

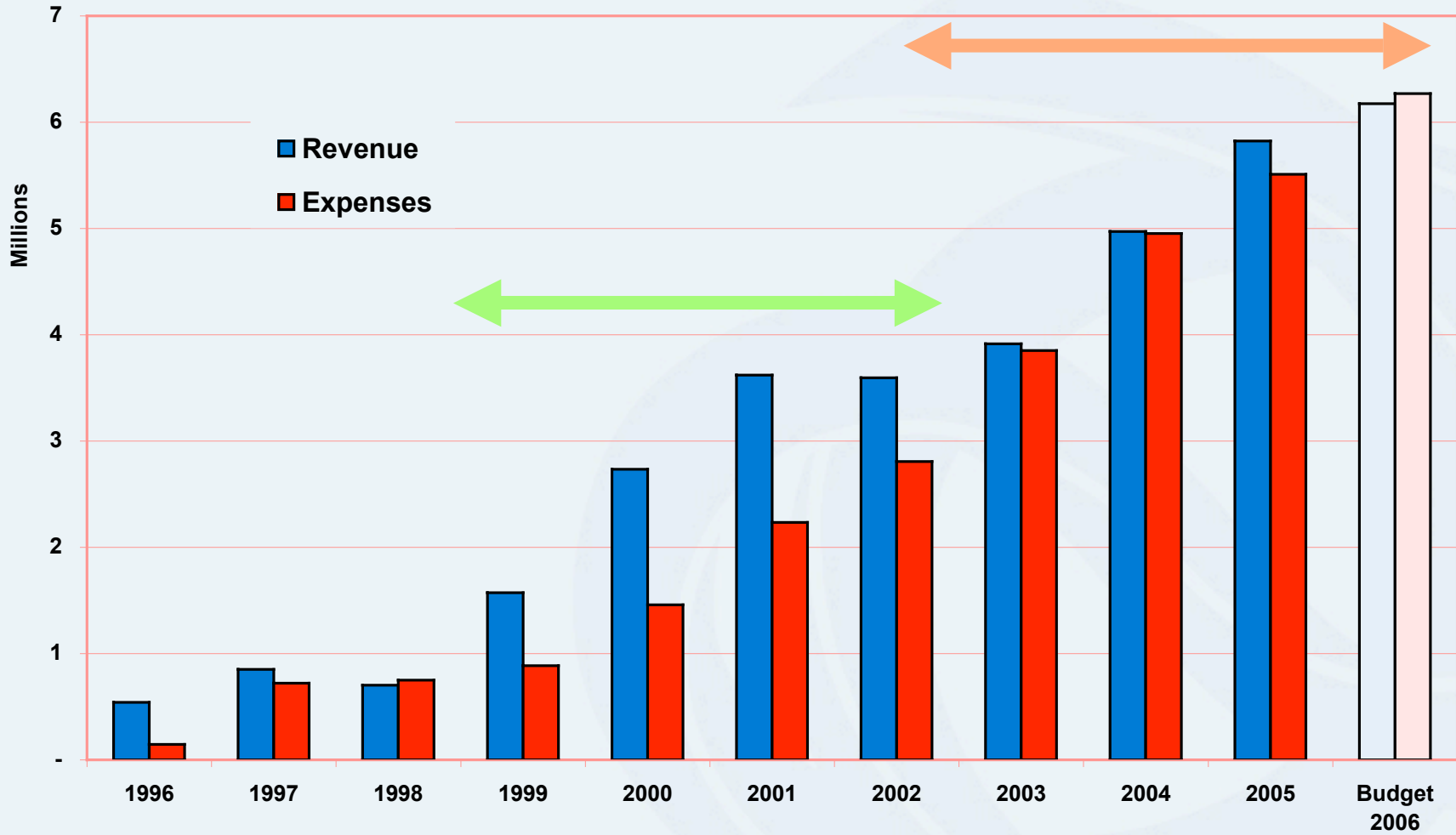
APNIC Membership Fees

APNIC 21 – Annual Member Meeting
Perth, Australia
3 March 2006

What's coming up...

