



## EXECUTIVE COUNCIL 2023

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### REPORT OF THE FINANCE COMMITTEE

#### *Report by Japan*

1. The Finance Committee was attended by Japan (Chair), Australia, China, India, Korea (online), New Zealand, Pakistan, and Thailand, met on Monday, 14 August 2023.
2. The Bureau was represented by Dr VP Singh, Secretary General of APPU, Mr Sandeep KP (Consultant, APPU Bureau), and Ms. Kwanjai Kajornwuttideth (Manager, Administration and APPU Affairs).
3. The Secretary General welcomed all members to the meeting of the Committee, particularly the new Chair, Mr AOKI Yuji. He commented that the work of the Finance Committee involved a shared commitment to ensuring financial sustainability of the Union and that this was the bedrock from which progress would be made.
4. The Chair outlined the six documents that the Committee would deal with i.e.,
  - (i) Doc 6a – Report and financial statements of 2022 for the Administrative Section of APPU
  - (ii) Doc 6b – 2024 Administrative Section Budget
  - (iii) Doc 6c – Update on the Administrative Section Reserve Fund (ASRF) of the APPU
  - (iv) Doc 6d – 2024 Consultancy Section Budget
  - (v) Doc 6e – Budget for organising the 2023 APPU Executive Council Meeting by the Bureau in Bangkok
  - (vi) Doc 6f – Supplementary rule to the Financial Regulations of the APPU Bureau
5. **Doc 6a - Report and financial statements of 2022 for the Administrative Section of APPU**

#### 5.1 Topline financial information

- (i) Revenue was in line with budget at US\$214,350.
- (ii) Expenditure was under budget at US\$209,921.
- (iii) The trading outcome for 2022 was a surplus of US\$4,429.

#### 5.2 Reporting on ASRF expenditure

- (i) Rules for the management and replenishment of the ASRF require annual reporting to the EC (or Congress) on the use of funds.
- (ii) Three activities had been approved by the EC all of which were now completed in terms of use of funds. Topline details are:

Activity	Amount Approved (US\$)	Amount Spent (US\$)	Unspent Balance (US\$)
Archive management	10,000	10,000	0
Foreign exchange management	7,000	721.22	6,278.78
APPU 60 <sup>th</sup> anniversary	10,000	867.56	9,132.44

### 5.3 Discussion

- (i) THAILAND requested clarification on the difference in unbudgeted expenditure (reference Doc 6a Annex 1) where the 2022 amount was US\$18,644 v US\$2,061 in 2021. The BUREAU explained that there were two expenditure items contributing to the 2022 unbudgeted figure i.e., additional expenditure for Reform consulting work, and renovations to the apartment for the new Secretary General.

### 5.4 Decision taken

The Finance Committee **noted and approved** the report and financial statements for 2022 for the Administrative Section.

## 6. Doc 6b – 2024 Administrative Section Budget

### 6.1 Topline financial information

- (i) Revenue is projected at US\$214,350.  
(ii) Expenditure is projected at US\$206,520.  
(iii) The trading outcome for 2024 is projected at a surplus of US\$7,830.

6.2 The contribution unit is proposed to remain unchanged from that signaled at the 2022 Bangkok of US\$2,737.

6.3 Presentation of Doc 6b drew attention to EC 2023 Doc 20 in which the Bureau outlined (Plenary session on Monday, 14 August) the Key Focus Areas and Work Plan for the Bangkok Cycle. Although some of the work items in Doc 20 are of a new nature and thus require corresponding expenditure, there are currently no extra-budgetary contributions available. This means that the costs associated with such work plans must be met from the regular budget of the Administrative Section. Thus, it is imperative for the Bureau to be authorized by the EC to make necessary adjustments within the allocated expenditure categories, to ensure that overall expenditure remains within the limits approved by the EC for 2023.

### 6.4 Discussion

- (i) THAILAND asked for clarification on the inclusion of expenditure for income tax on staff retirement funding, this question being in relation to the 2012 EC decision to discontinue

the practice of the Union paying such costs. The BUREAU informed that the 2012 EC decision only applied to staff recruited after May 2012. For staff employed prior to May 2012 and still working at the Bureau, the payment of tax on behalf of these employees remained an expenditure commitment.

