

APNIC EC Meeting Minutes

Teleconference
Thursday, 18th November 2010

Meeting Start: 12:10 pm (UTC +1100)

Present

Akinori Maemura
Che-Hoo Cheng
Paul Wilson
James Spenceley
Jian Zhang

Connie Chan
Richard Brown
Irene Chan

Apologies

Hyun-Joon Kwon
Ma Yan
Geoff Huston

Agenda

1. Agenda Bashing
2. Review of Minutes and Actions
3. Financial Report
4. DG Report
5. Election Review Panel Report
6. AOB
 - Indian NIR discussion
 - Amendment to membership agreement
 - Strategic planning process

Minutes

The Chair of the Executive Council called the meeting to order at 12:10 UTC+1100.

1. Agenda Bashing

There were no changes to the agenda.

2. Review of Minutes and Actions

The minutes of the face-to-face meeting held on 21Oct 2010 were approved.

Action ec-10-021: Secretariat to publish minutes of the 21 October meetings

3. Financial Report

The October 2010 Financial Report (attached) was considered by the EC.

The operating position for APNIC for 2010 year to date is a surplus of \$1,072,512. The projected expenses for the remainder of the year are expected to be less than anticipated in the original budget estimates. The projections for the end of year outcome is an operating surplus of AUD273,453.

Membership is currently at 2,448 members, with a net increase of 35 members for the month of October.

It is suggested to replace the bar chart that tracks the cash reserves with a stacked bar graph showing the entire asset position that includes the actual cash reserve, property asset and other financial assets.

The EC approved the October 2010 Financial Reports.

4. D-G report

The D-G reported on a number of current and forthcoming activities for APNIC:

- The APNIC Member and Stakeholder survey, EC, Retreat, budget planning and operational planning for 2011 are underway. The office relocation has been scheduled.
- The D-G reported on the APNIC participation at the APEC TELMIN 8 in Okinawa, Japan. Ministers from the 21 economies represented at TELMIN8, have increased levels of support for industry to move forward with IPv6. A statement on IPv6 deployment at the TELMIN8 Ministerial Declaration recognises the significant challenge of IPv6 deployment and the ongoing collaboration with the Internet technical community to facilitate the achievement of universal broadband access in the APEC region. APNIC has supported the organization of a series of workshops centred on IPv6 and facilitated the development of the IPv6 guidelines, in its capacity as a guest of APEC TEL. There was informal exchange with various ministerial delegations from the APEC region. They all show positive recognition of our role. It was reported as a positive experience, and APNIC will continue to support and collaborate with APEC TEL in the future.
- APNIC has been invited to attend a few law enforcement meetings. It is part of the ongoing effort in promoting our role in internet security and strengthening the levels of liaison with law enforcement agencies in this region.
- The APNIC Member and Stakeholder survey is still underway. Reminders have been sent to the community prior to the deadline for submissions. We expect to receive over 600 responses in this survey by 21 November 2010. Thanks to EC for their support and promotion.
- Election procedures are being looked into for refinement. APNIC secretariat will document the procedures and formalize job roles for EC approval before the next election.
- The EC will be presented at the EC Retreat with some background information for APNIC rebranding. The launch would be linked to the release of a strategic plan. The new design will be launched over the course of 2011 with a new logo and a set of design elements to be launched at APNIC 31 in Hong Kong.
- On HR matters the D-G reported two trainers, Events Manager, and Senior System Architect are being recruited.
- New office refurbishment is going as scheduled. Two promising prospects are showing interests in leasing the current offices.

5. Election Review Panel Report

The EC approved the changes made by the Election Review Panel to clarify concerns.

6. AOB

Indian NIR

The EC is aware of the Request for Proposal (RFP) to appoint a Technical Service Provider to operate and manage the NIR in India.

Action ec-10-022: DG to request the RFP from NIXI on behalf of the APNIC EC

Amendment to membership agreement

A new version of the membership agreement has been drafted to accommodate the requirements of some governments. APNIC lawyers have approved it for use with government agencies, but are still considering the general case.

The EC approved the new agreement to be used in the context of membership agreements with government agencies.

With respect to the use of this agreement for all members the EC decided to wait for further legal advice.

EC Retreat

It is proposed to engage Colin Adams to be the facilitator of the EC Retreat. This retreat is intended to be part of an ongoing strategic planning process. The first steps are to generate a strategic plan that the EC will use as a guidance document. The EC agreed to proceed with the Retreat.

