

APNIC EC Meeting Minutes

Teleconference

Thursday, 21st January 2010

Meeting Start: 11:10 am (UTC +1000) 21 January 2009

Present

Akinori Maemura (Chair)
Che-Hoo Cheng
Ma Yan
James Spenceley
Hyun-Joon Kwon
Paul Wilson

Geoff Huston (minutes)
Irene Chan
Connie Chan

Apologies

Kuo-Wei Wu
Jian Zhang

Agenda

1. Agenda Bashing
2. Review of Minutes and Action List Review
3. Financial Report
4. Director-General's Report
5. Non-Member Fee Proposal
6. Transfer Fee Proposal
7. AOB

Minutes

1. Agenda Bashing

No further items were added to the agenda.

2. Minutes of Last Meeting and Matters Arising

The minutes from the meeting of 21 December 2009, were approved.

Action ec-09-034: Secretariat to publish minutes of the December 21 meeting

The EC confirmed the appointment of Tomohiro Fujisaki to the Number Council for the period 1 January 2010 until 31 December 2010.

3. Financial Report

Irene Chan reported to the EC on the unaudited draft of the 2009 APNIC Annual Financial Statement (attached).

Total current assets are reported to be \$AUD 10.7M. The drop in current assets from \$AUD 11.2M reported in the November 2009 Financial Statement is due to the introduction of a new membership invoicing procedure as of January 2010, where the invoice for membership dues is not raised until the anniversary date of membership.

Income for the year is reported to be \$AUD 11.4, and expenses are reported to be \$AUD 11.3M, resulting in an operating surplus of 2009 of \$AUD 112,110.

It was reported that APNIC had 2,170 members at the end of 2009.

The draft 2009 Annual Financial Statement was accepted by the EC.

The EC expressed its appreciation of the Secretariat's efforts in managing expenses through 2009.

4. Director-General's Report

The D-G reported to the EC that Ernst and Young were performing the APNIC annual financial audit. As this is a change of auditors, this has resulted in some additional effort by the APNIC finance team to support the audit function.

On the matter of the purchase of a property, the D-G reported that APNIC is performing due diligence on a prospective property prior to the exchange of contracts. Exchange of contracts is anticipated to occur on early February 2010, assuming that the building inspections and related functions return satisfactory outcomes.

The D-G reported that the ITU-T will hold a meeting of the Working Group to investigate Council Proposal C.29 on 15/16 March 2010. The D-G requested EC members to consider attending this meeting. APNIC will convene a session on this topic at the ARPICOT meeting.

On HR matters there is one active recruitment in the Communications Area following a resignation, and recruitment for a new position in Public Affairs is also underway.

5. Non-Member Fee Proposal

The EC considered a proposal for a revision to the non-member fee schedule (attached). This item will be reconsidered at the next EC meeting, including consideration of the option that once a non-member receives a further allocation from APNIC, then the entirety of their address holdings will be used to calculate their address holding fee in the same manner as the member fee schedule.

Action ec-09-035: Secretariat to revise the non-member fee proposal as per EC comments

6. Transfer Fee Proposal

As part of the implementation of policy proposition-50, IPv4 Address Transfers, the EC considered a proposal for fees associated with processing transfers (attached). This item will be reconsidered at the next EC meeting.

Action ec-09-036: Secretariat to revise the transfer fee proposal as per EC comments

7. AOB

There were no items of AOB

Next Scheduled Meeting

18 February 2010 (Teleconference)

Meeting closed: 13:50 pm (UTC+1000)

Summary of Action Items

- Action ec-09-031:** EC to consider post-IPv4 depletion scenarios at its next face-to-face meeting.
- Action ec-09-034:** Secretariat to publish minutes of the December 21 meeting
- Action ec-09-035:** Secretariat to revise the non-member fee proposal as per EC comments
- Action ec-09-036:** Secretariat to revise the transfer fee proposal as per EC comments



APNIC

Annual financial report (in AUD)

For the month ending December 2009

(DRAFT)