- (ii) PAKISTAN sought an explanation of the wording "... to adjust the amounts within the heads, provided this is within the overall expenditure as approved by the EC". The BUREAU said this related to an item such as salaries where these had been based on assumed CPI increases to be applied in 2024 but where the precise CPI adjustment will not be known until closer to the commencement of the 2024 operational year, and such other items. In such a situation, the EC is asked to approve a figure providing enough flexibility to the Bureau to adjust the amounts within the heads, provided this is within the overall expenditure as approved by the EC to meet specified obligations.

## 6.5 Decisions taken

The Finance Committee:

- (i) **Noted** Doc 6b
- (ii) **Approved** the budget for 2024
- (iii) **Authorised** APPU Bureau to adjust the amounts within the heads, provided this is within the overall expenditure as approved by the EC

## 7. Doc 6c Rev 1 – Update on the ASRF of the APPU

### 7.1 Topline financial information

- (i) Minimum financial level required: US\$80,000.
- (ii) Opening balance on 1 January 2023: Expenditure is projected at US\$327,068.
- (iii) Estimated closing balance on 31 December 2023: US\$327,068.

7.2 Based on the topline information, no supplementary funding is necessary for the ASRF in 2024.

### 7.3 Discussion

- (i) AUSTRALIA asked for clarification whether the third of the decisions proposed to the Committee (i.e., "approve the status of the ASRF for 2024") was meant to refer to 2024 or 2023 (the question being based on difficulty in approving a matter for a future unknown situation). The BUREAU replied that the reference to 2024 was specifically 1 January 2024.

### 7.4 Decisions taken

The Finance Committee:

- (i) **Noted** Doc 6c Rev 1
- (ii) **Noted** the current financial level of the ASRF
- (iii) **Approved** the status of the ASRF for 2024

## 8. Doc 6d – 2024 Consultancy Section Budget

### 8.1 Topline financial information

- (i) 2022
  - (a) Expenditure: US\$68,180.
  - (b) Voluntary contributions: US\$55,272.
  - (c) Funding required from Special Activities Fund (SAF) to cover costs: US\$12,908.
  - (d) Closing balance of SAF (31 December 2022): US\$227,359.
  
- (ii) 2023 (estimated)
  - (a) Expenditure: US\$92,162.
  - (b) Income: US\$80,500.
  - (c) Funding required from Special Activities Fund (SAF) to cover costs: US\$17,500.
  - (d) Closing balance of SAF (31 December 2023): US\$209,859.
  
- (iii) 2024 (estimated)
  - (a) Expenditure: US\$101,022.
  - (b) Income: US\$80,500.
  - (c) Funding required from Special Activities Fund (SAF) to cover costs: US\$20,522.
  - (d) Closing balance of SAF (31 December 2024): US\$189,337.

### 8.2 Notes relating to topline financial information (paragraph 8.1)

- (i) The continuation of activities from 2022 to 2023 in the RTCAP / Consultancy Section resulted from an EC decision in 2022 (Constituent meeting) that approved a two-year assignment for an enhanced role for the business unit. As part of the decision process by the 2022 EC the projected expenditure for the two-year assignment was noted as US\$186,500.
- (ii) The Bureau plans to offset some of the funding required to cover costs in 2023 and 2024 from implementing income-generating projects.

### 8.3 Discussion

- (i) CHINA drew attention to no detailed financial information on page 3 of Doc 6d for 2023 income and expenditure (in the manner that such information was provided for 2022 and 2024). It requested if the data could be provided. The BUREAU advised that the situation in 2023 was provisional regarding the publication of data i.e., the income comprised voluntary contributions, some of which had been received, and some not yet received. Notwithstanding, the Bureau could compile supplementary information to cover the question raised and have it included in the Finance Committee report to Plenary on Friday (18 August).

- (ii) CHINA informed the Committee that it had made a voluntary contribution of US\$23,000 in 2022 for the 2023 costs of the RTCAP / Consultancy Section. It will also make a voluntary contribution of US\$23,000 in 2023 for the 2024 costs. The SECRETARY GENERAL thanked CHINA for its ongoing support.

