

APNIC EC Meeting Minutes

Face to Face Meeting, Beijing, China
Tuesday, 25th August 2009

Meeting Start: 9:22 am (UTC +0800) 25 August 2009

Present

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

Geoff Huston (minutes)
Irene Chan
Richard Brown
Connie Chan

Agenda

1. Agenda Bashing
2. Review of Minutes and Action List Review from 15 July meeting
3. Financial Report
4. Director-General's Report
5. Treasurer's Report on the EC Fee Study
6. Meeting with representatives of NIXI, India
7. Meeting with bidders for APNIC 30
8. AOB

Minutes

1. Agenda Bashing

Review of the EC Chair's presentation to the Member Vote BOF added to the agenda.

2. Minutes of Last Meeting and Matters Arising

The minutes from the meeting of 15 July 2009 were approved.

Action ec-09-024: Secretariat to publish minutes of the July 15 meeting

Action list review:

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

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

3. Financial Report

Irene Chan reported to the EC on the July 2009 APNIC Financial Statement (attached). Income for the year to date is 3.8% below pro-rate budget projections, and expenses are 3.7% lower than pro-rata projections.

It was noted that a response by the Australian Taxation Office to APNIC's notice of objection is reported to be due at the end of the week. Further action will be determined once the response is received.

The July 2009 Financial Statement was accepted by the EC.

4. Director-General's Report

The D-G reported to the EC that John Earls will be assisting APNIC with the preparation of the operational plan for 2010. His input will be concentrating on Section 2 of the membership survey and discussing topics of ongoing community involvement in these forms of processes at APNIC. This topic may be a focus point for future member surveys.

The D-G has received a proposal NRO EC from ARIN to have board member observers on the NRO EC mailing list. The AC indicated its support to appoint an EC member to be a liaison to the NRO EC for APNIC.

The D-G noted that the Secretariat operated with a normal expectation of a 3 month interval between formal endorsement of a proposed policy and its implementation. While it had previously been foreshadowed that a longer interval may have been required for the implementation of an address transfer mechanism, the D-G reported that the Secretariat was of the view that all current policy proposals, including the address transfer proposal, could be implemented within 3 months following endorsement.

The D-G reported that the estimate of the costs of renovation of the existing APNIC Secretariat offices at Park Road Milton would be of the order of \$1M, twice that originally envisaged in the budget preparation process. The D-G has also evaluated the option of property purchase, given the evolving situation with respect to office accommodation, and an analysis of the scenarios of office accommodation purchase as compared continuation of the lease arrangements was considered by the EC.

The EC resolved to form a subcommittee to work with the D-G to investigate property purchase options for APNIC and delegated to the subcommittee the authority to undertake property purchase negotiations. The subcommittee members are: Akinori Maemura, Kuo-Wei Wu and James Spenceley.

5. Treasurer's Report on the EC Fee Study

The EC was briefed on the Treasurers report for the APNIC 28 Members Meeting.

6. Meeting with representatives of NIXI, India

The APNIC EC met with representatives of NIXI, India, on the topic of an application for recognition of an India NIR. The EC resolved to publish the application relating to the recognition of an NIR for India that has been received from NIXI and solicit public comment on the application, in accordance with the EC's procedures for consideration of an NIR application.

The D-G was requested to open a dialogue with NIXI concerning the options for provision of operational services in an NIR context.

7. Meeting with bidders for APNIC 30

The APNIC EC met with bidders to host APNIC 30 in 2010. It was subsequently decided to hold APNIC 30 in Bangkok, Thailand.

8. AOB

Meeting with the APNIC members of the ASO

The EC requested the APNIC Secretariat to notify the ASO when a proposed global policy is submitted to the APNIC Policy Development Process.

Membership Voting BOF

The EC considered the material to be presented to members for the Membership Voting BOF. It was noted that the EC is passing this topic to the membership to continue the study if there is sufficient interest to do so in the BOF.

Next Meeting

17 September 2009 (Teleconference)

Meeting closed: 4:10 pm (UTC+800)

Summary of Action Items

Action ec-09-024: Secretariat to publish minutes of the July 15 meeting



APNIC

Monthly financial report (in AUD)

