,202,457	1,475,069	202.8%	727,387

Notes on the Statement of Income

Similar to previous financial report, the major factors causing the variance between the forecast and budget are related to the increased growth in member revenue, predominately increased activity in new membership and an increase in initial resource application fees. Planned initiatives for cost recovery training have been delayed, so income and expenses related to this initiative will be minimal in 2012. Further details on variations include:

(1) Expenses

- **Computer Expenses** – There are a number of computer related expenses that were planned for 2012 that will not be incurred, this is expected to result in a saving against budget of around \$100k.
- **Depreciation Expenses** – Due to the timing of Capital Expenditure during the year, the Depreciation expenses are forecast to be less than anticipated in the budget.
- **Income Tax Expenses** – Latest estimates for the 2012 tax expense forecast a saving of around \$75k against budget.
- **Office Expenses** – The major reason for the increase in Office expenses relates to the increase in electricity costs, usage was higher than anticipated and the introduction of the Carbon Tax from July 1 will increase tariffs by over 10%. The secretariat is undertaking a range of initiatives to reduce electricity usage.
- **Travel Expenses** in the budget included an annual amount of \$593k relating to cost recovery training; this initiative, will not be significantly implemented in 2012. APNIC's travel costs for core activities on the other hand, are forecast to be above budget as a result of increased requirements.

(2) Revenue

- **IP Resource application fees** – There is continued strong growth in new member allocations exceeding forecast, our revised forecast would see a variance of around \$1.2m compared to the budget estimate by the end of the year.
- **Interest Income** – The increased cash flow from the growth of member income and strong returns for cash investments has resulted in higher than anticipated Interest Income. Short term rates up to 12 months remain close to 5%. APNIC continues to diversify cash deposits across a range of Australian Banks.
- **Sundry Income** in the budget included an annual amount of \$593k relating to cost recovery training income, to date no income for this initiative has been incurred.

APNIC Reserve

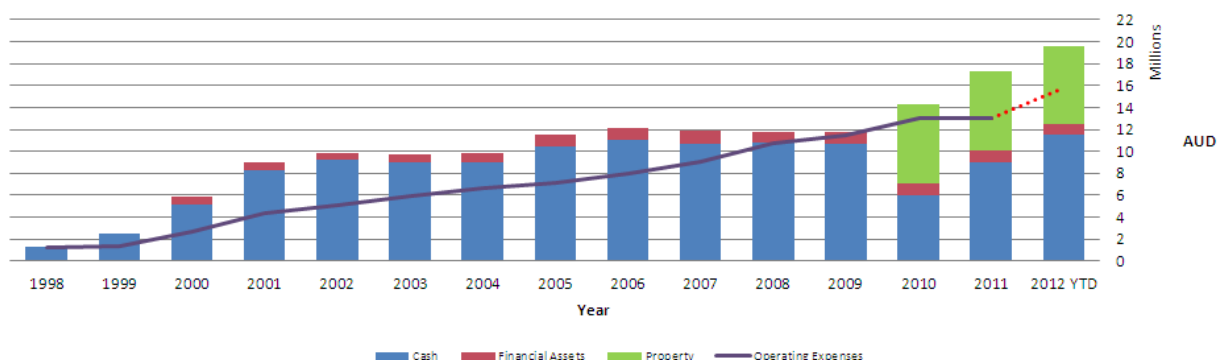
Cash Flow Statement

This report shows the draft cash flow status for the year up to the end of July.

Accounts	Amount
Operating Activities	
Net Income	1,940,677
Adjustments to Profit/(Loss)	
Accounts Receivable	136,051
Other Current Asset	(190,282)
Accounts Payable	52,446
Sales Tax Payable	(14,999)
Other Current Liabilities	331,326
Total Adjustments to Profit/(Loss)	314,541
Total Operating Activities	2,255,218
Investing Activities	
Fixed Asset	189,275
Other Asset	(39,972)
Total Investing Activities	149,303
Financing Activities	
Long Term Liabilities	(53,851)
Other Equity	30,855
Total Financing Activities	(22,996)
Net Change in Cash for Period	2,381,525
Cash at Beginning of Period	9,048,272
Cash at End of Period	11,429,796

APNIC Capital Reserve

The APNIC Reserve is continuously diversified between Cash Investments, Managed Funds, and Property (APNIC Office). At the end of June, APNIC maintained \$11m in cash reserves, \$1m in managed fund investments and \$7m was invested in the APNIC Property. The following chart tracks the value and the allocation of these reserves over time and also tracks the forecast operating expenses for each year for comparison:



Membership

Membership Statistics

At the end of July 2012, APNIC had a total of 3,297 members serving 52 economies. Membership growth has been continuing very strong in July, which we had achieved another highest membership growth.