#### 8.4 Decisions taken

The Finance Committee:

- (i) **Approved** the estimated budget for the Consultancy Section for 2024
- (ii) **Approved** the estimated balance of the RTCAP Special Activity Fund for 2024

### 9. Doc 6e – Budget for organising the 2023 APPU Executive Council Meeting by the Bureau in Bangkok

9.1 In the absence of a member-country to host the 2023 EC meeting, as mandated by the General Regulations, the meeting was hosted by the Bureau. As part of this arrangement, the financial aspect is for the costs involved to be met by the members via an increase on their contribution shares.

9.2 Measures had been taken by the Bureau to minimise additional costs levied on members. Apart from prudence in expenditure across the board, the sponsorship of “day packages”/ lunch packages by five generous members (Australia, China, India, Japan, Thailand), were significant in reducing residual costs to members.

9.3 The topline financial position was estimated to be an overall additional cost to the Union of US\$11,300 for hosting the EC meeting. On current data of 79 membership contribution units, this worked out to be a provisional addition per unit of US\$143. Members will be informed in due course of the final confirmed cost to be met by the Union and the resultant increase in individual contributions.

#### 9.4 Discussion

- (i) INDIA expressed its appreciation to the other four members who had sponsored “day packages” and noted the increased cost to members in the highest contribution class (5 units) to be in the vicinity of US\$700 and, for those in lower contribution classes, the financial impact is proportionally less. INDIA, in seeking confirmation of its understanding of the additional costs, also acknowledged the success and general efficiency of the Bureau in hosting the meeting. The BUREAU thanked INDIA for its comments and confirmed that their understanding of the financial impact was correct.
- (ii) AUSTRALIA thanked the Bureau for the excellent meeting arrangements adding that, while an additional cost of US\$143 was not difficult for AUSTRALIA to absorb, for other members such as those in the Pacific Islands, it was a significant amount. AUSTRALIA asked whether, prior to invoicing for the additional costs, there might be consideration given to using the ASRF in 2024 to provide some financial relief to those who may need it. The BUREAU replied that AUSTRALIA’s inquiry was a matter that the Bureau would have considered in 2024 unprompted with reference to the possibility of more financially able members providing assistance through other projects.

## 9.5 Decisions taken

The Finance Committee:

- (i) **Noted** Doc 6e
- (ii) **Noted** the estimated expenses for the 2023 APPU EC Meeting organized by the Bureau
- (iii) **Approved** the proposal for the contribution increment in accordance with the General Regulations of APPU

## 10. Doc 6f – Supplementary rule to the Financial Regulations of the APPU Bureau

10.1 Doc 6f proposes a change to the Financial Regulations of the APPU Bureau to permit limited access of local staff (i.e., Thai nationals) to retirement funds (being employer contributions) for short-term personal needs.

10.2 The proposal reflects a delicate balance of helping out in a current difficult cost-of-living climate without over-diluting the long-term purpose of a retirement fund (to provide financial means when no longer working). The proposal is time-bound, with limits on amounts that can be borrowed, and specified repayment arrangements.

### 10.3 Discussion

- (i) AUSTRALIA asked about the requirement for providing retirement funding for APPU staff, observing that an option might be that, rather than holding the money and running it via a bank account, the funds could be given to staff annually as a bonus for their own use on an ongoing basis. The SECRETARY GENERAL noted that the APPU did its best to work within the limitations arising from its organisational status and, keeping to the forefront, the aspiration to do the best it could for staff. Included in the limitations were the fact that the APPU was an intergovernmental body, but it was not government; it was an international body, but it was not UN. The upshot was that it did not have access to Provident Funds and the strengths of other institutions to provide loans or other staff benefits. Rather, it had to do what it could with what it had, and use responsible creativity to react to the very real needs of rank-and-file colleagues. Hence, the balancing act involves providing short-term relief but protecting long-term security.
- (ii) PAKISTAN endorsed the comment from AUSTRALIA and noted that whereas hardship leads to a need to withdraw funds, the requirement to then immediately embark on a repayment plan, with interest, continues a pressured financial scenario for employees. PAKISTAN suggested that the Finance Committee could look for other ways in which the employees might not be so pressured by the repayment requirement. The SECRETARY GENERAL observed that not being required to repay would alleviate the pressure, but would be counter to the Union's long-term responsibility for employees' financial well-being.
- (iii) PAKISTAN also inquired whether staff had access to other retirement funds if they were foreign nationals. The SECRETARY GENERAL clarified that the people concerned were local staff (i.e., Thai nationals).
- (iv) INDIA wished to confirm the criteria for age, years of service, financial limits for access / use of the proposed funding line. The BUREAU provided this information.