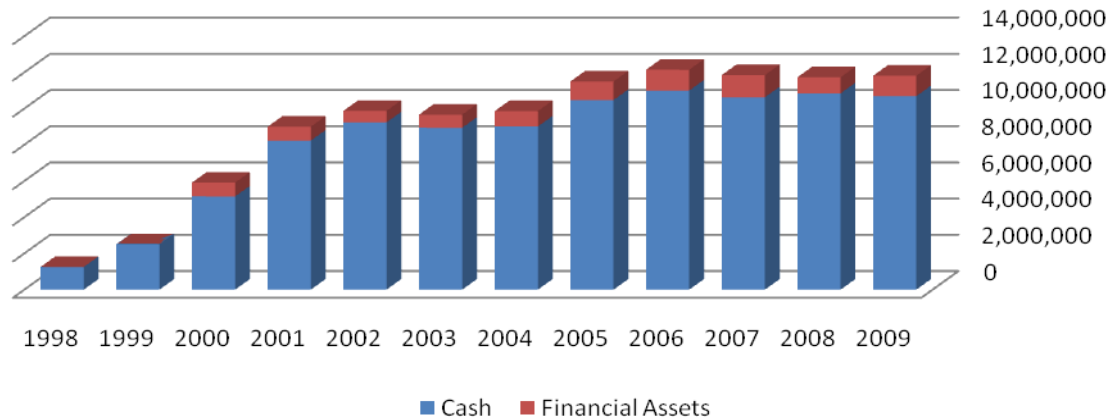
Asia Pacific Network Information Centre

1. Balance Sheet

Statement of Financial Position (AU\$)					
	31/12/2009	% of Total Asset or Liab+Equity	% change from 31/12/2008	Year-End 2008	Year-End 2007
CURRENT ASSETS					
Cash	6,686,084	44%	-2.3%	6,844,414	6,626,341
Term deposit investment	2,300,000	15%	0.0%	2,300,000	2,300,000
Receivables	496,734	3%	-67.3%	1,518,540	737,859
Others	1,206,217	8%	123.1%	540,688	325,739
TOTAL CURRENT ASSETS	10,689,034	71%	-4.6%	11,203,642	9,989,939
NON-CURRENT ASSETS					
Other financial assets	1,127,796	7%	27.7%	883,201	1,222,666
Property, plant and equipment	1,537,819	10%	-10.0%	1,708,216	1,667,091
Long term deposit investment	1,700,000	11%	0.0%	1,700,000	1,700,000
TOTAL NON-CURRENT ASSETS	4,365,615	29%	1.7%	4,291,417	4,589,758
TOTAL ASSETS	15,054,649	100%	-2.8%	15,495,060	14,579,696
CURRENT LIABILITIES					
Payables	1,007,212	7%	80.4%	629,650	1,139,160
Provisions	1,031,151	7%	4.2%	989,847	888,178
Unearned revenue	4,130,987	27%	-23.3%	5,383,679	3,817,898
TOTAL LIABILITIES	6,169,350	41%	-11.0%	7,003,177	5,845,236
EQUITY					
Share capital	1.00	0%	0.0%	1.00	1.00
Reserves other financial assets investment *	166,675	1%	0.0%	0	90,827
Retained earnings	8,718,623	58%	1.8%	8,491,882	8,643,633
TOTAL EQUITY	8,885,299	59%	3.8%	8,491,883	8,734,461
TOTAL LIABILITIES & EQUITY	15,054,649	100%	-2.8%	15,495,060	14,579,696

Below chart is APNIC reserve analysis.

APNIC Reserve Analysis



1.1 Notes to the 2009 Balance Sheet

The total asset position for APNIC as of 31 December 2009 has decreased by 2.8% when compared to the position at the end of 2008. The major factors causing the change in asset position are:

- A decrease in the “Cash” position of 2.3% due to significant decrease in Receivables caused by delay in invoicing for renewal accounts
- Invoicing for membership and non-member accounts due to expire in December 2009 was delayed due to the introduction of the new billing procedure under the 2010 new fee schedule. This caused a significant decrease in the “Receivables” and “Unearned Revenue” as at the end of December 2009.
- The significant increase in “Others” current assets is primarily due to the prepayment of tax in relation to the revised tax assessments for the period 2005 to 2007. The 50% of unpaid tax is also reflected in the increase in “Payables” liability account.
- The revaluation of the Managed Fund investments based on the market valuation as at the end of December resulted in the value of “Other Non-financial assets” increasing by 27.7% in 2009. This increase in value is also reflected in the “Reserves other financial asset investment” value in the Equity section of the balance sheet.

2. Income Statement

2.1 Expenses

This is an unaudited draft financial statement. The audited outcome for 2009 may vary from this statement as the final tax calculation and audit will not be completed until early February.

EXPENSES (AUD)	2009 (DRAFT)	2008	Variance %	Budget 2009	Budget Variation	Budget Variation %
Bank charges	65,148	62,945	3.5%	73,816	(8,668)	-11.7%
Communication expenses	156,901	171,713	-8.6%	158,549	(1,648)	-1.0%
Computer expenses *	381,424	164,196	132.3%	339,423	42,001	12.4%
Depreciation expense	718,927	638,668	12.6%	679,860	39,067	5.7%
Sponsorship and Publicity expenses	177,469	180,186	-1.5%	176,981	488	0.3%
Doubtful debt expenses	4,928	1,540	220.0%	27,175	(22,247)	-81.9%
ICANN contract fee *	358,696	236,503	51.7%	329,200	29,496	9.0%
Insurance expense	133,822	122,462	9.3%	130,310	3,512	2.7%
Meeting and training expense *	138,458	169,293	-18.2%	213,500	(75,042)	-35.1%
Membership fees	69,496	58,282	19.2%	68,700	796	1.2%
Miscellaneous expenses	5,234	1,343	289.9%	2,000	3,234	161.7%
Office operating expenses	131,755	122,512	7.5%	126,731	5,025	4.0%
Postage & delivery	27,170	30,270	-10.2%	35,000	(7,830)	-22.4%
Printing & photocopy	24,309	41,863	-41.9%	45,000	(20,691)	-46.0%
Professional fees *	590,058	552,659	6.8%	854,832	(264,774)	-31.0%
Recruitment expense	73,836	152,845	-51.7%	118,826	(44,990)	-37.9%
Rent and outgoings *	581,805	614,054	-5.3%	646,179	(64,374)	-10.0%
Salaries and personnel expenses*	6,033,254	5,463,903	10.4%	6,103,160	(69,906)	-1.1%
Staff training/conference expenses	107,143	122,058	-12.2%	132,000	(24,857)	-18.8%
Tax expense *	114,631	147,422	-22.2%	135,000	(20,369)	-15.1%
Translation expenses	15,637	16,832	-7.1%	35,000	(19,363)	-55.3%
Travel expenses *	1,403,763	1,359,756	3.2%	1,627,237	(223,474)	-13.7%
Write down investment value	0	334,821	-100.0%	0	0	0.0%
TOTAL EXPENSES	11,313,862	10,766,125	5.1%	12,058,479	(744,616)	-6.2%

2.2 Revenue

Revenue (AUD)	2009 (DRAFT)	2008	Variance %	Budget 2009	Budget Variation	Budget Variation %
Interest income	566,854	771,499	-26.5%	617,000	(50,146)	-8.1%
IP Resource application fees	1,194,713	1,053,679	13.4%	1,263,282	(68,569)	-5.4%
Membership fees *	7,863,971	6,678,051	17.8%	7,943,814	(79,843)	-1.0%
Non-members fees	125,598	127,336	-1.4%	131,984	(6,385)	-4.8%
Per Allocation fees *	1,542,369	1,633,389	-5.6%	1,876,701	(334,332)	-17.8%
Reactivation fees	8,876	10,144	-12.5%	15,601	(6,725)	-43.1%
Sundry income *	161,853	268,443	-39.7%	237,744	(75,891)	-31.9%
Foreign exchange gain/(loss)	(38,262)	71,832	-153.3%	0	(38,262)	0.0%
TOTAL REVENUE	11,425,972	10,614,374	7.6%	12,086,125	(660,153)	-5.5%

2.3 Operating Profit/ Loss

REVENUE and EXPENSES (AUD)	2009 (DRAFT)	2008	Variance %	Budget 2009	Budget Variation	Budget Variation %
Total Revenue	11,425,972	10,614,374	7.6%	12,086,125	(660,153)	-5.5%
Total Expenses	11,313,862	10,766,125	5.1%	12,058,479	(744,616)	-6.2%
OPERATING PROFIT/(LOSS)	112,110	(151,751)	-173.9%	27,647	84,464	305.5%

