

APNIC EC Meeting Minutes

DRAFT

Teleconference

Thursday, 15th October 2009

Meeting Start: 11:08 am (UTC +1100) 15 October 2009

Present

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

Geoff Huston (minutes)
Irene Chan
Richard Brown
Connie Chan

Apologies

Hyun-Joon Kwon

Agenda

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

Minutes

1. Agenda Bashing

No further items were added to the agenda.

2. Minutes of Last Meeting and Matters Arising

The minutes from the meeting of 17 September 2009 were approved.

Action ec-09-026: Secretariat to publish minutes of the September 17 meeting

Action list review:

Action ec-09-025: Secretariat to publish minutes of the August 25 meeting
Completed

3. Financial Report

Irene Chan reported to the EC on the September 2009 APNIC Financial Statement (attached). Income for the year to date is 5.3% below pro-rate budget projections, and expenses are 5.2% lower than pro-rata projections.

It was noted that a response by the Australian Taxation Office to APNIC's notice of objection remains forthcoming. Further action will be determined once the response is received. Any taxation liability resulting from the ATO's determination in this matter is not included in the APNIC financial reports as yet.

APNIC had 2,107 members by the end of September.

The September 2009 Financial Statement was accepted by the EC.

4. Director-General's Report

The D-G conveyed his apologies for the September EC meeting.

The D-G reported on his attendance at the Commonwealth Telecommunications Organization (CTO) meeting and the Regional assembly of the World Telecommunications Standards Association (WTSA). It was noted by the D-G that the topic of IPv6 transition was not a major theme of these meetings.

The D-G also reported on the APNIC participation at the September 2009 APECTEL meeting, and thanked EC member Ma Yan for facilitating APNIC's participation as an official guest of APECTEL. APNIC was a co-sponsor of an IPv6 workshop at this APECTEL meeting. It was reported as a positive experience, and further work is being prepared for the 2010 meetings, including a further IPv6 workshop at the March 2010 APECTEL meeting and preparation for the October 2010 APECTEL Ministerial meeting.

APNIC has also participated in a number of local IPv6 meetings, including the Pacific Islands (PITA), and in Taiwan (with thanks to Kuo Wei Wu) and Hong Kong (with thanks to Che-Hoo Cheng). The overall observation is that these meetings appear to be moving beyond IPv6 Forums and Summits and looking at operational experience with deployment of IPv6 services.

The D-G noted the RIRs' concerns with the NaV6 report that was being considered by the ITU Council and the associated advocacy for "CIRs" for IPv6 address distribution. The D-G noted that this activity will require further focus on public affairs in the coming months, on the part of APNIC as well as by the other RIRs. The EC noted that APNIC will continue with the other RIRs in taking a position of vigorous opposition to the notion of an ITU-managed Internet Registry in IPv6

The D-G noted that a call for comments will be posted for the India NIR application. The comment period will be open until 30 November 2009.

Budget planning for 2010 is now well underway, and the preparatory work has involved a followup to the APNIC Member and Stakeholder survey, undertaken by John Earls. This study will form the basis of the activity plan for 2010, from which a budget of proposed expenditure will be drafted.

The D-G reported that the search for a suitable office building for APNIC was underway, with some appropriate options being investigated in further detail. If a suitable proposition is identified the EC sub-committee will be invited to review the property and make a recommendation to the EC.

5. AOB

EC Observer to the NRO EC.

The EC nominated Ma Yan to be the EC observer to the NRO EC. James Spenceley will act as a backup for this role.

[Note: The EC subsequently determined to nominate Akinori Maemura as the observer to the NRO EC and nominate Ma Yan as a backup for this role.]

Next Scheduled Meeting

19 November 2009 (Teleconference)

Meeting closed: 11:40 am (UTC+1000)

Summary of Action Items

Action ec-09-026: Secretariat to publish minutes of the September 17 meeting



APNIC

Quarterly financial report (in AUD)

