

APNIC EC Meeting Minutes

Face to Face Meeting, Montevideo, Uruguay

Tuesday, 30 October 2012

Meeting Start: 9:00am (UTC -2:00)

Present

Akinori Maemura
Che-Hoo Cheng
Kenny Huang
James Spenceley
Paul Wilson
Ma Yan (by telephone)
Gaurab Raj Upadhaya (by telephone)
Wendy Zhao (by telephone)

Geoff Huston
Richard Brown
Craig Ng
Connie Chan

Agenda

1. Agenda Bashing
2. Review of Previous Minutes
3. Financial Report
4. APNIC Vision, Mission and Values
5. 2013 Budget Preparation
6. RPKI Trust Anchors
7. DG Report
8. NIR agreement
9. WG Responses
10. AOB

Minutes

The EC Chair called the meeting to order at 9:00 am.

1. Agenda Bashing

RPKI Briefing session is rescheduled to the December retreat.

2. Review of Minutes and Actions

The minutes of the meeting held on 20 September 2012, were unanimously approved.

Motion to approve the minutes proposed by Kenny Huang, seconded by: Che-Hoo Cheng

3. Financial Report

The EC noted the September 2012 financial report (attached).

The total asset position for APNIC is currently \$23M. This represents a net growth in assets of \$3.7M for period of January to September 2012. The investment portfolio will be reviewed in the coming months to ensure that the levels of risk and return are appropriate for APNIC's desired investment profile.

Revenue until the end of September 2012 is \$13.1M, with a forecast for the full year of \$17.7M. The forecast of the final position at the end of 2012 is 8% higher than originally forecast in the 2012 budget. The major variations in income are due to the higher than forecast resource applications and membership levels. Expenses are currently at \$10.3M, and forecast to be \$14.8M by the end of 2012. The budget included a component of revenue and expenses associated with cost recovery training, which has not been undertaken to the extent originally envisaged for 2012. The forecast operating outcome for 2012 is a \$2.9M surplus.

At the end of September 2012 APNIC has a total of 3,437 members. There were 96 new members for September 2012 and 30 members who had closed their accounts.

The Secretariat was requested to report further details on membership closures in the monthly membership report.

The EC noted the September financial report as representing the financial position of APNIC as of the end of the September 2012, and the EC was satisfied that the company is solvent and able to meet all current debts.

4. APNIC Vision, Mission and Values

Paul Wilson reported to the EC on a program of statement of APNIC's vision, mission and values (attached).

5. 2013 Budget Preparation

Richard Brown reported to the EC on the 2013 Budget plans. A number of scenarios relating to the 2013 budget will be further developed for the next EC meeting.

6. RPKI Trust Anchor

The EC was briefed on the recent changes to the publication of APNIC RPKI Trust Anchor material, and the rationale for these changes.

It was suggested that these matters be presented in a RPKI session at the next APNIC meeting.

7. DG Report

Highlights of the D-G report are as follows:

The ISIF program has been expanded to a global program, SEED. The IDC funding for this new program is funding APNIC, and a further \$1.5M has been received from the Swedish Developmental funding body to further expand this SEED program. This broadens APNIC's public image to the stakeholder community, and the program is a high profile asset for APNIC.

New membership application forms have been introduced for prospective APNIC members.

Inter-RIR Transfer processes have now implemented and a first transfer has been completed.

The 2012 IPv6 deployment survey is now underway.

EC retreat scheduled for Fukuoka in December 2012,

I* meeting preparation for Singapore in February 2013.

8. NIR Agreement

The EC unanimously resolved to release the current version of the NIR Membership Agreement (dated 21 September 2012) for public review and comment.

Motion to approve the release of the NIR Membership Agreement for public comment proposed by Kenny Huang, seconded by: Che-Hoo Cheng

9. WG Responses (PPAC and Government)

The EC considered the membership survey outcomes relating to the proposals arising from the final reports of the Working Groups on Engagement with Governments and Membership Voting.

It was determined that the Chair of the EC would communicate to the Membership Voting Working Group the results of the 2012 Membership survey, indicating that according to this report, a large majority of respondents to the questions are satisfied with the current membership structure, and support the existing voting tiers and entitlements, and that given this clear outcome the EC intends to take no further action at this time.

With respect to the Public Policy Advisory Committee the EC decided to add an inaugural meeting of this advisory committee to the agenda for APNIC 35. The EC voiced the expectation that this session would be lead by the community and hoped to see interest and participation from different stakeholders, particularly from the representatives of the different governments of the region in this activity.

10. AOB

There were no items of AOB.

Next Scheduled Meeting

30 November, 2012 (Teleconference)

Meeting Adjourned: 1:50 pm (UTC-200) Tuesday 30 October 2012

Monthly Financial Report (in AUD)

September 2012

APNIC



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Statement of Financial Position

