

# APNIC EC Meeting Minutes

Teleconference  
Thursday 15 May 2008

*Meeting Start: 3:00 pm (UTC +1000)*

## Present

Akinori Maemura  
Che-Hoo Cheng  
Kuo-Wei Wu  
Kusumba Sridhar  
Ming-Cheng Liang  
Ma Yan  
Paul Wilson

Irene Chan  
Connie Chan (minutes)

## Apologies

Geoff Huston

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## Agenda

1. Agenda Bashing
  2. Last EC Meeting Minutes and Action Review
  3. Financial Report 04/08
  4. Director-General's Report
  5. Policies requiring EC ratification
  6. KPMG's Phase 2 fee study proposal
  7. APNIC 28 Proposal
  8. AOB
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## Minutes

### 1. Agenda bashing

Draft note of APNIC EC support for NRO incorporation and formal contract with ICANN was added under AOB.

### 2. Minutes of Last Meeting and Matters Arising

The minutes from the meeting of 24 April 2008 were approved, subject to amendment of typographical errors.

**Action ec-08-016:** Secretariat to publish minutes of 24 April 2008 meeting.

Review of action items:

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- Action ec-08-013:** Secretariat to publish minutes of 20 March 2008 meeting - completed
- Action ec-08-014:** Secretariat to implement Conflict of Interest recommendations
- Action ec-08-015:** Secretariat to draft note of APNIC EC support for NRO incorporation and formal contract with ICANN. - completed

### **3. Financial Report 04/08**

The EC considered the April 2008 Report (attached).

It was noted that the approved budget for 2008 has been revised to take into account of the reduction in membership fees, rent and outgoings, as well as additional travel expenses. These adjustments have been incorporated into the April Report. The overall budget shows a surplus of \$264,000.

APNIC is now serving 51 economies and 1,689 members. There was an explanation of the membership closure statistics for April due to some new members did not continue with the membership after the initial enquiry.

The EC accepted the monthly financial report for April 2008.

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

The D-G circulated the draft note of APNIC EC support for NRO incorporation and formal contract with ICANN.

The D-G noted that the MoU was drafted. There were some comments from LACNIC but there were no discussion among APNIC EC on the list. Paul will incorporate the comments from LACNIC into the MoU and then circulate to the APNIC EC.

The D-G noted that there was an informal RIR Board meeting held in Berlin. There was no substantial outcome from that meeting. There are two more meetings coming up during the LACNIC and AFRNIC meetings this month. The EC Chair will participate at the LACNIC meeting.

On HR matters it was reported that 2 staff left APNIC in May. The positions of Publications Unit Manager, Senior Editor and Junior Systems Administrator have been filled. There was a net increase of one staff member in the month.

### **5. Policies requiring EC ratification**

The EC was asked to consider three policy proposals, which have reached consensus at APNIC 25 in Taipei, Taiwan, and have been open for comments on the mailing lists without any objections.

Each policy proposal summary has been provided to the EC.

- prop-053: Changing minimum IPv4 allocation size to /22

The member who holds an allocation of /22 will pay a lower fee. There may not be a need to amend the membership structure. The EC endorsed formal adoption of this policy.

- prop-054: NIR operational policy document revision

There were no objections to this proposal received on the mailing list. The EC endorsed formal adoption of this policy.

- prop-057: Proposal to change IPv6 initial allocation criteria

There were some discussion on the mailing list but there were no objections to this proposal received on the mailing list. The EC endorsed formal adoption of this policy.

## 6. KPMG's Phase 2 fee study proposal

KPMG's proposal for the phase 2 of APNIC fee study has been circulated. It was noted that the changes made to the APNIC fee structure in 2007 was noted in the proposal. It was suggested holding an EC workshop in July 2008, and producing an interim report to the EC at the Christchurch meeting and a final report at the end of 2008.

It was noted that the EC is expecting a small number of very specific fee structure options for consideration at the end of the study.

