

# APNIC EC Meeting Minutes

Sofitel Hotel, Manila, Philippines  
Monday 23 February 2009

*Meeting Start: 9:00 am (UTC +0800)*

## Present

Akinori Maemura (Chair)  
Che-Hoo Cheng  
Kuo-Wei Wu  
Ma Yan  
Paul Wilson

Geoff Huston (minutes)  
Irene Chan  
Connie Chan

## Apologies

Ming-Cheng Liang  
Mao Wei  
Kusumba Sridhar

## Agenda

1. Agenda Bashing
2. Review of Minutes and Action List Review from 12 February Meeting
3. Financial Report
4. Director-General's Report
5. India NIR Application
6. APNIC Fees
7. Membership Survey
8. AOB

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## Minutes

### 1. Agenda bashing

Transfer Policy Proposals were added to the agenda as an item of AOB.

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

The minutes from the meeting of 12 February 2008 were approved unanimously.

**Action ec-09-005:** Secretariat to publish minutes of the February meeting

Review of action items:

**Action ec-09-001:** Secretariat to publish minutes of the December meeting  
[completed]

- Action ec-09-002:** Membership Survey material to be submitted at next EC meeting [completed]
- Action ec-09-003:** Report on review of India NIR application status to be prepared for the EC [completed]
- Action ec-09-004:** Fee Study material to be prepared by Secretariat [completed]

### **3. Finance Reports**

The EC noted the summary reports for the APNIC Member Meeting (AMM) reporting on the 2008 Financial Report and the 2009 Budget (attached). The Treasurer will report on these items to the AMM (attached).

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

The Director-General noted that the recent Secretariat activities had been focussed on preparations for APNIC 27.

In the area of systems services, a Content Management System had been procured and was ready for public launch.

Other matters are covered in other agenda items.

### **5. India NIR Application**

The EC was briefed on the India NIR application and met with the representatives of NIXI and ISPAI to discuss the application.

The EC requested the Secretariat to followup with formal queries regarding resolution of outstanding issues with this application, and to advise the applicants of the financial implications of NIR status and confirm their willingness to continue with the application, as part of the initial process of evaluation of the NIR application.

- Action ec-09-006:** Secretariat to followup with the NIR applicants regarding EC's queries.

### **6. APNIC Fees**

The EC considered proposed changes to the APNIC fee schedule, effective as of 1 January 2010 that were generally aligned to the recommendations made in the KPMG report. The proposals related to the continuation of the NIR / Confederation Per Address fees as compared to dropping this fee and increasing the premium applied to the NIR and Confederation Member fees.

The EC expressed a general preference for discontinuation of the Per Address fee and requested further analysis of the fee schedules for NIR and Confederation members.

The EC anticipates being in a position to provide a 2010 fee schedule for circulation to members in early April 2009.

**Action ec-09-007:** Secretariat to prepare fee models for NIR and Confederation members using proposed 2010 fee schedule

## 7. Membership Survey

The EC noted the outcomes of the 2008/2009 APNIC membership survey.

The EC response to this survey will be provided to members in April 2009.

## 8. AOB

### Transfer Policies Proposals

The EC noted that Open Policy Meeting would be considering the topic of IPv4 address transfer policies at APNIC 27. It was further noted that implementation of any such transfer mechanism would require the creation of a set of new procedures for the Secretariat and that such an effort would entail more than the typical implementation time for any such transfer policies.

Legal implications, and an evaluation of potential additional liabilities that may be incurred in this activity, also require assessment once the policy has been finalized.

## Next Meeting

26<sup>th</sup> March 2009 (Teleconference)

**Meeting closed:** 1:00 pm (UTC+0800)

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## Summary of Action Items

**Action ec-09-005:** Secretariat to publish minutes of the February meeting

**Action ec-09-006:** Secretariat to followup with the NIR applicants regarding EC's queries.

**Action ec-09-007:** Secretariat to prepare fee models for NIR and Confederation members using proposed 2010 fee schedule



# **2008 Annual Financial Report**

**(in AUD)**

Asia Pacific Network Information Centre

# 1. Balance Sheet

From January 2008 all membership fees were invoiced in Australian dollars ensuring that APNIC receives its revenue in the same currency as the majority of its expenses. This change effectively removes APNIC's exposure to exchange rate variation. All APNIC financial reports are now stated in Australian dollars.

