

# APNIC EC Meeting Minutes

## Teleconference

Thursday, 17th March 2011

*Meeting Start: 11:12 am (UTC +1000)*

## Present

Akinori Maemura  
Ma Yan  
Che-Hoo Cheng  
Gaurab Raj Upadhaya  
Kenny Huang  
Wei Zhao  
Paul Wilson

Geoff Huston  
Connie Chan  
Pablo Hinojosa  
Richard Brown  
Irene Chan

## Apologies

James Spenceley

## Agenda

1. Election of EC Officers
2. Agenda Bashing
3. Review of Minutes
4. Financial Report
5. D-G Report
6. Interim Appointment to the ASO AC
7. India NIR Status
8. Response to complaints at APNIC 31
9. APNIC 32 Status
10. AOB

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## Minutes

The Director General called the meeting to order at 11:12 UTC+1100.

### 1. Election of Officers

The D-G called for nominations for the position of Chair of the EC. Akinori Maemura was elected unopposed.

Akinori Maemura assumed the role of chair of the Meeting.

Nominations were called for the positions of Secretary and Treasurer.

Ma Yan was elected unopposed as Secretary of the EC.

James Spenceley was elected unopposed as the Treasurer of the EC

## **2. Agenda Bashing**

There were no changes to the agenda.

## **3. Review of Minutes and Actions**

The minutes of the 21 February 2011 meeting were approved.

**Action ec-11-008:** Secretariat to publish minutes of the 21 February meeting

## **4. Financial Report**

The EC reviewed the APNIC Financial Report for February 2011 (attached). It was noted that the revenue and expenses were below the pro-rata budget tracking figures, as is normally observed at the start of the budget year.

Membership levels are up to 2,601 members as of the end of February.

The EC approved the February Financial Report.

The EC considered the Audited Financial Report for 2010 and the Auditor's report (attached). The EC noted the issue of the mis-alignment between the APNIC financial year (Jan to Dec) and the Australian Taxation year (Jul -Jun), and noted that the Secretariat had lodged a request with the Australian Taxation Office to shift to calendar year reporting to align the taxation assessment with APNIC's financial reporting year.

The EC unanimously accepted the Auditor's Report and the Audited Financial Report for 2010.

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

The D-G briefed the EC on the current status of IPv4 address allocations and the size of the remaining address pool in APNIC, and noted the communication plan to be used by the Secretariat in the final stages of address allocations.

It was noted that the Auditors have been requested to provide a number of appropriately qualified organizations who can review APNIC's insurance cover.

Regarding the Strategic Planning process, the D-G proposed a review of the plan in July during the regularly scheduled EC teleconference, and further reviews in September 2011 (EC meeting at APNIC 32) and a review in December 2011. The D-G noted that the Secretariat's Operational Planning activity is underway, with update meetings being held in March in the Secretariat.

The APNIC Member Survey Report has been published and the member comment period is now open. The EC will then be tasked with generating a response to this report.

Upcoming meetings that APNIC staff will attend and variously support include: APECTEL, China IPv6 Summit, Pacific Regional IGF, and the Singapore / Asia IGF and ICANN meetings.

On HR matters APNIC is currently filling the positions of a senior network architect, a training staff member and a registration services staff member. The position of in-house legal council will be reviewed as part of the planned mid-year budget review.

**Action ec-11-009:** Draft a response to the 2011 APNIC Member Survey Report

## **6. Interim Appointment to the ASO AC**

The EC decided to appoint Andy Linton to the ASO Address Council for an interim term for the remainder of 2011.

## **7. India NIR Status**

The EC reviewed the current status of the India NIR application. The EC reiterated their expectation that the outstanding matters in the recognition process could be addressed expeditiously.

## **8. Response to complaints at APNIC 31**

The EC noted correspondence from Rajesh Chharia, President of ISPAI concerning a complaint relating to a presentation at the APNIC 31 meeting. The EC approved a response (attached) as a letter of response on behalf of the entire EC.

