

APNIC EC Meeting Minutes

Teleconference
Thursday, 17th June 2010

Meeting Start: 11:09 noon (UTC +1000)

Present

Akinori Maemura
Ma Yan
Hyun-Joon Kwon
Paul Wilson

Geoff Huston (minutes)
Richard Brown
Irene Chan

Apologies

James Spenceley
Che-Hoo Cheng
Jian Zhang

Agenda

1. Agenda Bashing
2. Review of Minutes and Actions
3. Financial Report
4. DG Report
5. Policies for Adoption
6. AOB

Minutes

The Chair of the Executive Council called the meeting to order at 11:09 UTC+1000.

1. Agenda Bashing

There were no changes to the Agenda.

2. Review of Minutes and Actions

The minutes of the regularly scheduled EC meeting held on 18 May 2010 were approved.

Action ec-10-012: Secretariat to publish minutes of the 18 May meeting

Review of Actions:

- Action ec-10-003:** Secretariat to proceed with implementation of the non-member fee schedule, with an adoption date of 1 January 2011
Underway
- Action ec-10-005:** Commission a report into the conduct of the APNIC EC Election on 5 March 2010
Underway
- Action ec-10-006:** Review of the current APNIC EC election procedures.
Awaiting report from Action ec-10-005
- Action ec-10-010:** Secretariat to publish minutes of the 15 April meeting
Completed
- Action ec-10-011:** Secretariat to publish minutes of the 13 May meeting
Completed

3. Financial Report

The EC noted the financial report for May 2010 (attached).

It was noted that the balance sheet in the May financial report reflects the settlement of the purchase of the APNIC office building in May. The total value of property, plant and equipment assets on the APNIC Balance Sheet are currently valued at AUD \$6.3M, an increase of some AUD \$4.9M in May. Term deposits and a proportion of the cash assets have been used to fund the settlement costs associated with purchase. Approximately 40% of the APNIC cash reserves have been used to fund the settlement of the office building.

Expenses are 14% below the pro rata budget projection, and receipts are slightly higher than the budget projection at this point. Detailed notes on individual expense and receipt lines are included in the financial report.

The mid-year review of the annual budget will include additional details of budgeted expenses associated with the fitting out of the new office premises.

The ATO situation remains outstanding. KPMG remains managing this issue, and APNIC continues to await the outcome of the ATO review of the earlier ATO decision.

APNIC Membership is now at a total of now 2296 members, with 22 new members in the month of May.

The EC approved the May 2010 financial report.

4. D-G report

APNIC participated in the Asia Pacific Regional IGF meeting in Hong Kong, supporting both the preparation and programming of this event as well as being a major sponsor. The event attracted 150 attendees over the 6 days with active attendance from many Asian economies at both a technical and governmental level.

APNIC attended the WTDC meeting May. APNIC has also participated in the Communicasia industry conference in Singapore. APNIC will also participate in the South Pacific Community Ministerial meeting and the APT Regional Plenipotentiary Preparation meeting in June, and the APECTEL meetings.

The D-G noted that an interest in fellowships for governmental representatives to attend APNIC meetings has been expressed and will set up such a fellowship program as an operational matter.

The D-G noted discussions with a prominent academic to head the next APNIC Member Survey, and noted that the APNIC Public Affairs Advisor would start work with APNIC in July. On related HR matters the D-G noted that an inter-RIR staff exchange program had been set up and there is some interest from staff in participating in this exchange program.

It was noted that the independent Election Review Panel had been set up and the call for submissions had been circulated.

The EC passed the following resolution by a unanimous vote:

In the light of repeated questions regarding the EC election of March 2010, the EC directs the APNIC Secretariat to publish the full details of the election outcome.

Action ec-10-013: Secretariat to publish full details of the votes cast in the March 2010 EC Elections

5. AOB

There were no items of AOB.

