



EXECUTIVE COUNCIL 2024

REPORT OF THE FINANCE COMMITTEE

Report by Japan

1. The Finance Committee was attended by Japan (Chair), Australia, China, India, Korea (online), New Zealand, and Thailand, met on Tuesday 13 August 2024.
 2. The Bureau was represented by Dr Vinaya Prakash 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 foundation of various initiatives for the future direction of the organisation.
 4. The Secretary General posed the question of whether the Finance Committee needed to be a closed meeting. If it was a meeting that was open to all members it would enhance transparency of processes and decisions as well as being an inclusive approach. The Union's finances concerned all members – an open meeting might better reflect those interests. The Secretary General expressed a keenness for this matter to be considered and that perhaps a proposal be prepared for the Plenary session on Friday, 16 August whereby a decision might be made on the Finance Committee being open to all members from 2025.
 5. The Chair outlined the six documents that the Committee would deal with i.e.,
 - (i) Doc 6a – Report and financial statements of 2023 for the Administrative Section of APPU
 - (ii) Doc 6b – 2025 Administrative Section Budget
 - (iii) Doc 6c Rev 1 – Update on the Administrative Section Reserve Fund (ASRF) of the APPU
 - (iv) Doc 21 Rev1- Review and Continuation of Consultancy Section
 - (v) Doc 6d – 2025 Consultancy Section Budget
 - (vi) Doc 22 Rev1- Establishment of Digital Library in the APPU
- 5. Doc 6a - Report and financial statements of 2023 for the Administrative Section of APPU**
- 5.1 Topline financial information
 - (i) Revenue was in line with budget at US\$225,208.11.
 - (ii) Expenditure was under budget at US\$205,519.98.
 - (iii) The auditor's report includes the income and receivables for organizing the 2023 APPU EC meeting in Bangkok, as well as the associated expenses totalling US\$10,513.
 - (iv) The trading outcome for 2023 was a surplus of US\$19,688.13.

5.2 Decision taken

The Finance Committee **noted and approved** the report and financial statements for 2023 for the Administrative Section (i.e., Doc 6a).

6. Doc 6b – 2025 Administrative Section Budget

6.1 Topline financial information

- (i) Revenue is projected at US\$209,227.
- (ii) Expenditure is projected at US\$215,814.
- (iii) The trading outcome for 2025 is projected at a deficit of US\$6,587.

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

6.3 Decisions taken

The Finance Committee:

- (i) **Noted** Doc 6b
- (ii) **Approved** the budget for 2025

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 2024: Expenditure is projected at US\$346,756.
- (iii) Estimated closing balance on 31 December 2024: US\$326,756.

7.2 Based on the topline information, no supplementary funding is necessary for the ASRF in 2025.

7.3 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 2025 (i.e., no additional funding (replenishment) is required)

8. Doc 21 Rev 1 - Review and Continuation of Consultancy Section

8.1 Referral to Finance Committee

Doc 21 Rev 1 was referred to the Finance Committee at the opening Plenary session on Monday, 12 August. It related to a proposal to extend the work of the Consultancy Section for four more years i.e., from 2025 to 2028 inclusive.

The referral sought the endorsement of the proposal by the Finance Committee. For avoidance of doubt, the endorsement related to the affordability of the proposal based on currently known financial data.

8.2 Financial background examined by the Finance Committee

- (i) **Budget:** The projected budget of the RTCAP/ Consultancy Section is USD 96,000 per year.
- (ii) **Sources of Funding:**
 - a. **Voluntary contributions:** The RTCAP/ Consultancy Section currently receives a voluntary contribution of USD 80,500 per year.
 - b. **Project Revenue:** The balance of the required budget around USD 16,000 annually, is planned to be covered through revenue generated from handling projects and consultancy services. In the year 2024, the estimated revenue from projects is USD 18,000.
- (iii) **Utilization of SAF:** In scenarios where project revenues fall short, the shortfall will be covered by the SAF. If no project revenue is generated during the proposed extension period (2025 to 2028), the total maximum call on the SAF would amount to USD 64,000.
- (iv) **Financial health and sustainability:** Even in a funding scenario with no revenue from projects, the SAF would still have a residual balance in excess of USD 120,000. This underscores the financial health and preparedness of the APPU in terms of the proposed extension of the Consultancy Section.

8.3 Decisions taken

The Finance Committee:

- (i) **Endorsed** the proposal to extend the Consultancy Section of the APPU for four more years (this being from the viewpoint of the affordability of the initiative).

9. Doc 6d – 2025 Consultancy Section Budget

9.1 Topline financial information

- (i) 2023
 - (a) Expenditure: US\$94,016.
 - (b) Voluntary contributions: US\$78,303.
 - (c) Funding required from Special Activities Fund (SAF) to cover costs: US\$15,715.
 - (d) Closing balance of SAF (31 December 2023): US\$184,464.
- (ii) 2024 (estimated)
 - (a) Expenditure: US\$99,050.
 - (b) Income: voluntary contributions of US\$80,500 and projects of US\$20,000.
 - (c) There is no deficit projected for the year 2024.
 - (d) Closing balance of SAF (31 December 2024): US\$184,464.¹
- (iii) 2025 (estimated)
 - (a) Expenditure: US\$99,590.
 - (b) Income: US\$80,500.
 - (c) Funding required from Special Activities Fund (SAF) to cover costs: US\$19,090.
 - (d) Closing balance of SAF (31 December 2025): US\$165,374.

¹ The final figure for 2024 will vary slightly given that project income may result in a small excess over costs.