## **9. APNIC 32 Status**

The EC was briefed on progress relating to APNIC 32, and noted the possibility of additional expenditure on the part of APNIC to a level of up to \$30,000 relating to some potential changes in the arrangements relating to meeting services.

## **10. AOB**

There were no items of AOB.

### **Next Scheduled Meeting**

21 April 2011 (Teleconference)

**Meeting closed:** 2:17 pm (UTC+1000)

## Summary of Action Items

- Action ec-11-005:** EC to review insurance coverage and membership agreement on an annual basis.
- Action ec-11-006:** Secretariat to provide independent advice on the current APNIC insurance cover.
- Action ec-11-007:** James Spenceley and Geoff Huston to draft a member petition process.
- Action ec-11-008:** Secretariat to publish minutes of the 21 February meeting
- Action ec-11-009:** Draft a response to the 2011 APNIC Member Survey Report



# **APNIC**

## **Monthly financial report (in AUD)**

**For the month ending March 2011**

Asia Pacific Network Information Centre

## 1. Balance Sheet

Statement of Financial Position (AU\$)					
	31/03/2011	% of Total Asset or Liab+Equity	% change 31/12/2010	Year-End 2010	Year-End 2009
<b>CURRENT ASSETS</b>					
Cash/ Short term deposit	5,674,208	34%	-4.7%	5,953,850	6,686,084
Term deposit investment (12 months)	0	0%	0.0%	0	2,300,000
Receivables	827,650	5%	-5.8%	878,766	496,734
Others	454,983	3%	-46.3%	847,108	869,780
<b>TOTAL CURRENT ASSETS</b>	<b>6,956,840</b>	<b>41%</b>	<b>-9.4%</b>	<b>7,679,724</b>	<b>10,352,598</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	1,144,470	7%	0.6%	1,137,515	1,127,796
Property, plant and equipment	8,814,540	52%	5.1%	8,390,655	1,607,819
Long term deposit investment (more than 12 months)	0	0%	0.0%	0	1,700,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>9,959,010</b>	<b>59%</b>	<b>4.5%</b>	<b>9,528,170</b>	<b>4,435,615</b>
<b>TOTAL ASSETS</b>	<b>16,915,850</b>	<b>100%</b>	<b>-1.7%</b>	<b>17,207,895</b>	<b>14,788,213</b>
<b>CURRENT LIABILITIES</b>					
Payables	506,100	3%	21.6%	416,262	797,989
Provisions	1,307,696	8%	-23.2%	1,701,920	1,055,625
Unearned revenue	5,479,575	32%	-9.8%	6,074,215	4,130,987
<b>TOTAL LIABILITIES</b>	<b>7,293,371</b>	<b>43%</b>	<b>-11.0%</b>	<b>8,192,397</b>	<b>5,984,601</b>
<b>EQUITY</b>					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	133,806	1%	0.0%	128,004	166,675
Retained earnings	9,488,673	56%	6.8%	8,887,492	8,636,936
<b>TOTAL EQUITY</b>	<b>9,622,479</b>	<b>57%</b>	<b>6.7%</b>	<b>9,015,497</b>	<b>8,803,612</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>16,915,850</b>	<b>100%</b>	<b>-1.7%</b>	<b>17,207,895</b>	<b>14,788,213</b>

Note:

\* 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 2011. These investments are revalued on a quarterly basis.