2.4 Notes on the Profit and Loss Statement

The major factors causing this variance between the budgeted and actual operating position were:

1. Revenue
 - Membership fees – slower membership growth than budgeted with the majority of new members joining in the Associate membership tier
 - Per allocation fees derived from allocations to the NIR's were significantly lower than expected due to a lower volume of NIR requests than forecast in the budget
 - Sundry income – lower due to the arrangement to contribute all meeting income to the local host
2. Expenses
 - Computer expenses – increase in support and maintenance costs
 - ICANN contract fee – increase in the APNIC proportion for NRO contribution
 - Meeting and training expenses – lower due to APNIC 28 Beijing meeting costs being partly sponsored by the host
 - Professional fees – much lower than budgeted due to some projected consultancy which was not undertaken
 - Rent and outgoings – lower due to part of parking costs now contributed by staff to reduce the tax impact
 - Salaries and personnel expenses – lower due to time taken to find replacement staff and continued focus on reduction on staff leave entitlements.
 - Tax expense – KPMG have lodged objections with the ATO responding to the revised tax assessments for the period 2005 to 2007. Based on their advice, no allowance for any payments relating to this tax liability has been incorporated into these accounts and the tax expense is being projected based on the current tax ruling treating APNIC as a 'mutual' organisation.
 - Travel expenses – lower than budgeted due to the Executive team focusing on travel expenditure,

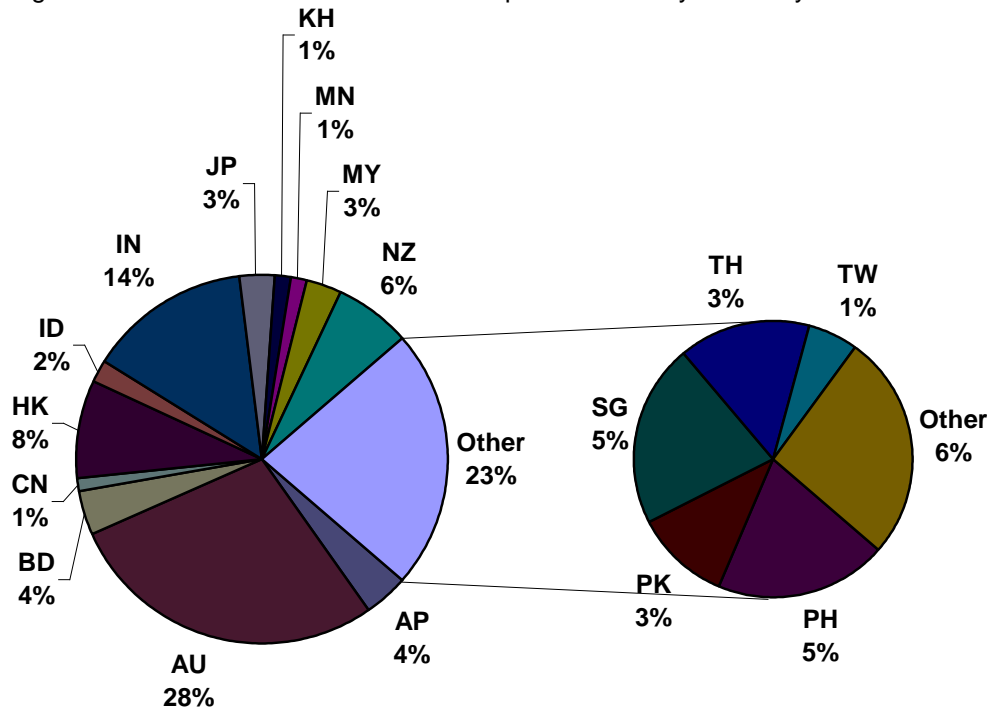
3. Membership

3.1 Membership Statistics

At the end of December 2009, APNIC had a total of 2,170 members serving 52 economies. In December APNIC's membership includes a member from the Democratic People's Republic of Korea for the first time. There was net growth of 17 members in December, with 31 new members joining and 14 member accounts closing during December.

3.1.1 Membership by Economy

The following chart illustrates the APNIC membership distribution by economy.



3.1.2 Membership by Category

The table below compares the actual growth in each tier of membership at the end of December 2009 to the budgeted annual growth on a monthly pro-rata basis. Overall growth at the end of December is above budget, with Associate membership growing at a faster rate than anticipated. Growth in the Small tier ended significantly lower than expected at the end of 2008, this resulted in the overestimation of membership in this tier for 2009.