It was noted as being important that APNIC members are encouraged to submit any thoughts to be considered in the study.

The EC agreed to the proposal.

## 7. APNIC 28 Proposal

CNNIC provided a brief analysis of the APNIC 28 proposal.

There was a discussion of the proposal. Grand Hyatt is closer to the city centre, but room rate is higher. Millennium is a bit cheaper. Both are very suitable hotels.

CNNIC estimated the deficit would be around USD90,000. It was noted that APNIC meeting costs should not exceed USD50,000 per meeting. APNIC could make a cash contribution of up to USD50,000. It was requested that CNNIC should clarify if they will underwrite any meeting deficit in excess of that amount. The EC requested that the Secretariat and CNNIC further discuss the hotel options and clarify the financial matters. Details are to be finalised before APNIC 26.

**Action ec-08-017:** Secretariat and CNNIC to further discuss the hotel venue and budget issues

## 8. AOB

Draft note of APNIC EC support for NRO incorporation and formal contract with ICANN.

- The draft note was circulated to the EC for comments.

**Action ec-08-018:** EC Chair to forward the draft note of APNIC EC support for NRO incorporation and formal contract with ICANN to the RIR Board

IGF

- Kusumba reminded the secretariat to make appropriate arrangements for the IGF meeting.

## **Next meeting**

19 June 2008 (Teleconference)

**Meeting closed: 4:45 pm (UTC+1000)**

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## **Summary of Action Items**

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|--------------------------|--|
| <b>Action ec-08-014:</b> | Secretariat to implement Conflict of Interest recommendations  |
| <b>Action ec-08-016:</b> | Secretariat to publish minutes of 21 April 2008 meeting.   |
| <b>Action ec-08-017:</b> | Secretariat and CNNIC to further discuss the hotel venue and budget issues   |
| <b>Action ec-08-018:</b> | EC Chair to forward the draft note of APNIC EC support for NRO incorporation and formal contract with ICANN to the RIR Board |



# **APNIC**

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

**For the month ending April 2008**

Asia Pacific Network Information Centre

# 1. Balance Sheet

<b>Statement of Financial Position (AUD)</b>					
	30/04/2008	% of Total Asset or Liab+Equity	% change from 31/12/2007	Year-End 2007	Year-End 2006
<b>CURRENT ASSETS</b>					
Cash	6,654,864	43%	0.4%	6,626,341	5,696,300
Term deposit investment	2,300,000	15%	0.0%	2,300,000	3,300,000
Receivables	1,775,633	11%	140.6%	737,859	1,474,467
Others	384,702	2%	18.1%	325,739	347,259
<b>TOTAL CURRENT ASSETS</b>	<b>11,115,199</b>	<b>72%</b>	<b>11.3%</b>	<b>9,989,939</b>	<b>10,818,026</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	1,066,664	7%	-12.8%	1,222,666	1,148,369
Property, plant and equipment	1,615,925	10%	-3.1%	1,667,091	1,494,461
Long term deposit investment	1,700,000	11%	0.0%	1,700,000	2,000,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,382,589</b>	<b>28%</b>	<b>-4.5%</b>	<b>4,589,758</b>	<b>4,642,830</b>
<b>TOTAL ASSETS</b>	<b>15,497,789</b>	<b>100%</b>	<b>6.3%</b>	<b>14,579,696</b>	<b>15,460,856</b>
<b>CURRENT LIABILITIES</b>					
Payables	494,583	3%	-56.6%	1,139,160	1,458,382
Provisions	945,991	6%	6.5%	888,178	707,834
Unearned revenue	4,992,863	32%	30.8%	3,817,898	4,271,275
<b>TOTAL LIABILITIES</b>	<b>6,433,438</b>	<b>42%</b>	<b>10.1%</b>	<b>5,845,236</b>	<b>6,437,490</b>
<b>EQUITY</b>					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment	(66,750)	0%	-173.5%	90,827	143,620
Retained earnings	9,131,100	59%	5.6%	8,643,633	8,879,745
<b>TOTAL EQUITY</b>	<b>9,064,351</b>	<b>58%</b>	<b>3.8%</b>	<b>8,734,461</b>	<b>9,023,366</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>15,497,789</b>	<b>100%</b>	<b>6.3%</b>	<b>14,579,696</b>	<b>15,460,856</b>