For the month ending September 2009

Asia Pacific Network Information Centre

1. Balance Sheet

Statement of Financial Position (AU\$)					
	30/09/2009	% of Total Asset or Liab+Equity	% change from 12/31/08	Year-End 2008	Year-End 2007
CURRENT ASSETS					
Cash	7,629,444	45%	11.5%	6,844,414	6,626,341
Term deposit investment	2,300,000	14%	0.0%	2,300,000	2,300,000
Receivables	1,609,649	10%	6.0%	1,518,540	737,859
Others	1,013,704	6%	87.5%	540,688	325,739
TOTAL CURRENT ASSETS	12,552,797	74%	12.0%	11,203,642	9,989,939
NON-CURRENT ASSETS					
Other financial assets	1,091,355	6%	23.6%	883,201	1,222,666
Property, plant and equipment	1,548,586	9%	-9.3%	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	4,339,941	26%	1.1%	4,291,417	4,589,758
TOTAL ASSETS	16,892,738	100%	9.0%	15,495,060	14,579,696
CURRENT LIABILITIES					
Payables	811,615	5%	28.9%	629,650	1,139,160
Provisions	1,020,126	6%	3.1%	989,847	888,178
Unearned revenue	6,045,114	36%	12.3%	5,383,679	3,817,898
TOTAL LIABILITIES	7,876,854	47%	12.5%	7,003,177	5,845,236
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	131,997	1%	0.0%	0	90,827
Retained earnings	8,883,885	53%	4.6%	8,491,882	8,643,633
TOTAL EQUITY	9,015,883	53%	6.2%	8,491,883	8,734,461
TOTAL LIABILITIES & EQUITY	16,892,738	100%	9.0%	15,495,060	14,579,696

Note:

* The 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 September.

2. Income Statement

2.1 Expenses

All expenses include the actual and accrued costs as at the end of September. The projected figures for 2009 are compared to the approved 2009 budget figures. In addition to the "Year to Date" expenses report, a report comparing quarterly expenses is now also included below.

2.1.1 Year to Date Expenses - Budget Comparison

EXPENSES (AUD)	YTD Sep-09	YTD Sep-08	Variance %	Projected Actual	Budget 2009	Budget Variation %
Bank charges	54,498	49,212	10.7%	72,664	73,816	-1.6%
Communication expenses	117,527	127,860	-8.1%	156,703	158,549	-1.2%
Computer expenses *	288,564	129,464	122.9%	384,752	339,423	13.4%
Depreciation expense	536,963	472,749	13.6%	715,950	679,860	5.3%
Sponsorship and Publicity expenses	123,054	148,343	-17.0%	164,071	176,981	-7.3%
Doubtful debt expenses	1,804	57	3048.4%	3,804	27,175	-86.0%
ICANN contract fee *	269,022	177,377	51.7%	358,696	329,200	9.0%
Insurance expense	100,204	92,049	8.9%	133,605	130,310	2.5%
Meeting and training expense	128,672	153,388	-16.1%	148,672	213,500	-30.4%
Membership fees	48,700	40,978	18.8%	64,934	68,700	-5.5%
Miscellaneous expenses	4,901	1,327	269.4%	6,535	2,000	226.7%
Office operating expenses	94,546	91,319	3.5%	126,062	126,731	-0.5%
Postage & delivery	27,416	30,074	-8.8%	32,416	35,000	-7.4%
Printing & photocopy	18,766	33,180	-43.4%	25,022	45,000	-44.4%
Professional fees	463,484	306,276	51.3%	729,979	854,832	-14.6%
Recruitment expense	60,663	114,125	-46.8%	80,884	118,826	-31.9%
Rent and outgoings	441,768	438,099	0.8%	589,025	646,179	-8.8%
Salaries and personnel expenses*	4,219,021	3,830,398	10.1%	6,013,902	6,103,160	-1.5%
Staff training/conference expenses	67,491	110,392	-38.9%	117,988	132,000	-10.6%
Tax expense *	0	0	0.0%	106,642	135,000	-21.0%
Translation expenses	15,637	16,458	-5.0%	25,000	35,000	-28.6%
Travel expenses *	1,069,409	974,932	9.7%	1,375,878	1,627,237	-15.4%
TOTAL EXPENSES	8,152,110	7,338,055	11.1%	11,433,183	12,058,479	-5.2%

