



**ASIA PACIFIC
INTERNET
DEVELOPMENT
TRUST**

APIDT BUDGET 2024

MARCH 2024

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NOTE: All dollar values in this report are denoted in USD

APIDT Budget 2024

The APIDT budget incorporates the consolidated budget for APIDTT PTY LTD ATF for the Asia Pacific Internet Development Trust and APIDT Infrastructure PTY LTD. ARENA-PAC Research has been incorporated in Japan and the projected expenses related to this entity are also included in the 2024 Budget expenses.

Funding activities include investment in infrastructure to support ARENA-PAC projects in the region and funding for grant projects to be implemented by the APNIC Foundation.

Expenses include all budgeted expenses related to the operations of APIDT.

Income is generated from investment distributions, interest income, dividends and increases in the market value of the funds invested.

APIDT entered into an agreement to purchase a commercial property that was settled at end of March 2022. A significant project commenced to design a building suitable for the sight that would accommodate the requirements of APIDT, APNIC, and the APNIC Foundation as tenants. A costing review of the project prior to tender highlighted significant cost escalation, and this along with a change in the short-to-medium term requirements for the anchor tenants, prompted the APIDT Board to reconsider the project. The building project has been deferred indefinitely and the contracts with consultants have been terminated. Any decision on the land and the project will be considered by the APIDT Board at later date.

Funding Activities 2024

APIDT Infrastructure

ARENA-PAC Singapore – Malaysia

Connectivity between Singapore and Malaysia. The outlay for this link includes an IRU Fee (one-time) of \$400k with ongoing annual Operation & Maintenance charges of \$16k over 15 years.

ARENA-PAC Singapore – Jakarta

Connectivity between Singapore and Jakarta. The outlay for this link includes an IRU Fee (one-time) of \$1.6M with ongoing annual Operation & Maintenance charges over 15 years.

ARENA-PAC Tokyo – Singapore

Connectivity between Tokyo and Singapore. The outlay for this link includes an IRU Fee (one-time) of \$46.5M and equipment of \$5M. This investment would allow the trust to market and swap the excess capacity outside of the ARENA-PAC requirements. Negotiations continue in relation to this project and this budget includes a significant drawdown from the investment portfolio during 2024, with an expectation of future income commencing in 2027 when the service is available.

ARENA-PAC Tokyo – Guam

A 15-year IRU agreement was signed in January 2021 to provide connectivity between Tokyo and Guam. The outlay for this link included ongoing OA&M charges over 15 years, and co-location licensed space charges. The circuit was active from April 2022. The IRU upfront investments in IRU agreements are amortised over the life span of the IRU agreement.

ARENA-PAC 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 included an IRU Fee (one-time) with ongoing OA&M charges over 15 years. APIDT contributes 25% towards the cost of this service. This link went live in January 2022.

ARENA-PAC Guam – Indonesia

As part of a consortium, a 15-year IRU agreement was signed to provide connectivity between Guam and Malang in Indonesia. Connectivity from Malang to the Hera Campus UNTL 20G was finalized in February 2023. The outlay for this link included an IRU Fee (one-time) with ongoing OA&M charges over 15 years.

ARENA-PAC Guam – Philippines

A 15-year IRU agreement was signed in January 2023 to provide connectivity between Guam and Quezon City in the Philippines. The outlay for this link included an IRU Fee (one-time) with ongoing OA&M charges over 15 years.

ARENA-PAC Research Japan Office (\$907,600)

The budget includes provisions for operation and equipment cost for the local service company in Japan to support APIDT Infrastructure and ARENA-PAC activities.

APNIC Foundation

APIDT has budgeted to fund projects totalling \$11M to be implemented by the APNIC Foundation in 2024. Interim reports on the progress of each project are due in mid-2024, with final reports due in February 2025. The 2024 grants request includes the following continuing projects:

Project	Budget 2024 USD
APNIC Academy Platform and Curriculum Development	\$979,468
Training Delivery & Community Trainers	\$1,106,167
Curriculum Development for non-technical Audiences	\$48,116
Cybersecurity: Honeynet and threat sharing	\$46,900
M-Root Deployment	\$504,227
Research and Internet Measurement	\$174,401
ISIF Asia	\$2,396,641
Foundation Community Assistance	\$302,308
SWITCH!	\$1,010,704
Digital Leap South Asia	\$263,780
Trust Discretionary Funds	\$250,000
AI3 & SOI Asia	\$2,482,505
Overhead	\$1,434,783
Total	\$11,000,000

Income 2024

Investment Income (\$15,677,259)

The 2024 Budget assumes an annual return of 5% (after Investment Management Fees) from the APIDT Investment portfolio as outlined in the spending policy within the Investment Policy Statement (IPS). Based on the recommendation of the Investment Advisory Council, the IPS was approved by the APIDT Board in 2023 and the allocation of funds to the new Strategic Asset Allocations as set out in the policy were transitioned from the initial “yield” portfolio to the following portfolios:

- Liquidity Fund (yield sustainability mandate) - to meet shorter-term funding requirements
- Endowment Fund (balanced sustainability mandate) - for a longer-term investment horizon

At the beginning of January 2024, the Investment Fund was valued at \$346,617,945.

Investment Management Fees (\$867,055)

Commencing at the end of April 2021, APIDT engaged the services of investment managers to manage its investment portfolio. For budgeting purposes in 2024, it is assumed that the current arrangements for the management of the funds will remain unchanged.