Next Scheduled Meeting

15 July 2010

Meeting closed: 12:07 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
Underway

Action ec-10-004: Secretariat to draft query handling guidelines, for EC review and approval
Underway

Action ec-10-005: Commission a report into the conduct of the APNIC EC Election on 5 March 2010.
Underway

Action ec-10-006: Review of the current APNIC EC election procedures.
Underway

Action ec-10-012: Secretariat to publish minutes of the 18 May meeting

Action ec-10-013: Secretariat to publish full details of the votes cast in the March 2010 EC Elections



APNIC

Monthly financial report (in AUD)

For the month ending May 2010

Asia Pacific Network Information Centre

1. Balance Sheet

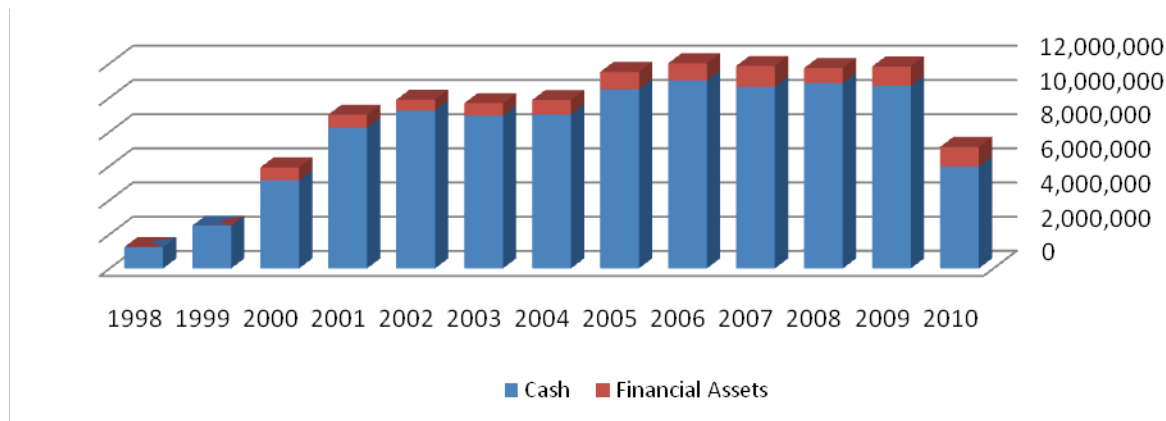
Statement of Financial Position (AU\$)					
	31/05/2010	% of Total Asset or Liab+Equity	% change 31/12/2009	Year-End 2009	Year-End 2008
CURRENT ASSETS					
Cash	4,262,305	26%	-36.3%	6,686,084	6,844,414
Term deposit investment	0	0%	-100.0%	2,300,000	2,300,000
Receivables	1,590,251	10%	220.1%	496,734	1,518,540
Others	1,367,819	8%	26.4%	1,081,905	540,688
TOTAL CURRENT ASSETS	7,220,376	44%	-31.7%	10,564,723	11,203,642
NON-CURRENT ASSETS					
Other financial assets	1,147,977	7%	1.8%	1,127,796	883,201
Property, plant and equipment *	6,370,896	39%	296.2%	1,607,819	1,708,216
Long term deposit investment	1,700,000	10%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	9,218,873	56%	107.8%	4,435,615	4,291,417
TOTAL ASSETS	16,439,249	100%	9.6%	15,000,337	15,495,060
CURRENT LIABILITIES					
Payables	781,486	5%	-22.6%	1,010,114	629,650
Provisions	1,092,699	7%	3.5%	1,055,625	989,847
Unearned revenue	4,936,409	30%	19.5%	4,130,987	5,383,679
TOTAL LIABILITIES	6,810,594	41%	9.9%	6,196,726	7,003,177
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	185,781	1%	0.0%	166,675	0
Retained earnings	9,442,873	57%	9.3%	8,636,936	8,491,882
TOTAL EQUITY	9,628,655	59%	9.4%	8,803,612	8,491,883
TOTAL LIABILITIES & EQUITY	16,439,249	100%	9.6%	15,000,337	15,495,060

Note *:

- Property, plant and equipment – have increased significantly due to the settlement of the APNIC office building in May 2010.
- 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 March 2010. Financial assets investment value is revalued on a quarterly basis.