For the month ending July 2009

Asia Pacific Network Information Centre

1. Balance Sheet

Statement of Financial Position (AU\$)					
	31/07/2009	% of Total Asset or Liab+Equity	% change from 12/31/08	Year-End 2008	Year-End 2007
CURRENT ASSETS					
Cash	6,985,868	42%	2.1%	6,844,414	6,626,341
Term deposit investment	2,300,000	14%	0.0%	2,300,000	2,300,000
Receivables	1,859,717	11%	22.5%	1,518,540	737,859
Others	1,283,997	8%	137.5%	540,688	325,739
TOTAL CURRENT ASSETS	12,429,581	74%	10.9%	11,203,642	9,989,939
NON-CURRENT ASSETS					
Other financial assets	946,690	6%	7.2%	883,201	1,222,666
Property, plant and equipment	1,625,951	10%	-4.8%	1,708,216	1,667,091
Long term deposit investment	1,700,000	10%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	4,272,642	26%	-0.4%	4,291,417	4,589,758
TOTAL ASSETS	16,702,223	100%	7.8%	15,495,060	14,579,696
CURRENT LIABILITIES					
Payables	608,959	4%	-3.3%	629,650	1,139,160
Provisions	984,172	6%	-0.6%	989,847	888,178
Unearned revenue	6,080,743	36%	12.9%	5,383,679	3,817,898
TOTAL LIABILITIES	7,673,873	46%	9.6%	7,003,177	5,845,236
EQUITY					
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	9,038,818	54%	6.4%	8,491,882	8,643,633
TOTAL EQUITY	9,028,349	54%	6.3%	8,491,883	8,734,461
TOTAL LIABILITIES & EQUITY	16,702,223	100%	7.8%	15,495,060	14,579,696

Note:

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

2. Income Statement

2.1 Expenses

All expenses include the actual and accrued costs as at the end of July. The projected figures for 2009 are compared to the approved 2009 budget figures.

EXPENSES (AUD)	Monthly July-09	YTD July-09	Projected Actual	Budget 2009	Budget Variation %
Bank charges	7,723	41,251	70,716	73,816	-4.2%
Communication expenses	12,790	89,695	153,762	158,549	-3.0%
Computer expenses *	39,465	238,908	409,556	339,423	20.7%
Depreciation expense	61,615	415,577	712,417	679,860	4.8%
Sponsorship and Publicity expenses	4,044	77,190	132,326	176,981	-25.2%
Doubtful debt expenses	0	1,804	3,092	27,175	-88.6%
ICANN contract fee *	29,891	209,239	358,696	329,200	9.0%
Insurance expense	10,230	78,553	134,662	130,310	3.3%
Meeting and training expense	4,242	56,405	146,695	213,500	-31.3%
Membership fees	5,489	37,723	64,668	68,700	-5.9%
Miscellaneous expenses	45	1,467	2,515	2,000	25.8%
Office operating expenses	11,045	70,736	121,262	126,731	-4.3%
Postage & delivery	1,164	12,961	22,220	35,000	-36.5%
Printing & photocopy	1,713	16,357	28,041	45,000	-37.7%
Professional fees	41,948	430,084	889,286	854,832	4.0%
Recruitment expense	1,382	57,141	97,955	118,826	-17.6%
Rent and outgoings	48,960	343,848	589,454	646,179	-8.8%
Salaries and personnel expenses*	456,920	3,310,044	6,017,297	6,103,160	-1.4%
Staff training/conference expenses	9,845	50,551	131,658	132,000	-0.3%
Tax expense *	0	0	134,311	135,000	-0.5%
Translation expenses	0	0	30,000	35,000	-14.3%
Travel expenses *	89,684	749,933	1,365,599	1,627,237	-16.1%
TOTAL EXPENSES	838,195	6,289,467	11,616,189	12,058,479	-3.7%

2.2 Revenue

Revenue (AUD)	Monthly July-09	YTD July-09	Projected Actual	Budget 2009	Budget Variation %
Interest income	44,465	442,324	629,363	617,000	2.0%
IP Resource application fees	129,929	697,180	1,195,166	1,263,282	-5.4%
Membership fees *	656,656	4,487,991	7,814,208	7,943,814	-1.6%
Non-members fees	10,550	73,620	126,205	131,984	-4.4%
Per Allocation fees *	313,410	995,353	1,706,319	1,876,701	-9.1%
Reactivation fees	0	6,340	10,869	15,601	-30.3%
Sundry income *	18,089	156,750	168,714	237,744	-29.0%
Foreign exchange gain/(loss)	(4,438)	(23,154)	(23,154)	0	0.0%
TOTAL REVENUE	1,168,660	6,836,403	11,627,690	12,086,125	-3.8%

2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	Monthly July-09	YTD July-09	Projected Actual	Budget 2009	Budget Variation %
Total Revenue	1,168,660	6,836,403	11,627,690	12,086,125	-3.8%
Total Expenses	838,195	6,289,467	11,616,189	12,058,479	-3.7%
OPERATING PROFIT/(LOSS)	330,465	546,936	11,501	27,647	

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:
 - Continued focus on reduction in leave balances
 - Expenses reduced 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 have lodged objections with the ATO responding to the revised tax assessments for the period 2005 to 2007, based on their advice, no allowance for any payments relating to this tax liability has been incorporated into these accounts
- 6) Membership fees:
 - Slower membership growth than budgeted with the majority of new members joining in the Associate membership tier
- 7) Per Allocation fees:
 - Lower volume of NIR requests than budgeted
- 8) Sundry Income:
 - Different meeting arrangement with local host by contributing all meeting income to local host

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 expected*
- *budget figures, or*
- *other updated information on hand.*

3. Membership

3.1 Membership statistics

At the end of July 2009, APNIC had a total of 2,040 members serving 51 economies. APNIC achieved very strong membership growth in July with a net growth of 40 members, which is the highest membership growth since APNIC membership established in 1996. There were highest new members joined since APNIC membership established, i.e. 51 new members, and 11 member accounts closed during July. The majority of those account closures in July were due to members being not contactable, or they have transferred or merged accounts.

