

APLMF Membership – Fees

Introduction

This document sets out the background to the current fees structure and options for adjustments to the fees to ensure that the current APLMF structure is fit-for-purpose. The fees are used to partially subsidise the operation of the APLMF Secretariat, while recognising that much of the cost for running the Secretariat is funded by the member economy responsible for the APLMF presidency.

It is not proposed to broaden the scope of what membership fees cover. However, the current cross-subsidisation by the host economy places a barrier on the number of member economies that can take on the role of the APLMF Presidency given the current level of income provided via membership fees.

A decision is also required to clarify APLMF's policy for members who do not pay their fees, particularly in terms of write-off of historical unpaid fees and any sanctions that should be imposed subsequent to this write-off.

Background

When the APLMF was established in 1994 funding for the Secretariat and projects were provided by the National Standards Commission and grants from the Australian Government APEC Fund.

In 1998, arising from discussion on the Memorandum of Understanding, the 5th Forum meeting endorsed a proposal to introduce membership fees to subsidise the operation of the Secretariat.

The fees were to be set using a modified OIML formula using three categories based on population and economic development, with the fee for each category being twice the fee for the next lowest category. It was agreed that the fees should be set to raise US\$20,000 annually. This formula resulted in a base fee of US\$588 and a maximum fee of US\$2,352.

At the 7th Forum meeting in 2000 it was agreed to establish an equitable membership fee structure with the aim of funding the operation of the Secretariat. The previous fee structure of three categories was expanded to five categories with the fee for Category 1 set at US\$550 and for Category 5 at US\$8,800 with an expectation of raising US\$64,900.

In 2008 the fees were increased by seven percent annually for three years, to adjust for:

- Inflation – Fees are set in US dollars and the inflation rate in the USA had been 19.55 percent in seven years 2000–2007
- Exchange rate changes – Significant changes in the exchange rates of member economies relative to the US dollar had occurred in 2000–2007. The APLMF Secretariat in Japan had not been detrimentally affected by exchange rate movements but that the incoming Chinese Secretariat would be affected by the nine percent increase in the yuan relative to the US dollar from 2000–2007

- Economic growth changes – Most economies had experienced significant and continuing growth in their economies and rising GDP per capita (note that APLMF’s classification of country categories are based on their GDP with a discount for GDP per capita).

Current structure of the APLMF Membership Fees – 2015

Category	Fees (US\$)	Member Economy	Corresponding Member Economy
1	\$675	Cambodia	Lao PDR
2	\$1,350	Indonesia Malaysia Mongolia Papua New Guinea Philippines Thailand Vietnam DPR of Korea	Chile Columbia Mexico Peru
3	\$2,700	Hong Kong China New Zealand Singapore	
4	\$5,400	Australia Canada People’s Republic of China Republic of Korea Chinese Taipei	Russian Federation
5	\$10,800	Japan United States of America	

The six corresponding members do not pay any fees to APLMF.

Analysis of existing fee structure

Annual APLMF fees paid by each member economy have remained unchanged since 2008, including the way in which member economies are categorised across the five ‘fee’ categories. During that time, costs have increased and some member’s economic performance has improved over the period.

The analysis of the ‘fee’ categories has been reanalysed on the basis of each economies per capita income (GDP), using the neutral measure, *purchasing power parity (PPP) per capita*, rather than the nominal USD GDP per capita level. The PPP exchange rates help to minimise misleading international comparisons that can arise with using market exchange rates (particularly given short term fluctuations), and is a more accurate approach to international comparisons of income.

In assessing the GDP of member economies using the PPP international rate, there have been small changes in the categories that member economies are assigned. There was further adjustment for some economies which had a high GDP per capita, but whose economies are very small (in terms of population and size of their GDP). Equally, some member economies with a lower GDP per capita, have been moved up a category as they have a large economy (in terms of total GDP and population). These changes and adjustments are noted in Annex One.

Currently member economies that take-up the presidency of APLMF cross-subsidise the running of the APLMF to ensure financial viability. However, as APLMF is not financially sustainable as an organisation, it can be difficult for some of the smaller economies or economies with emerging metrology systems to take up the role of president of the APLMF and the associated secretariat functions.

The APLMF does not currently fund any training and nor does it have the funds to subsidise the costs associated with members of less financially developed economies attending forum or working group meetings. The current *Metrology-Enabling Developing Economies in Asia* (MEDEA) project assistance for APLMF training will cease in 2018 and some increased funding will enable APLMF to support the delivery and participation in training programmes in future years. An increase in revenue could enable APLMF to provide greater support to Category 1 and 2 member economies for attendance at training or meetings. Additional financial resources would also enable APLMF to develop more services that meet the needs of all members including those of both developed and developing economies, for example, better training co-ordination and provision (including support for a part-time training co-ordinator), improved web-based services (training and networking opportunities), and improved advocacy and information provision.

