

# APNIC EC Meeting Minutes

## Teleconference

Wednesday 15 July 2009

*Meeting Start: 3:16 pm (UTC +1000) 15 July 2009*

## Present

Akinori Maemura (Chair)  
Che-Hoo Cheng  
Kuo-Wei Wu  
Hyun-Joon Kwon  
James Spenceley  
Paul Wilson

Geoff Huston (minutes)  
Irene Chan  
Richard Brown  
Connie Chan

## Apologies

Ma Yan  
Jian Zhang

## Agenda

1. Agenda Bashing
2. Review of Minutes and Action List Review from 18 June meeting
3. Financial Report
4. Director-General's Report
5. AOB

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## Minutes

### 1. Agenda Bashing

Review of By-Laws and responsibilities of Members added.

Update on Fee Structure reporting to members added to the agenda.

### 2. Minutes of Last Meeting and Matters Arising

The minutes from the meeting of 18 June 2009, as amended were approved.

**Action ec-09-023:** Secretariat to publish minutes, as corrected, of the June 18 meeting

Action list review:

**Action ec-09-019:** Secretariat to publish minutes, as corrected, of the May 21 meeting  
**Completed**

**Action ec-09-020:** Secretariat to publish membership by economy breakdowns in the semi-annual membership reports to the EC.  
**Completed**

**Action ec-09-021:** EC to convene a session at APNIC 28 on membership tiers and voting.

**Action ec-09-022:** Secretariat to circulate ATO notice and APNIC's notice of objection to the EC.  
**Completed**

### **3. Financial Report**

Irene Chan reported to the EC on the June 2009 APNIC Semi-Annual Financial Statement (attached). Income for the year to date is 3.4% below pro-rate budget projections, and expenses are 3.3% lower than pro-rata projections.

It was noted that the additional taxation liability is reported in the Balance Sheet, and will not be reported in the accrual accounts until the dispute over the Australian Taxation Office is resolved. The Director-General reported that a part payment of \$221,000 has been made without prejudice to APNIC's objection to the taxation notice.

The 2009 Semi-Annual Financial Statement was accepted by the EC. A summary of this report will be presented to members at APNIC 28.

### **4. Director-General's Report**

The D-G reported to the EC that the bidders to host APNIC 30 in 2010 will be invited to attend the EC meeting at APNIC 28 to present on their proposals to host this meeting.

On HR matters there are 2 staff vacancies which are in the process of being filled.

The NRO is forming a Public Affairs Coordination Group, which will hold its first meeting in the coming weeks. NRO members were present at the June ICANN meeting, where the NRO's comments on the US Government's notice of inquiry regarding the JPA with ICANN were noted by US Government officials. No dramatic change in the current arrangements relating to ICANN were anticipated.

Also at the ICANN meeting, a meeting was held between APNIC and a number of representatives of law enforcement and computer security organizations. The topic of liaison was discussed, and APNIC will support regional cooperation in this area. The D-G noted that other regions have established a more formal structure of liaison with government, cybersecurity and law enforcement agencies, and that APNIC should be prepared to undertake similar initiatives in this area.

It was reported that ICANN is re-considering its definition of regions in the context of regional At Large participation in ICANN. This will have no impact on the RIR's regional definitions.

A liaison meeting was held between the ASO-nominated ICANN Board members and the RIR CEOs and RIR Board members in attendance at the ICANN meeting. It was agreed that such meetings will continue at future ICANN meetings, and that ICANN Board members will be invited to attend the RIRs' member meetings.

The D-G reported that the supporting procedures for the 2010 APNIC fee schedule are currently being implemented by the Secretariat, and will be ready for cutover at the end of this year.

### **5. AOB**

#### **By-Laws and Members Responsibilities**

The EC discussed the provisions on section 5 of the APNIC By Laws, as they relate to the conduct of APNIC Member Meetings. No changes to the conduct of APNIC member meetings are proposed by the EC.