	30/09/2012	% of Total	% change 31/12/2011	Year-End 2011
CURRENT ASSETS				
Cash/ Term deposits	13,021,991	54%	43.9%	9,048,267
Receivables	931,628	4%	-13.5%	1,077,330
Others	621,299	3%	2.7%	604,933
TOTAL CURRENT ASSETS	14,574,918	61%	35.8%	10,730,530
NON-CURRENT ASSETS				
Other financial assets	1,090,858	5%	10.5%	986,920
Property, plant and equipment	8,174,466	34%	-3.1%	8,436,968
Deferred tax assets	60,985	0%	0.0%	60,985
TOTAL NON-CURRENT ASSETS	9,326,309	39%	-1.7%	9,484,874
TOTAL ASSETS	23,901,227	100%	18.2%	20,215,404
CURRENT LIABILITIES				
Payables	768,346	3%	72.4%	445,677
Provisions	1,255,967	5%	5.5%	1,190,748
Unearned revenue	7,491,360	31%	4.5%	7,171,080
TOTAL LIABILITIES	9,515,673	40%	8.0%	8,807,506
EQUITY				
Share capital	1.00	0%	0.0%	1.00
Reserves other financial assets investment *	50,386	0%	0.0%	(43,085)
Retained earnings	14,335,167	60%	25.2%	11,450,982
TOTAL EQUITY	14,385,554	60%	26.1%	11,407,898
TOTAL LIABILITIES & EQUITY	23,901,227	100%	18.2%	20,215,404

Note:

* Reserves on other financial assets investment – This balance is due to the revaluation of our investment in unit trusts based on the market valuation as at the end of September 2012. These investments are revalued on a quarterly basis.

Notes to the 2012 Balance Sheet

The total asset position for APNIC as at the end of September 2012 has continued to increase when compared to the position at the end of 2011. The major factors causing the change are:

- The increase in the “Cash” position is due to the timing impact of expenses and the continued growth in revenue. Cash includes amounts held in the operating account and short-term deposits of up to 12 months.

Statement of Income

Expenses

This report incorporates the year to date, budget and forecast estimates. The Year to Date (YTD) actual figures are compared to the figures for the same period last year. As per the previous report, the Forecast figures have been revised based on detailed review of the expected revenues, and committed and planned expenditure for 2012. In addition to the Year to Date (YTD) report, a report comparing quarterly figures is included for comparison.

EXPENSES (AUD)	YTD Sep-12	YTD Sep-11	Variance %	Forecast 2012	Forecast Variation to Budget	Forecast Variation	Budget 2012
Bank charges	96,482	77,244	24.9%	129,124	13,124	11.3%	116,000
Communication expenses *	310,688	323,564	-4.0%	424,595	(20,173)	-4.5%	444,768
Computer expenses	397,041	285,006	39.3%	614,835	41,023	7.1%	573,812
Depreciation expense *	623,903	629,314	-0.9%	819,582	(80,418)	-8.9%	900,000
Doubtful debt expenses	1,258	137	815.4%	26,258	1,258	5.0%	25,000
ICANN contract fee	238,328	213,667	11.5%	321,655	11,655	3.8%	310,000
Income tax expense *	0	0	0.0%	47,170	(102,830)	-68.6%	150,000
Insurance expense	95,804	90,258	6.1%	125,050	(3,550)	-2.8%	128,600
Meeting and training expenses	165,740	362,131	-54.2%	253,440	(236,960)	-48.3%	490,400
Membership fees	51,608	40,163	28.5%	69,093	(1,307)	-1.9%	70,400
Miscellaneous expenses	2	1,407	-99.8%	2	(998)	-99.8%	1,000
Office operating expenses *	187,803	199,245	-5.7%	258,320	18,875	7.9%	239,445
Postage & delivery	26,162	26,133	0.1%	32,162	(2,338)	-6.8%	34,500
Printing & photocopy	23,037	28,286	-18.6%	47,037	(20,563)	-30.4%	67,600
Professional fees	417,485	373,650	11.7%	1,015,528	115,178	12.8%	900,350
Recruitment expense	72,338	92,606	-21.9%	110,588	9,588	9.5%	101,000
Salaries and personnel expenses	5,935,527	5,174,325	14.7%	8,215,054	(30,549)	-0.4%	8,245,603
Sponsorship and Publicity expenses	142,422	159,153	-10.5%	270,585	(75,415)	-21.8%	346,000
Staff training/conference expenses	109,076	89,559	21.8%	155,770	(3,543)	-2.2%	159,313
Translation expenses	11,928	0	0.0%	11,928	(3,072)	-20.5%	15,000
Travel expenses *	1,397,307	1,232,875	13.3%	1,933,507	(478,851)	-19.8%	2,412,358
TOTAL EXPENSES	10,303,939	9,398,723	9.6%	14,881,282	(849,867)	-5.4%	15,731,149

Revenue

REVENUE (AUD)	YTD Sep-12	YTD Sep-11	Variance %	Forecast 2012	Forecast Variation to Budget	Forecast Variation	Budget 2012
IP Resource application fees *	1,745,750	1,238,250	41.0%	2,407,250	1,418,147	143.4%	989,103
Interest income *	420,574	270,294	55.6%	558,574	146,574	35.6%	412,000
Membership fees	10,679,069	9,563,428	11.7%	14,359,700	407,632	2.9%	13,952,067
Non-members fees	171,500	143,301	19.7%	228,937	9,868	4.5%	219,069
Reactivation fees	27,000	22,200	21.6%	35,100	7,710	28.1%	27,390
Sundry income *	147,248	266,587	-44.8%	196,835	(662,072)	-77.1%	858,907
Foreign exchange gain/(loss)	(3,016)	6,682	-145.1%	(3,837)	(3,837)	0.0%	0
TOTAL REVENUE	13,188,125	11,510,742	14.6%	17,782,559	1,324,022	8.0%	16,458,536