<b>Statement of Financial Position (AUD)</b>				
	<b>Year End 2008</b>	<b>% of Total Asset or Liability+Equity</b>	<b>% Variation from 2007</b>	<b>Year End 2007</b>
<b>CURRENT ASSETS</b>				
Cash	6,844,414	44%	3%	6,626,341
Term deposit investment	2,300,000	15%	0%	2,300,000
Receivables	1,753,941	11%	85%	948,481
Others	301,328	2%	170%	111,734
<b>TOTAL CURRENT ASSETS</b>	<b>11,199,683</b>	<b>72%</b>	<b>12%</b>	<b>9,986,556</b>
<b>NON-CURRENT ASSETS</b>				
Other financial assets	883,201	6%	-28%	1,222,666
Property, plant and equipment	1,708,216	11%	2%	1,667,091
Long term deposit investment	1,700,000	11%	0%	1,700,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,291,417</b>	<b>28%</b>	<b>-7%</b>	<b>4,589,758</b>
<b>TOTAL ASSETS</b>	<b>15,491,100</b>	<b>100%</b>	<b>6%</b>	<b>14,576,313</b>
<b>CURRENT LIABILITIES</b>				
Payables	629,650	4%	-45%	1,139,159.71
Provisions	985,888	6%	11%	884,794.54
Unearned revenue	5,383,679	35%	41%	3,817,898.04
<b>TOTAL LIABILITIES</b>	<b>6,999,217</b>	<b>45%</b>	<b>20%</b>	<b>5,841,852</b>
<b>EQUITY</b>				
Share capital	1.00	0%	0%	1.00
Reserves other financial assets investment	0	0%	-100%	90,827
Retained earnings	8,491,882	55%	-2%	8,643,633
<b>TOTAL EQUITY</b>	<b>8,491,883</b>	<b>55%</b>	<b>-3%</b>	<b>8,734,461</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>15,491,100</b>	<b>100%</b>	<b>6%</b>	<b>14,576,313</b>

## 2. Income Statement

The following tables provide expenses, revenue and operating results for the 2008 year, comparing actual 2008 to the budget and the 2007 results. An extraordinary expense item of AUD\$334,821 resulting from the write down of APNIC's managed fund investments resulted in an after tax loss of AUD\$151,751.

### 2.1 Expenses

EXPENSES (AUD)	Actual 2008	Actual 2007	Variation %	Budget 2008	Budget Variation	Variation %
Communication expenses	171,713	208,217	-18%	231,783	(60,071)	-26%
Depreciation expense	638,668	565,075	13%	641,480	(2,812)	0%
Donation/ sponsorship	128,885	109,099	18%	190,883	(61,998)	-32%
ICANN contract fees	236,503	243,468	-3%	285,000	(48,497)	-17%
Impairment investment value	334,821	0	0%	0	334,821	0%
ISIF grant administration expense	154,911	0	0%	0	154,911	0%
Meeting and training expenses	169,293	143,318	18%	183,841	(14,548)	-8%
Membership fees	58,282	52,706	11%	69,496	(11,214)	-16%
Other operating expenses	890,166	740,579	20%	798,556	91,609	11%
Professional fees	552,659	391,459	41%	544,172	8,487	2%
Rent and Outgoings	614,054	446,076	38%	586,245	27,809	5%
Salaries and personnel expenses	5,463,903	4,799,161	14%	5,402,753	61,149	1%
Travel expenses	1,359,756	1,186,740	15%	1,519,033	(159,277)	-10%
<b>TOTAL EXPENSES</b>	<b>10,773,614</b>	<b>8,885,899</b>	<b>21%</b>	<b>10,453,243</b>	<b>320,371</b>	<b>3%</b>