1.1 APNIC Reserve

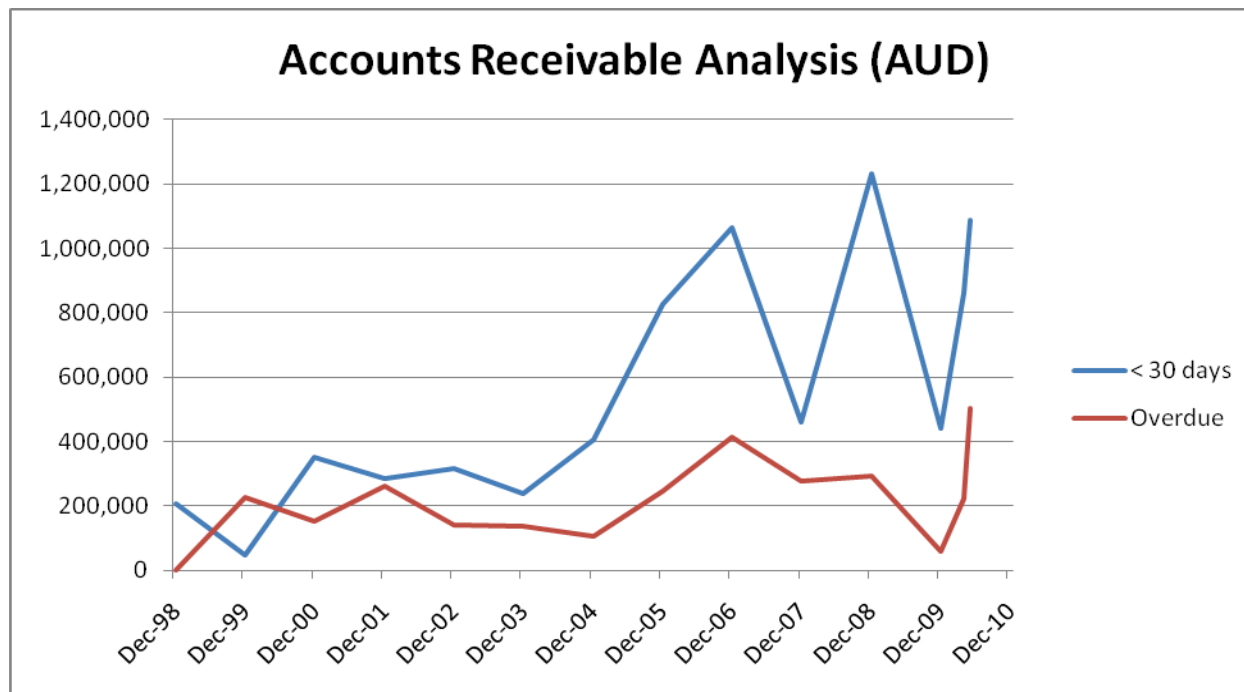
By the end of May, APNIC has around \$7 million cash reserves. 84% of the reserve has been invested in various long and short term deposits, whilst 16% invested in managed funds. Around 40% of APNIC cash reserve has been used to purchase the office building at 6 Cordelia Street, South Brisbane. The Chart below tracks the value and the allocation of these reserves over time.



1.2 Receivables

The receivables balance at the end of May 2010 was \$1,590,251. Around 32% of the total accounts receivable are now overdue (>30 days) for payment whilst 68% are current. Under APNIC procedures, services will normally be suspended once the accounts are overdue for more than 30 days, whilst accounts overdue by more than 60 days are to be closed for resources recovery, unless payment extension has been requested. APNIC's monthly billing procedure involves following up those outstanding accounts via email, phone and fax messages.

Account Receivable Aging Status	< 30 days	Due for payment	Total
Accounts Receivable (AUD)	1,085,589 68%	504,662 32%	1,590,251 100%



2. Income Statement

2.1 Expenses

This report incorporates the approved 2010 budget. The Year to Date May values are compared to figures for the same period last year, and to the budget which is based on a linear pro rata calculation.