Operating Surplus/ Deficit

REVENUE and EXPENSES (AUD)	YTD Sep-12	YTD Sep-11	Variance %	Forecast 2012	Forecast Variation to Budget	Forecast Variation	Budget 2012
Total Revenue	13,188,125	11,510,742	14.6%	17,782,559	1,324,022	8.0%	16,458,536
Total Expenses	10,303,939	9,398,723	9.6%	14,881,282	(849,867)	-5.4%	15,731,149
OPERATING SURPLUS/(DEFICIT)	2,884,186	2,112,019	36.6%	2,901,277	2,173,890	298.9%	727,387

Expenses – Quarterly Progressive

EXPENSES (AUD)	Quarter 1 (Jan – Mar)	Quarter 2 (Apr - Jun)	Quarter 3 (Jul - Sep)	Quarter 4 Forecast (Oct – Dec)
Bank charges	28,716	28,973	38,794	32,642
Communication expenses *	120,427	94,019	96,243	106,177
Computer expenses	119,135	111,314	166,592	225,523
Depreciation expense *	213,598	211,692	198,613	195,679
Doubtful debt expenses	11,281	(10,023)	0	25,000
ICANN contract fee	77,500	77,500	83,328	83,328
Income tax expense *	0	0	0	47,170
Insurance expense	29,819	33,116	32,869	29,246
Meeting and training expenses	56,255	36,468	73,016	87,700
Membership fees	15,843	17,450	18,315	17,486
Miscellaneous expenses	2	0	0	0
Office operating expenses *	66,793	60,181	60,828	70,517
Postage & delivery	9,107	3,390	13,665	6,000
Printing & photocopy	7,085	7,815	8,137	24,000
Professional fees	136,359	152,861	128,266	598,043
Recruitment expense	29,510	14,067	28,761	38,250
Salaries and personnel expenses	1,913,009	2,066,102	1,956,416	2,279,527
Sponsorship and Publicity expenses	52,651	30,751	59,020	128,163
Staff training/conference expenses	10,098	74,770	24,209	46,694
Translation expenses	0	0	11,928	0
Travel expenses *	471,321	525,042	400,944	536,200
TOTAL EXPENSES	3,368,507	3,535,487	3,399,945	4,577,343

Revenue – Quarterly Progressive

REVENUE (AUD)	Quarter 1 (Jan – Mar)	Quarter 2 (Apr - Jun)	Quarter 3 (Jul - Sep)	Quarter 4 Forecast (Oct – Dec)
IP Resource application fees *	501,000	544,250	700,500	661,500
Interest income *	134,411	137,207	148,955	138,000
Membership fees	3,483,736	3,565,979	3,629,354	3,680,630
Non-members fees	57,669	56,683	57,148	57,437
Reactivation fees	10,800	5,400	10,800	12,049
Sundry income *	35,635	37,013	74,600	45,638
Foreign exchange gain/(loss)	1,402	(527)	(3,891)	(821)
TOTAL REVENUE	4,224,654	4,346,005	4,617,466	4,594,434

Operating Surplus/ Deficit – Quarterly Progressive

REVENUE and EXPENSES (AUD)	Quarter 1 (Jan – Mar)	Quarter 2 (Apr - Jun)	Quarter 3 (Jul - Sep)	Quarter 4 Forecast (Oct – Dec)
Total Revenue	4,224,654	4,346,005	4,617,466	4,594,434
Total Expenses	3,368,507	3,535,487	3,399,945	4,577,343
OPERATING SURPLUS/(DEFICIT)	856,147	810,518	1,217,521	17,092

Notes on the Statement of Income

Similar to the previous financial report, the major factors causing the variance between the forecast and budget are related to the increased growth in Member revenue, predominately increased activity in new membership and an increase in initial resource application fees. Planned initiatives for cost recovery training have been delayed, so income and expenses related to this initiative will be minimal in 2012. Further details on variations include:

(1) Expenses

- **Computer Expenses** – There are a number of computer related expenses that were planned for 2012 that will not be incurred. There will be increased expenditure in the last quarter related to the implementation of the new mail and VOIP solutions.
- **Depreciation Expenses** – Due to the timing of Capital Expenditure during the year, the Depreciation expenses are forecast to be less than budgeted.
- **Income Tax Expenses** – Latest estimates for the 2012 tax expense forecast a saving against budget. APNIC's taxation position for 2012 was confirmed after the budget was finalized in 2011, the tax status for future years is still to be finalized.
- **Meeting & Training Expenses** – Meeting and training expenses will be significantly below budget. The budget included an allowance for \$120k for catering and venue expenses for the planned increase in training activities that were largely unspent. Actual costs of catering, venue and equipment hire for the APNIC meetings was much lower than budgeted. The HR forum will not go ahead at \$10k.
- **Sponsorship and Publicity Expenses** – There was an allowance for \$30k for the sponsorship of regional IGF meetings, only around 6K of this has been expensed. Other savings in Gifts/Promotional material for APNIC meetings and other events will be below the budget. NRO Expenses will be lower than budgeted.
- **Travel Expenses** in the budget included an annual amount of \$593k relating to cost recovery training; this initiative, will not be significantly implemented in 2012. APNIC's travel costs for core activities, on the other hand, are forecast to be above budget as a result of increased travel activity. There is significant travel planned for October planned including the Joint Board meeting in Montevideo

(2) Revenue

- **IP Resource application fees** – Growth in new membership continues to be strong. The revised forecast would see a variance of around \$1.4m compared to the budget estimate by the end of the year.