### 2.2 Revenue

REVENUE (AUD)	Actual 2008	Actual 2007	Variation %	Budget 2008	Budget Variation	Variation %
Interest income	771,499	601,512	28%	721,997	49,502	7%
IP resource application fees	1,053,679	764,637	38%	963,960	89,719	9%
ISIF grant received	154,911	0	0%	0	154,911	0%
Membership fees	6,678,051	6,102,907	0%	6,732,908	(54,857)	-1%
Non-members fees	127,336	142,765	-11%	198,316	(70,979)	-36%
Per allocation fees	1,633,389	1,251,102	31%	1,912,246	(278,857)	-15%
Reactivation fees	10,144	11,854	-14%	17,936	(7,792)	-43%
Sundry income	268,443	212,215	26%	214,885	53,558	25%
<b>SUB-TOTAL REVENUE</b>	<b>10,697,453</b>	<b>9,086,993</b>	<b>18%</b>	<b>10,762,248</b>	<b>(64,795)</b>	<b>-1%</b>
Foreign Exchange gain/(loss)	71,832	(327,823)	-122%	0	71,832	0%
<b>TOTAL REVENUE</b>	<b>10,769,285</b>	<b>8,759,170</b>	<b>23%</b>	<b>10,762,248</b>	<b>7,038</b>	<b>0%</b>

## 2.3 Operating Profit/ (Loss)

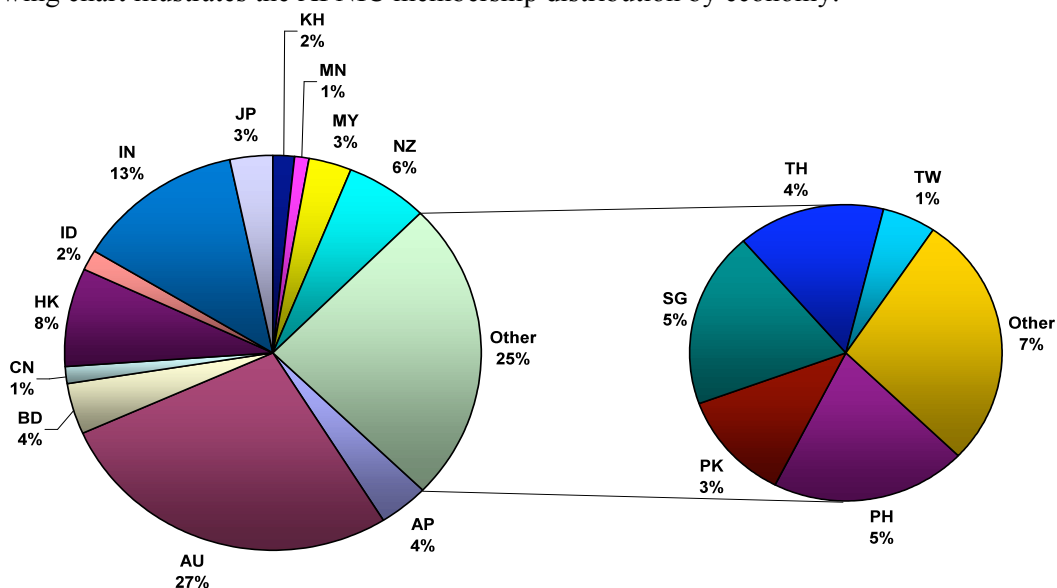
Revenue and Expenses (AUD)	Actual 2008	Actual 2007	Variation %	Budget 2008	Budget Variation	Variation %
Total Revenue	10,769,286	8,759,170	23%	<b>10,762,248</b>	7,038	0%
Total Expenses	10,773,614	8,885,899	21%	<b>10,453,243</b>	320,371	3%
<b>OPERATING PROFIT/ (LOSS) BEFORE INCOME TAX EXPENSE</b>	<b>(4,329)</b>	<b>(126,730)</b>	<b>-97%</b>	<b>309,005</b>	<b>(313,334)</b>	<b>-101%</b>
Income tax expense	147,422	109,382	35%	<b>44,928</b>	102,494	228%
<b>OPERATING PROFIT/ (LOSS) AFTER INCOME TAX EXPENSE</b>	<b>(151,751)</b>	<b>(236,112)</b>	<b>-36%</b>	<b>264,077</b>		

## 3. Membership

At the end of December 2008, APNIC had a total of 1,855 members serving 51 economies. For the year 2008 there was a net growth of 271 members, with 443 new members and 172 member accounts closed. The majority of the closures are due to members that are either non contactable, or transfer/ merger accounts.

### 3.1 Membership by Economy

The following chart illustrates the APNIC membership distribution by economy.



### 3.2 Membership Movement

The table below compares the actual growth of the APNIC membership tiers in 2008 to the both the previous year and the 2008 budgeted growth. There has been significantly greater growth in the Associate membership Tier than originally projected in the budget, whilst the Very Small and Small Tier membership growth was significantly less than anticipated.