### 1.1 APNIC Reserve

The APNIC Reserve is diversified between Cash Investments, Managed Funds, and Property (APNIC Office). At the end of March, APNIC maintained \$5.7 million in cash reserves, \$1.1m in managed fund investments and \$7.4M was invested in the APNIC Property. The following chart tracks the value and the allocation of these reserves over time:



## 2. Income Statement

### 2.1 Expenses

This report incorporates the approved 2011 budget. The Year To Date (YTD) March 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 Mar-11	YTD Mar-10	Variance %	YTD Budget	YTD Budget Variation %	Budget 2011
Bank charges	24,174	18,193	32.9%	22,000	9.9%	88,000
<b>Communication expenses *</b>	<b>122,082</b>	53,706	127.3%	106,842	14.3%	<b>427,368</b>
Computer expenses	120,138	101,315	18.6%	148,354	-19.0%	593,415
Depreciation expense	200,038	182,236	9.8%	253,903	-21.2%	1,015,613
Sponsorship and Publicity expenses	44,231	41,534	6.5%	76,625	-42.3%	306,500
Doubtful debt expenses	137	264	-48.0%	1,419	-90.3%	5,677
ICANN contract fee	80,500	76,500	5.2%	80,500	0.0%	322,000
Insurance expense	32,212	32,799	-1.8%	32,675	-1.4%	130,700
<b>Meeting and training expenses *</b>	<b>111,685</b>	45,632	144.8%	95,275	17.2%	<b>381,100</b>
Membership fees	13,706	13,306	3.0%	17,075	-19.7%	68,300
Miscellaneous expenses	313	427	-26.7%	263	19.2%	1,050
<b>Office operating expenses *</b>	<b>79,220</b>	32,374	144.7%	54,299	45.9%	<b>217,195</b>
Postage & delivery	14,920	8,982	66.1%	8,500	75.5%	34,000
Printing & photocopy	4,839	7,042	-31.3%	10,775	-55.1%	43,100
<b>Professional fees *</b>	<b>143,261</b>	235,980	-39.3%	221,338	-35.3%	<b>885,350</b>
Recruitment expense	17,787	11,572	53.7%	25,250	-29.6%	101,000
<b>Rent and outgoings *</b>	<b>0</b>	146,880	-100.0%	104,731	-100.0%	<b>418,923</b>
<b>Salaries and personnel expenses *</b>	<b>1,586,623</b>	1,307,220	21.4%	1,851,564	-14.3%	<b>7,406,255</b>
Staff training/conference expenses	12,967	17,190	-24.6%	37,932	-65.8%	151,727
Tax expense	0	0	0.0%	30,000	-100.0%	120,000
Translation expenses	0	0	0.0%	3,750	-100.0%	15,000
<b>Travel expenses *</b>	<b>394,641</b>	337,986	16.8%	375,713	5.0%	<b>1,502,850</b>
<b>TOTAL EXPENSES</b>	<b>3,003,475</b>	<b>2,671,140</b>	<b>12.4%</b>	<b>3,558,781</b>	<b>-15.6%</b>	<b>14,235,123</b>

## 2.2 Revenue

Revenue (AUD)	YTD Mar-11	YTD Mar-10	Variance %	YTD Budget	YTD Budget Variation %	Budget 2011
Interest income *	88,092	106,469	-17.3%	82,500	6.8%	330,000
IP Resource application fees *	357,500	339,405	5.3%	282,079	26.7%	1,128,316
Membership fees *	3,072,608	2,146,749	43.1%	3,127,805	-1.8%	12,511,220
Non-members fees	43,824	33,775	29.8%	39,627	10.6%	158,506
Per Allocation fees	0	513,971	-100.0%	0	0.0%	0
Reactivation fees	5,400	5,400	0.0%	4,016	34.5%	16,063
Sundry income *	34,926	33,256	5.0%	73,750	-52.6%	295,000
Foreign exchange gain/(loss)	2,305	2,869	-19.6%	0	0.0%	0
<b>TOTAL REVENUE</b>	<b>3,604,655</b>	<b>3,181,893</b>	<b>13.3%</b>	<b>3,609,776</b>	<b>-0.1%</b>	<b>14,439,105</b>