Notes:

For comparison purposes the following exchange rates apply:

- (1) ATO official monthly average rate for April 2008 is 0.9384
- (2) ATO official notes spot rate for 31 Dec 2007 was 0.8875 and for 31 Dec 2006 respectively 0.7938

## 2. Profit and Loss Statement

### 2.1 Expenses

The approved Budget for 2008 with slight revised on item marked \* has been incorporated into this report and compared with the actual year to date account balances at the end of April 2008.

EXPENSES (AUD)	Apr-08 Actual	YTD Actual	YTD %	Budget 2008	YTD (**) Budget 2008	YTD Budget Variation	YTD Budget Variation %
Bank charges	5,214	22,629	0.8%	83,573	27,858	(5,229)	-18.8%
Communication expenses	13,096	57,750	2.1%	231,783	77,261	(19,512)	-25.3%
Computer expenses	22,382	44,512	1.6%	162,390	54,130	(9,618)	-17.8%
Depreciation expense	51,091	205,723	7.4%	641,480	213,827	(8,104)	-3.8%
Sponsorship and Publicity expenses	2,547	29,900	1.1%	190,883	63,628	(33,728)	-53.0%
Doubtful debt expenses	0	57	0.0%	20,126	6,709	(6,651)	-99.1%
ICANN contract fee	23,750	95,000	3.4%	285,000	95,000	0	0.0%
Insurance expense	9,986	42,121	1.5%	121,526	40,509	1,612	4.0%
Meeting and training expense	6,846	32,420	1.2%	183,841	61,280	(28,860)	-47.1%
Membership fees	4,438	17,795	0.6%	69,496	23,165	(5,370)	-23.2%
Miscellaneous expenses	64	770	0.0%	5,534	1,845	(1,074)	-58.2%
Office operating expenses	7,542	29,181	1.0%	88,616	29,539	(357)	-1.2%
Postage & delivery	1,094	13,447	0.5%	36,586	12,195	1,251	10.3%
Printing & photocopy	948	13,919	0.5%	31,526	10,509	3,410	32.4%
Professional fees	18,667	85,869	3.1%	544,172	181,391	(95,522)	-52.7%
Recruitment expense	5,725	37,785	1.4%	90,503	30,168	7,617	25.3%
Rent and outgoings *	40,805	161,330	5.8%	586,245	195,415	(34,085)	-17.4%
Salaries and personnel expenses	386,345	1,461,561	52.3%	5,402,753	1,558,487	(96,925)	-6.2%
Staff Training/conference expenses	15,669	51,900	1.9%	84,305	28,102	23,798	84.7%
Tax expense	0	0	0.0%	44,928	14,976	(14,976)	-100.0%
Translation expenses	8,229	8,229	0.3%	73,871	24,624	(16,395)	-66.6%
Travel expenses *	92,210	384,204	13.7%	1,519,033	506,344	(122,140)	-24.1%
<b>TOTAL EXPENSES</b>	<b>716,646</b>	<b>2,796,101</b>	<b>100.0%</b>	<b>10,498,170</b>	<b>3,256,959</b>	<b>(460,858)</b>	<b>-14.1%</b>