IPv4 address space

Afrinic has reserved a significant amount of address space for their large ISPs recently. This has triggered Afrinic being allocated a /8 from IANA somewhat earlier than anticipated. This has had an impact on the overall run down of the unallocated IPv4 address pools.

The DG reported that the RIRs had agreed to release all reserved IPv4 address space in the RIR address pools as of 1 January 2011..

Action ec-10-023: APNIC EC to publish a statement to members and media regarding the general IPv4 exhaustion and projection model issues.

Next Scheduled Meeting

16 December 2010

Meeting closed: 2:00 pm (UTC+1100)

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-10-006:** Review of the current APNIC EC election procedures. **Underway**
- Action ec-10-017:** EC to respond to the Election Review Panel's report.
- Action ec-10-020:** Secretariat to publish minutes of the 24 August and 10 September meetings
- Action ec-10-021:** Secretariat to publish minutes of the 21 October meeting
- Action ec-10-022:** DG to request the RFP from NIXI on behalf of the APNIC EC
- Action ec-10-023:** APNIC EC to publish a statement to members and media regarding the general IPv4 exhaustion and projection model issues.



APNIC

Monthly financial report

(in AUD)

For the month ending October 2010

Asia Pacific Network Information Centre

1. Balance Sheet

Statement of Financial Position (AUD)					
	31/10/2010	% of Total Asset or Liab+Equity	% change 31/12/2009	Year-End 2009	Year-End 2008
CURRENT ASSETS					
Cash	5,811,430	32%	-13.1%	6,686,084	6,844,414
Term deposit investment	0	0%	-100.0%	2,300,000	2,300,000
Receivables	1,035,071	6%	108.4%	496,734	1,518,540
Others	974,774	5%	-9.9%	1,081,905	540,688
TOTAL CURRENT ASSETS	7,821,276	43%	-26.0%	10,564,723	11,203,642
NON-CURRENT ASSETS					
Other financial assets	1,104,352	6%	-2.1%	1,127,796	883,201
Property, plant and equipment *	7,555,724	42%	369.9%	1,607,819	1,708,216
Long term deposit investment	1,700,000	9%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	10,360,077	57%	133.6%	4,435,615	4,291,417
TOTAL ASSETS	18,181,353	100%	21.2%	15,000,337	15,495,060
CURRENT LIABILITIES					
Payables	1,254,579	7%	24.2%	1,010,114	629,650
Provisions	1,132,639	6%	7.3%	1,055,625	989,847
Unearned revenue	5,987,735	33%	44.9%	4,130,987	5,383,679
TOTAL LIABILITIES	8,374,953	46%	35.2%	6,196,726	7,003,177
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	97,998	1%	0.0%	166,675	0
Retained earnings	9,708,401	53%	12.4%	8,636,936	8,491,882
TOTAL EQUITY	9,806,400	54%	11.4%	8,803,612	8,491,883
TOTAL LIABILITIES & EQUITY	18,181,353	100%	21.2%	15,000,337	15,495,060

Note *:

- Property, plant and equipment – balances have increased significantly compared to last year due to the settlement of the APNIC office building in May 2010 and the ongoing refurbishment.
- 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 September 2010. These investments are revalued on a quarterly basis.

1.1 APNIC Reserve

By the end of October, APNIC maintained \$8.6 million in cash reserves. Since May, part of APNIC's cash reserve has been utilized for purchase the office building, and office refurbishment cost within these few months. 87% of the reserve has been invested in a range long and short term deposits, whilst 13% remains invested in managed funds. The following chart tracks the value and the allocation of these reserves over time.



2. Income Statement

2.1 Expenses

This report incorporates the year to date actual, budget and projected estimates. The Year to Date October figures are compared to figures for the same period last year. The Projected Actual figures are based on forecast estimates of expenditure and include allowances for costs associated with the new building refurbishment and relocation.