EXPENSES (AUD)	YTD May-10	YTD May-09	Variance %	YTD (**) Budget	YTD Budget Variation %	Budget 2010
Bank charges	30,510	27,145	12.4%	33,001	-7.5%	79,202
Communication expenses *	93,788	63,550	47.6%	136,407	-31.2%	327,376
Computer expenses *	150,180	169,734	-11.5%	212,967	-29.5%	511,120
Depreciation expense	299,757	293,345	2.2%	326,656	-8.2%	783,975
Sponsorship and Publicity expenses	51,161	50,361	1.6%	76,578	-33.2%	183,787
Doubtful debt expenses	0	1,804	-100.0%	1,996	-100.0%	4,791
ICANN contract fee	127,500	149,457	-14.7%	127,500	0.0%	306,000
Insurance expense	51,070	58,092	-12.1%	56,625	-9.8%	135,900
Meeting and training expenses *	49,372	51,770	-4.6%	119,750	-58.8%	287,400
Membership fees	22,177	26,862	-17.4%	23,192	-4.4%	55,660
Miscellaneous expenses	466	1,417	-67.1%	2,854	-83.7%	6,850
Office operating expenses	56,402	50,726	11.2%	58,400	-3.4%	140,160
Postage & delivery	14,237	8,495	67.6%	14,396	-1.1%	34,550
Printing & photocopy	10,076	13,412	-24.9%	10,942	-7.9%	26,260
Professional fees *	252,779	354,171	-28.6%	388,875	-35.0%	933,300
Recruitment expense	33,461	46,881	-28.6%	33,333	0.4%	80,000
Rent and outgoings *	267,348	252,242	6.0%	253,647	5.4%	608,753
Salaries and personnel expenses *	2,488,472	2,366,965	5.1%	2,802,230	-11.2%	6,725,352
Staff training/conference expenses *	64,635	35,957	79.8%	62,565	3.3%	150,155
Tax expense	0	0	0.0%	43,110	-100.0%	103,464
Translation expenses	0	0	0.0%	10,417	-100.0%	25,000
Travel expenses *	573,265	562,663	1.9%	632,813	-9.4%	1,518,750
TOTAL EXPENSES	4,636,656	4,585,048	1.1%	5,428,252	-14.6%	13,027,805

2.2 Revenue

Revenue (AUD)	YTD May-10	YTD May-09	Variance %	YTD (**) Budget	YTD Budget Variation %	Budget 2010
Interest income *	185,072	272,495	-32.1%	191,898	-3.6%	460,555
IP Resource application fees	544,486	462,674	17.7%	600,896	-9.4%	1,442,149
Membership fees *	3,677,143	3,182,614	15.5%	4,143,722	-11.3%	9,944,932
Non-members fees	57,145	52,515	8.8%	57,232	-0.2%	137,357
Per Allocation fees *	890,136	619,045	43.8%	287,053	210.1%	688,926
Reactivation fees	13,800	5,072	172.1%	5,459	152.8%	13,101
Sundry income	52,260	56,970	-8.3%	79,717	-34.4%	191,320
Foreign exchange gain/(loss)	22,551	(12,345)	-282.7%	0	0.0%	0
TOTAL REVENUE	5,442,593	4,639,039	17.3%	5,365,975	1.4%	12,878,340

2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	YTD May-10	YTD May-09	Variance %	YTD (**) Budget	YTD Budget Variation %	Budget 2010
Total Revenue	5,442,593	4,639,039	17.3%	5,365,975	1.4%	12,878,340
Total Expenses	4,636,656	4,585,048	1.1%	5,428,252	-14.6%	13,027,805
OPERATING PROFIT/(LOSS)	805,937	53,991		(62,277)		(149,465)