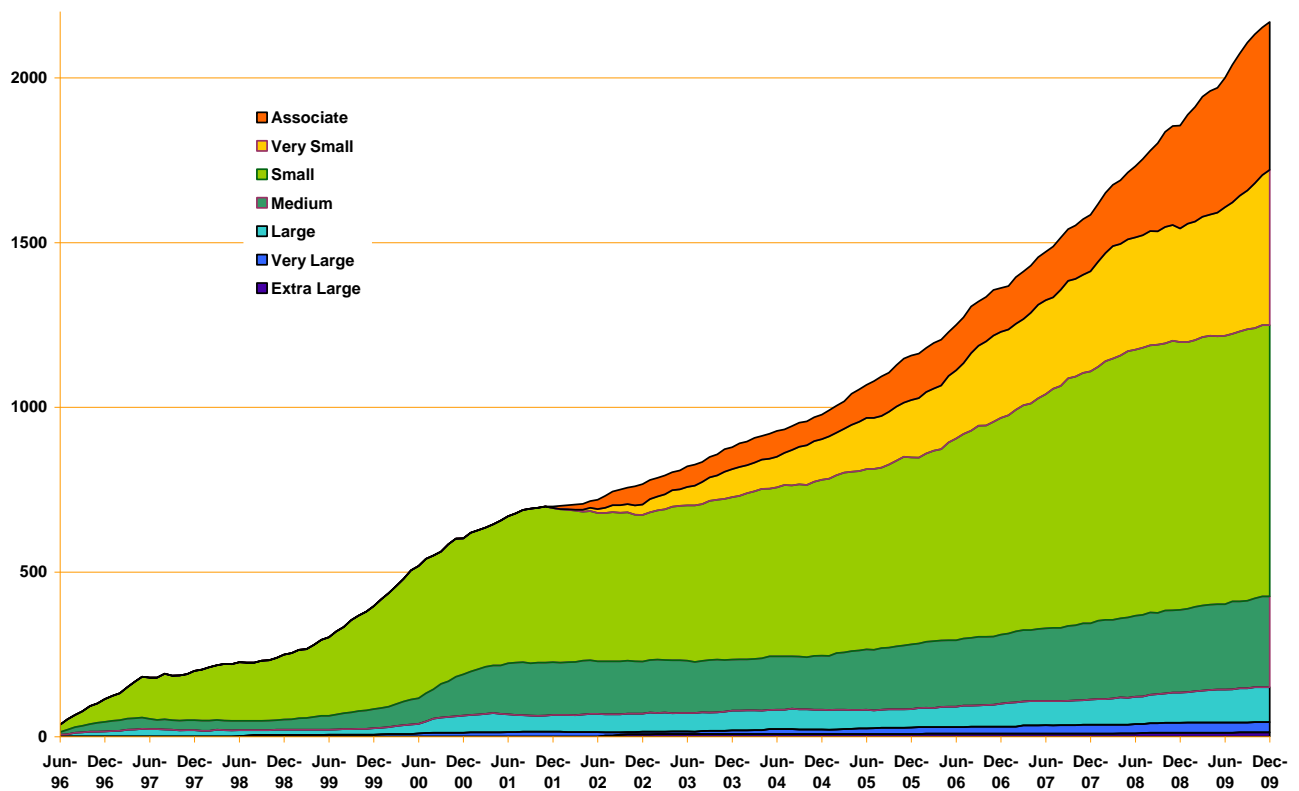
Membership	Actual Total EOY 2008	Budgeted Total EOY 2009	Budgeted Growth EOY 2009	Actual Total YTD Dec-09	Actual Growth YTD 2009	Budgeted Growth YTD (*)	Variation Actual vs Budget (*)
Extra Large	12	13	1	13	1	1	0
Very Large	30	33	3	31	1	3	(2)
Large	92	101	9	106	14	9	5
Medium	251	271	20	276	25	20	5
Small	813	903	90	823	10	90	(80)
Very Small	345	420	75	472	127	75	52
Associate	312	408	96	449	137	96	41
TOTAL	1855	2149	294	2170	315	294	21

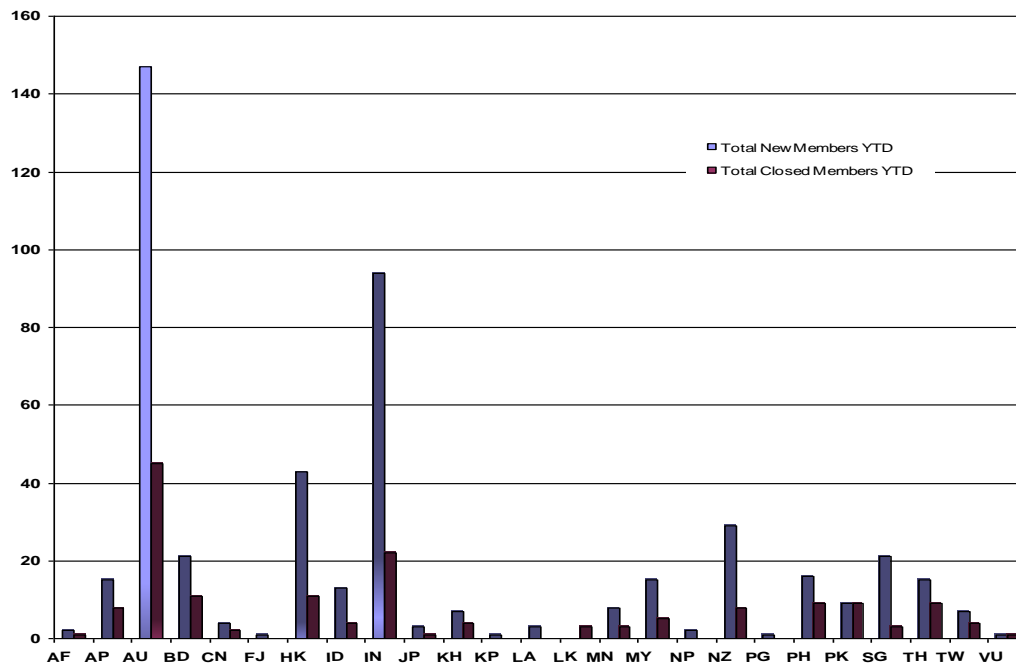
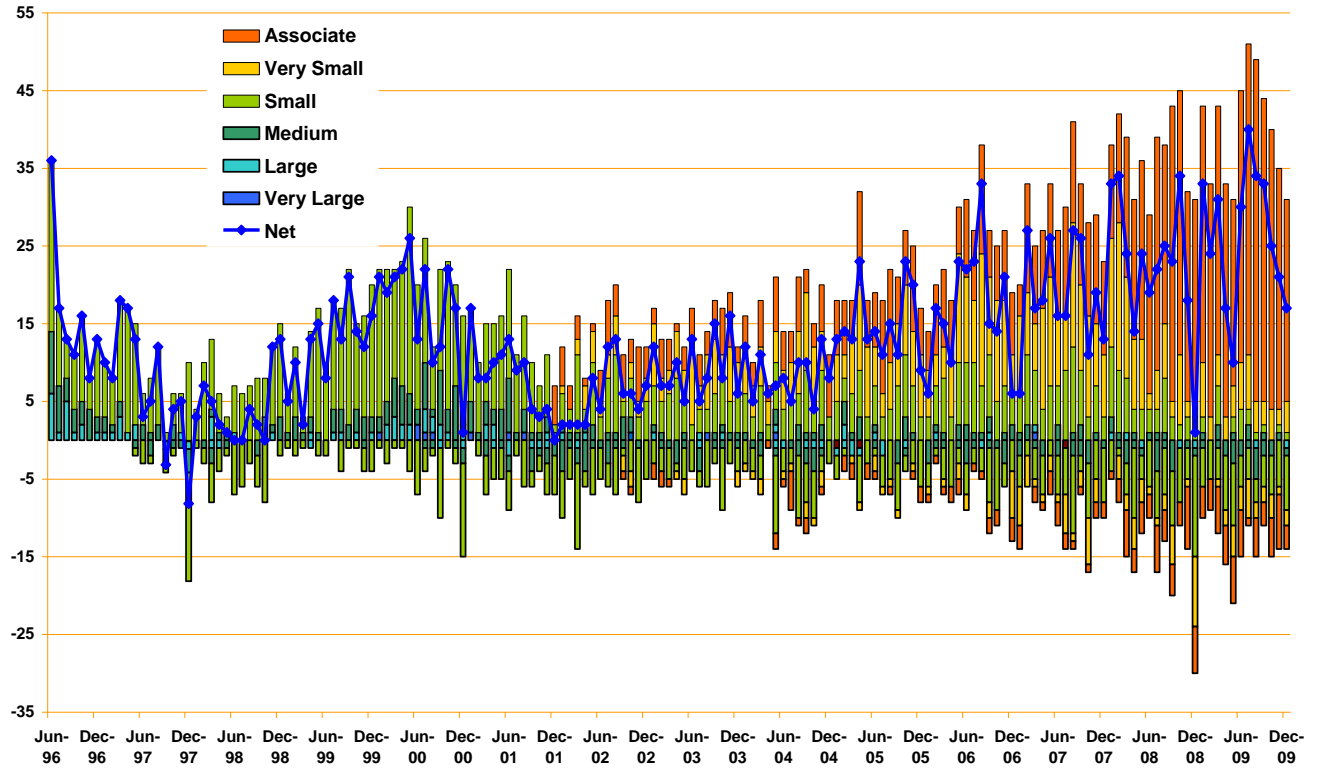
The table below provide progressive membership data and the percentage in each membership category for the total membership from the year 2000 to 2009. This table shows that membership growth has continued to be strong in 2009.