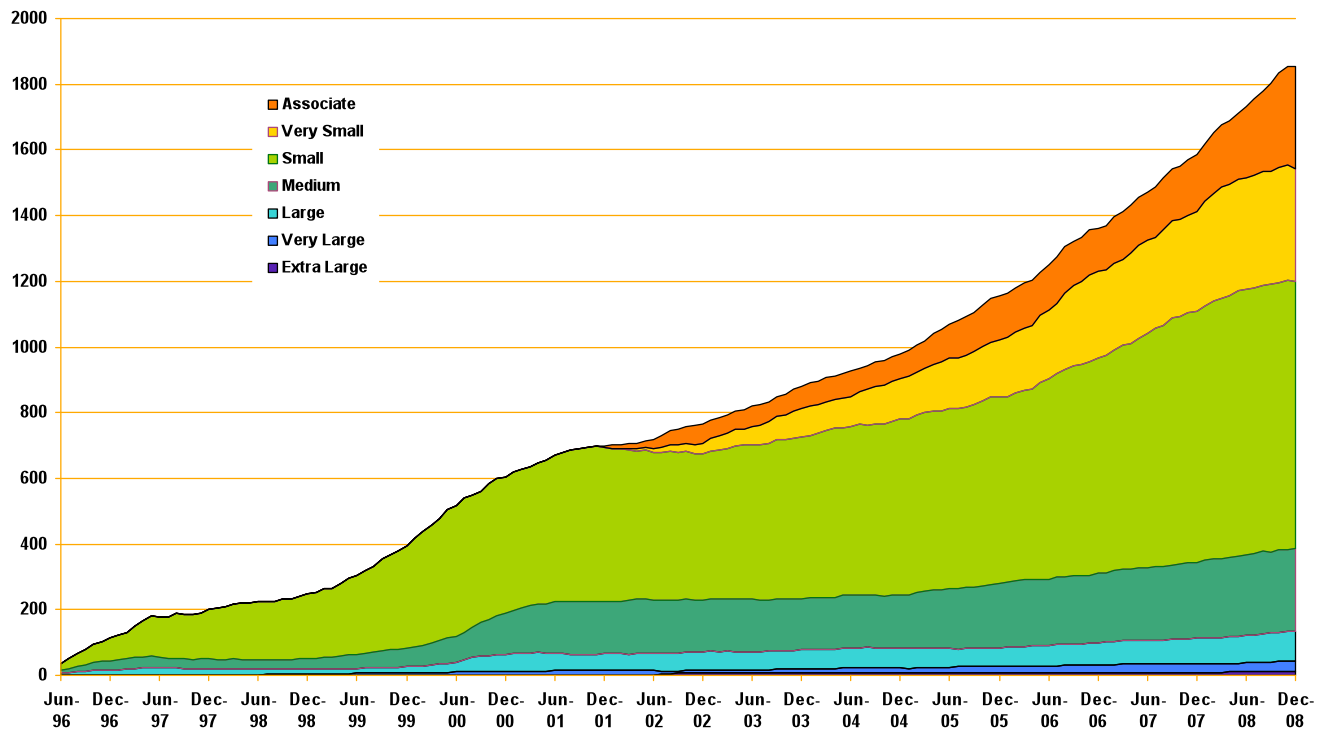
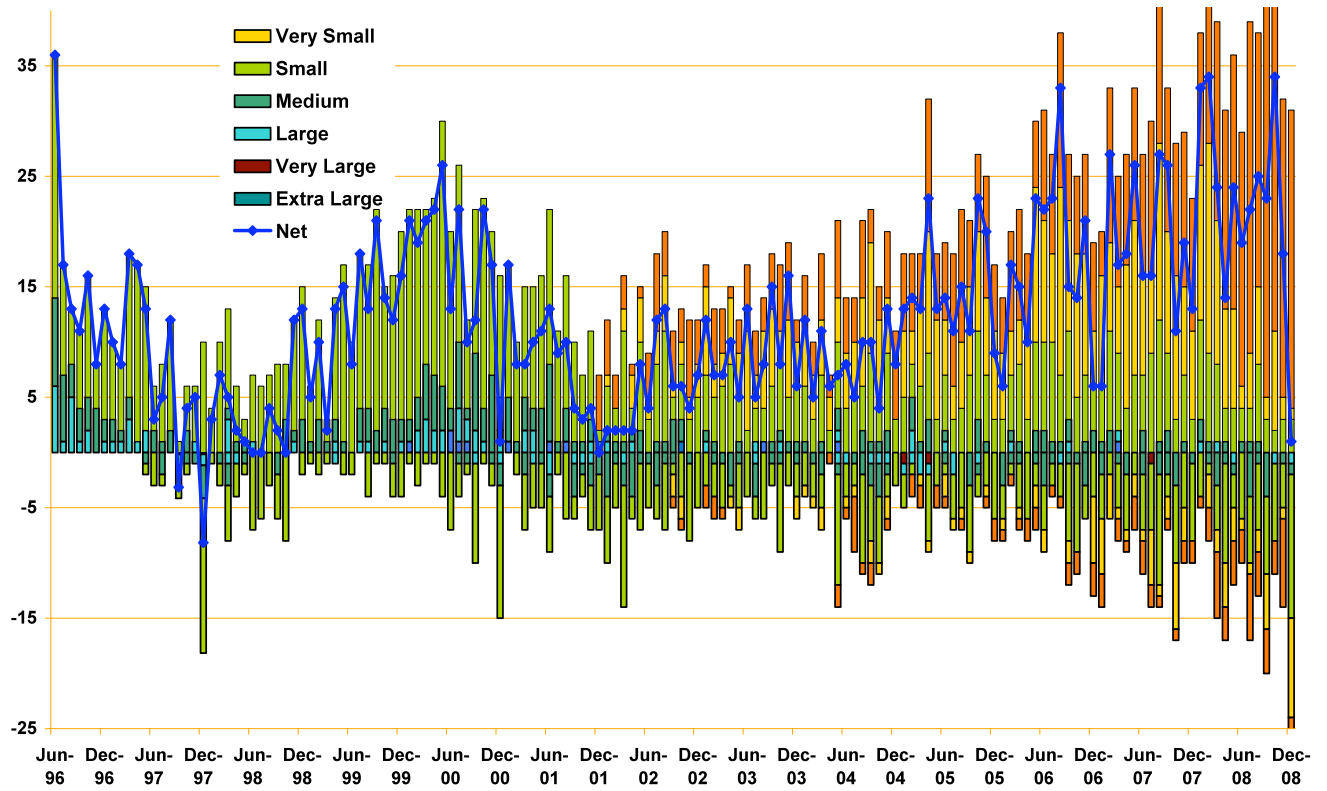
<b>Membership</b>	<b>2007</b>	<b>2008</b>	<b>Growth</b>
Extra Large	9	12	3
Very Large	27	30	3
Large Member	77	92	15
Medium	231	251	20
Small	765	813	48
Very Small	304	345	41
Associate	171	312	141
<b>TOTAL</b>	<b>1584</b>	<b>1855</b>	<b>271</b>