- **Interest Income** – The increased cash flow from the growth of Member Income and strong returns for cash investments has resulted in higher than anticipated Interest income. Recent moves by the Reserve Bank will see retail deposit rates become less favourable as we head into 2013.
- **Membership Fees** – Increasing growth in membership will result in a positive variance to budget of around \$400k. APNIC’s membership growth continues to exceed the conservative estimates used in the budget submission.
- **Sundry Income** in the budget included an annual amount of \$593k relating to cost recovery training income; to date no income for this initiative has been incurred.

APNIC Reserve

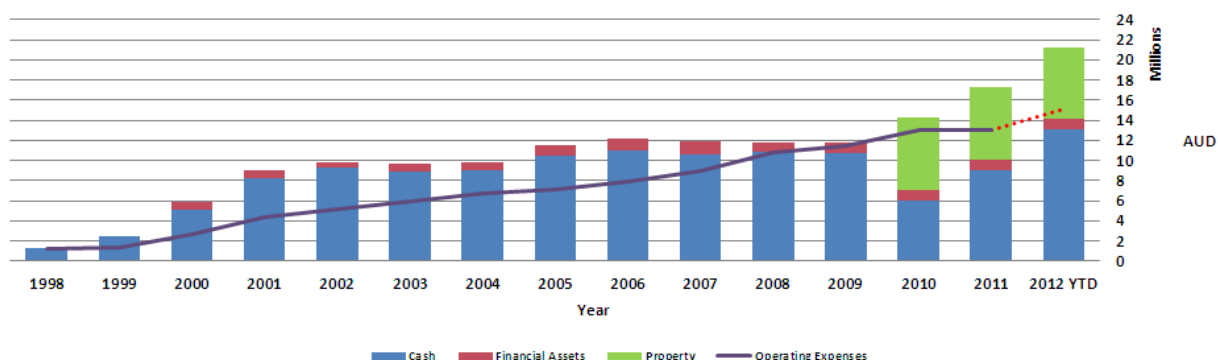
Cash Flow Statement

This report shows the draft cash flow status for the year as at the end of September.

Accounts	Amount
Operating Activities	
Net Income	2,884,186
Adjustments to Profit/(Loss)	
Accounts Receivable	158,373
Other Current Asset	(29,042)
Accounts Payable	(43,265)
Sales Tax Payable	80,279
Other Current Liabilities	712,910
Total Adjustments to Profit/(Loss)	879,255
Total Operating Activities	3,763,441
Investing Activities	
Fixed Asset	262,503
Other Asset	(103,937)
Total Investing Activities	158,565
Financing Activities	
Long Term Liabilities	(41,758)
Other Equity	93,471
Total Financing Activities	51,713
Net Change in Cash for Period	3,973,719
Cash at Beginning of Period	9,048,272
Cash at End of Period	13,021,991

APNIC Capital Reserve

The APNIC Reserve is continuously diversified between Cash Investments, Managed Funds, and Property (APNIC Office). At the end of September, APNIC maintained \$13m in cash reserves, \$1m in managed fund investments, and \$7m was invested in the APNIC Property. The following chart tracks the value and the allocation of these reserves over time and also tracks the forecast operating expenses for each year for comparison:



Membership

Membership Statistics

At the end of September 2012, APNIC had a total of 3,437 Members serving 52 economies. Strong membership growth continued in September, which highlighted another month of high membership growth.

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 and Very Small membership tier.