The proposed changes in category and fees, to apply from **1 January 2018**, are noted in the table below.

Proposed Fees and Categories

Category	Fees (US\$)	Member Economy	Corresponding Member
1	\$1,000	Cambodia DPR of Korea Papua New Guinea	Lao PDR
2	\$2,250	Indonesia Mongolia Philippines Thailand Vietnam	Chile Colombia Peru
3	\$5,500	Hong Kong China New Zealand Malaysia Brunei Darussalam	
4	\$9,500	Australia Canada People's Republic of China Republic of Korea Chinese Taipei Singapore	Mexico Russian Federation
5	\$14,250	Japan United States of America	
Forecast Revenue	\$121,750	20 Members	6 Corresponding Members

The proposed increase in fees would generate significant increase in income for APLMF to \$116,250 (compared to current fee levels with revised categories of \$70,875). The addition of one new full member - Brunei Darussalam, would further increase revenue to \$121,750 (applying the new fee levels).

There is a difference in how the proposed increase in fees are calculated compared to the current fee levels (which double the fees of previous category). The GDP per capita (as outlined in Annex One) does not double from category to category, so the proposed increase in annual membership fees range from 30 to 100 percent (depending on the category). For example, it is proposed that Category 1 and Category 5 have a lower increase due to the low levels of income for member economies in Category 1 and the higher level of fees paid by economies in Category 5 (relative to other members). The highest increase is for economies in Category 3, given their GDP per capita relative to the incomes in other categories, and the current low base of fees for this group.

Charging nominal attendance fee

The cost of catering, administration and delivery of APLMF annual Forum and Working Group meetings are a significant expense and take up a relatively large proportion of APLMF's operational budget. These meeting expenses are currently covered by Membership fees only paid by full Member Economies and the donated contributions made by host economies. Corresponding Members, observing guests from non-member economies and industry representatives do not currently contribute to the direct costs they incur through meeting attendance and attendance at other events like APLMF Training courses and seminars.

APLMF is committed to supporting the needs of all its members including those of its corresponding members but where appropriate those attending events and not paying annual APLMF membership fees should contribute to the costs they incur. The Secretariat considers it is appropriate to charge a nominal attendance fee to Corresponding Members, observing guests from non-member economies and industry representatives who attend future APLMF events. It is proposed that the rate of this attendance fee will be calculated by the Secretariat and approved by the Executive Committee. It will be set at level to contribute to meeting expenses but will not be prohibitively expensive.

It is envisioned that such a nominal attendance fee would not apply to guests invited by the host economy, representatives of liaison organisations and honorary members.

Unpaid membership fees

Most member economies have paid their fees in the last financial year (2015) and this financial year (2016), with only one exception. However there are a number of outstanding payments from previous years, bringing the total in unpaid fees over the last five years to \$12,825.

Payments of the APLMF Membership Fees 2015 (and unpaid from last five years)

Category	Annual Fee US\$ 2015	Number of Member Economies	Fees (US\$) 2015		Unpaid fees 2011-2015
			Projected	Received	
1	\$675	1	\$675	\$675	\$675
2	\$1,350	8	\$10,800	\$9,450	\$12,150
3	\$2,700	3	\$8,100	\$8,100	
4	\$5,400	5	\$27,000	\$27,000	
5	\$10,800	2	\$21,600	\$21,600	
Total		19	\$68,175	\$66,825	\$12,825

At present there is no specific policy associated with dealing with unpaid fees by member economies. It is therefore proposed that the unpaid fees from the period prior to most recent financial year (i.e. prior to 2015) are written off. The Secretariat will endeavour to recover any unpaid fees from 2015.

It is further proposed that unpaid fees of more than two years will result in the Forum being asked to make a decision to revoke membership status for the economy, with the economy moving to the status of 'corresponding member economy'. Any revocation of membership will be made on a case-by-case basis by the Forum, based on the recommendation of the APLMF Executive.

Comment

The Secretariat is seeking member feedback during the Forum meeting on the issues raised in this paper and consideration of the following recommendations.

The Secretariat is willing to consider and investigate the feasibility of any alternative suggestions made by members.