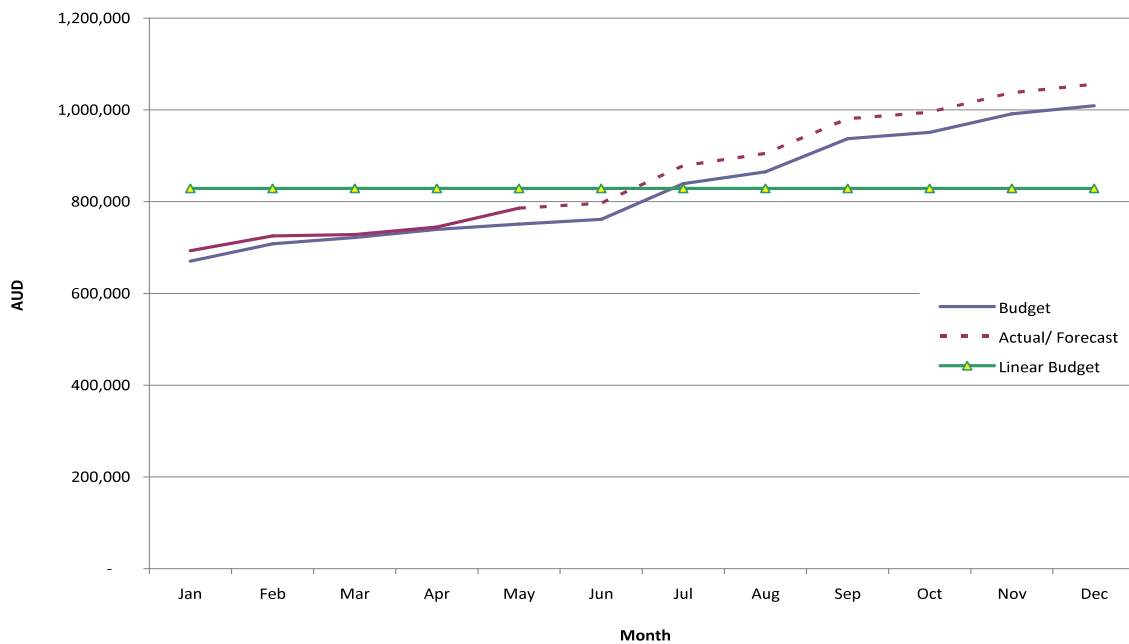
Notes:

The major factors causing the variance between the year to date budgeted and actual operating position were similar to previous month:

1. Revenue

- **Interest Income** – APNIC has utilized cash from term deposits for the property purchase in May. The full effect on the 2010 interest revenue will be provided with the forecast in the June financial statements.
- **Membership fees** - The new membership fee schedule was implemented from 1 Jan 2010, as each member reaches their new anniversary date they will be invoiced under the new fee schedule. There will be large negative variance for the first half of the year when compared to the linear budget (Full Year/12). The graph below shows the Membership fees forecast which includes actuals up until the end of May is tracking well against the phased budget estimates.

Membership Fee Forecast 2010



- **Per allocation fees** charged for allocations to the NIR's were significantly higher than expected due to large requests from NIRs. As at the end of May, CNNIC and JPNIC are the NIRs have renewed under the 2010 fee schedule.

2. Expenses

Much of the variance between Actual and Budget relates to the fact that the budget is allocated evenly over the 12 months of 2010, whereas the actual expenses only reflect where expenses have been incurred.

Notes for some significant variance are as followed:-

- **Communication expenses** – Majority of expenses budgeted for the High Availability project have not yet been incurred.
- **Computer expenses** - A number of projected expenses including E-learning software upgrades have not yet occurred. Computer expenses related to the High Availability project are yet to be incurred.
- **Meeting and training expenses** – Majority of the budget is allocated for our stand alone meeting APNIC 30 which is budgeted cost significantly more than APNIC 29.
- **Professional fees** - APNIC has contributed its committed AUD \$110k to the ISIF second project grant. Majority of expenses budgeted for the consulting on research projects has not yet been incurred.
- **Rent and outgoings** – During the annual audit we were advised that we were required to make provision for make good costs related the lease at Park Road in Milton.
- **Salaries and personnel expenses** –
 - Delay in appointing budgeted new resources including the Senior Liaison role
 - Full year budget includes salary increments with a majority of the annual salary reviews to be completed
 - Focus on reducing leave balances across APNIC
 - The May financial report includes three fortnightly pays
- **Staff training/ conference expenses** – A broad range of training has been provided to enhance staff professional skills. The budget expenditure is forecast to achieve budget by the end of the year.
- **Travel expenses** – These expenses are incurred based on the travel calendar and are not incurred evenly across the year, it is forecast that the budget expenditure will equate to the actual by the end of 2010.

3. Other Important Considerations

- No adjustments have been made to the approved 2010 budget to account for costs associated with the purchase and refurbishment of APNIC's premises. A mid-year review of the budget will be undertaken for the June financial report; this will take into account the final projections for the building acquisition.
- No adjustment is included in these accounts in respect of APNIC's current dealings with the Australian Taxation office.

3. Membership

3.1 Membership Statistics

At the end of May 2010, APNIC had a total of 2,296 members serving 52 economies. There was a net growth of 22 members, with 43 new members, and 21 member accounts were closed during May. There is one new Extra Large member renewing in May.