- Background
- Fee structure principles
- Example (candidate) fee structure
- Impact
- Implementation
- Discussion

Annual financial results



APNIC's new activities in recent years

- ICANN meetings and fees
 - Substantial expense item since 1999
- MyAPNIC
 - Major service platform, under ongoing development
- Root servers
 - 19 servers deployed in AP region
- Research and development
 - AS numbers, resource certification, resource projections, ...
- Training
 - Increased course content, e-learning etc
- Meetings
 - Participation mechanisms: transcription, web/audio/podcast, ...
- Information and outreach
 - APster, website, educational materials
- WSIS, IGF, other “political” demands
 - Unpredictable in future years

Background

- Current fee structure established 1996
 - Optional tier selection
 - Small, Medium, Large
 - Annual fees
 - USD 2500, 5000, 10000 per annum
 - NIR member fees
 - USD 1000 per annum per member
- Some adjustments
 - NIR per-address fees (1997)
 - Mandatory tier selection (1999)
 - Additional tiers (1999, 2001)
- Fee structure problems
 - Recent NIR discussions

Current member fee structure

- Annual fee calculation

| Prefix (v4) | Prefix (v6) | Tier | Annual |
|-------------|-------------|-------------|--------|
| >/10 | >/23 | Extra Large | 40000 |
| 10 | 23 | Very Large | 20000 |
| 13 | 26 | Large | 10000 |
| 16 | 29 | Medium | 5000 |
| 19 | 32 | Small | 2500 |
| 22 | 35 | Very small | 1250 |

- Annual assessment of address space holdings
- Annual fee is fixed for 1 year from renewal

Current member fee structure – NIRs

- Annual fees paid by NIRs but not by their members
 - Based on total of NIR address holdings
- “Per address” fees
 - Extra large: \$0.02 per address
 - Small: \$0.15 per address
 - Fee paid once only, for each allocation to NIR
 - Allocation contributes to NIR tier assessment
- No fees charged “per NIR member”

Rationale

- Overall revenue maintenance
 - APNIC revenues should be predictable
 - Mitigate impact of new NIRs forming
- Revenue adjustment
 - For effects of inflation and foreign exchange
 - Plan to increase revenue by approx 15% over expectations of current structure
- Annual fee calculation
 - Base annual fees on address holdings
 - Reflecting size of organisation and capacity to pay

Rationale

- Fairness – Small vs large members
 - Effective cost for small and large ISPs

| IPv4 Prefix | Addresses | Annual Fee | Effective cost/addr |
|-------------|-----------|------------|---------------------|
| 20 | 4096 | 2500 | \$0.610 |
| 16 | 65536 | 5000 | \$0.076 |
| 12 | 1048576 | 20000 | \$0.019 |
| 8 | 16777216 | 40000 | \$0.002 |

- Fairness – regular vs NIR member
 - Consistent cost recovery for regular and NIR members

Rationale

- NIR fees
 - NIR member fees based on regular fee structure
 - With agreed discount in recognition of NIR services and costs
- Voting
 - Members of NIRs should be entitled to vote
 - Voting entitlement proportional to fee contribution

Fee structure framework

- Current fee structure parameters
 - Minimum fee level (currently \$1250)
 - Fee increment (x2 per tier)
 - Minimum address space (up to /22)
 - Address space increment (3 bits per tier)

| Prefix (v4) | Tier | Annual |
|-------------|-------------------|-------------|
| >/10 | Extra Large | 40000 |
| 10 | Very Large | 20000 |
| 13 | Large | 10000 |
| 16 | Medium | 5000 |
| 19 | Small | 2500 |
| 22 | Very small | 1250 |

New fee structure – an example

- Minimum fee level: \$360
- Fee increment: x2 per tier
- Minimum tier: up to /24
- Address space increment: 2 bits per tier

| Prefix (v4) | Tier | Member |
|-------------|----------|------------|
| 14 | F | 11520 |
| 16 | E | 5760 |
| 18 | D | 2880 |
| 20 | C | 1440 |
| 22 | B | 720 |
| 24 | A | 360 |

New fee structure – an example

| Prefix (v4) | Tier | Annual fee |
|-------------|------|------------|
| 6 | J | 184320 |
| 8 | I | 92160 |
| 10 | H | 46080 |
| 12 | G | 23040 |
| 14 | F | 11520 |
| 16 | E | 5760 |
| 18 | D | 2880 |
| 20 | C | 1440 |
| 22 | B | 720 |
| 24 | A | 360 |