Recommendations:

It is recommended that the Forum members consider this paper and:

- (1) **Agree** that the members continue to be grouped into five categories for determining the level of membership fees and that the categories are based on GDP per capita *purchasing power parity* (PPP), as outlined in Annex One.
- (2) **Agree** that member economies are categorised as set out below, and the categorisation will take effect from 1 January 2018 (note that four members move categories [noted in red]):

Category	Member Economy	Corresponding Member
1	Cambodia DPR of Korea Papua New Guinea	Lao PDR
2	Indonesia Mongolia Philippines Thailand Vietnam	Chile Colombia Peru
3	Hong Kong China New Zealand Malaysia Brunei Darussalam	
4	Australia Canada People's Republic of China Republic of Korea Chinese Taipei Singapore	Mexico Russian Federation
5	Japan United States of America	

- (3) **Note** that the current fees are not sufficient to enable the APLMF to be financially sustainable without significant cross-subsidisation (both in-kind services and supplementary financial allocations) by the member economy responsible for the APLMF Secretariat. The low financial base for APLMF restricts the ability for all economies to take up the role of the Secretariat and limits the ability of APLMF to provide services that will support the development of legal metrology in the Asia Pacific region.
- (4) **Agree** that the membership fees, to take effect 1 January 2018, are increased as follows:

Category	Current Fees US\$	Proposed Fees US\$
1	\$675	\$1000
2	\$1,350	\$2,250
3	\$2,700	\$5,500
4	\$5,400	\$9,500
5	\$10,800	\$14,250

- (5) **Note** that this increase in fees, change in categories and new members will generate USD \$131,250 in revenue for APLMF.
- (6) **Agree** to the Secretariat charging a nominal attendance fee to Corresponding Members, observing guests from non-member economies and industry representatives for attendance at future APLMF events. The amount of this nominal attendance fee will be calculated by the Secretariat and agreed by the Executive Committee.
- (7) **Agree** to write off the unpaid fees from the years prior to 2015, and for the Executive Committee to determine membership status for economies if fees go unpaid for two years or more (based on recommendations of the APLMF Secretariat).



Draft - for consultation / not approved

ANNEX ONE: APLMF Membership Categories – Based on GDP (Purchasing Power Parity) per capita 2015

Adjustments up (or down) a category for large (small) population

Member Economy	GDP Nominal 2015 (USD Millions) IMF	GDP PPP per capita 2015 IMF	GDP per capita 2015 (USD) IMF	Population (Millions) IMF	Category	Adjustment (low or high population)
Korea, DPR of	17,396	1,800	696	25.28	Category 1	
Papua New Guinea	16,090	2,652	2,085	7.72		
Cambodia	18,155	3,487	1,168	15.54		
<i>Lao PDR</i>	12,503	5,309	1,779	7.03		
Vietnam	191,454	6,024	2,088	91.68	Category 2	
India	2,090,706	6,162	1,617	1,292.71		↓
Philippines	291,965	7,254	2,858	102.15		
Indonesia	858,953	11,126	3,362	255.46		
Mongolia	11,735	12,147	3,952	2.97		
<i>Peru</i>	192,141	12,195	6,021	31.91		
<i>Columbia</i>	293,243	13,847	6,084	48.20		
China, PR	10,982,829	14,107	7,990	1,374.62		↓
Thailand	395,288	16,097	5,742	68.84		
<i>Mexico</i>	1,144,334	17,534	9,009	127.02		
<i>Chile</i>	240,222	23,460	13,341	18.01	Category 3	
<i>Russian Federation</i>	1,324,734	25,411	9,055	146.30		↓
Malaysia	296,219	26,315	9,557	31.00		
New Zealand	172,248	36,172	37,045	4.65	Category 4	↑
Korea, Republic of	1,376,868	36,511	27,195	50.63		
Japan	4,123,258	38,054	32,486	126.93		↓
Canada	1,552,386	45,553	43,332	35.83		
Chinese Taipei	523,581	46,783	22,288	23.49		
Australia	1,223,887	47,389	50,962	24.02		
United States	17,947,000	55,805	55,805	321.60		
Hong Kong China	309,931	56,701	42,390	7.31		Category 5
Brunei Darussalam	11,786	79,587	28,237	0.42	↑	
Singapore	292,734	85,253	52,888	5.54	↑	

Key	
	GDP (PPP) per capita levels
Category 1	Less than 6,000
Category 2	6,000 to 18,000
Category 3	18,000 to 36,000
Category 4	36,000 to 54,000
Category 5	Over 54,000
<i>Corresponding members (six) are noted in italics</i>	

Source: International Monetary Fund (IMF) *World Economic Outlook Database April 2016 Edition* (includes IMF staff estimates when current year data is unavailable).
<http://www.imf.org/external/pubs/ft/weo/2016/01/weodata/weoselgr.aspx> (except for DPR of Korea data sourced from UNData
<http://data.un.org/CountryProfile.aspx?crName=Democratic%20People's%20Republic%20of%20Korea>). Accessed 17 August 2016.