### 10.4 Decisions taken

The Finance Committee:

- (i) **Noted** Doc 6f
- (ii) **Noted** the supplementary rule to the Financial Regulations of the Bureau of the Asian-Pacific Postal Union
- (iii) **Noted** the updated Financial Regulations of the Bureau of the Asian-Pacific Postal Union

## **11. Any other business**

- 11.1 AUSTRALIA, as Chair of the Reform Working Group (WG) presented EC 2023 Doc 13.6 (Budget for the Reform Consultant in 2024). The linkage with the Finance Committee was in Doc 6b (Annex 1, page 4) where there was overall budget provision of US\$30,000 for 2024, it being noted (on page 4 of Annex 1) that the detail regarding the Reform consultancy was set out in Doc 13.6. AUSTRALIA was informing the Finance Committee of the document for completeness of information placed before the Committee.
- 11.2 The BUREAU wished to confirm what decision AUSTRALIA was seeking from the Committee. AUSTRALIA replied that its intention was to briefly draw the attention of the Committee to Doc 13.6 and to note that it would be presented in the Reform WG on Tuesday (15 August). The BUREAU noted that Doc 13.6 makes reference to the ASRF. AUSTRALIA replied that ASRF was mentioned as a possible source of funds if the allocated budget was fully used prior to the end of 2024. However, it was only one of the options and nothing concrete was in mind.
- 11.3 The BUREAU drew attention to the fact that the ASRF cannot be used for covering ongoing budget gaps. AUSTRALIA agreed and observed that any submission for funds would need to comply with the rules, a point being that some of the Reform WG activity are one-off items that might not be considered as work of an ongoing nature.
- 11.4 INDIA confirmed the value and necessity of consultants to the work of the Union, and that such input must continue. However, what would be helpful is some information on the process followed for awarding consulting contracts and the price paid, this information being in respect of the UPU and the APPU. It was suggested that 1-2 slides with this information would assist. To emphasise the reason for asking for this detail, the UPU paid US\$100 per day for consulting services delivered remotely, and US\$200 per day for services delivered on-site. An example was provided where the UPU hires a consultant to work on a project in the APPU region, then the UPU will pay the party in question US\$100 or US\$200 per day depending on location for delivery of services.
- 11.5 The SECRETARY GENERAL referred to the apparent lack of a formal contract for the current consulting services and that audit compliance might be an issue. In addition, there might need to be a proper process for securing consulting services. A starting-point seemed to be the UPU contracting system as a model to work from. The Finance Committee might consider delving more deeply into this, but at the very least proper procurement procedures should be followed.
- 11.6 AUSTRALIA replied that it supported orderly contracting. As far as the UPU rates of remuneration were concerned, comment was not possible simply because the conditions of such payment were not known. However, from AUSTRALIA's perspective the current Reform Consultant's rate of US\$55 per hour was very cheap. It was suggested that the Bureau should work with the Consultant to tidy up the contractual side of the issue.
- 11.7 The SECRETARY GENERAL indicated that the tentative direction seemed to point to following the UPU model for process of contracting consulting services and that the Bureau should take responsibility for ensuring that contracts are in place where payments are made. However, this

process could not involve the current Reform Consultant for reasons of probity and avoidance of bias. It would be necessary, and important, to get the input of the Chair of the Reform WG at various stages of the process. AUSTRALIA replied that more detail on the UPU model would be a positive next step which, along with further thinking and consideration could augur well for an outcome that met the needs of the parties involved.

- 11.8 The Finance Committee noted the content and observed that since the matter would be taken up as part of Reform WG meeting on Tuesday, any decision on the document will depend on deliberations in the Reform WG.

**12. Conclusion of meeting**

- 12.1 The Chair of the Finance Committee thanked the members for their participation and the Bureau for their preparations and support.