## **Treasurer's Report to Members**

The Treasurer informed the EC that the next treasurer's report to the members on the fee changes would include a report on the background to this work, including the KPMG Fees Study and the considerations of the consultation with the membership, as inputs to the EC decision on Fees. The EC noted that the fee structure did not represent a net change in revenue to APNIC for 2010, as the anticipated net revenue to APNIC under the new fee structure was commensurate to that projected from the current fee structure, and that the fee change largely represented a re-balancing of fees across the membership base.

## **Next Meeting**

25th August 2009 (Face-to-Face Meeting at APNIC 28)

*Meeting closed: 4:30 pm (UTC+1000)*

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## **Summary of Action Items**

- Action ec-09-021:** EC to convene a session at APNIC 28 on membership tiers and voting. (outstanding)
- Action ec-09-023:** Secretariat to publish minutes, as corrected, of the June 18 meeting



# **APNIC**

## **Semi-annual financial report**

**(in AUD)**

**For the month ending June 2009**

Asia Pacific Network Information Centre

# 1. Balance Sheet

Statement of Financial Position (AU\$)					
	30/06/2009	% of Total Asset or Liab+Equity	% change from 31/12/08	Year-End 2008	Year-End 2007
<b>CURRENT ASSETS</b>					
Cash	6,607,651	41%	-3.5%	6,844,414	6,626,341
Term deposit investment	2,300,000	14%	0.0%	2,300,000	2,300,000
Receivables	1,826,255	11%	20.3%	1,518,540	737,859
Others	1,250,666	8%	131.3%	540,688	325,739
<b>TOTAL CURRENT ASSETS</b>	<b>11,984,572</b>	<b>74%</b>	<b>7.0%</b>	<b>11,203,642</b>	<b>9,989,939</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	946,690	6%	7.2%	883,201	1,222,666
Property, plant and equipment	1,619,447	10%	-5.2%	1,708,216	1,667,091
Long term deposit investment	1,700,000	10%	0.0%	1,700,000	1,700,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,266,138</b>	<b>26%</b>	<b>-0.6%</b>	<b>4,291,417</b>	<b>4,589,758</b>
<b>TOTAL ASSETS</b>	<b>16,250,710</b>	<b>100%</b>	<b>4.9%</b>	<b>15,495,060</b>	<b>14,579,696</b>
<b>CURRENT LIABILITIES</b>					
Payables	491,064	3%	-22.0%	629,650	1,139,160
Provisions	1,007,262	6%	1.8%	989,847	888,178
Unearned revenue	6,053,116	37%	12.4%	5,383,679	3,817,898
<b>TOTAL LIABILITIES</b>	<b>7,551,442</b>	<b>46%</b>	<b>7.8%</b>	<b>7,003,177</b>	<b>5,845,236</b>
<b>EQUITY</b>					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment	(10,470)	0%	0.0%	0	90,827
Retained earnings	8,709,736	54%	2.6%	8,491,882	8,643,633
<b>TOTAL EQUITY</b>	<b>8,699,267</b>	<b>54%</b>	<b>2.4%</b>	<b>8,491,883</b>	<b>8,734,461</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>16,250,710</b>	<b>100%</b>	<b>4.9%</b>	<b>15,495,060</b>	<b>14,579,696</b>

Note:

\* The negative value in "Reserves on other financial assets investment" is due to the revaluation of our investment in unit trusts based on the market valuation as at the end of June.

## 2. Income Statement

### 2.1 Expenses

The projected figures for 2009 have been incorporated into this report and compared with the approved 2009 budget figures.