Membership	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Extra Large	0	0	7	8	8	8	9	9	12	13
Very Large	12	15	8	11	14	20	21	27	30	31
Large	52	51	55	60	60	56	70	77	92	106
Medium	125	160	158	155	164	196	210	231	251	276
Small	413	468	445	493	534	568	658	765	813	823
Very Small	0	0	32	85	123	174	261	304	345	472
Associate		5	62	67	75	135	133	171	312	449
TOTAL	602	699	767	879	978	1157	1362	1584	1855	2170
New	258	157	153	178	189	253	298	349	443	478
Close	52	60	85	66	90	74	93	127	172	163
Net Gain	206	97	68	112	99	179	205	222	271	315
Net Gain Average Monthly Net Gain	206	97	68	112	99	179	205	222	271	315
	17	8	6	9	8	15	17	19	23	26

3.1.3 Membership Movement

The following graphs illustrate total number of members since 1996, followed by the monthly movements of APNIC membership and 2009 new and closed members by economy.





APNIC Non-Member Fee Schedule

29 December 2009

CONFIDENTIAL to the APNIC EC

Summary

APNIC has adopted a new fee schedule for members and non members with effect as of 1 January 2010.

The APNIC member fee schedule for IPv4 and IPv6 addresses uses a common framework where holders of larger blocks of addresses paying a smaller per address fee for larger address blocks. The current non-member fee schedule uses a constant per address fee for both IPv4 and IPv6. This has resulted on some notable anomalies in the relative fee levels between non-members and members. The non-member fee schedule for small IPv4 holders is less than the comparable member fee schedule, while the non-member fee schedule for larger IPv6 address blocks is significantly greater than the comparable member fee schedule, by some orders of magnitude. The non-member fee is calculated as the sum of the non member fees for IPv4 and IPv6 address holdings, plus the AS number fees, while the member fee is levied as the maximum of the IPv4 and IPv6 address holding fee.

This is a proposal to the EC to consider a revision to the non-member fee schedule that is intended to correct these fee anomalies.

This proposal recommends that the EC adopt a non-member fee schedule that is aligned to the member fee schedule, with a non-member premium of 15% applied, to be adopted as of 1 July 2010.

Non-Members and Non-Member Fees

Entities who do not elect to enter into a membership agreement with APNIC are still eligible to receive the same set of services in terms of number resource allocations as members of APNIC. Such entities may preclude themselves from entering into a membership agreement with APNIC due to statutory constraints, legal considerations, or as a result of some other local constraint or preference.

Non-member fees are not a significant component of the APNIC membership. As of 1 November 2009, non-members number 750, as compared to a current membership count of 2,132 members. Of these 750 non-members, 169 have current resource holdings, while 581 pay only the historical maintenance fee. In terms of fee revenues, non-member fees accounted for a total of \$127,336 in 2008, as compared to \$6,678,051 in membership fees. For 2009 in the period from 1 January 2009 until 31 October 2009 non-member fee incomes is \$104,968, compared to \$6,495,293 for member fees.

The comparison of the 2010 IPv4 annual fees for non-members and members are shown in Table 1.

IPv4	IPv4 Addresses	Non-Member Annual Fee	NonMember Per add. fee	Member Annual Fee	Member Per add. fee	Difference
/24	256	\$1,350	\$5.27	\$1,180	\$4.61	+14.3%
/23	512	\$1,350	\$2.64	\$1,534	\$3.00	-12.0%
/22	1,024	\$1,350	\$1.32	\$1,994	\$1.95	-32.3%
/21	2,048	\$1,350	\$0.66	\$2,592	\$1.27	-48.0%
/20	4,096	\$1,350	\$0.33	\$3,370	\$0.82	-59.7%
/19	8,192	\$1,350	\$0.16	\$4,381	\$0.53	-69.8%
/18	16,384	\$2,621	\$0.16	\$5,696	\$0.35	-54.3%
/17	32,768	\$5,242	\$0.16	\$7,404	\$0.23	-30.4%
/16	65,536	\$10,485	\$0.16	\$9,626	\$0.15	+6.7%

Table 1 - IPv4 Address Fee Schedule

The comparison of the 2010 IPv6 annual fees for non-members and members are shown in Table 2.