### 2.2 Revenue

REVENUE (AUD)	Apr-08 Actual	YTD Actual	YTD %	Budget 2008	YTD (**) Budget 2008	YTD Budget Variation	YTD Budget Variation %
Interest income	61,489	238,013	7.2%	721,997	240,666	(2,652)	-1.1%
IP Resource application fees	82,394	375,513	11.4%	963,960	321,320	54,193	16.9%
Membership fees *	529,236	2,070,797	63.1%	6,732,908	2,244,303	(173,505)	-7.7%
Non-members fees	10,316	42,395	1.3%	198,316	66,105	(23,710)	-35.9%
Per Allocation fees	82,381	537,274	16.4%	1,912,246	637,415	(100,141)	-15.7%
Reactivation fees	1,268	2,536	0.1%	17,936	5,979	(3,443)	-57.6%
Sundry income	7,659	26,539	0.8%	214,885	71,628	(45,089)	-62.9%
Foreign Exchange gain/(loss)	(3,322)	(9,500)	-0.3%	0	0	(9,500)	0.0%
<b>TOTAL REVENUE</b>	<b>771,420</b>	<b>3,283,568</b>	<b>100.0%</b>	<b>10,762,248</b>	<b>3,587,416</b>	<b>(303,848)</b>	<b>-8.5%</b>

## 2.3 Operating Profit/ Loss

Revenue and Expenses (AUD)	Apr-08 Actual	YTD Actual	YTD %	Budget 2008	YTD (**) Budget 2008	YTD Budget Variation	YTD Budget Variation %
Total Revenue	771,420	3,283,568	100%	10,762,248	3,587,416	(303,848)	-8.5%
Total Expenses	716,646	2,796,101	100%	10,498,170	3,256,959	(460,858)	-14.1%
<b>OPERATING PROFIT/ (LOSS)</b>	<b>54,774</b>	<b>487,467</b>		<b>264,077</b>	<b>330,457</b>	<b>157,010</b>	<b>5.7%</b>

Notes:

- The annual Budget for Rent and Outgoings has been reduced by \$80,000 to incorporate the rates included in the latest lease agreement
- Travel expenses have been increased by \$80,000 to incorporate the estimated increase in EC travel expenses incurred in attending RIR meetings in 2008
- The Budget for Membership fees for 2008 has been reduced by \$230,000 based on a detailed analysis of membership activity and the impact of the recognition of a combination of USD and AUD fees.

(\*\*) YTD Budget and Variation values are generally based on a prorated calculation of the annual budget; where available the budget may be allocated to the period when a Revenue or Expense is expected to be incurred.

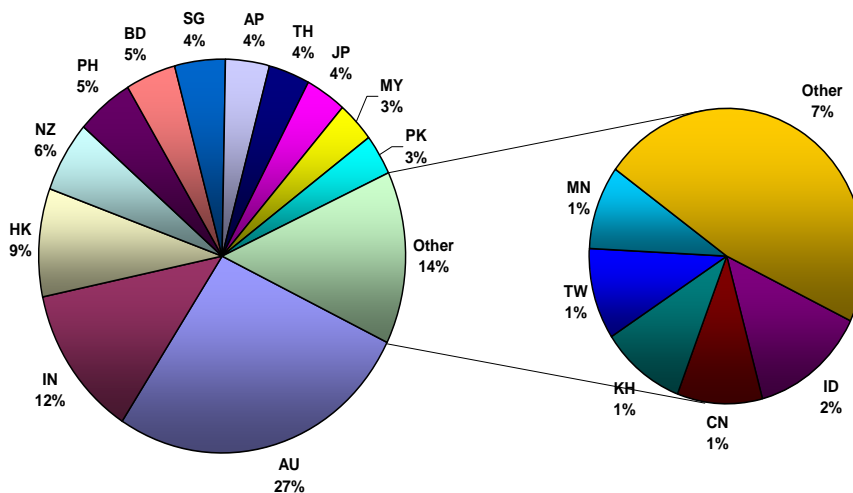
## 3. Membership

### 3.1 Membership statistics

At the end of April 2008, APNIC had a total of 1,689 members serving 51 economies. There were 30 new members, and 17 member accounts were closed, 1 new member account reactivated during the month. This month, APNIC gained one Extra Large member (BSNL-IN). The economies in which APNIC has the highest number of members are Australia (453 members), India (209 members), and Hong Kong (149 members).