## 2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	YTD Mar-11	YTD Mar-10	Variance %	YTD Budget	YTD Budget Variation %	Budget 2011
Total Revenue	3,604,655	3,181,893	13.3%	3,609,776	-0.1%	14,439,105
Total Expenses	3,003,475	2,671,140	12.4%	3,558,781	-15.6%	14,235,123
<b>OPERATING PROFIT/(LOSS)</b>	<b>601,181</b>	<b>510,753</b>	<b>17.7%</b>	<b>50,995</b>		<b>203,982</b>

### Notes:

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

#### 1. Revenue

- **Interest Income** – This will gradually increase during the year when the cash reserve is increased and maturing term deposits are reinvested at more favourable rates.
- **IP Resource application fees** – The number of new members that have joined and have requested resources is much higher than anticipated at this stage of the year.
- **Membership fees** - The budget for Membership Fees was based on detailed modeling of the membership and their resource holdings in 2010. The Budget includes increases in fees due to increased holdings and initial allocations when compared to the member's 2010 holdings.
- **Sundry income** – The budget includes income mainly from APNIC standalone meeting which will happen later of the year.



## 2. Expenses

Majority of the variance between the Year to Date Actual and Budget is caused by timing differences. The budget is allocated evenly over the 12 months period of 2011, whereas the actual expenses are reflected when expenses have been incurred.

Notes for some significant variance are as followed:-

- **Communication expenses** – There are once off telecommunication (15k) set up costs for the new office network connectivity that was incurred at the beginning of the year.
- **Meeting and training expenses** – The main variance is due to the costs related to the APNIC 31 meeting.
- **Office Operating Expenses** – Includes the annual payment for Land Tax.
- **Professional fees** – The majority of expenses budgeted for consulting projects and the contribution for ISIF have not been incurred.
- **Rent and outgoings** – The lease commitment related to the Milton office rent was fully expensed in 2010.
- **Salaries and personnel expenses** – The budget includes new placements that will occur during the year.
- **Travel expenses** – There has been a high level of travel activity happened during the first quarter including the APNIC meeting in Hong Kong.

## 3. Membership

### 3.1 Membership Statistics

At the end of March 2011, APNIC had a total of 2,635 members serving 52 economies. There is strong membership growth for the first quarter of 2011, with a net growth of 34 members in March.