Expenses 2024

Funding Expenses 2024

Grants - APNIC Foundation (\$11,000,000)

Funding for APNIC Foundation continuing projects during 2024.

APIDT Infrastructure (\$1,183,896)

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.

ARENA-PAC Research Japan Operating Expenses (\$340,933)

APIDT continues to fund the service company in Tokyo to undertake ARENA-PAC Research activities during 2024 on a cost recovery basis. Funds are provided up front based on an approved budget, to be reconciled at the end of the calendar year.

ARENA-PAC Equipment Depreciation Expenses (\$874,637)

The equipment purchased by APIDT Infrastructure in 2022 to be installed in Tokyo, Guam, Malang, and Quezon City, along with proposed equipment purchases for a new IRU between Tokyo and Singapore have a depreciation life of four years.

Operating Expenses 2024

Accounting Fees (\$144,367)

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

Insurance Expenses (\$53,492)

APIDT undertakes insurances including Management Liability, Public Liability, and Travel Insurances for all entities, that is, APIDTT, APIDT Infrastructure and ARENA-PAC Research. Equipment insurance is in place to cover the assets installed to support the ARENA-PAC network.

Legal Fees (\$174,527)

APIDT maintains the services of a legal counsel on a retainer basis and engages expert legal advisors as required to support its operations and initiatives. The provision includes an allowance for the engagement of specialist legal advisors as required.

Staffing & Professional Fees (\$580,622)

The 2024 budget for staffing includes 0.8 FTE allocation for the CFO role, 0.6 FTE for the Financial Controller role and 1 FTE for the role of Internet Development Project Lead. The increase in staffing resources reflects the ongoing increase in APIDT's activities and the need for redundancy for key operational activities.

A provision has been made for professional fees in 2024. This is expected to be used to support professional advice to support the ARENA-PAC initiatives, APIDT operations and the APIDT building project.

Travel Expenses (\$175,000)

The budget for 2024 includes a provision for travel expenses during 2024. This includes travel for APIDT Directors, Staff, Consultants, and Investment Advisory Committee Members.

Other Operating Expenses (\$30,000)

This budget includes a provision for other minor expenses.

Building Operating Expenses (\$194,567)

This budget includes costs related to the development site at 56 Breakfast Creek Road, and includes building land tax, council rates, utilities, and other maintenance expenses.

Capital Expenditure 2024

APIDT Building Project

The purchase of a development site at 56 Breakfast Creek Road, Newstead, Brisbane was completed at the end of March 2022. APIDT engaged architects and other consultants to design a commercial building where APNIC and APNIC Foundation would be anchor tenants on a long-term lease basis. Design and application costs were incurred and capitalised during 2023 and early 2024. The construction project was suspended at the pre-tender stage at the end of February 2024, and all contracts with consultants engaged on the project were terminated.

The budget includes a provision to complete works on the site to meet local government requirements, and to finalise any outstanding applications.

Appendices

Table 1. Funding Activities 2024

Funding Activities		Budget 2024 USD
APIDT Infrastructure		
ARENA-PAC IRU Agreements	Upfront	53,500,000
	Ongoing	660,463
Total		54,160,463
ARENA-PAC Research Japan		
ARENA-PAC Research Japan Operations and Equipment	Upfront	566,667
	ARENA-PAC Research Japan Operating Expenses	340,933
Total		907,600
Total ARENA-PAC Funding	One-Time charges	54,066,667
	Ongoing fees	1,001,396
Total		55,068,063
<i>* Upfront costs of IRU to be amortised over the life of the agreement</i>		-
APNIC FOUNDATION GRANTS		
	APNIC Academy Platform and Curriculum Development	979,468
	Training Delivery & Community Trainers	1,106,167
	Curriculum Development for non-technical Audiences	48,116
	Cybersecurity: Honeynet and threat sharing	46,900
	M-Root Deployment	504,227
	Research and Internet Measurement	174,401
	ISIF Asia	2,396,641
	Foundation Community Assistance	302,308
	SWITCH!	1,010,704
	Digital Leap South Asia	263,780
	Trust Discretionary Fund	250,000
	A13 & SOI Asia	2,482,505
	Overhead	1,434,783
Total Foundation Grants		11,000,000
Total Funding Activities		66,068,063

Table 2. Budget Income Statement 2024

Income		Budget 2024 USD
Investment Income	Interest Income	1,747,215
	Investment Dividend Income	1,070,777
	Gain/ (Loss) from Market Value Adjustments	13,726,322
	Less: Investment Management Fees	(867,055)
Total Income		15,677,259
Expenses		Budget 2024 USD
Funding Expenses	Grants - APNIC Foundation	11,000,000
	APIDT Infrastructure - IRU Operating & Management Fees	660,463
	APIDT Infrastructure - IRU Amortisation of Investments	523,433
	ARENA-PAC Research Japan Operating Expenses	340,933
	Depreciation Expenses - ARENA-PAC Equipment	874,637
Total Funding Expenses		13,399,466
Operating Expenses	Accounting Fees	144,367
	Insurance Expenses	53,492
	Legal Fees	174,527
	Staffing & Professional Fees	580,622
	Travel Expenses	175,000
	Other Operating Expenses	30,000
	Building Operating Expenses	194,567
Total Operating Expenses		1,352,575
Total Funding and Operating Expenses		14,752,041
Surplus/(Deficit)		925,217