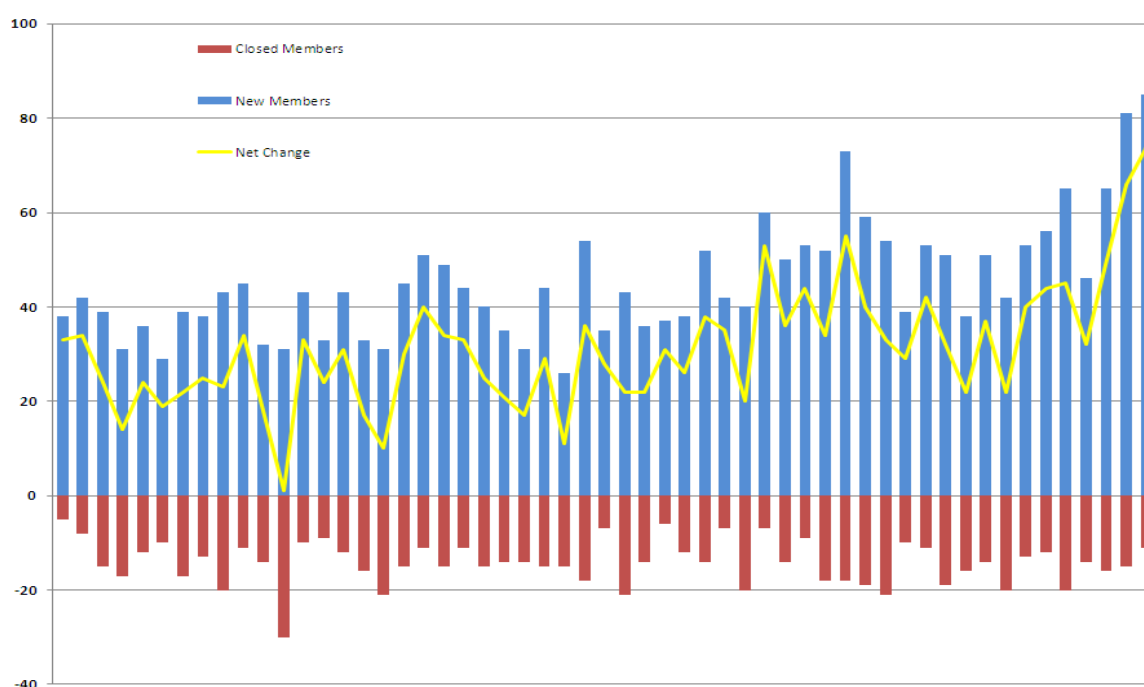
Membership by Category

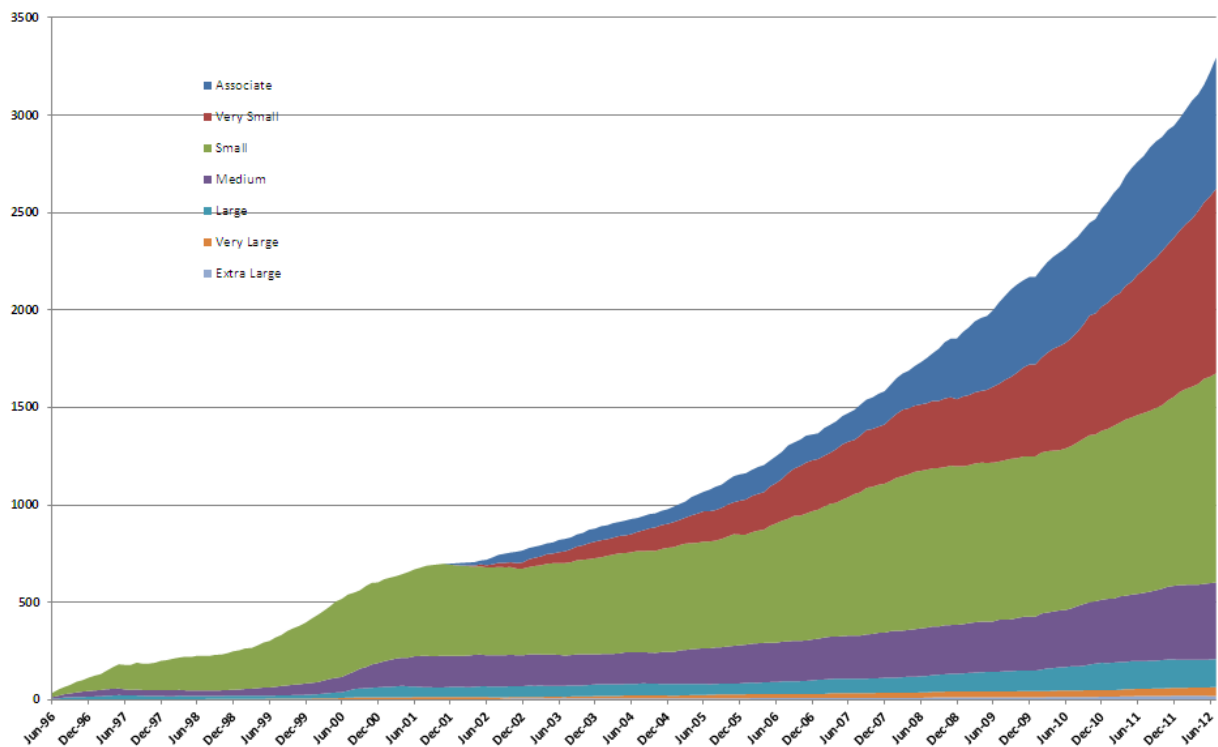
The following table shows the monthly changes in membership and provides an analysis of APNIC's membership tiers. The majority of APNIC Members remain in the Small and Very Small membership tier.

Membership	Total Jun-12	New Jul-12	Reactivate Jul-12	(Closed) Jul-12	Size Change Jul-12	Total YTD Jul-12	Total YTD (%) Jul-12
Extra Large	20	0	0	0	0	20	1%
Very Large	44	0	0	0	0	44	1%
Large	143	0	0	0	2	145	4%
Medium	392	0	0	(1)	2	393	12%
Small	1059	3	2	(1)	11	1074	33%
Very Small	926	2	1	(4)	23	948	29%
Associate	639	77	0	(5)	(38)	673	20%
TOTAL	3223	82	3	(11)	0	3297	100%

Membership Growth

The following graph illustrates APNIC membership monthly movements, followed by total APNIC membership in various tier. Membership growth remains very strong in 2012.





Year-to-Date Membership Movement by Economy

The graph below illustrates new and closed membership movement by economy in July 2012. Australia has the highest growth with 24% of total new Members and 32% of total closed Members.