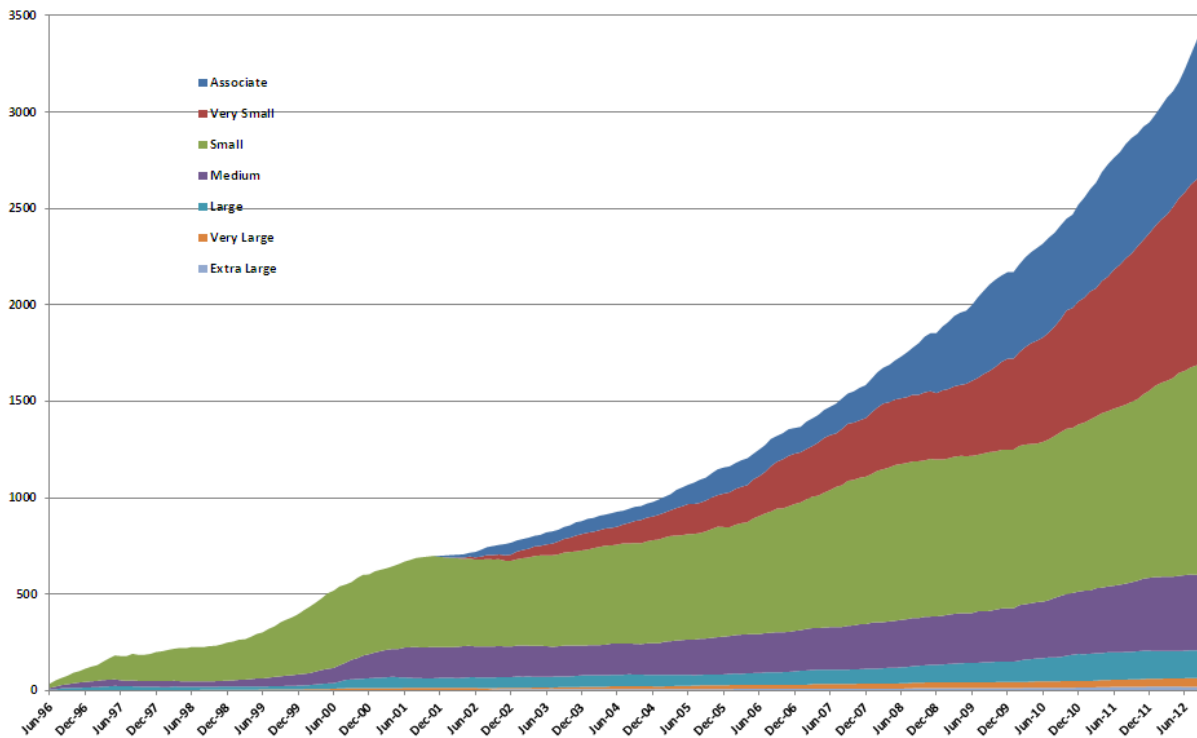
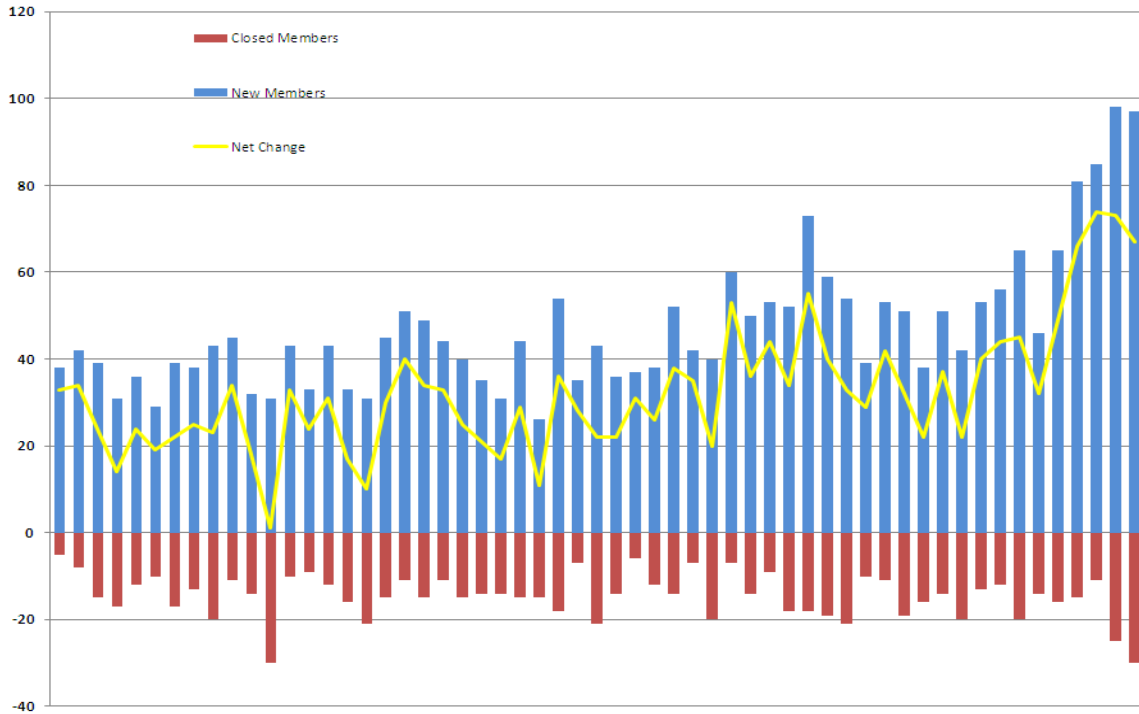
Membership	Total Aug-12	New Sep-12	Reactivate Sep-12	(Closed) Sep-12	Size Change Sep-12	Total YTD Sep-12	Total YTD (%) Sep-12
Extra Large	20	0	0	0	0	20	1%
Very Large	44	0	0	(1)	1	44	1%
Large	145	0	0	(1)	1	145	4%
Medium	392	0	0	0	0	392	11%
Small	1086	1	1	(8)	13	1093	32%
Very Small	964	1	0	(9)	25	981	29%
Associate	719	94	0	(11)	(40)	762	22%
TOTAL	3370	96	1	(30)	0	3437	100%

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 2012.

Membership	EOY 2011	Mar-12	Jun-12	Sep-12
Extra Large	21	21	20	20
Very Large	41	42	44	44
Large	145	142	143	145
Medium	378	386	392	392
Small	970	1016	1059	1093
Very Small	817	862	926	981
Associate	575	607	639	762
TOTAL	2947	3076	3223	3437
Quarterly Net Gain		129	147	214