9.2 Decisions taken

The Finance Committee:

- (i) **Approved** the estimated budget for the Consultancy Section for 2025
- (ii) **Approved** the estimated balance of the RTCAP Special Activity Fund for 2025
- (iii) **Noted** that the above approvals are subject to the extension of the Section by the approval of the plenary of Doc 21 Rev 1.

10. Doc 22 Rev 1 - Establishment of Digital Library in the APPU

10.1 Referral to Finance Committee

Doc 22 Rev 1 was referred to the Finance Committee at the opening Plenary session on Monday, 12 August. It related to a proposal to establish a Digital Library in the APPU.

The referral sought the endorsement of the proposal by the Finance Committee. For avoidance of doubt, the endorsement related to the use of the Administrative Section Reserve Fund (ASRF) as the financing mechanism for the initiative.

10.2 Financial background examined by the Finance Committee

- (i) As per the market study conducted by the Bureau, the establishment of the system and maintenance over the next four years will cost approximately USD 20,000.
- (ii) As a result of the prudent financial management adopted by the Bureau in 2023, the Union had been able to save USD 20,000 from the Union budget in 2023.
- (iii) It is proposed to allocate this USD 20,000 towards the establishment of the digital library.
- (iv) Of the USD 20,000, the cost of the system (hardware and software) is USD 14,000, maintenance is USD 2,000 and the procurement of e-resources is USD 4,000.
- (v) Procurement of the system will follow the general procurement rules and procedures of the Bureau for the procurement of goods and services.

10.3 Discussion

In the light of feedback at the opening Plenary session the BUREAU had revised its thinking on the sourcing of funds for the project. It proposed 90% from ASRF and 10% from training section general maintenance account. In this regard, the BUREAU also made a verbal report on how it had calculated the proportionate benefits from the Digital Library (i.e., benefits to the Union v benefits to training participants).

AUSTRALIA noted the verbal brief provided by the BUREAU and requested that the details be provided to all member-countries. Further, AUSTRALIA was of the view that a fairer split of funding would be 50% from ASRF and 50% from TSRF. In the case of any ongoing funding requirements (i.e., after the initial outlay of USD 20,000), this should be guided by actual use of the library.

NEW ZEALAND supported the view of AUSTRALIA regarding the 50/50 split of funding.

CHINA asked about which supplier prices had been used to arrive at the figure of USD 20,000, and exactly how the total figure had been calculated. The BUREAU replied that the financial estimate was a pre-tender exercise where average prices had been used to come up with a

guideline procurement value. If the project proceeded to tendering, a different final price might result based on exact market prices and options.

As far as the 50/50 split proposed by AUSTRALIA and NEW ZEALAND was concerned, the BUREAU commented that this was a complex area with so many variables involved in what is an inexact science. However, a basis has to be agreed in order to make a decision, and scope will always exist to debate such decisions. The BUREAU felt that it had a basis that supported a 90/10 split which primarily was apportioned between procurement and maintenance.

INDIA offered the view that there are two separate funding elements – capital expenditure for the purchase of assets (which might represent an investment by the Union), and operational expenditure for the annual maintenance and running costs of the system. The College is not a user-funded body – it does not have assets in its own name, they are held in the name of the Union. Some of the College's funding is wholly internal to the College (e.g., self-funded seats), whereas other funds come from Union members in the form of fellowships (i.e., the Union supports the College through member donations). It is a somewhat blurred picture when it comes to financial responsibility. None of this helps in calculating a validated split of the expenditure. But it might serve to identify that the Union membership is an active funder of training in cash and in kind and, therefore, it would not be wholly out of order for the ASRF to be used. That said, INDIA had an open mind on what the split should be.

The SECRETARY GENERAL noted that it was very difficult to know where to draw the line in a matter such as this. He suggested a split of finances based on USD 14,000 for the hardware to be met from the ASRF, and USD 6,000 for the maintenance and e-resources to be met from the training side. This could be a way forward that took account of the risk-profile of the TSRF as well as going some way to meeting the concerns of AUSTRALIA and NEW ZEALAND. In effect it would be a 70/30 split.

NEW ZEALAND sought clarification on whether the funding level was a maximum amount or whether a higher figure might be requested when confirmed market prices were known. The BUREAU replied that the figures could be considered as maximum amounts based on its market research.

NEW ZEALAND reiterated the request from AUSTRALIA for the user analysis to be made available to all members. Further, NEW ZEALAND commented that the risk profile of the TSRF might indicate that the minimum financial level needed to be raised. On this point, the BUREAU advised that the minimum financial levels of the ASRF and TSRF, as well as the role and sourcing of the SAF were some of the many matters that the BUREAU and the Reform Working Group would need to tackle before the 2026 Congress to ensure the Union is adequately resourced and organised for the future.

INDIA suggested that working on percentage splits might not be the best way to think about the matter. Rather, following the capital expenditure / operational expenditure idea submitted by the SECRETARY GENERAL could reflect a more appropriate division of responsibility i.e., the Union invests in the system via the ASRF, and the training section supports the maintenance and e-resources via its funding options.

AUSTRALIA supported the comments from INDIA and agreed with the suggestion of 70/30 split. A proviso was added that the ASRF contribution should be capped at USD 14,000 given that the final cost of the system was not known.

NEW ZEALAND supported the view from AUSTRALIA in terms of the 70/30 split as well as the capping of the ASRF contribution at USD 14,000.

The BUREAU summarised the flow of the discussion and indicated that changes to associated documents would be made to reflect new financial details for the ASRF and TSRF.

10.4 Decision taken

The Finance Committee:

- (i) **Endorsed** the revised proposal to establish a Digital Library in the APPU (this being from the viewpoint of a contribution to the system purchase cost from the ASRF capped at USD 14,000.

11. Conclusion of meeting

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