Tables below provide progressive membership data for each membership category for the APNIC members from the year 2000 until 2008.

<b>Total Membership</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Extra Large	0	0	7	8	8	8	9	9	12
Very Large	12	15	8	11	14	20	21	27	30
Large	52	51	55	60	60	56	70	77	92
Medium	125	160	158	155	164	196	210	231	251
Small	413	468	445	493	534	568	658	765	813
Very Small	0	0	32	85	123	174	261	304	345
Associate		5	62	67	75	135	133	171	312
<b>TOTAL</b>	<b>602</b>	<b>699</b>	<b>767</b>	<b>879</b>	<b>978</b>	<b>1157</b>	<b>1362</b>	<b>1584</b>	<b>1855</b>
New Members	258	157	153	178	189	253	298	349	443
Closed Members	52	60	85	66	90	74	93	127	172
<b>Net Gain</b>	<b>206</b>	<b>97</b>	<b>68</b>	<b>112</b>	<b>99</b>	<b>179</b>	<b>205</b>	<b>222</b>	<b>271</b>
<b>Average Monthly Net Gain</b>	17	8	6	9	8	15	17	19	23



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





## APNIC Annual Budget – 2009 (in AUD)

For financial year ending 31 December 2009

### 1. Overview

This budget is prepared for the APNIC financial year January to December 2009. It includes revenue, expense, and cash flow projections based on the planned activity profile for 2009, the projected revenue growth and other variables including economic forecasts, consumer price index predictions and interest rate forecasts.

