

Annual Report 2022

The APIDT Annual Report incorporates the funding activities, revenue, and expenses for APIDTT Pty Ltd (ACN 638 389 072) ATF for Asia Pacific Internet Development Trust, including those of its subsidiary, APIDT Infrastructure Pty Ltd (ACN 644 451 150). This report covers the calendar year (January to December) 2022.

Funding activities include investment to support regional Internet infrastructure projects undertaken by APNIC Infrastructure; and grant funding for other regional Internet development projects of the APNIC Foundation¹.

Expenses reported here include all expenses related to the operations of APIDT, and APIDT Infrastructure.

Income reported here is generated by APIDT's investment portfolio, including distributions, dividends and increases in the value of the funds invested.

Funding Activities 2022

ARENA-PAC

The Arterial Research and Educational Network in the Asia Pacific (ARENA-PAC²) is a backbone network with supporting research and education networks, operated by APIDT Infrastructure. It is made up of an international submarine cable circuits meeting at the GOREX³ Internet Exchange Point in Guam, which together serve a goal of expanding the Internet for research and education in the Asia Pacific region.

Tokyo – Guam

A 15-year Indefeasible Rights of Use (IRU) agreement was signed in January 2021 to provide connectivity between Tokyo and Guam. The outlay for this link included an IRU Fee (one-time) with ongoing operations, administration, and maintenance (OA&M) charges over 15 years. The circuit became active from April 2022. The IRU upfront investments in IRU agreements are amortised over the life span of the IRU agreement.

Guam – Singapore

As part of a consortium, a 15-year IRU agreement was signed to provide connectivity between Guam and Singapore. The outlay for this link includes an IRU Fee (one-time) with ongoing OA&M

¹ <https://apnic.foundation>

² <https://arena-pac.net>

³ <https://gorex.uog.edu>

charges over 15 years. APIDT will contribute 25% towards the cost of these fees. This link went live in January 2022, after a cut to the cable in December delayed the link's availability.

Future IRU Agreements

Negotiations relating to a 15-year IRU agreement commenced in 2022 to provide connectivity between Guam and Malang in Indonesia and between Guam and Quezon City in the Philippines. These agreements were both finalised in early 2023.

Equipment

A purchase order for equipment to support connectivity in Tokyo, Guam, Indonesia, and the Philippines was placed in December 2021, after long delays it was finally delivered to Tokyo in September 2022. The equipment was installed in Tokyo and Guam in 2022, with plans for installation in Malang and Quezon City planned for early 2023 as the agreements for these sites are finalised.

APNIC Foundation

The APNIC Foundation (ACN 646 643 156) shares a common vision with APNIC of “a global, open, stable, and secure Internet that serves the entire Asia Pacific community”. Under this vision, the Foundation's mission is to increase investment in Internet development in the Asia Pacific region, through education and training, human capacity building, community development, research, and related projects and activities.

APIDT funded the APNIC Foundation to undertake 12 major projects in 2022. The total approved grant request was for USD \$14,357,603 of which USD \$8,639,227 (after credit from 2021 grant payment of USD \$224,405) was incurred by the end of 2022.

The Grant program in 2022 comprised the following projects:

- APNIC Academy Platform and Curriculum Development
- Training delivery & Community trainers
- Curriculum development for non-technical audiences
- Cybersecurity: Honeynet and threat sharing
- M-Root anycast deployment
- Research and Internet Measurement
- ISIF Asia (Inc. IPv6)
- Foundation Grants
- SWITCH!
- Mentoring Network – Afghanistan
- Trust Discretionary Funds
- AI3 and SOI Asia

Income 2022

During 2022, the value of the investment portfolio recorded a significant negative return, as increasingly high levels of inflation and increases in interest rates weighed heavily on the equity and bond markets.

The investment advisory committee that was established in 2021 to assist in the management of the portfolio helped develop a robust Investment Policy Statement to guide future investment decisions. This policy was approved by the board in September 2022, the funds are now invested into 2 portfolios; a Liquidity portfolio to meet shorter term expenditure, and an endowment portfolio with a longer-term investment horizon.

At the end of December 2022, the Investment Fund was valued at USD \$354,662,891.

Expenses 2022

Funding Expenses 2022

Grants - APNIC Foundation

Funding for 12 projects to be implemented by the APNIC Foundation during 2022.

APIDT Infrastructure

IRU Operating & Management Fees

Fees incurred for the ongoing operations and management pursuant to the long term IRU agreements.

IRU Amortisation of Investments

Upfront investments relating to IRU agreements are treated as investments in APIDT Infrastructure and are amortised over the life of each agreement (Generally 15 Years).

Operating Expenses 2022

Accounting Fees

APIDT has engaged Ernst & Young Australia to provide a full range of accounting and payroll services. KPMG have been appointed as APIDT auditors.

APIDT's financial accounts for the period July 1, 2021, to December 31, 2022 were audited by KPMG (please see attached).

Staffing & Professional Fees

The CFO role officially commenced from July 2021, with contacted support provided by the Financial Controller to help manage the financial operations. Other professional fees include the accounting and audit functions.

Insurance Expenses

APIDT insurance expenses include Property, Management Liability, Public Liability, and Travel Insurances.

Legal Fees

APIDT maintains the services of a legal counsel on a retainer basis and engages specialist legal advisors as required to support its operations and initiatives.

Travel Expenses

Travel expenses include travel for APIDT Directors, consultants, and staff travelling on behalf of APIDT to meetings and conferences as required.

Investment Management Fees

Commencing at the end of April 2021, APIDT engaged the services of investment managers to manage its investment portfolio.

Membership Fees

APIDT and APIDT Infrastructure are members of APNIC and pay annual membership fees based on the IP resource holdings at their membership anniversary date.