3.1.1 Membership by Category

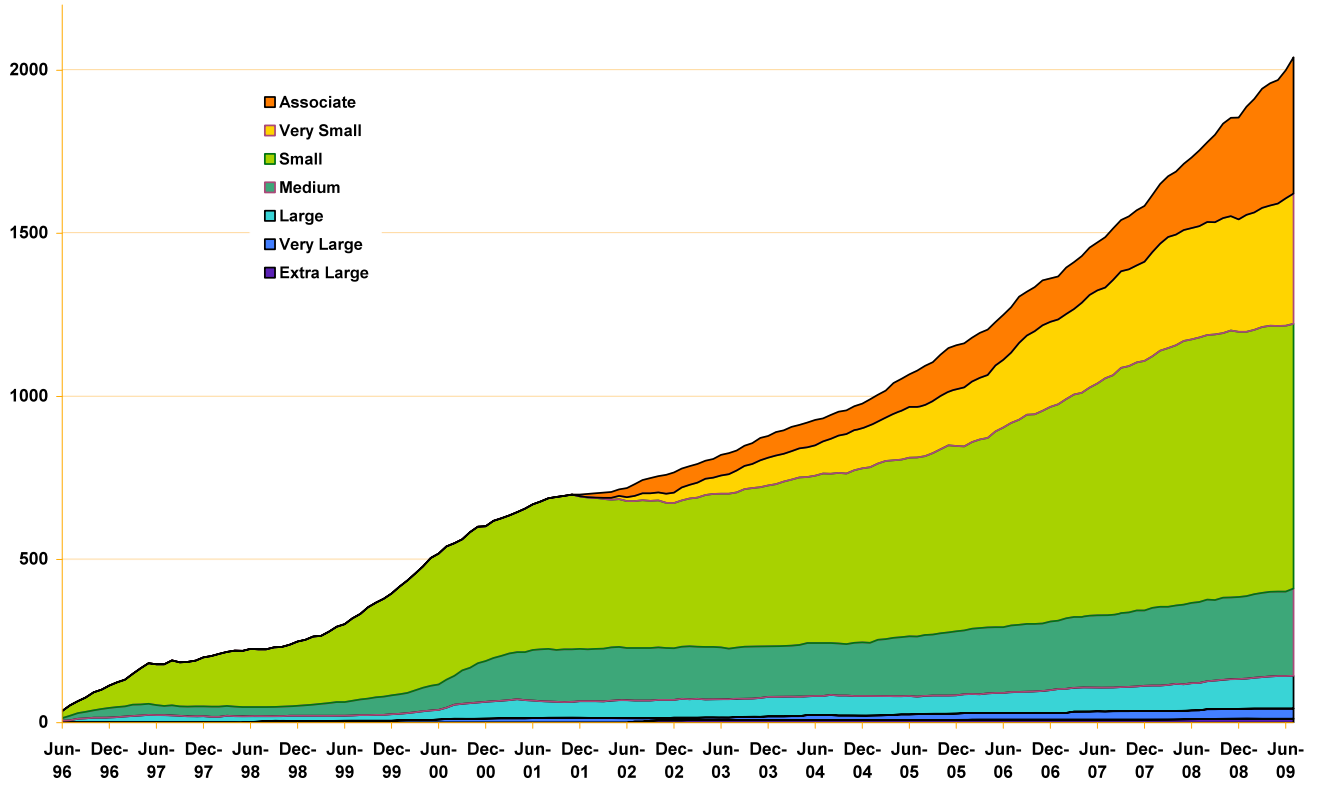
The following table shows the monthly changes in membership and provides an analysis of APNIC's membership tiers; this table shows that 40% of APNIC members are included in the Small membership tier.

Membership	Total June-09	New July-09	(Closed) July-09	Size Change July-09	Total YTD July-09	Total YTD (%) July-09
Extra Large	12	0	0	0	12	1%
Very Large	31	0	0	0	31	2%
Large	100	0	0	1	101	5%
Medium	259	2	(1)	7	267	13%
Small	815	2	(4)	(1)	812	40%
Very Small	390	7	(5)	7	399	20%
Associate	393	40	(1)	(14)	418	20%
TOTAL	2000	51	(11)	0	2040	100%

The table below compares the actual growth in each tier of membership at the end of July 2009 to the budgeted annual growth on a monthly pro-rata basis. Overall growth at the end of July is above budget, with Associate membership growing at a faster rate than anticipated. 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 July-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	101	9	5	4
Medium	251	271	20	267	16	12	4
Small	813	903	90	812	-1	53	(54)
Very Small	345	420	75	399	54	44	10
Associate	312	408	96	418	106	56	50
TOTAL	1855	2149	294	2040	185	173	12

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.



3.1.2 Membership Movement

The following graphs illustrate the monthly movements of APNIC membership, followed by the 2009 year to date new and closed members by economy.

