



ASIAN-PACIFIC
POSTAL
UNION

EC 2023 Doc 18
Published on 18 August 2023

Creation of a sub-group on review of financial contributions

Friday 18 August

Presentation by Australia

Executive Council Meeting
Bangkok, Thailand
14 - 18 August 2023



Context

- At the 2022 Bangkok Congress, the APPU membership approved three decisions regarding the reform of the finances of the Union.
- These are:
 - Decision C 4/2022: Interim arrangement to accommodate the UPU 0.1-unit contribution class members.
 - Resolution C 5/2022: Nauru's arrears in contributions to the APPU.
 - Recommendation C 6/2022: Full review of the financial contributions system.



Context – Decision C4/2022

- In the short-term this decision has been implemented.
- In the long-term, mechanisms need to be incorporated into the Review of Financial Contributions to give permanent effect to the decision. This includes:
 - ensuring that the future contributions system addresses situations where the UPU amends its contribution system, without requiring a corresponding amendment to the APPU Acts of the Union; and
 - consider a fair APPU contribution for UPU 0.1 contribution class members.



Context – Resolution C5/2022

- This resolution requires the Executive Council to craft a proposal to manage Nauru's historical debts to the APPU.
- This scenario and resolution also suggests the APPU should consider how to manage any potential future debts (in relation to any member).
- Forming part of the Review of Financial Contributions, this resolution can be addressed by:
 - developing proposals for the treatment of arrears, which can then be applied to Nauru's circumstances; and
 - if necessary, developing amendments to the Acts of the Union.



Context – Recommendation C6/2022

- This resolution tasks the Executive Council to undertake a full review of the financial contributions system.
- The purpose of the review is:
 - to address the now broken link between the UPU and APPU contribution systems,
 - ensure costs and benefits are aligned to reflect the modern value of the Union; and
 - present proposals and amendments to the Acts of the Union to the 2026 Congress to give effect to these changes.



Approach

- On 26 May a draft resolution was circulated amongst the members of the Finance Committee and the APPU/UPU Reform Working Group.
- The resolution proposes to deal with C5/2022 and C6/2022 together. C4/2022 is not explicitly mentioned, however its long-term implementation is inherently tied into the Review of Financial Contributions.
- On 13 June 2023, a joint meeting of the Finance Committee and the APPU/UPU Reform Working Group was held to discuss the draft resolution. After making changes, the Finance Committee and the APPU/UPU Reform Working Group endorsed the proposed resolution for consideration by the Executive Council.

Proposed resolution



- The key points of the resolution are:
 - that the 2023 Executive Council establishes a sub-committee to lead the review of financial contributions;
 - the sub-committee will be co-chaired by the Chairs of the Finance Committee and the APPU/UPU Reform Working Group and open to all Executive Council members; and
 - the sub-committee will work in a progressive way, reporting annually to the Executive Council.
- The resolution outlines that the future financial contributions system should reflect different levels of development between APPU members and be consistent, where appropriate, with the UPU contributions system.
- It should also maximise the benefits for members while minimising the need for ongoing amendments of the Acts of the Union.

Proposed resolution – part 1



Resolution

Work programme on the full review of the financial contributions system

EXECUTIVE COUNCIL

- **reaffirming** the necessity of a sustainable financial contributions system for the Asian-Pacific Postal Union (the “Union”),
- **recalling** Recommendation C 6/2022 (supported by Congress 2022 Doc 24.6) in which the 2022 Bangkok Congress recommended the Executive Council undertake a full review of the financial contributions system,
- **noting** the benefit of considering the situation of arrears in contributions to the APPU (outlined in Resolution C 5/2022, supported by Congress 2022 Doc 24.7 Rev 1 (Nauru’s arrears in contributions to the APPU)), as part of the full review of the financial contributions system,
- **acknowledging** that such a review and subsequent solutions should duly reflect differences in the level of development among member countries and ensure consistency, where appropriate, of its financial contributions system with that of the Universal Postal Union,
- **bearing in mind** that the Union should maximise the benefits gained by member countries from the Union’s activities, which can be achieved through optimised, fair and equitable apportionment of the Union’s income consisting of member countries’ contributions,
- **reaffirming** the commitment of members to minimise the need to further amend the Acts of the Union following the conclusion of the full review and the adoption of recommended solutions, wherever possible,
- **affirming** that the Executive Council needs clear guidance to achieve steady and substantial progress in these matters,
- **decides** to establish a joint sub-committee on the full review of the financial contributions system under the auspices of the Finance Committee and APPU/UPU Reform Working Group for the period between the 2023 Executive Council and the 2026 Congress for the purpose of undertaking the required reviews and to develop solutions to achieve an optimised and sustainable financial contributions system of the Union,

Proposed resolution – part 2



Decides further that:

- the Chair of the Reform Working Group and the Chair of the Finance Committee jointly co-chair the sub-committee, assisted by the Reform Consultant;
- the sub-committee be open to all members of the Executive Council, and work in close collaboration with the Bureau, to ensure a fully informed outcome;
- the sub-committee co-chairs report progress annually to the Executive Council;
- the sub-committee deliver on the following milestones:
 - by the 2024 Executive Council meeting, to analyse data, sourced by the Bureau and the Reform Consultant, on the current apportionment of the Union's income, and to identify the most appropriate income level of the Union to maximise values and benefits brought to member countries,
 - also by the 2024 Executive Council meeting, to identify and assess historical arrears in contributions by Nauru, and possible scenarios to address the issue of historical and future arrears, such as the development of a fair, equitable, and sustainable debt repayment or amortization scheme,
 - by the 2025 Executive Council meeting, to identify a sustainable, fair and equitable contribution class system of the Union, with regard to the contribution system for the Universal Postal Union and member countries' level of development, by referring, if required, to contribution systems for restricted unions governed by Article 8 of the Constitution of the Universal Postal Union,
 - also by the 2025 Executive Council meeting, to propose a resolution on the issue of historical arrears in contributions by Nauru and an approach, if required, to manage any future instances of arrears, and
 - by the 2026 Congress, to present final proposals to deliver an optimised financial contributions system minimising subsequent amendments to the Acts of the Union,
- the sub-committee, in developing its programme of activities, base its work, in the first instance, on the guidance provided in the respective initiating documents i.e., Congress 2022 Doc 24.6 (full review of financial contributions system) and Congress 2022 Doc 24.7 Rev 1 (Nauru's arrears in contributions to the APPU).

Decisions Expected



EC 2023 Doc 18 – for decision:

- **note** the action taken by the Finance Committee and the Reform WG to initiate work on two decisions made by the 2022 APPU Bangkok Congress, including the organisational approach, the work programme proposed, and preparatory data compilation work currently being done
- **approve** the creation of a Joint Sub-Committee, under the co-leadership of the Finance Committee and Reform WG, and that enables the full assignment to be undertaken