EXPENSES (AUD)	YTD Jun-09	YTD Jun-08	Variance %	Projected Actual	Budget 2009	Budget Variation %
Bank charges	33,533	31,275	7.2%	67,067	73,816	-9.1%
Communication expenses	76,905	85,467	-10.0%	153,809	158,549	-3.0%
<b>Computer expenses *</b>	<b>198,359</b>	67,444	194.1%	396,719	339,423	16.9%
Depreciation expense	353,962	309,179	14.5%	707,923	679,860	4.1%
Sponsorship and Publicity expenses	73,146	43,584	67.8%	146,292	176,981	-17.3%
Doubtful debt expenses	1,804	57	3048.4%	3,607	27,175	-86.7%
<b>ICANN contract fee *</b>	<b>179,348</b>	142,500	25.9%	358,696	329,200	9.0%
Insurance expense	68,323	62,092	10.0%	136,645	130,310	4.9%
Meeting and training expense	51,865	32,476	59.7%	153,729	213,500	-28.0%
Membership fees	32,235	26,671	20.9%	64,469	68,700	-6.2%
Miscellaneous expenses	1,422	799	77.9%	2,844	2,000	42.2%
Office operating expenses	60,637	54,632	11.0%	121,274	126,731	-4.3%
Postage & delivery	11,797	20,176	-41.5%	23,595	35,000	-32.6%
Printing & photocopy	14,645	21,297	-31.2%	29,289	45,000	-34.9%
Professional fees	383,736	147,460	160.2%	889,471	854,832	4.1%
Recruitment expense	55,758	85,391	-34.7%	111,516	118,826	-6.2%
Rent and outgoings	294,888	276,776	6.5%	589,776	646,179	-8.7%
<b>Salaries and personnel expenses*</b>	<b>2,853,124</b>	2,504,375	13.9%	6,013,162	6,103,160	-1.5%
Staff training/conference expenses	42,326	76,148	-44.4%	129,651	132,000	-1.8%
<b>Tax expense *</b>	<b>0</b>	0	0.0%	134,311	135,000	-0.5%
Translation expenses	0	8,229	-100.0%	30,000	35,000	-14.3%
<b>Travel expenses *</b>	<b>662,072</b>	619,197	6.9%	1,394,144	1,627,237	-14.3%
<b>TOTAL EXPENSES</b>	<b>5,449,883</b>	<b>4,615,225</b>	<b>18.1%</b>	<b>11,657,990</b>	<b>12,058,479</b>	<b>-3.3%</b>

### 2.2 Revenue

Revenue (AUD)	YTD Jun-09	YTD Jun-08	Variance %	Projected Actual	Budget 2009	Budget Variation %
Interest income	397,859	371,205	7.2%	644,532	617,000	4.5%
IP Resource application fees	567,251	524,456	8.2%	1,234,502	1,263,282	-2.3%
<b>Membership fees *</b>	<b>3,831,335</b>	3,158,460	21.3%	7,787,415	7,943,814	-2.0%
Non-members fees	63,070	62,926	0.2%	126,140	131,984	-4.4%
<b>Per Allocation fees *</b>	<b>681,943</b>	830,053	-17.8%	1,563,886	1,876,701	-16.7%
Reactivation fees	6,340	3,804	66.7%	12,680	15,601	-18.7%
Sundry income	138,661	169,327	-18.1%	327,321	237,744	37.7%
Foreign exchange gain/(loss)	(18,722)	(14,396)	30.1%	(18,722)	0	0.0%
<b>TOTAL REVENUE</b>	<b>5,667,737</b>	<b>5,105,836</b>	<b>11.0%</b>	<b>11,677,755</b>	<b>12,086,125</b>	<b>-3.4%</b>

## 2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	YTD Jun-09	YTD Jun-08	Variance %	Projected Actual	Budget 2009	Budget Variation %
Total Revenue	5,667,737	5,105,836	11.0%	11,677,755	12,086,125	-3.4%
Total Expenses	5,449,883	4,615,225	18.1%	11,657,990	12,058,479	-3.3%
<b>OPERATING PROFIT/(LOSS)</b>	<b>217,854</b>	<b>490,611</b>	<b>-55.6%</b>	<b>19,765</b>	<b>27,647</b>	

Notes on significant variances:

- 1) Computer expenses:
  - Increases in support and maintenance costs
- 2) ICANN contract fee
  - Increase in the APNIC proportion for NRO contribution
- 3) Salaries and personnel:
  - Focus on reduction in leave balances
  - Vacant positions as a result of the time taken to find replacement staff
- 4) Travel expenses:
  - Executive team focus on staff travel activity
- 5) Tax Expense:
  - KPMG are currently responding to the revised tax assessments for the period 2005 to 2007, no allowance for any payments relating to this tax liability has been incorporated into these accounts based on their advice
- 6) Membership fees:
  - Slower membership growth than originally budgeted and majority of new members join as Associate membership tier
- 7) Per Allocation fees:
  - Lower NIR requests than budgeted

