

Agenda Item 16: UPU CA Matters Working Group

Sub-item 16 – Report of the UPU CA Matters Working Group Meeting

Presentation by New Zealand, on behalf of Pakistan

1. Subject	References/paragraphs
Informing EC members on the work of the UPU CA Matters Working Group Working Group.	§§ 1 – 5 et seq
<p>2. Decisions expected</p> <p>The EC is asked to:</p> <ul style="list-style-type: none"> - note the update on the meeting the UPU CA Matters Working Group Working Group, including: <ul style="list-style-type: none"> - NZ volunteering to Chair on behalf of PK - Introductory comments from Pakistan. - Update on the UPU voluntary contributions task force - Update on the UPU Provident Scheme task force - Any other business, comprising the following presentation by Japan: <ul style="list-style-type: none"> ▪ The “Future Together Fund” ▪ Ensuring Legal Stability of the Acts of the Union 	<ul style="list-style-type: none"> § 1.2 § 2 § 3 § 4 § 5 § 5.1 § 5.2

1. Introduction

- 1.1 The UPU CA Matters Working Group Working Group met on Tuesday, 03 September 2019.
- 1.2 The Secretary General introduced the session, noting that due to unforeseen circumstances the Working Group Chair, Pakistan was unable to be present, and that in the interests of progressing the meeting, New Zealand had volunteered to act as Chair.
- 1.3 The acting Chair then its agenda covered the following matters.
 - Introductory comments from Pakistan.
 - Update on the UPU voluntary contributions task force
 - Update on the UPU Provident Scheme task force
 - Any other business, comprising the following presentation by Japan:
 - The “Future Together Fund”
 - Ensuring Legal Stability of the Acts of the Union

2. Introductory comments from Pakistan

The acting Chair noted that PK could not be with us today, but had provided a written message to the meeting – attached a EC 2019 Doc 16.5 Annex 1. The premise of the message from the Working Group Chair conveyed the mandate under which it works, briefly discussed some of the remuneration options to come before the 3rd Extraordinary UPU Congress in Geneva, and urged member countries to work together collaboratively, collegially and in the spirit of compromise through consensus to find a palatable solution to the challenges before us to maintain the single global postal territory and retain the current UPU membership intact.

3. Update on the UPU voluntary contributions task force

The Chair provided a brief update on the work of the Task Force on Reform of the System Applied to Contributions by Union Member Countries. (CA C 1 2019.2-Doc 7), which provides the context in which the Task Force is operating. Through Resolution C 4/2018 the CA was instructed to continue studying the issue with a view to developing a robust and sustainable contribution model proposal for submission to the 27th Congress in Abidjan. In response, the Task Force met in January and March of 2019 and plan to hold at least three further meetings ahead of the Abidjan Congress. Three contribution models are being studied:

- The UPU Tailored model – previously rejected, now being further studied and refined,
- UN Scale of Assessment model – linked to the funding model employed by the UN, also previously rejected as it created a massive imbalance and burden on a very small number of member countries with the largest GDP, and
- “Pay to Use” model – effectively a user pays model which would see contributions linked to the services of the Union consumed by a member country.

4. Update on the UPU Provident Scheme task force

The UPU Provident Scheme (Pension Fund) is significantly undercapitalised, to the tune of circa CHF60m. The Swiss financial markets authority have indicated that in this state, the fund is breaching Swiss law and could be shut down unless it is brought back within the regulations through a substantial capital injection. In light of this, a CA task force was empanelled to analyse the matter and develop options.

A preferred option was to wind up the fund as a standalone entity and to have it subsumed into the UN Joint Staff Pension Fund (UNJSPF). An initial meeting was held in March 2019. This threw up a series of previous unknown issues. The UNJSPF would require the fund to be fully capitalised and in full financial health before it could take it over. There are substantial hurdles to be overcome to even consider joining the UNJSPF, a body known for long decision-making processes. The process for the last organisation to merge into the UNJSPF took 10 years. This is time the Provident Scheme does not have.

Increasingly, it seems that the member countries will be called upon to stand behind the guarantees they made when creating the fund. The current estimate is CHF72,000 per voluntary contribution unit, and 10% more if the US leaves the Union and the solidarity principle is applied.

5. Any other business

This comprised of two presentations, both delivered by Japan:

5.1 *The “Future Together Fund” – Ministry of Internal Affairs and Communications (MIC)*

Japan’s MIC entered into a Memorandum of Understanding (MoU) with the UPU and launched the Resilient and Sustainable Future Together Fund, contributing CHF3.15m to ward sustainable development and disaster risk management and disaster recovery. In 2019 there is a new MoU for SHIFT (Shape Innovative Future Together), reinforcing existing initiatives and launching new initiatives.