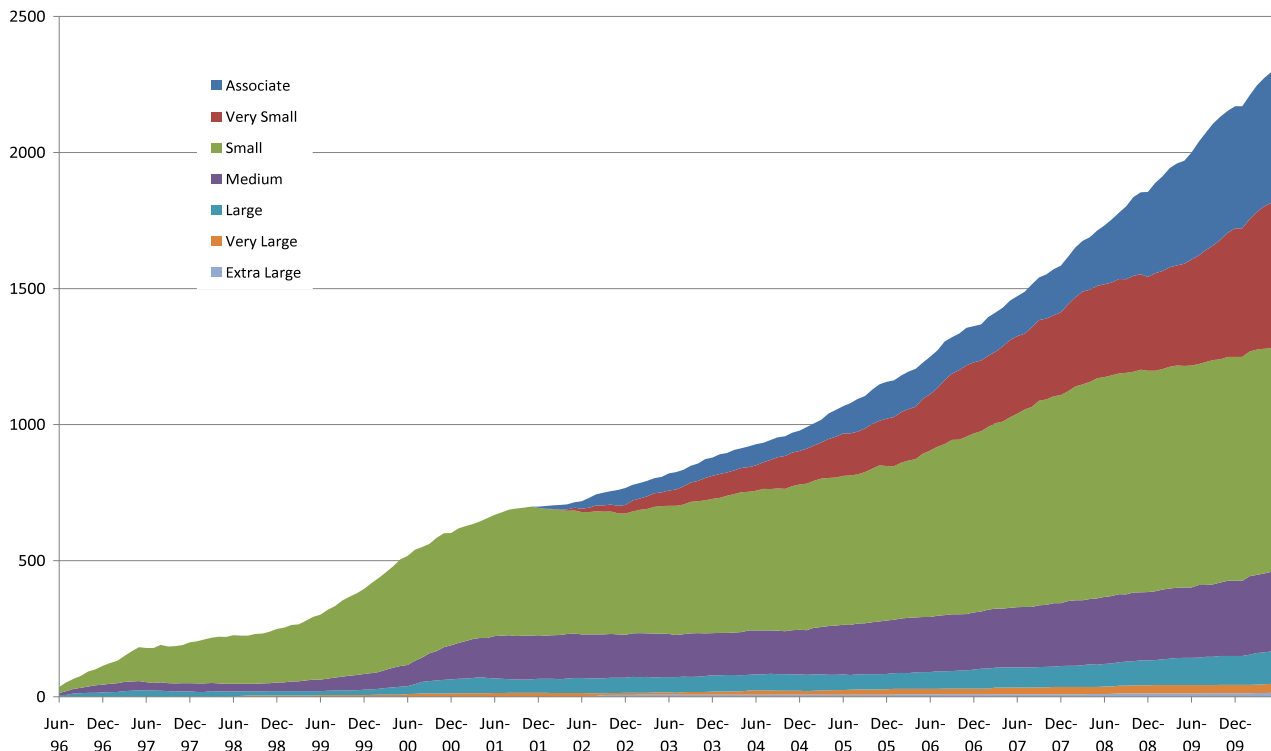
3.1.1 Membership by Category

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. The final column shows the voting tier that members would be if they were assessed on resource holdings at the end of May.

Membership	Total Apr-10	New May-10	(Closed) May-10	Size Change May-10	Total YTD May-10	Total YTD (%) May-10	Tier based on Resource Holdings May-10
Extra Large	14	0	0	1	15	1%	16
Very Large	32	0	0	1	33	1%	34
Large	117	0	0	2	119	5%	139
Medium	290	0	0	2	292	13%	332
Small	826	0	(7)	3	822	36%	918
Very Small	523	0	(3)	14	534	23%	765
Associate	472	43	(11)	(23)	481	21%	92
TOTAL	2274	43	(21)	0	2296	100%	2296

3.1.2 Membership Movement - Tiers

The following graph illustrates total number of members since the establishment of APNIC's membership system in 1996.



3.1.3 YTD Membership Movement - Economy

The graph below illustrates by economy, the year to date number of new members who have joined APNIC and the number who have closed accounts. Australia has the highest number of both new and closed members, i.e. 64 new and 15 closed members, followed by India and Hong Kong.