IPv6 Prefix	IPv6 /56 Prefixes	Non-member Annual Fee	NonMember Per /48 pfx. fee	Member Annual Fee	Member per /48 pfx. fee	Difference
/48	256	\$1,350	\$1,350	\$1,180	\$1,180	+14%
/35	2,097,152	\$1,350	\$0.16	\$1,180	\$0.14	+14%
/34	4,194,304	\$2,621	\$0.16	\$1,180	\$0.07	+122%
/33	8,388,608	\$5,242	\$0.16	\$1,534	\$0.05	+242%
/32	16,777,216	\$10,485	\$0.16	\$1,994	\$0.03	+426%
/31	33,554,432	\$20,971	\$0.16	\$2,592	\$0.02	+709%
/30	67,108,864	\$41,943	\$0.16	\$3,370	\$0.01	+1145%
/29	134,217,728	\$83,886	\$0.16	\$4,381	\$0.01	+1815%
/28	268,435,456	\$167,772	\$0.16	\$5,696	\$0.01	+2845%

Table 2 - IPv6 Address Fee Schedule

Under the taxation ruling under which APNIC operates* member fees are not considered taxable income, and costs incurred in the provision of services to members are not considered tax deductible expenditure. However, for non-member fees, the fee income is taxable at the Australian corporate taxation rate of 30%, and the costs associated with the provision of these services to non-members are considered deductible expenses. It is noted that in recent years the tax deductible costs involved in servicing these non-member accounts exceed the revenue raised from non-members, so that there is no net taxation liability for non-members of APNIC at present.

* This ruling has recently been rescinded by the Australian Taxation Office in 2009. An objection to this decision has been lodged with the Australian Taxation Office, and the objection is currently under consideration.

Non-Member Fee Proposal

It is proposed to align non-member fees with member fees for APNIC, with an additional 15% premium. The rationale for this premium is to provide a financial incentive for entities to enter into a membership agreement with APNIC and become a part of the mutual association. APNIC occupies a privileged position of exclusivity in providing the addressing needs for this region, and is potentially liable for charges of having a monopoly position. APNIC's response is to note that APNIC is a membership body that is the totality of the serviced clients, and it operates as a mechanism of self-regulation within an international deregulated community. The membership instrument is a major component of this framework of mutuality for APNIC and there is therefore a compelling reason to provide financial incentives for entities to join as members of APNIC.

In addition, the fees for Autonomous System Number assignment and maintenance will be retained in the non-member fee schedule.

Unlike the member fee schedule, non-member historical address holdings are not to be combined with APNIC allocated address holdings in this proposed non-member fee schedule, so the Registry Database Maintenance fee associated with historical address holdings is retained in this schedule.

The exclusion of historical address space into this non-member fee schedule is noted here as a discussion point for the EC. The argument in favour of this exclusion is based on the potential public relations problems of any dramatic increase in APNIC charges to be imposed upon some 581 entities who have had no say in the determination of this charge, and the questionable nature of any enforcement mechanism in the event of non-payment. The argument against this exclusion is to bring all address holdings into the same fee framework that encompasses all entities for whom APNIC provides services. It is also noted that As this historical fee applies only to IPv4 addresses this historical IPv4 address holding service category may be obsoleted in the future, upon the effective completion of the transition to IPv6.

Proposed APNIC Non-member Fee Schedule

APNIC recognises that some organisations wish to have access to resources from APNIC without becoming full APNIC members. These organisations can apply for resources and access certain APNIC services as APNIC non-member account holders.

APNIC non-member account holders must pay the associated non-member fee before APNIC can provide services to the non-member account holder. The fees associated with specific types of resource services are detailed below.

1.1 Annual Address Holding Fees

Annual Address Holding Fees paid by non-members of APNIC are calculated based on the address resources registration records maintained by APNIC that registered the non-member at the time of the anniversary of the non-member services agreement with APNIC. This calculation includes all APNIC-allocated address space listed in the APNIC address registry, but excludes all historically allocated address space. All fees are assessed, and are payable, using Australian Dollars (AUD).

The IPv4 and IPv6 components of the address holding fee are calculated separately, according to the total address holdings of the non-member. The annual address holding fee is then charged as the greater of these two components.

Non-members from Least Developed Countries will pay a discounted Address Holding fee, as described in section 1.1.3 of this schedule.

Failure to pay the annual Address Holding Fee will result in the registration record being removed from the APNIC registry and removal from the public Whois Database. The address space will then be returned to the APNIC free address pool to be reallocated.

1.1.1 IPv4 Component

The non-member's total IPv4 address holdings, including historical and APNIC-allocated address space, will be used to assess the IPv4 component of the annual membership fee as follows:

$$Fee_{v4} = 1357 \times 1.3^{(\log_2(Addresses)-8)}$$

Notes:

- The minimum annual fee is \$1,357
- In this formula, address holdings are expressed as the total count of individual IPv4 addresses (/32) so that, for example, a holding of a /16 and a /18 would constitute 81,920 IPv4 Addresses.
- Experimental allocations of IPv4 addresses are not included in this assessment of total address holdings.

1.1.2 IPv6 Component

The non-member's total IPv6 address holdings, including historical and APNIC-allocated address space, will be used to assess the IPv6 membership fee as follows:

$$Fee_{v6} = 1357 \times 1.3^{(\log_2(Addresses)-22)}$$

Notes:

- The minimum annual fee is \$1,357
- In this formula, address holdings are expressed as the total of IPv6 end site addresses (/56), so that, for example, a holding of a /32 and a /31 would constitute 50,331,648 /56 Site Addresses.

- Experimental allocations of IPv6 addresses are not included in this assessment of total address holdings.

1.1.3 Members from Least Developed Countries.

The Address Holding Fees payable by members from Least Developed Countries (LDCs) are discounted by 50%.

The list of LDCs used for the purposes of this fee discount is defined and maintained by the United Nations Statistics Division (currently available as <http://unstats.un.org/unsd/methods/m49/m49regin.htm#least>). The discount will be applied in accordance with the LDC status of the member's economy on the date of membership renewal.

1.2 Address Application Fee

A non-member's first address allocation request is subject to an Address Application Fee of \$4,000.

Subsequent allocations are free of application fee charges.

The following services are exempt from the Address Application Fee:

- Critical infrastructure assignments
- Experimental allocations
- IXP assignments

Non-Members of LDCs will receive a 50% discount on this fee.

1.3 Autonomous System Number Holding Fee

The fee for the assignment of an Autonomous System Number (ASN) is \$1,000 per AS number.