2.1.2 Quarterly Expenses – Progressive

EXPENSES (AUD)	Quarter 1 (Jan – Mar 09)	Quarter 2 (Apr - Jun 09)	Quarter 3 (Jul – Sep 09)
Bank charges	17,154	16,375	20,969
Communication expenses	34,243	42,662	40,622
Computer expenses	109,417	90,025	89,122
Depreciation expense	173,912	180,049	183,001
Sponsorship and Publicity expenses	43,410	29,736	49,908
Doubtful debt expenses	1,804	0	0
ICANN contract fee	82,299	97,049	89,674
Insurance expense	37,155	31,167	31,881
Meeting and training expense	44,299	7,865	76,508
Membership fees	16,117	16,117	16,466
Miscellaneous expenses	685	737	3,479
Office operating expenses	24,811	34,881	34,855
Postage & delivery	6,767	5,031	15,619
Printing & photocopy	10,822	3,823	4,122
Professional fees	264,164	123,971	75,349
Recruitment expense	41,316	14,442	4,905
Rent and outgoings	145,487	149,401	146,880
Salaries and personnel expenses	1,224,489	1,628,635	1,365,897
Staff training/conference expenses	16,195	24,510	26,786
Tax expense	0	0	0
Translation expenses	0	0	15,637
Travel expenses	336,201	324,048	409,160
TOTAL EXPENSES	2,630,747	2,820,524	2,700,838

2.2 Revenue

In addition to the "Year to Date" revenue report, a comparison of the quarterly revenue is now also included below.

2.2.1 Year to Date Revenue - Budget Comparison

Revenue (AUD)	YTD Sep-09	YTD Sep-08	Variance %	Projected Actual	Budget 2009	Budget Variation %
Interest income	445,971	584,313	-23.7%	594,628	617,000	-3.6%
IP Resource application fees	947,531	800,159	18.4%	1,263,375	1,263,282	0.0%
Membership fees *	5,819,523	4,875,099	19.4%	7,843,441	7,943,814	-1.3%
Non-members fees	94,661	94,105	0.6%	126,215	131,984	-4.4%
Per Allocation fees *	1,112,782	1,201,643	-7.4%	1,483,709	1,876,701	-20.9%
Reactivation fees	8,876	8,876	0.0%	11,835	15,601	-24.1%
Sundry income *	149,708	253,055	-40.8%	154,708	237,744	-34.9%
Foreign exchange gain/(loss)	(34,940)	19,234	-281.7%	(34,940)	0	0.0%
TOTAL REVENUE	8,544,113	7,836,483	9.0%	11,442,972	12,086,125	-5.3%

2.2.2 Quarterly Revenue – Progressive

Revenue (AUD)	Quarter 1 (Jan – Mar 09)	Quarter 2 (Apr - Jun 09)	Quarter 3 (Jul – Sep 09)
Interest income	162,513	235,346	48,112
IP Resource application fees	316,900	250,351	380,280
Membership fees	1,895,496	1,935,839	1,988,188
Non-members fees	31,324	31,746	31,591
Per Allocation fees	328,070	353,873	430,839
Reactivation fees	3,804	2,536	2,536
Sundry income	43,589	96,422	9,698
Foreign exchange gain/(loss)	20,866	(39,582)	(16,224)
TOTAL REVENUE	2,802,561	2,866,531	2,875,020

2.3 Operating Profit/ Loss

2.3.1 Year to Date Operating Position - Budget Comparison

REVENUE and EXPENSES (AUD)	YTD Sep-09	YTD Sep-08	Variance %	Projected Actual	Budget 2009	Budget Variation %
Total Revenue	8,544,113	7,836,483	9.0%	11,442,972	12,086,125	-5.3%
Total Expenses	8,152,110	7,338,055	11.1%	11,433,183	12,058,479	-5.2%
OPERATING PROFIT/(LOSS)	392,003	498,428	-21.4%	9,789	27,647	

2.3.2 Quarterly Operating Position – Progressive

REVENUE and EXPENSES (AUD)	Quarter 1 (Jan – Mar 09)	Quarter 2 (Apr - Jun 09)	Quarter 3 (Jul – Sep 09)
Total Revenue	2,802,561	2,866,531	2,875,020
Total Expenses	2,630,747	2,820,524	2,700,838
OPERATING PROFIT/(LOSS)	171,814	46,007	174,182

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 and competitive fare environment
- 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:
 - Arrangement to contribute all meeting income to the 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.*