EXPENSES (AUD)	YTD Oct-10	YTD Oct-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Bank charges	67,473	59,670	13.1%	79,202	80,968	2.2%
Communication expenses *	209,498	128,816	62.6%	327,376	319,498	-2.4%
Computer expenses *	276,176	322,504	-14.4%	511,120	331,411	-35.2%
Depreciation expense *	584,216	597,690	-2.3%	783,975	768,884	-1.9%
Sponsorship and Publicity expenses*	141,752	128,604	10.2%	183,787	205,657	11.9%
Doubtful debt expenses	0	1,804	-100.0%	4,791	5,175	8.0%
ICANN contract fee *	267,643	298,913	-10.5%	306,000	321,172	5.0%
Insurance expense	96,748	110,434	-12.4%	135,900	116,097	-14.6%
Meeting and training expenses	236,215	126,159	87.2%	287,400	266,215	-7.4%
Membership fees	44,614	57,358	-22.2%	55,660	53,537	-3.8%
Miscellaneous expenses	849	4,954	-82.9%	6,850	1,019	-85.1%
Office operating expenses	124,540	103,646	20.2%	140,160	149,448	6.6%
Postage & delivery	20,762	28,442	-27.0%	34,550	24,915	-27.9%
Printing & photocopy	18,442	20,431	-9.7%	26,260	22,130	-15.7%
Professional fees *	535,851	505,109	6.1%	933,300	795,851	-14.7%
Recruitment expense *	106,263	70,753	50.2%	80,000	136,263	70.3%
Relocation/ new office expenses *	18,488	0	0.0%	0	397,488	0.0%
Rent and outgoings *	528,356	490,729	7.7%	608,753	632,743	3.9%
Salaries and personnel expenses *	5,283,408	4,904,752	7.7%	6,725,352	6,587,852	-2.0%
Staff training/conference expenses *	103,752	73,503	41.2%	150,155	144,502	-3.8%
Tax expense	0	0	0.0%	103,464	117,692	13.8%
Translation expenses	14,498	15,637	-7.3%	25,000	14,498	-42.0%
Travel expenses *	1,234,405	1,186,278	4.1%	1,518,750	1,431,286	-5.8%
TOTAL EXPENSES	9,913,949	9,236,187	7.3%	13,027,805	12,924,301	-0.8%

2.2 Revenue

Revenue (AUD)	YTD Oct-10	YTD Oct-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Interest income *	342,308	485,408	-29.5%	460,555	388,236	-15.7%
IP Resource application fees	1,118,486	1,039,432	7.6%	1,442,149	1,342,183	-6.9%
Membership fees *	8,203,796	6,495,293	26.3%	9,944,932	10,113,878	1.7%
Non-members fees	121,520	104,968	15.8%	137,357	145,825	6.2%
Per Allocation fees *	994,277	1,277,205	-22.2%	688,926	994,277	44.3%
Reactivation fees	19,200	8,876	116.3%	13,101	23,040	75.9%
Sundry income	194,669	150,105	29.7%	191,320	199,669	4.4%
Foreign exchange gain/(loss)	(7,795)	(43,079)	-81.9%	0	(9,354)	0.0%
TOTAL REVENUE	10,986,461	9,518,208	15.4%	12,878,340	13,197,754	2.5%

2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	YTD Oct-10	YTD Oct-09	Variance %	Budget 2010	Projected Actual	Budget Variation %
Total Revenue	10,986,461	9,518,208	15.4%	12,878,340	13,197,754	2.5%
Total Expenses	9,913,949	9,236,187	7.3%	13,027,805	12,924,301	-0.8%
OPERATING PROFIT/(LOSS)	1,072,512	282,021		(149,465)	273,453	

Notes on significant variances:

1. Expenses

- **Communication expenses** – Forecast includes costs related to the Hi-Avail project that will be incurred in the last quarter
- **Computer Expenses** – Forecast includes expense related to Hi-Avail and E-learning project server incurred later of the year
- **Depreciation expenses** - Includes the estimated capital allowance and depreciation for the new office building, which were not originally budgeted, these costs will be incurred in the last quarter
- **ICANN contract fee** - Recalculated according to the revised APNIC proportion of NRO expenses, which was not available during budget process
- **Professional Fees** – Consulting fees for the final quarter will increase to account for Audit Fees, Member Survey, Tax Consulting Fees, Research Consulting, Executive coaching, and Change Management consulting.
- **Recruitment expenses** - Includes extraordinary expenses associated with overseas recruitments during 2010
- **Relocation/ new office expenses** - Includes office relocation expenses planned for December
- **Rent and outgoings** - Includes provision for "make good" costs related to the current lease (as requested in 2009 Audit report), these costs were not included in the budget
- **Sponsorship & publicity expenses** – Includes \$30k sponsorship for the Opening Reception at IETF Beijing
- **Salaries and Wages** – Year to date actual is lower than budgeted reflecting time taken to appoint new resources

- **Staff training expenses** – Some non-training costs have been reallocated to Professional Fees since last months report

2. Revenue

- **Interest Income** – APNIC utilized cash from term deposits for the property purchase in May, and a further reduction in cash deposits will occur relating to the office refurbishment expenses. This has resulted in a reduction in interest income earned for the rest of the year when compared to the original budget.
- **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).
- **Per allocation fees** – Charges for allocations to the NIR's were significantly higher than expected due to large requests from NIRs during 2010.