New initiatives look at various uses of the postal network for business and social purposes beyond the delivery of mails. Further to this, support will be available to DOs for initiatives using leading edge technologies to add new value to postal services. In both cases an overarching goal is the support of economic and social growth, and the realisation of the UN Sustainable Development Goals.

5.2 *Ensuring Legal Stability of the Acts of the Union*

Japan Post spoke to the current situation where ratification of the Acts of the Union is a complex and sometimes difficult process for member countries, and as such can take years to achieve. Compounding this is the speed of change in the industry to which the Acts need to reflect, and the now increased frequency of Congresses, and the likelihood that the biennial mid-term Congress becomes regularised, all meaning more and more frequent updates to the Acts of the Union – all requiring governmental ratification.

In response to this growing challenge, Japan is proposing that the amended Acts take effect with member countries without actively being ratified, and that the Acts are stated such that they reflect current practices within the UPU.

Members of the Working Group are urged to review the UPU CA C 1 documents on this point as it will come before the CA 2019.2 / S6 session in October. Further to this, it would be wise for members to bring Japan’s proposal to the attention of their relevant, competent government agencies / ministries such that they can form a view and if necessary, engage with Japan on the details and implications of the proposal.

Lindsay Welsh – New Zealand
On behalf of Pakistan
Chair – APPU-EC UPU CA Matters Working Group
Tokyo
05 September 2019

Meeting of UPU CA Matters Working Group

Chair: Pakistan

Members: Australia, China, Iran, Japan, Korea, New Zealand, Pakistan,
Sri Lanka, Viet Nam

Delegates from APPU member countries, observers, ladies and gentlemen!

[MESSAGE BEGINS]

First of all we regret for not being able to physically attend the APPU EC meeting and especially the meeting of the working group on CA Matters. I have requested APPU Bureau to read my message.

Being Chair of the working group on UPU matters, Pakistan welcomes you all on behalf of the member countries of the working group that include Australia, China, Iran, Japan, Korea, New Zealand, Pakistan, Sri Lanka and Viet Nam.

The mandate of this working group was defined in agenda item 18 of 12th APPU Congress held in Tehran, Iran in 2017. The decision reads,

“The scope is primarily keeping track of developments in the UPU Council of Administration meetings and how to carry them forward to the APPU members. While the role and functions of the UPU CA were out of the purview of the Working Group, the primary area would be to observe how the Decisions made at the UPU Istanbul Congress were being implemented and the WG would coordinate with UPU and APPU on the CA decisions from time to time”.

You know that restricted Unions are the building blocks of the UPU body and the APPU is a very important region. It is very heartening that the APPU has a very great synergy among its members and we always try to have a unanimous viewpoint on issues for taking APPU positions forward.

We have been mandated to observe how the Decisions made at the UPU Istanbul Congress were being implemented and the WG would coordinate with UPU and APPU on the CA decisions from time to time.

Today’s meeting has gained enormous significance in the background of fast changes that are taking place within the Postal family. The timing of this year’s APPU-EC meeting is very crucial. We have a last chance for consultations before the forthcoming UPU Extraordinary Congress to be held later this

month which will be discussing and deciding the remuneration system that could impact on the UPU's future.

During the last CA meeting the members were offered three options regarding Reform of the Contribution System.

In accordance with the decision of the plenary session of Council of Administration in April 2019, the CA and the POC submitted 3 set of reforms proposals regarding remuneration system which is set forth as follows

- a) ***Continuing the current system while accelerating increases decided at the Istanbul Congress,***
- b) ***Adopting self-declared rates on optional basis***
- c) ***Increasing Caps in 2020 and in 2021 bringing into operation self-declared rates on optional basis while providing transition period and ceilings***

In this regard most of the countries are working to bridge the gap and our host country Japan has also played an important role in proposing a convergence option.

Pakistan will favour and play its role in keeping the integrity of UPU intact. We as Chair of this working Group urge all members not only of this Working Group but the members of APPU to collectively chalk out a strategy to keep the postal fraternity united.

We would request the members to offer their comments and try to build consensus among APPU members. We are confident that a unanimous approach would definitely benefit the members of this Region. Your active participation in the discussion is most welcome.

**On behalf of Pakistan Post
Chair of the Working Group**