The annual fee for the registration record is \$100 per AS number.

Failure to pay the annual maintenance fee will result in the registration record being removed from the APNIC Whois Database. The ASN will then be returned to the APNIC free pool to be reassigned.

Non-Members of LDCs will receive a 50% discount on this fee.

1.4 Annual Account fee for Registry Database Maintenance

There is an annual \$200 account fee for non-member account holders with allocations performed prior to the movement of their registration records ("historical resource records") to APNIC's registry wishing to have authorisation to update these records and create assignment records within historical resource ranges.

Failure to pay the database resource maintenance annual fee will result in your organisation's maintainer being removed from the "mnt-lower" field of your historical Internet resource records.

Non-Members of LDCs will receive a 50% discount on this fee.

1.5 Service Reactivation Fee

When APNIC services has been terminated for non-payment of non-members fees, the non-member may be returned to good standing by payment of a "membership reactivation fee" of \$3,000, in addition to payment of any outstanding unpaid fees. This option is available for a limited period of three months after termination of the services agreement, after which time all previously allocated and assigned resources are subject to reallocation.

Members of LDCs will receive a 50% discount on this fee.

An organisation which does not opt for reactivation of their services agreement by this means, but wishes to continue using APNIC resources, will need to open a new services agreement and reapply for all resources required. In this case network renumbering will be necessary.

1.6 Non-Member Fee Schedule Summary

Resource Service	Unit	Fee	Annual Fee
Address Application Fee	Account Name	\$4,000.00	-
IPv4 Addresses	/32		$1357 \times 1.3^{(\log(\text{addresses}) - 8)}$ 1,2
IPv6 Addresses	/56 End Site Prefix		$1357 \times 1.3^{(\log(\text{addresses}) - 22)}$ 1,2
AS Assignment Fee	ASN	\$1,000.00	\$100.00
Registry Database Maintenance	Account Name		\$200.00
Reactivation	Account Name	\$3,000.00 ³	
LDC Discount	Account Name		-50%

Notes:

1. Minimum fee is \$1,357.00
2. Assessed Address Fees is the greater of the IPv4 and IPv6 Fees
3. Plus payment of all outstanding unpaid fees.

Appendix A

A.1 Comparison with Current Non-Member fee schedule

Resource Service	Unit	Proposed Fee	Proposed Annual Fee	Current Non-Member Fee
Address Application Fee	Account Name	\$4,000.00	-	\$13,500 ¹
IPv4 Addresses	/32		$1357 \times 1.3^{(\log(\text{addresses}) - 8)}$	0.16 x prefixes
IPv6 Addresses	/56		$1357 \times 1.3^{(\log(\text{addresses}) - 22)}$	0.000625 x prefixes
AS Assignment Fee	ASN	\$1,000.00	\$100.00	\$800 , \$80 p.a.
Registry Database Maintenance	Account Name		\$200.00	\$160
Reactivation	Account Name	\$3,000.00		\$3,000
LDC Discount	Account Name		-50%	

Notes:

1. Minimum application fee is \$13,500, plus \$1.60 per IPv4 /32 in excess of a /19

IPv4	IPv4 Addresses	Proposed NonMbr Annual Fee	Proposed NonMbr Per Addr fee	Current NonMbr Annual Fee	Current NonMbr Per Addr fee	Difference
/24	256	\$1,357	\$5.30	\$1,350	\$5.27	+0.5%
/23	512	\$1,764	\$3.45	\$1,350	\$2.64	+30.7%
/22	1,024	\$2,293	\$2.24	\$1,350	\$1.32	+69.9%
/21	2,048	\$2,981	\$1.46	\$1,350	\$0.66	+120.8%
/20	4,096	\$3,876	\$0.95	\$1,350	\$0.33	+187.1%
/19	8,192	\$5,038	\$0.62	\$1,350	\$0.16	+273.2%
/18	16,384	\$6,550	\$0.40	\$2,621	\$0.16	+149.9%
/17	32,768	\$8,515	\$0.26	\$5,243	\$0.16	+62.4%
/16	65,536	\$11,069	\$0.17	\$10,486	\$0.16	+5.6%

IPv6 Prefix	IPv6 /56 Prefixes	Proposed Non-Mbr Annual Fee	Proposed NonMbr Per /48 fee	Current NonMbr Annual Fee	Current NonMbr Per /48 fee	Difference
/48	256	\$1,357	\$1,357	\$1,350	\$1,350	0.5%
/35	2,097,152	\$1,357	\$0.17	\$1,350	\$0.16	0.5%
/34	4,194,304	\$1,357	\$0.08	\$2,621	\$0.16	-48.2%
/33	8,388,608	\$1,764	\$0.05	\$5,242	\$0.16	-66.3%
/32	16,777,216	\$2,293	\$0.03	\$10,485	\$0.16	-78.1%
/31	33,554,432	\$2,981	\$0.02	\$20,971	\$0.16	-85.8%
/30	67,108,864	\$3,876	\$0.01	\$41,943	\$0.16	-90.8%
/29	134,217,728	\$5,038	\$0.01	\$83,886	\$0.16	-94.0%
/28	268,435,456	\$6,550	\$0.01	\$167,772	\$0.16	-96.1%

A.2 Comparison with 2010 Member fee schedule

Resource Service	Unit	Proposed Fee	Proposed Annual Fee	2010 Member Fee
Address Application Fee	Account Name	\$4,000.00	-	\$3,500
IPv4 Addresses	/32		$1357 \times 1.3^{(\log(\text{addresses}) - 8)}$	$1180 \times 1.3^{(\log(\text{addresses}) - 8)}$
IPv6 Addresses	/56		$1357 \times 1.3^{(\log(\text{addresses}) - 22)}$	$1180 \times 1.3^{(\log(\text{addresses}) - 22)}$
AS Assignment Fee	ASN	\$1,000.00	\$100.00	-
Registry Database Maintenance	Account Name		\$200.00	N/A
Reactivation	Account Name	\$3,000.00		\$2,700
LDC Discount	Account Name		-50%	-50%