#### 3.1.1 Membership by Economy

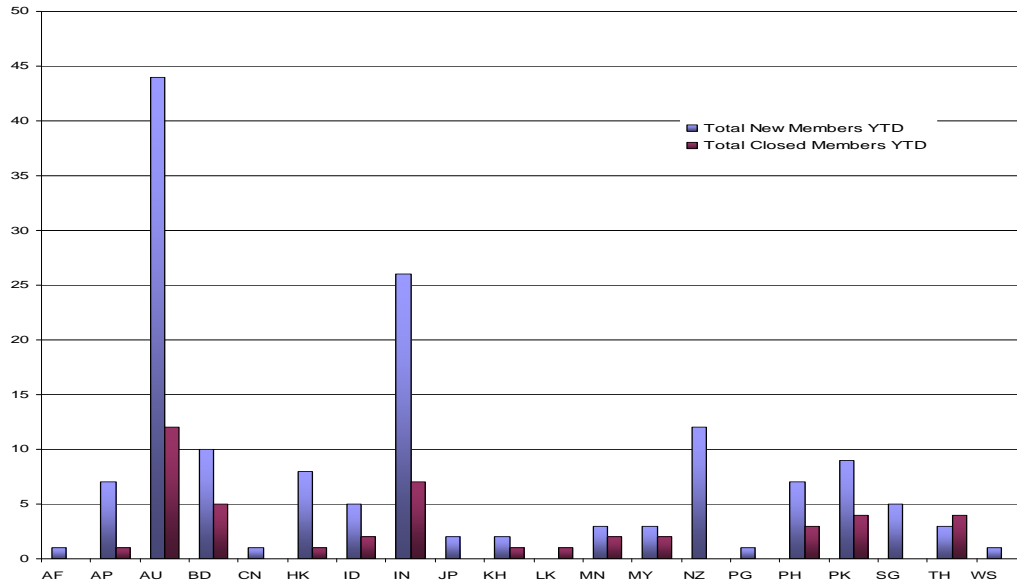
The following chart illustrates the APNIC membership distribution by economy.





### 3.1.2 Year to date movement by Economy

The chart below illustrates by economy the number of members that have joined or closed their membership so far in 2008. As at the end of April 2008, APNIC have 150 new members 45 members accounts have been closed. The highest numbers of new members are from Australia (44), followed by India (26). The majority of the closures are due to members that are either non contactable, or the business is no longer operating.