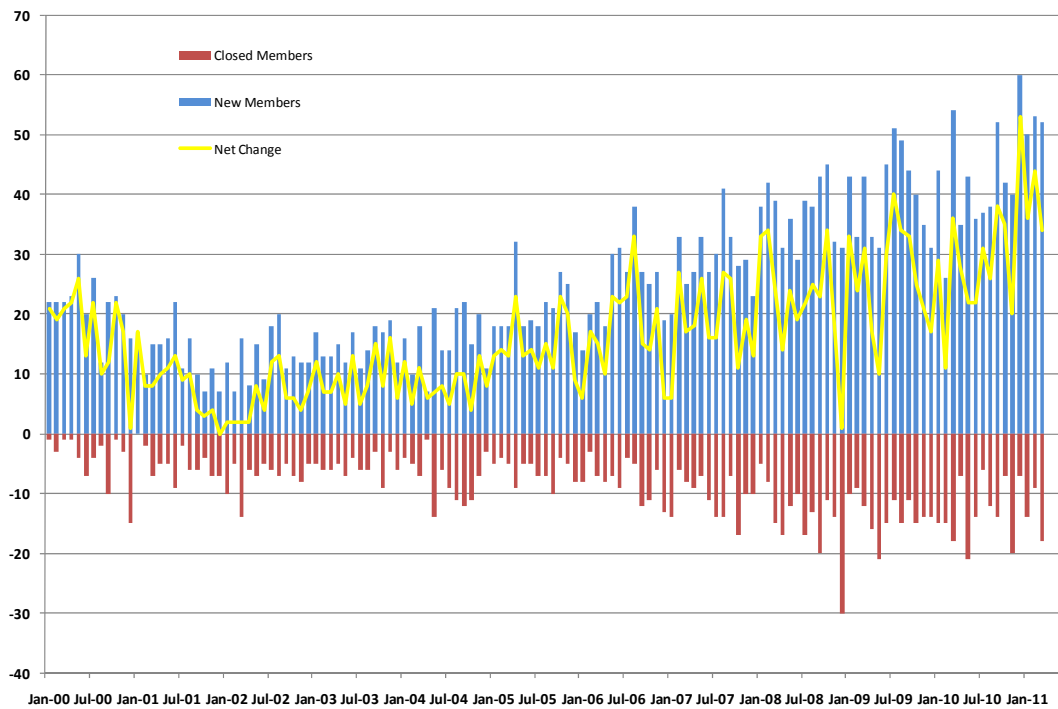
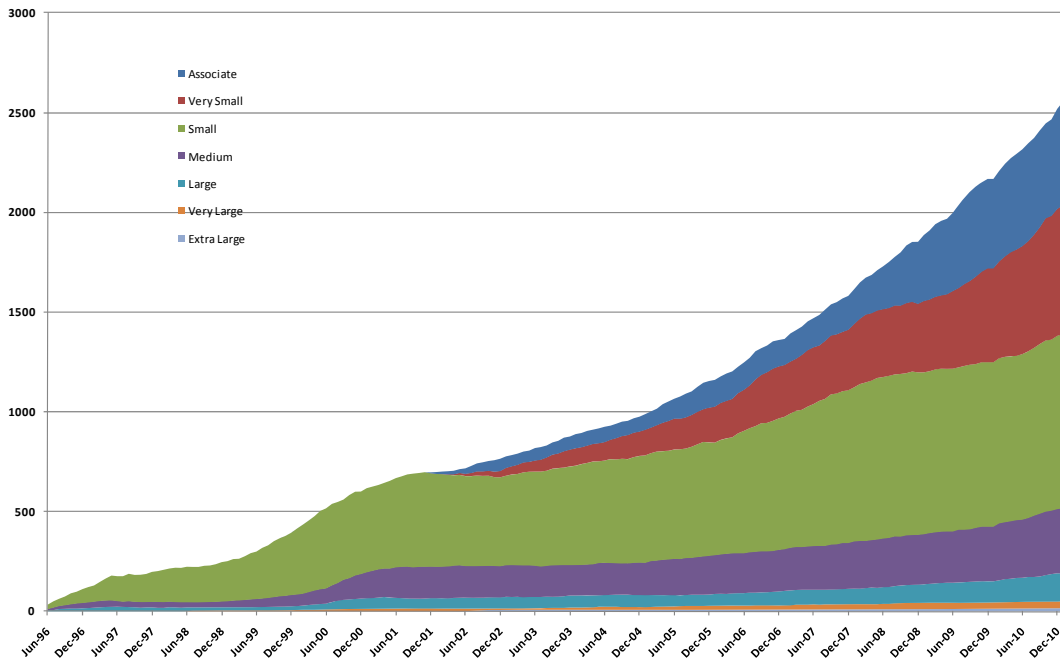
#### 3.1.1 Membership by Category

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	New	(Closed)	Size Change	Total YTD	Total YTD (%)
	Feb-11	Mar-11	Mar-11	Mar-11	Mar-11	Mar-11
Extra Large	16	0	0	1	17	1%
Very Large	34	0	0	0	34	1%
Large	141	0	0	2	143	5%
Medium	328	1	0	8	337	13%
Small	887	3	(3)	4	891	34%
Very Small	664	2	(6)	5	665	25%
Associate	531	46	(9)	(20)	548	21%
<b>TOTAL</b>	<b>2601</b>	<b>52</b>	<b>(18)</b>	<b>0</b>	<b>2635</b>	<b>100%</b>

### 3.1.2 Membership Movement

The following graph illustrates APNIC total membership growth and monthly movements.



### 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. For the first quarter in 2011, Australia has the highest number of both new and closed members, with 54 new and 11 closed members, followed by India, Malaysia and New Zealand.