3. Other Important Considerations

- No adjustment is included in these accounts in respect of APNIC's current dealings with the Australian Taxation office, our advice is that our objection is to be upheld.

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

3. Membership

3.1 Membership Statistics

At the end of October 2010, APNIC had a total of 2,448 members serving 52 economies. There was a net growth of 35 members during the month, with 41 new members, 1 member account was reactivated, and 7 member accounts were closed during October.

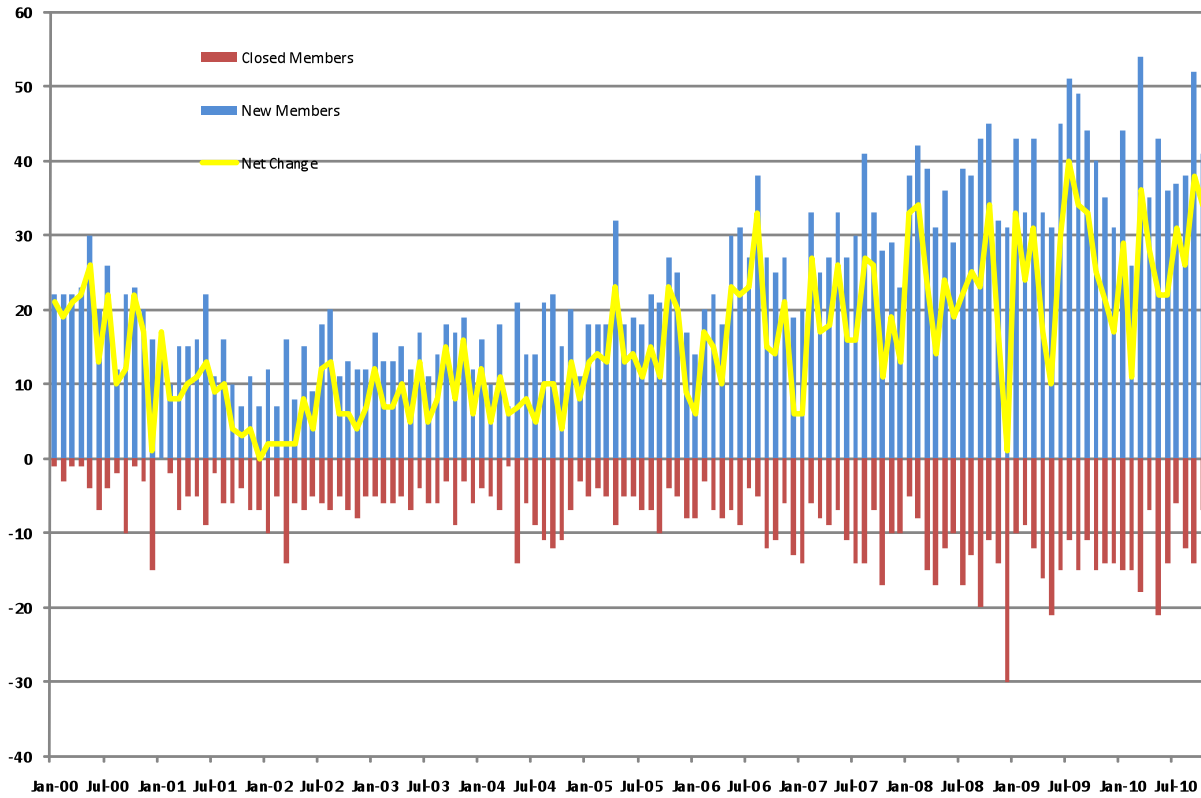
3.1.1 Membership by Category

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.

Membership	Total Sep-10	New Oct-10	Reactivate Oct-10	(Closed) Oct-10	Size Change Oct-10	Total YTD Oct-10	Total YTD (%) Oct-10
Extra Large	15	0	0	0	0	15	1%
Very Large	34	0	0	0	0	34	1%
Large	125	0	0	0	7	132	5%
Medium	317	0	0	0	3	320	13%
Small	849	1	1	(4)	10	857	35%
Very Small	586	2	0	(2)	28	614	25%
Associate	487	38	0	(1)	(48)	476	19%
TOTAL	2413	41	1	(7)	0	2448	100%

3.1.2 Membership Movement

The following graph illustrates monthly movements of APNIC membership since 2000.



3.1.3 Year to Date Membership Movement by Economy

The graph below illustrates the year to date new and closed membership movement by economy. Australia has the highest number of both new and closed members, followed by India and New Zealand.