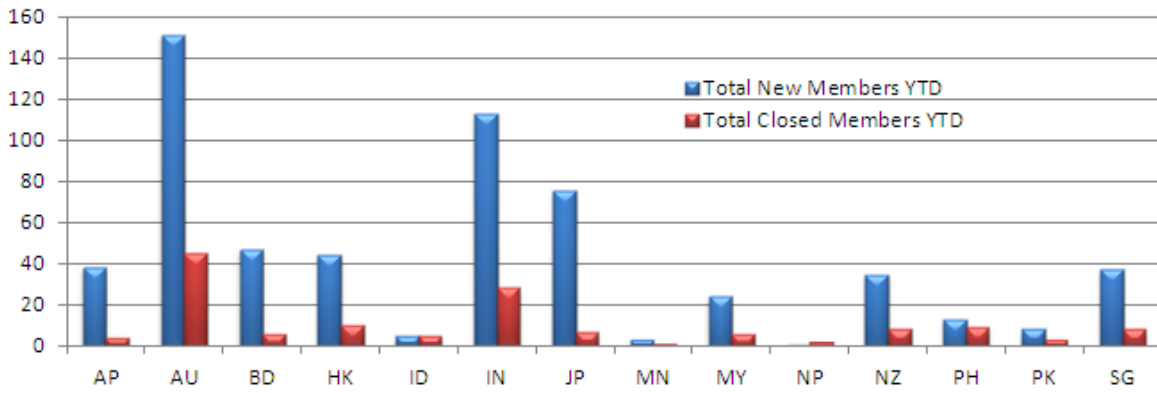
Membership Growth

The following graph illustrates APNIC membership monthly movements, followed by total APNIC membership in various tiers. Membership growth remains very strong in 2012.



Year-to-Date Membership Movement by Economy

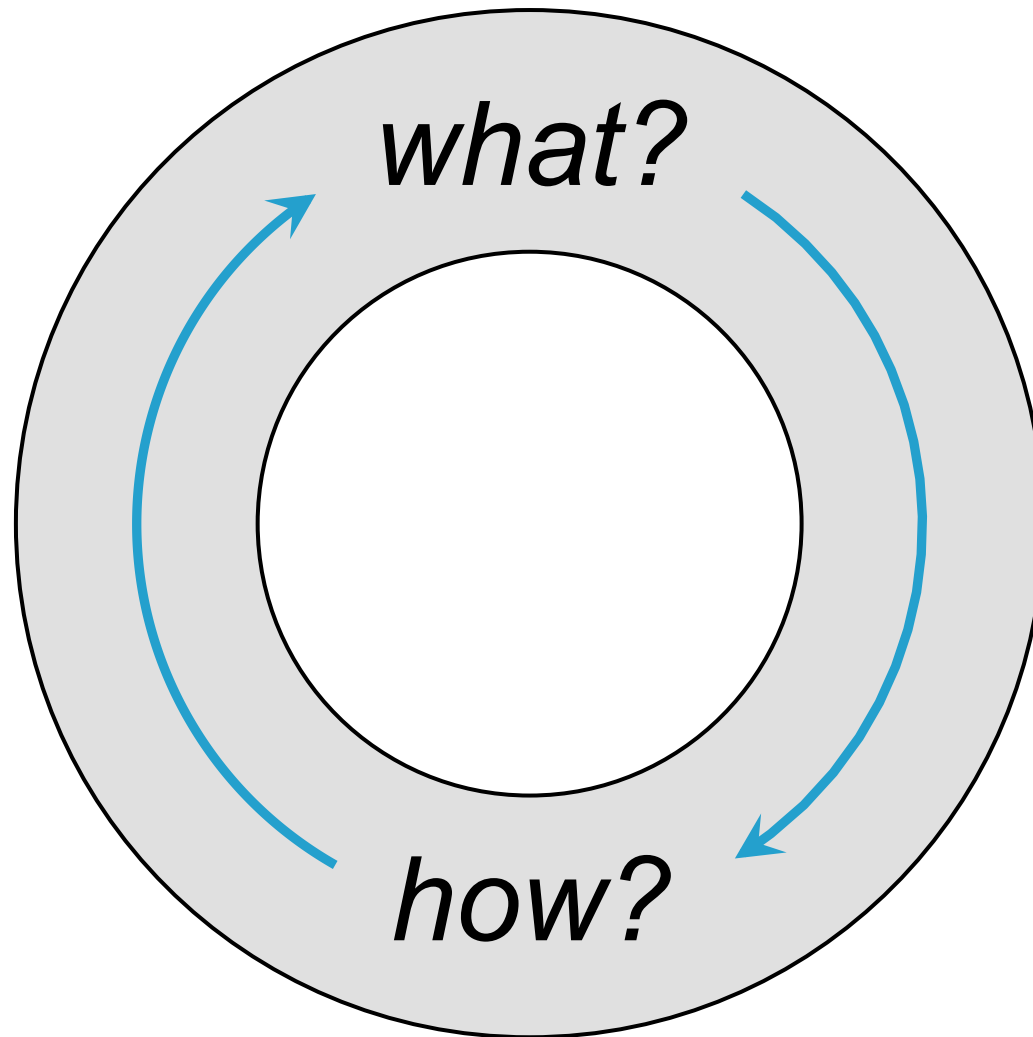
The graph below illustrates new and closed membership movement by economy in September 2012. Australia has the highest growth with 24% of total new Members and 30% of total closed Members.