*Note: Accounts are projected to year end based on the following factors:-*

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

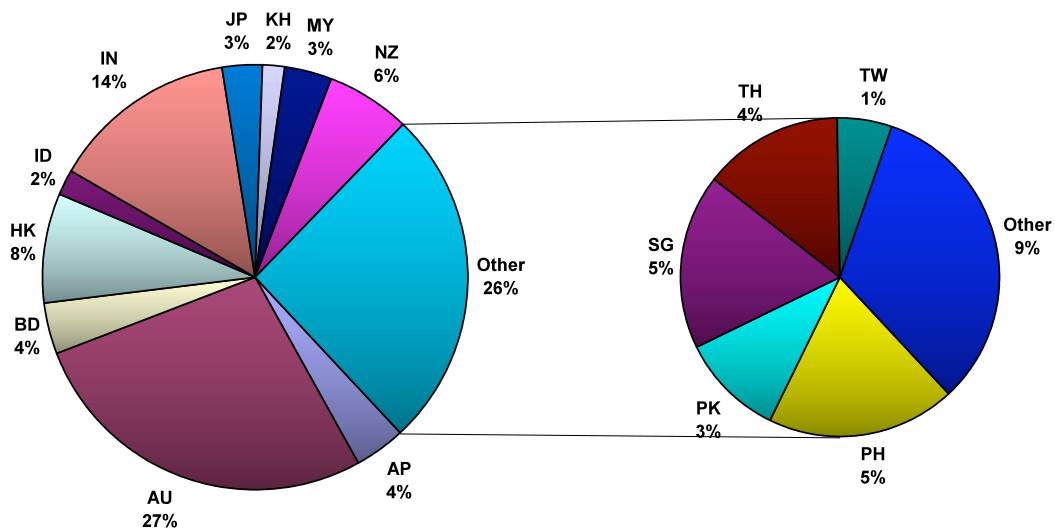
### 3. Membership

#### 3.1 Membership statistics

At the end of June 2009, APNIC had a total of 2,000 members serving 51 economies. There is net growth of 30 members, with 44 new members (which is the highest month of new members joined for this year), 1 account was reactivated, and 15 member accounts were closed during June. The majority of the closures are due to members being not contactable, or they have transferred or merged accounts.

##### 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; this table shows that 41% of APNIC members are included in the Small membership tier.