Impact assessment

- Impact of any fee structure decision must be considered
- Individual impact on APNIC members
 - Regular members
 - NIRs
 - Members of NIRs
- Impact on APNIC budget
 - Projected revenues
 - Estimates only

Impact – regular members

| Prefix | Count | Example | Current | Difference |
|-----------|------------|-------------|-------------|--------------|
| 6 | 3 | 184320 | 40000 | 144320 |
| 7 | 1 | 184320 | 40000 | 144320 |
| 8 | 4 | 92160 | 40000 | 52160 |
| 9 | 0 | 92160 | 40000 | 52160 |
| 10 | 0 | 46080 | 20000 | 26080 |
| 11 | 5 | 46080 | 20000 | 26080 |
| 12 | 15 | 23040 | 20000 | 3040 |
| 13 | 13 | 23040 | 10000 | 13040 |
| 14 | 22 | 11520 | 10000 | 1520 |
| 15 | 30 | 11520 | 10000 | 1520 |
| 16 | 49 | 5760 | 5000 | 760 |
| 17 | 51 | 5760 | 5000 | 760 |
| 18 | 89 | 2880 | 5000 | -2120 |
| 19 | 244 | 2880 | 2500 | 380 |
| 20 | 269 | 1440 | 2500 | -1060 |
| 21 | 141 | 1440 | 2500 | -1060 |
| 22 | 69 | 720 | 1250 | -530 |
| 23 | 59 | 720 | 1250 | -530 |
| 24 | 98 | 360 | 1250 | -890 |

Impact – NIRs

| NIR | A | B | C | D | E | F | G | H | I | Total |
|--------------|-----------|----------|------------|-----------|-----------|-----------|-----------|----------|----------|------------|
| APJII | | | 33 | 2 | 2 | | | | | 37 |
| CNNIC | | 2 | 33 | 25 | 14 | 10 | 4 | 1 | | 89 |
| JPNIC | 9 | 3 | 77 | 50 | 19 | 10 | 4 | 2 | | 174 |
| KRNIC | | 1 | 4 | 15 | 8 | 2 | 3 | | 1 | 34 |
| TWNIC | | 1 | 6 | 3 | 1 | 4 | | 1 | | 16 |
| VNNIC | 2 | 1 | 7 | | 3 | 1 | 1 | | | 15 |
| Total | 11 | 8 | 160 | 95 | 47 | 27 | 12 | 4 | 1 | 365 |

| NIR | A | B | C | D | E | F | G | H | I | Total |
|--------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|
| APJII | | | 44880 | 5440 | 10880 | | | | | 61200 |
| CNNIC | | 1360 | 44880 | 68000 | 76160 | 108800 | 87040 | 43520 | | 429760 |
| JPNIC | 3060 | 2040 | 104720 | 136000 | 103360 | 108800 | 87040 | 87040 | | 632060 |
| KRNIC | | 680 | 5440 | 40800 | 43520 | 21760 | 65280 | | 87040 | 264520 |
| TWNIC | | 680 | 8160 | 8160 | 5440 | 43520 | | 43520 | | 109480 |
| VNNIC | 680 | 680 | 9520 | | 16320 | 10880 | 21760 | | | 59840 |
| Total | 3740 | 5440 | 217600 | 258400 | 255680 | 293760 | 261120 | 174080 | 87040 | 1556860 |

Annual fees for members of NIRs, without discount applied.

Impact – APNIC budget

| | Current | Example | Difference |
|----------------|----------------|----------------|-------------------|
| NIRs | 700000 | 778430 | 11% |
| Members | 4232500 | 4833360 | 14% |

Discussion questions

- What should the parameters be?
 - Overall revenue expectations
 - Parameters fixed or variable?
 - Variable in accordance with budget?
- NIR discount
 - How big should the discount be?
 - Same discount for all NIRs?
- Recognition of NIR fees already paid?
- Gradual introduction?
 - Over 1 or more years, to control budget impact

Next steps...

- Continue discussion
 - Mailing list: wg-apnic-fees
- Report at APNIC 22
- Proposal in future?