APNIC 2013

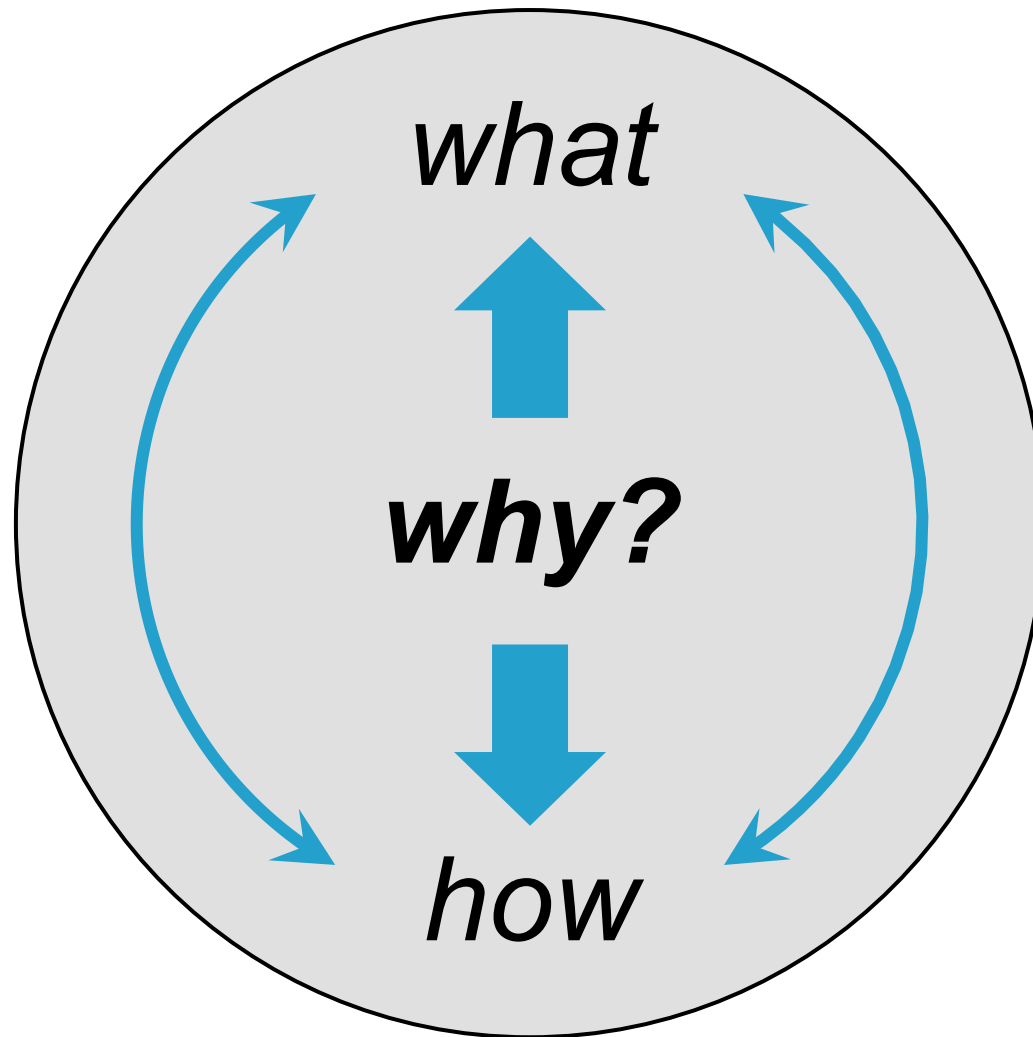
Vision, Mission and Values





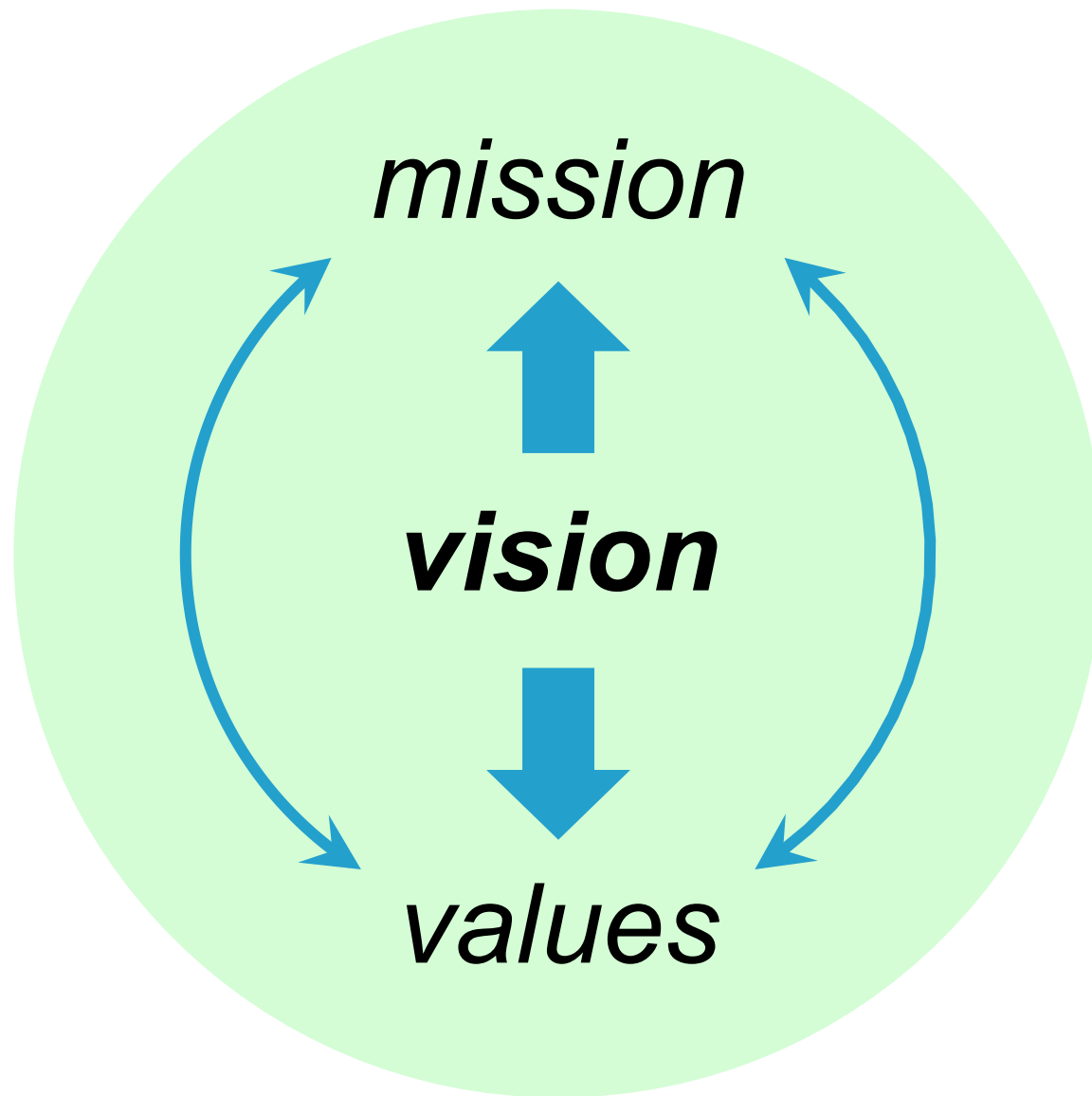
Inspiration: http://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action.html