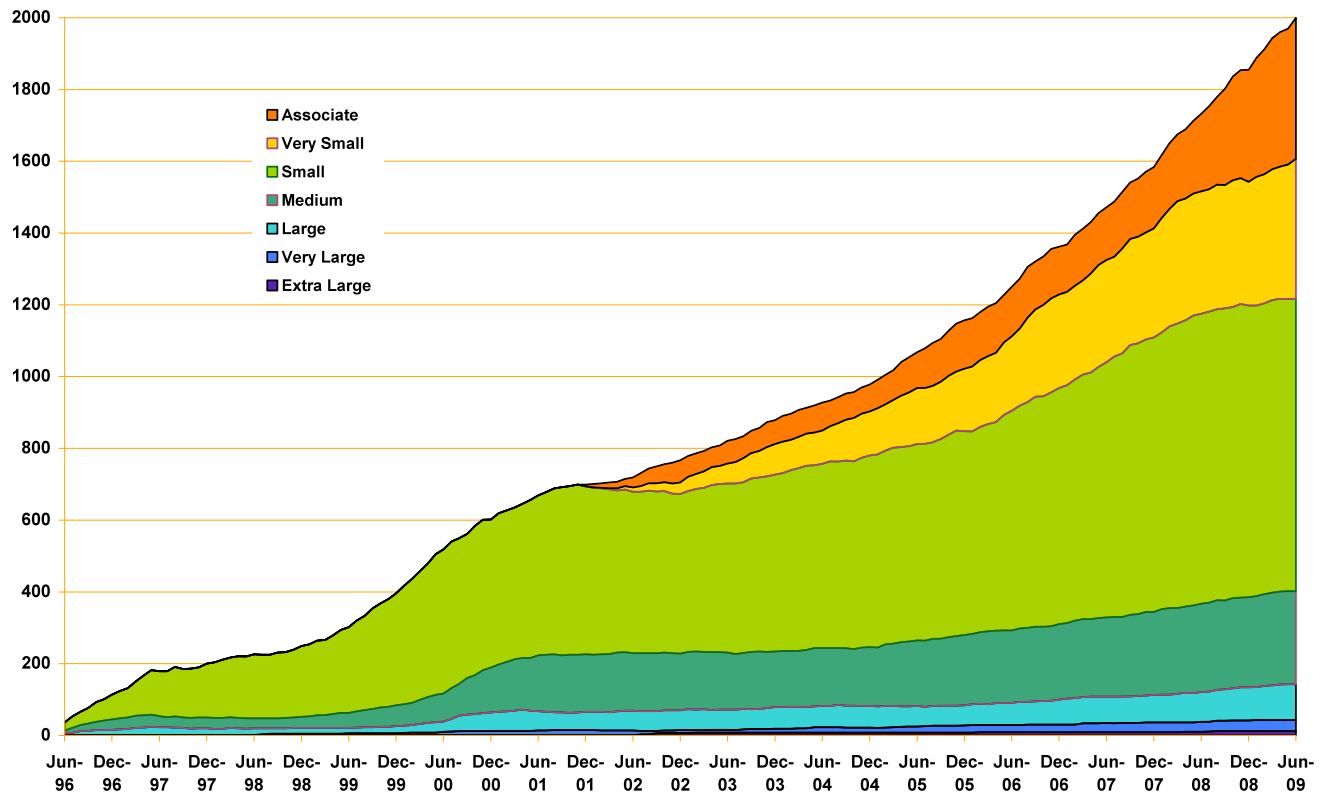
Membership	Total May-09	New Jun-09	Reactivate Jun-09	(Closed) Jun-09	Size Change Jun-09	Total YTD Jun-09	Total YTD (%) Jun-09
Extra Large	12	0	0	0	0	12	1%
Very Large	31	0	0	0	0	31	2%
Large	100	0	0	0	0	100	5%
Medium	259	0	0	(2)	2	259	13%
Small	814	4	0	(4)	1	815	41%
Very Small	375	6	0	(3)	12	390	20%
Associate	379	34	1	(6)	(15)	393	20%
<b>TOTAL</b>	<b>1970</b>	<b>44</b>	<b>1</b>	<b>(15)</b>	<b>0</b>	<b>2000</b>	<b>100%</b>



The table below compares the actual growth in each tier of membership at the end of June 2009 to the budgeted annual growth on a monthly pro-rata basis. Overall growth at the end of June is below budget. Associate membership is growing at a faster rate than anticipated, but on the other hand, growth in the Small tier ended significantly lower than expected at the end of 2008, this resulted in the overestimation of membership in this tier for 2009.

Membership	Actual Total EOY 2008	Budgeted Total EOY 2009	Budgeted Growth EOY 2009	Actual Total YTD Jun-09	Actual Growth YTD 2009	Budgeted Growth YTD (*)	Variation Actual vs Budget (*)
Extra Large	12	13	1	12	0	1	(1)
Very Large	30	33	3	31	1	2	(1)
Large	92	101	9	100	8	5	3
Medium	251	271	20	259	8	10	(2)
Small	813	903	90	815	2	45	(43)
Very Small	345	420	75	390	45	38	7
Associate	312	408	96	393	81	48	33
<b>TOTAL</b>	<b>1855</b>	<b>2149</b>	<b>294</b>	<b>2000</b>	<b>145</b>	<b>149</b>	<b>(4)</b>

The graph below is based on historical figures of the total number of members since the establishment of APNIC's membership system in 1996. This graph illustrates the strong growth in APNIC membership.



### 3.1.3 Membership Movement

The graph below illustrates the monthly movements of APNIC membership, followed by the 2009 year to date new and closed members by economy.