***Formal Executive Council approval has been provided for APNIC operational expenditure of AUD \$12,058,479, against a projected revenue of AUD \$12,086,125. The anticipated operating surplus for the year is AUD \$27,647.***

### 2. Budget Preparation Notes

The APNIC 2009 budget has been prepared on the basis of expected funding requirements for membership services and support functions, and projected revenues based on forecast membership and service growth. The primary data sources used to develop this budget submission are:

- Expense forecasts based on committed expenditure where these are known, or on estimates of new activity costs;
- An assumption of no net staff growth during the year;
- The Asset Register, providing estimated depreciation expenditure in 2009;
- Financial advice in relation to taxation liabilities;
- Membership Revenue forecasts based on analysis of the existing membership base, forecast growth and the full year impact of the AUD fee schedule;
- Interest Income estimated according to estimated cash holdings and independent interest rate forecasts;
- Other revenue, estimated according to trend and variability analysis.

### 3. Projected Membership Growth

During 2008, APNIC membership grew at a rate higher than has been experienced in previous years.

In developing the 2009 budget, a linear membership growth model was used in all forecasts of membership categories. A moderating factor has been applied to these forecasts to allow for the impact of current global economic conditions on membership growth.

<b>Membership Category (Tier)</b>	<b>Actual 31/12/2008</b>	<b>Projection 31/12/2009</b>
Extra Large	12	13
Very Large	30	33
Large Member	92	101
Medium	251	271
Small	813	903
Very Small	345	420
Associate	312	408
<b>Total Membership</b>	1855	2149
<b>Annual Net Gain</b>	271	294
<b>Average Net Increase per month</b>	23	25

### 4. Projected Revenues

APNIC revenues in 2009 are projected as follows.

<b>Revenue</b>	<b>Annual Budget (AUD)</b>	<b>% of Total Budget</b>
Interest income	617,000	5%
IP resource application fees	1,263,282	10%
Membership fees	7,943,814	66%
Non-member fees	131,984	1%
Per allocation fees	1,876,701	16%
Sundry income	253,345	2%
<b>Total Projected Revenue</b>	<b>12,086,125</b>	<b>100%</b>

## 5. Projected Expenses

APNIC operating expenses in 2009 are projected as follows.

Expense	Annual Budget (AUD)	% of Total Budget
Communication expenses	158,549	1%
Depreciation expense	679,860	6%
Sponsorship and publicity expenses	176,981	1%
ICANN contract fee	329,200	3%
Meeting and training expenses	213,500	2%
Membership fees	68,700	1%
Other operating expenses	1,200,280	10%
Professional fees	854,832	7%
Rent and outgoings	646,179	5%
Salaries and personnel expenses	6,103,160	51%
Travel expenses	1,627,237	13%
<b>Total Projected Expenses</b>	<b>12,058,479</b>	<b>100%</b>

## 6. Projected Operating Profit/Loss

The overall financial position of APNIC for 2009 is projected as follows, based on the above revenue and expense projections.

OPERATING PROFIT/(LOSS)	Annual Budget (AUD)
Total Projected Revenue	12,086,125
Total Projected Expenses	12,058,479
<b>OPERATING PROFIT/(LOSS)</b>	<b>27,647</b>

## 7. Projected Cash Flows

The end of year capital reserve for 2009 has been projected using opening balances for the year, cash receipts, and disbursements that are expected on the basis of the above revenue and expense projections including capital purchases.

Cash Reserve Forecast	2009
Cash Position 1 Jan 2009	6,873,548
Projected Cash Receipts	12,086,125
Projected Cash Disbursements	12,508,600
Net change in Cash Position	(422,475)
Cash Position 31 Dec 2009	6,451,073
Term Deposit Investments	4,000,000
Cash and Deposits 31 Dec 2009	10,451,073
2010 budget growth	14%
2010 expenditure forecast	13,766,906
2010 Projected Relative Cash holdings	76%

APNIC fiscal policy aims to maintain an ending cash reserve approximately equal to the projected annual budget for the following year; however at the end of 2009 the cash holdings are estimated at 76% of the 2010 expenditure forecast.