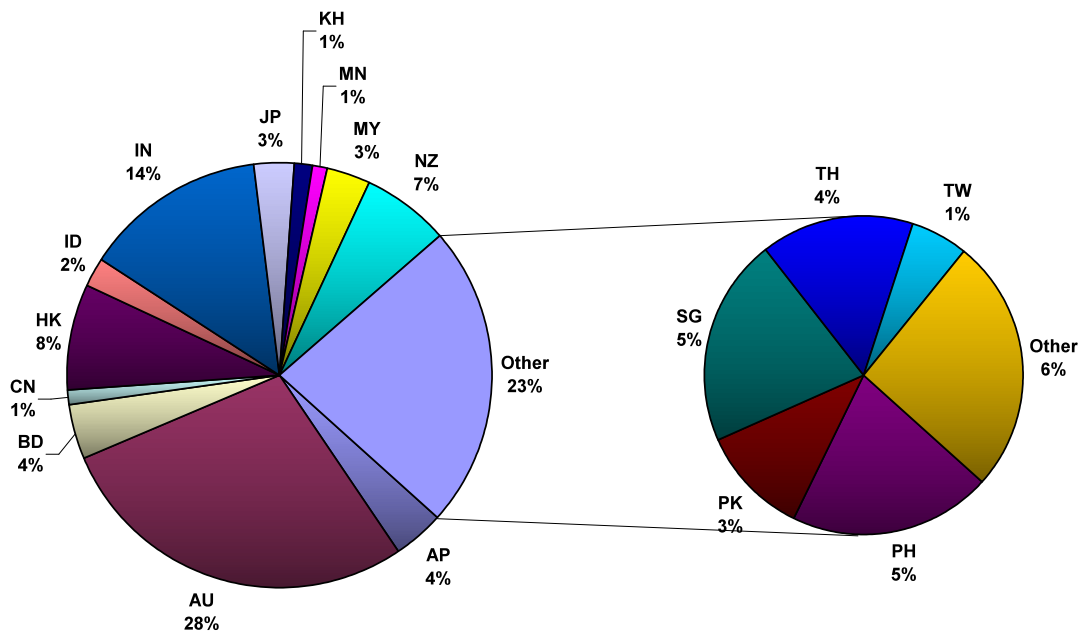
3. Membership

3.1 Membership statistics

At the end of September 2009, APNIC had a total of 2,107 members serving 51 economies. There was net growth of 33 members, with 43 new members, 11 member accounts were closed, and 1 account was reactivated during September.

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 39% of APNIC members are included in the Small membership tier.

Membership	Total Aug-09	New Sep-09	Reactivate Sep-09	(Closed) Sep-09	Size Change Sep-09	Total YTD Sep-09	Total YTD (%) Sep-09
Extra Large	13	0	0	0	0	13	1%
Very Large	30	0	0	0	0	30	1%
Large	104	0	0	0	0	104	5%
Medium	264	1	0	(2)	3	266	13%
Small	819	1	0	(4)	8	824	39%
Very Small	412	2	1	(2)	8	421	20%
Associate	432	39	0	(3)	(19)	449	21%
TOTAL	2074	43	1	(11)	0	2107	100%

The table below compares the actual growth in each tier of membership at the end of September 2009 to the budgeted annual growth on a monthly pro-rata basis. Overall growth at the end of September 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 Sep-09	Actual Growth YTD 2009	Budgeted Growth YTD (*)	Variation Actual vs Budget (*)
Extra Large	12	13	1	13	1	1	0
Very Large	30	33	3	30	0	2	(2)
Large	92	101	9	104	12	7	5
Medium	251	271	20	266	15	15	0
Small	813	903	90	824	11	68	(57)
Very Small	345	420	75	421	76	56	20
Associate	312	408	96	449	137	72	65
TOTAL	1855	2149	294	2107	252	221	31

The table below shows membership data as at the end of each quarter. Membership growth remains steady, with the highest member growth during the third quarter of 2009.

Membership	Actual Total EOY 2008	Mar-09	Jun-09	Sep-09
Extra Large	12	12	12	13
Very Large	30	31	31	30
Large	92	97	100	104
Medium	251	258	259	266
Small	813	815	815	824
Very Small	345	365	390	421
Associate	312	365	393	449
TOTAL	1855	1943	2000	2107
Quarterly Net Gain		88	57	107

3.1.3 Membership Movement

The following graphs illustrate the monthly movements of APNIC membership, and total APNIC membership.