IPv4	IPv4 Addresses	Proposed NonMbr Annual Fee	Proposed NonMbr Per Addr fee	2010 Mbr Annual Fee	2010 Mbr Per Addr fee	Difference
/24	256	\$1,357	\$5.30	\$1,180	\$4.61	+15%
/23	512	\$1,764	\$3.45	\$1,534	\$3.00	+15%
/22	1,024	\$2,293	\$2.24	\$1,994	\$1.95	+15%
/21	2,048	\$2,981	\$1.46	\$2,592	\$1.27	+15%
/20	4,096	\$3,876	\$0.95	\$3,370	\$0.82	+15%
/19	8,192	\$5,038	\$0.62	\$4,381	\$0.53	+15%
/18	16,384	\$6,550	\$0.40	\$5,696	\$0.35	+15%
/17	32,768	\$8,515	\$0.26	\$7,404	\$0.23	+15%
/16	65,536	\$11,069	\$0.17	\$9,626	\$0.15	+15%

IPv6 Prefix	IPv6 /56 Prefixes	Proposed Non-Mbr Annual Fee	Proposed NonMbr Per /48 fee	2010 Mbr Annual Fee	2010 Mbr Per /48 fee	Difference
/48	256	\$1,357	\$1,357	\$1,180	\$1,180	+15%
/35	2,097,152	\$1,357	\$0.17	\$1,180	\$0.14	+15%
/34	4,194,304	\$1,357	\$0.08	\$1,180	\$0.07	+15%
/33	8,388,608	\$1,764	\$0.05	\$1,534	\$0.05	+15%
/32	16,777,216	\$2,293	\$0.03	\$1,994	\$0.03	+15%
/31	33,554,432	\$2,981	\$0.02	\$2,592	\$0.02	+15%
/30	67,108,864	\$3,876	\$0.01	\$3,370	\$0.01	+15%
/29	134,217,728	\$5,038	\$0.01	\$4,381	\$0.01	+15%
/28	268,435,456	\$6,550	\$0.01	\$5,696	\$0.01	+15%

A.2 Comparison with Current Non-Member fee schedule applied to the non-member's services

Service Type	Count	Total Current Non-Mbmr Fee	Total Proposed Non-Mbmr Fee	Average Fee Change
Registry Maintenance	495	\$79,200	\$99,000	25%
AS	129	\$11,520	\$14,400	25%
AS and IP Address	19	\$28,441	\$55,459	93%
AS and Registry Maintenance	100	\$25,460	\$30,700	25%
IP Address	4	\$5,560	\$9,290	69%
AS and IP Address and Registry Maintenance	3	\$4,095	\$11,901	200%
Total	750	\$153,216	\$220,750	44%

Appendix B

B.1 Analysis of removal of the Registry Maintenance fee

If the Registry maintenance fee were to be removed and the non-member fee calculated for all addresses held, including historical addresses, then a total of 598 non members who currently use the registry maintenance option would be impacted.

The application of non-member fees to non-members' historical address holds would net an additional \$1,966,854, in annual non-member fees with an average increase in fees for these non members from \$160 p.a. to \$3,449 p.a.

Service Type	Count	Total Current Non-Mbmr Fee	Total Proposed Non-Mbmr Fee	Average Fee Change
Registry Maintenance	495	\$79,200	\$1,589,488	1907%
AS	129	\$11,520	\$14,400	25%
AS and IP Address	19	\$28,441	\$55,459	93%
AS and Registry Maintenance	100	\$24,560	\$496,889	1945%
IP Address	4	\$5,560	\$9,583	73%
AS and IP Address and Registry Maintenance	3	\$4,095	\$21,585	418%
Total	750	\$153,216	\$2,187,404	44%

APNIC Transfer Fee Schedule

14 January 2010

Summary

APNIC has adopted a policy that permits the transfer of IPv4 addresses between members.

This document outlines a proposed arrangement for APNIC to levy a fee for processing requests for address transfers, and describes the proposed arrangements for invoicing members where a transfer has taken place. The proposed transfer fee is calculated as one twelfth of the annual membership fee that would be levied on the transferred address block in isolation. The proposed arrangements for invoicing members is to invoice the recipient of the transfer the transfer fee, and also the pro-rata equivalent of the difference in membership fees before and after the transfer is processed.

It is recommended that the APNIC EC adopt this transfer fee schedule for members.

Transfer Fee

The transfer fee is proposed to be one twelfth of the annual membership fee for the address block that is being transferred, calculated as follows:

$$Fee_{xfr} = 98 \times 1.3^{(\log_2(Addresses)-8)}$$

This fee will be invoiced to the member receiving the transferred address space. This fee is applied to each transfer transaction, so that, for example, a member who receives two /24 address blocks in two transfer transactions will be invoiced two transfer fees, one for each /24 to be transferred.

The schedule of transfer fees for IPv4 address blocks of various prefix sizes is shown in Figure 1.

IPv4	Transfer Fee
/24	\$98
/23	\$127
/22	\$166
/21	\$215
/20	\$280
/19	\$364
/18	\$473
/17	\$615
/16	\$799

Table 1 - IPv4 Address Transfer Fee Schedule

The basis for levying this fee is to recover some part of the costs associated with the operation of processes with the APNIC Secretariat to support address transfers, including conformance with the transfer policy and integrity of the transfer transactions.

Pro-Rata Membership Invoice

The recipient of the transfer will also be invoiced an additional amount calculated as the rounded up number of whole months remaining before the membership anniversary date, multiplied by one twelfth of the increase in the annual membership fee of the recipient's IPv4 address holdings post transfer.

The basis for this invoicing arrangement is to ensure that address holdings by members are appropriately invoiced, and that transfers cannot be subverted to become a means of membership fee evasion.

Worked Example

Member A, is a holder of a /18, with a membership anniversary date of the 15th January, has paid an annual membership fee of \$5,696.

Member B is a holder of a /19, with a membership anniversary date of the 10th November, has paid an annual membership fee of \$4,381

Member A transfers a /19 to Member B, with effect on the 1st August.

In August APNIC will invoice member B for \$802.32, being the sum of

- The transfer fee: \$364.00 for a /19, and
- The pro-rata membership fee: \$438.32 calculated as 4 months at \$109.58 per month, where \$109.58 is 1/12 of the difference between \$4,381, the annual membership fee for a /19, and \$5,696, the annual membership fee for a /18.

In November APNIC will invoice member B for \$5,696, the annual membership fee for a /18

In January the following year APNIC will invoice member A for \$4,381, the annual membership fee for a /19.