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| Council 2019 Geneva, 10-20 June 2019 |  |
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| **Agenda item: ADM 1** | **Document C19/9-E** |
| **1 April 2019** |
| **Original: English** |
| **Report by the Secretary-General** | |
| annual review of revenue and expenses | |

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| Summary  This document presents the key elements of the 2018-2019 Budget implementation, pursuant to No. 73 of the ITU Convention, which stipulates that an annual review of revenue and expenses shall be carried out by the Council.  Action required  The Council is invited to **take note** of this document.  \_\_\_\_\_\_\_\_\_\_\_\_  References  *CV/*[*Art. 4 (No. 73)*](https://www.itu.int/en/council/Documents/basic-texts/Convention-E.pdf)  [*Council Resolution 1387*](https://www.itu.int/md/S17-CL-C-0132/en) *(Biennial Budget of the Union for 2018-2019)* |

1. **Introduction**
   1. The purpose of this document is to report on the status of the implementation of the 2018-2019 Budget of the Union in relation to revenue and expenses.
2. **2018-2019 Budget overview (Resolution 1387)**
   1. The 2018-2019 Budget of the Union was adopted by the Council at its 2017 session by Resolution 1387. The biennial budget amounts to CHF 324,617,000, and is divided as follows: CHF 159,877,000 for 2018 and CHF 164,740,000 for 2019. It is based on an annual contributory unit of CHF 318,000 for Member States, i.e. zero nominal growth when compared to the previous biennia. The Budget of the Union is being implemented in conformity with Article 10 of the Financial Regulations of the Union.

2.2 Table 1 below provides the status of the 2018-2019 biennium. It shows the actual results for 2018 at 18 February 2019, subject to minor changes pending the closure of the Accounts, and the actual for 2019 at 18 February 2019 with the year-end forecast for 2019.

2.3 Expense forecast for the biennium indicates that there will be more savings from the budget implementation as indicated in the draft budget 2018-2019, mainly due to the implementation of the ICSC decision on the Geneva post adjustment and as a result of the application of efficiency measures. Therefore, the expected overall result for the 2018-2019 biennium is going to be positive.

1. **– Implementation of Budget Resolution 1387**



**3 Revenue**

3.1 The revenue of the Union consists of assessed contributions, cost recovery, interest/other revenue and overall negative withdrawal from the Reserve Account (Document C17/10 paragraph 13). Higher revenue from assessed contributions from the Member States will contribute to compensate for the shortfall foreseen from Sector Members and cost recovery revenue.

3.2 Revenue from assessed contributions represents 77% of the total 2018-2019 budgeted revenue which includes contributions from Member States, Sector Members, Associates and Academia. Table 2 below shows the breakdown of assessed contributions.

1. **– Revenue from assessed contributions**

*In thousands of Swiss francs*



3.3 The amount of the annual contributory unit is set at CHF 318,000 for 2018-2019. The number of units from Member States invoiced by 31 January 2018 is 344 ½, which is 10 ¼ units more than the budgeted units of 334 ¼. (China increased with 6 units, Pakistan increased with 1 unit, Paraguay increased with ¼ unit, Kuwait increased with 2 units, and Qatar increased with 1 unit from their previous commitments).

3.4 The amount of the annual contributory unit for Sector Members is set at CHF 63,600 for the 2018-2019 biennium and at CHF 10,600 for Associates.

3.5 Since 2011, the implementation of Resolution 169 (Rev. Busan, 2014) has generated new sources of revenue from Academia, universities and their associated research establishments. At 31 December 2018, there was a total of 145 active academia.

3.6 Revenue from sales of publications for 2018 was lower, due directly to the unique scheduling-calendar of ITU Maritime Service Publication best-sellers. The confirmed release of new editions during 2019 in 2Q and 4Q will provide ITU an increase in sales revenue for 2019, in line with the budget.

3.7 Revenue from Satellite network filings was higher than the budgeted amount as the deferred invoiced amount for the year 2018 was much lower than the previous years. For the year 2019 it is expected that the actual amount will match the budgeted amount.

3.8 Cost recovery revenue represents 22% of the total 2018-2019 budgeted revenue. The breakdown is provided in Table 3.

1. **– Revenue from Cost Recovery**

*In thousands of Swiss francs*



**4 Expenses**

4.1 With respect to expenses, continuous application of efficiency measures and efforts are being made to comply with Resolution 1387. The objective is to keep expenditure within budget.

**5 Reserve Account**

5.1 An amount of CHF 1.15 million was to be deposited to the Reserve Account during the period 2018-2019 as per Resolution 1387, as the same amount was withdrawn for the Biennium 2016-2017. In addition, management is committed to make savings from the budget implementation for an amount of CHF 3,415 million in order to balance the 2018-2019 Budget as reflected in the Resolution 1387.

5.2 The actual amount to be deposited/withdrawn from the Reserve Account will be determined at the year-end closure of the 2018 and 2019 accounts.

5.3 As instructed by the Council, the Secretary-General has on 1 January 2018 withdrawn CHF 1.0 million from the Reserve Account which was then added to the ASHI fund in order to address the unfunded long-term liabilities.

5.4 As of 31 December 2017, the balance of the Reserve Account stood at CHF 27.77 million. The result of the year 2018 will be reflected after the closing of the year. Final figures will be reflected in the Financial Operating Report for 2018.

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