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Why “why?”?

- We have a vision
- We acquire a “character”
- We can be better understood
- We are more predictable
- We can maintain a coherent mission
- We can attract supporters and dedicated staff



APNIC Bylaws

Part II.2 – The objects of APNIC are:

- to provide the service of allocating and registering Internet resources for the purpose of enabling communications via open system network protocols and to assist in the development and growth of the Internet in the Asia and Pacific Rim region;*
- to assist the Asia and Pacific Rim Internet community in the development of procedures, mechanisms, and standards to efficiently allocate Internet resources as a service to the community as a whole;*
- to provide educational opportunities to further Members' technical and policy understanding of the industry;*
- to develop public policies and public positions in the best interest of the Members and to seek legislative and regulatory consideration of issues of general benefit to the Members, where and when appropriate;*
- to serve as the administrative, managerial and operations arm of APNIC Pty Ltd, and to transact all activities, functions and affairs on behalf, and in the name, of the corporation.*



So, what does APNIC do?

From the Bylaws...

- We are the RIR for the AP region
- We facilitate policy development
- We provide education and training
- We develop public policies and positions

- We serve our members



And, why does APNIC do it?

- RIR: “for the purpose of enabling communications via open system network protocols”
- and: “to assist in the development and growth of the Internet in the Asia and Pacific Rim region”
- Policy: “to efficiently allocate Internet resources as a service to the community as a whole”
- Education: “to further Members' technical and policy understanding of the industry”
- Positions: To advocate for and support Members' interests



More “what”... Member Survey

- Maintain member services
- Increase training and consulting
- Drive IPv6 adoption
- Increase focus on Security
- Liaise with Governments
- Provide advice to Governments
- Represent Member and regional interests



More “why” ...

- The need to work actively to maintain Internet addressability, stability and routability (e.g. conservation vs aggregation)
- The health of the Internet is inseparable from the interests of Members, from the broader community’s interests, and from APNIC’s mission
- APNIC is part of the “Internet model” which has succeeded and is under challenge to develop and evolve
- The success of the Internet has created challenges around our space which need to be addressed actively
- APNIC has credibility and a track-record, and is looked to for needed neutrality, expertise, and capacity



So...



Our Vision

A global, open, stable and secure Internet that serves the entire Asia Pacific community.



Our Mission

APNIC...

- Serves as the Regional Internet Registry for the Asia Pacific, *addressing the challenge of responsible Internet resource management in the region*
- Provides information, training, events, and supporting services that assist the community in building and managing the Internet
- Supports critical Internet infrastructure where needed, to assist in creating and maintaining a robust Internet environment
- Provides leadership and advocacy in support of its vision
- Facilitates regional Internet development through special focus on the needs of developing economies



Our Values

APNIC believes in...

- An ideal model of the Internet as a single, connected, global infrastructure that is open and accessible, stable and secure, neutral and non-discriminatory
- The established multi-stakeholder model for Internet development, management and governance
- An open and competitive business environment, as the best one for healthy Internet development
- Bottom-up decision making, in which members of stakeholder communities are directly involved in decisions that affect them
- Transparency, openness and accountability to stakeholders in APNIC's governance, planning and operations
- Business practices which are responsible and sustainable in all respects: financial, technical, environmental, and ethical
- The value of human capacity and potential, both within and outside of the organisation
- The proven power of the Internet for social and economic development worldwide



Our Community

- As an open, membership-based, non-profit organisation, APNIC serves members and other stakeholders throughout the Asia Pacific region
- Our members, who fund and support the activities of APNIC, include network operators, service providers, and enterprises which rely on Internet resource and other services of APNIC in their activities
- Our broader community includes all Internet stakeholders, including individuals, governments, institutions and organisations with an interest in the Internet.



Our Platform

Four pillars...

- Services: Delivering Value
- Development: Supporting Internet
- Collaborating and Communicating
- Corporate Infrastructure