### 3.1.3 Membership by Category

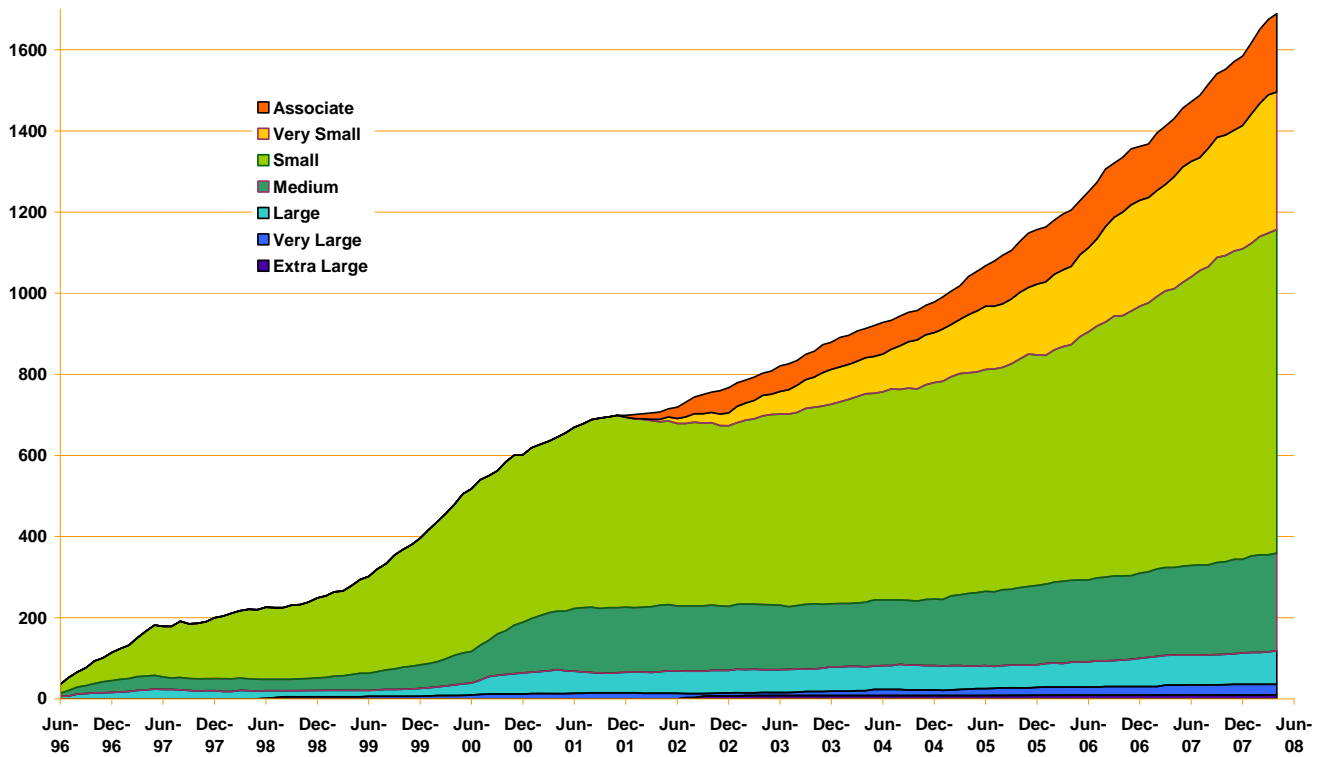
The following table shows the monthly changes in membership and provides an analysis of the membership tiers of APNIC; this table shows that 47% of APNIC members are included in the Small membership tier.

Membership	Total	New	Reactivate	(Closed)	Size	Total YTD	Total YTD
	Mar-08	Apr-08	Apr-08	Apr-08	Change	Apr-08	(%)
Extra Large	9	0	0	0	1	10	1%
Very Large	27	0	0	0	(1)	26	2%
Large Member	80	0	0	0	3	83	5%
Medium	239	1	0	(1)	1	240	14%
Small	793	2	1	(9)	11	798	47%
Very Small	341	9	0	(4)	(7)	339	20%
Associate	186	18	0	(3)	(8)	193	11%
<b>TOTAL</b>	<b>1675</b>	<b>30</b>	<b>1</b>	<b>(17)</b>	<b>0</b>	<b>1689</b>	<b>100%</b>

The table below compares the actual growth of membership at the end of April 2008 with the budgeted annual growth on a monthly pro-rata basis.

Membership	Actual Total EOY	Actual Total YTD	Actual Growth YTD	Budgeted Total EOY	Budgeted Growth EOY	Budgeted Growth YTD	Variation Actual vs. Budget
	2007	Apr-08	2008	2008	2008	(*)	(*)
Extra Large	9	10	1	9	0	0	1
Very Large	27	26	-1	34	7	2	-3
Large Member	77	83	6	83	6	2	4
Medium	231	240	9	259	28	9	0
Small	765	798	33	894	129	43	-10
Very Small	304	339	35	405	101	34	1
Associate	171	193	22	219	48	16	6
<b>TOTAL</b>	<b>1584</b>	<b>1689</b>	<b>105</b>	<b>1903</b>	<b>319</b>	<b>106</b>	<b>-1</b>

The graph below is based on historical figures of the total number of members since the establishment of APNIC's membership system in 1996. This graph illustrates the strong growth in APNIC membership.



### 3.1.4 Membership Movement

The graph below illustrates the monthly movements of APNIC membership since 1996.