Funding Activities 2022

Funding Activities		Actual 2022 USD	Budget 2022 USD	2022 Var to Budget	% Variance
APIDT INFRASTRUCTURE					
ARENA-PAC IRU Agreements	Upfront	1,936,697	5,212,285	(3,275,588)	(62.84%)
	Ongoing	155,604	325,801	(170,197)	(52.24%)
	Total	2,092,302	5,538,087	(3,445,785)	(62.22%)
ARENA-PAC Research Operations and Equipment	Upfront	986,258	1,300,000	(313,742)	(24.13%)
	ARENA-PAC Operating Expenses	-	-	-	
Total APIDT Infrastructure	Total	986,258	1,300,000	(313,742)	(24.13%)
Total ARENA-PAC	One-Time charges	2,922,955	6,512,285	(3,589,330)	(55.12%)
	Ongoing fees	155,604	325,801	(170,197)	(52.24%)
	Total	3,078,560	6,838,087	(3,759,527)	(54.98%)
<i>* Upfront costs of IRU to be amortised over the life of the agreement</i>					
APNIC FOUNDATION GRANTS					
	APNIC Academy Platform and Curriculum Development	523,229	1,170,000	(646,771)	(55.28%)
	Training delivery & Community Trainers	1,044,163	1,378,000	(333,837)	(24.23%)
	Curriculum Development for non-technical Audiences	69,190	-	69,190	
	Cybersecurity: Honeynet and threat sharing	44,428	57,000	(12,572)	(22.06%)
	M-Root Deployment	318,510	1,366,000	(1,047,490)	(76.68%)
	Research and Internet Measurement	165,387	250,000	(84,613)	(33.85%)
	ISIF Asia (incl. IPv6)	2,353,493	2,748,000	(394,507)	(14.36%)
	Foundation Grants	187,700	250,000	(62,300)	(24.92%)
	SWITCH!	873,733	1,096,080	(222,347)	(20.29%)
	Mentoring Network – Afghanistan	159,440	240,000	(80,560)	(33.57%)
	Trust Discretionary Funds	79,474	250,000	(170,526)	(68.21%)
	AI3 & SOI Asia	1,874,664	3,782,267	(1,907,603)	(50.44%)
	Underspend Previous Year (Credit Note)	(224,405)		(224,405)	
	Overhead	1,170,221	1,770,256	(600,035)	(33.90%)
Total Foundation Grants		8,639,227	14,357,603	(5,718,376)	(39.83%)
Total Funding Activities		11,717,787	21,195,690	(9,477,903)	(44.72%)

The specific purpose for which the special purpose financial information has been prepared is to provide information relating to the performance and financial position of the Trust that satisfies the information needs of the Board.

No audit or review has been performed and accordingly no assurance is expressed. The financial information was prepared exclusively for the Trustees.

Income Statement 2022

Income		Actual 2022 USD	Budget 2022 USD	2022 Var to Budget	% Variance
Investment Income	Interest Income	91,652	85,385	6,267	7.34%
	Investment Dividend Income	2,387,274	3,071,200	(683,926)	(22.27%)
	Gain from Market Value Adjustments	-	18,710,744	(18,710,744)	(100.00%)
	Realised Foreign Currency Gains	315,837	-	315,837	
	Less: Investment Management Fees	(1,008,938)	(1,131,069)	122,131	(10.80%)
	Less: Interest paid	(961)	-	(961)	
Total Investment Income after fees		1,784,864	20,736,260	(18,951,396)	(91.39%)
Other Income	Outgoings Recovery Income	97,694	-	97,694	
	Other Income	7	-	7	
Total Other Income		97,701		97,701	
Total Income		1,882,565	20,736,260	(18,853,695)	(90.92%)

Expenses		Actual 2022 USD	Budget 2022 USD	2022 Var to Budget	% Variance
Funding Expenses	Grants - APNIC Foundation	8,639,227	14,357,603	(5,718,376)	(39.83%)
	APIDT Infrastructure - IRU Operating & Management Fees	155,604	325,801	(170,197)	(52.24%)
	APIDT Infrastructure - IRU Amortisation of Investments	159,967	736,544	(576,576)	(78.28%)
	Depreciation Expenses - ARENA PAC Equipment	34,379	245,250	(210,871)	(85.98%)
Total Funding Expenses		8,989,178	15,665,198	(6,676,021)	(42.62%)
Operating Expenses	Accounting Fees	90,835	107,663	(16,828)	(15.63%)
	Staffing & Professional Fees	194,174	287,342	(93,168)	(32.42%)
	Insurance Expenses	23,202	15,205	7,997	52.60%
	Legal Fees	94,320	106,950	(12,630)	(11.81%)
	Travel Expenses	59,672	150,000	(90,328)	(60.22%)
	Membership Fees	8,483	8,244	239	2.90%
	Other Operating Expenses	22,951	25,000	(2,049)	(8.20%)
Total Operating Expenses		493,638	700,404	(206,766)	(29.52%)
Total Funding and Operating Expenses		9,482,816	16,365,603	(6,882,787)	(42.06%)

Surplus/(Deficit) - Investing, Funding and Operating		(7,600,251)	4,370,658	(11,970,908)	(273.89%)
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Other Expenses	Loss from market value adjustment	-	-	-	-
	Unrealised Foreign Currency Loss	2,933	-	2,933	100.00%
	Loss from Market Value Adjustments	52,495,221	-	52,495,221	100.00%
	Direct recoverable expenses	98,703	-	98,703	100.00%
Total Other Expenses		52,596,857	-	52,596,857	100.00%
Total Expenses		62,079,673	16,365,603	45,714,070	279.33%

Surplus/(Deficit)		(60,197,108)	4,370,658	(64,567,765)	(1477.30%)
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