

2016 Philippine Postal Corporation Annual Report HIGHLIGHTS



In response to the National Budget Circular Nos. 507 and 507-A dated January 31, 2007 and June 12, 2007, and pursuant to Republic Act 10352 otherwise known as the General Appropriations Act of 2013, the Philippine Postal Corporation prepares the 2014 Annual Report containing Corporate operations and financial performance, and marketing, administrative and management support service activities. This Report shall be published and accessible to public through the official website under the Transparency Seal menu. PHLPost Annual Report contains data provided by the offices of Assistant Postmaster Generals, Area Directors, and other offices providing Management Support Services - consolidated by the Planning, Research and Business Development Division of the Corporate Planning Department.

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I. Statement of Corporate Intent

The Philippine Postal Corporation now works not only in fulfillment of its mandate according to the Republic Act 7354 or the Postal Service Act of 1992; PHLPPost now works towards the realization of its vision and accomplishment of its mission.

A. Vision Statement

By 2020, PHLPPost is the preferred universal delivery service provider of communications, goods, and payment in every Filipino community

B. Mission Statement

The Philippine Postal Corporation (PHLPPost) provides efficient, competitive and on-time delivery of communications, goods, and payment services in any Filipino community.

C. Policy Imperatives

1. Timely and Efficient Delivery Services
2. Integrity of the postal network
3. Financial Sustainability, thus contributing to national treasury
4. Customer Centricity

D. Core Values

PHLPPost's work ethics is founded by:

Integrity. Demonstrated through adherence to honesty in work for a decent life;

Loyalty. Shown in the faithfulness to the company kindled by love for work;

Competence. That encourages confidence in the capability to be productive through teamwork and guided by wisdom; and

Commitment. Driven by passion to do good for family and country for a life well-lived.

II. Board of Directors and Management Committee

A. Board of Directors

Hon. Norman N. Fulgencio

Chairman

Hon. Joel L. Otarra

Vice Chairman

Hon. Ronaldo S. Tuazon

Member

Hon. Mama S. Lalanto, al Haj

Member

Hon. Renato R. Santico

Member

Atty. Rachelle T. Sy

Corporate Secretary

B. Executive Management Committee

Hon. Joel L. Otarra, Postmaster General and CEO

Mr. Luis D. Carlos, APMG for Marketing and Management Support Services

Mr. Robert S. Mondoñedo, APMG for Operations

Ms. Maura M. Baghari-Regis, APMG for Administration and Finance

C. Area Management Committee

Atty. Lori Ann D. Atal, Acting Area Director, Northeast Luzon

Mr. Bernardito V. Gonzales, Area Director, Northwest Luzon

Mr. Oscar V. Lazo, Area Director, Mega Manila

Mr. Reynaldo M. Malacapo, Jr., Acting Area Director, Southern Luzon

Mr. Cirio O. Espos, Area Director, Central & Eastern Visayas

Ms. Fabiolita P. Ferraris, Area Director, Western Visayas

Mr. Carlo Reynaldo S. Argana, Area Director, Eastern Mindanao

Mr. Archie V. Gonzales, Area Director, Central Mindanao

Ms. Nimia S. Acebes, Area Director, Western Mindanao

D. Management Committee

Board of Directors

Mr. Francis T. Cereno, Manager - Internal Audit Department

Office of the Postmaster General

Mr. Gilbert B. Javier, Head Executive Assistant/Chief of Staff

Mr. Peter S. Bartolome, Manager – Management Information System Department

Atty. Joselito B. Gonzales, Manager - Legal Department

Ms. Melody O. Madrigal, Manager - Human Resource Management Department

Ms. Maria Lourdes L. Rifareal, Manager - Corporate Planning Department

Atty. Lee P. Vical, Manager - Inspectorate Department

Office of the Assistant Postmaster General for Marketing and Management Support Services
The Manager, Manager - Business Lines Department
The Chief, Corporate Communication Division

Office of the Assistant Postmaster General for Operations
Engr. Augusto A. Lecciones, Manager - Network and Transport Department
Ms. Ma. Aster M. Nodalo, Manager - Surface Mail Exchange Department
Ms. Olivia M. Valderama, Manager - Service Regulations Department
Donabel A. Asuncion, Acting Manager, Airmail Exchange Department
The Manager, Express Mail Exchange Department

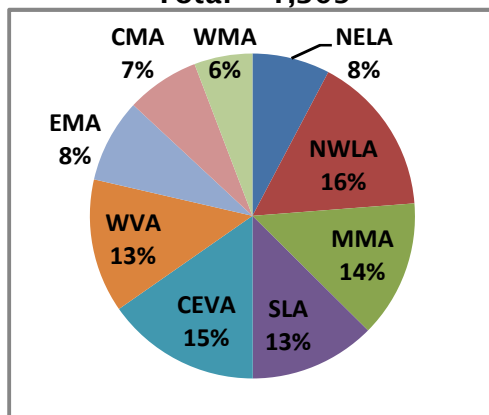
Office of the Assistant Postmaster General for Administration and Finance
Ms. Marietta B. Bertillo, Manager - Accounting Department
Ms. Lorna M. Guevarra, Manager - Fiscal Management Department
Engr. Eliezer V. Rosales, Manager - General Services Department
Engr. Irene G. Villamor, Manager - Logistics and Property Management Dept.

III. Corporate Profile

A. Postal Network

PHLPost has the capability to reach not only every street in metropolitan areas but also the most distant and remote areas in the country with its 1,309 post offices including postal stations, regular, extension, mall, barangay and school based post offices.

Number of Post Offices, 2016
Total = 1,309



Number of Post Offices by Area, by PO classification, as of end of 2016

Area	Classification							Total	
	Regular Post Office		Ext. PO	Campu s PO	Mall Based PO	Postal Station/ Satellite	Brgy. PO		Others (Missiona ry)
	Del	Non- del	Del						
NELA	71	1	26	3	0	0	0	0	101
NWLA	149	4	44	10	2	0	1	0	210
MMA	84	40	30	6	19	0	0	0	179
SLA	130	5	25	1	3	0	0	0	164
CEVA	108	6	73	5	9	0	0	0	201
WVA	88	2	32	4	3	4	0	41	174
EMA	67	0	32	2	7	0	1	0	109
CMA	70	3	15	4	3	0	0	0	95
WMA	35	2	36	3	0	0	0	0	76
Total	802	63	313	38	46	4	2	41	1,309

Source: Service Regulations Department

B. Human Resources

About 79 percent of the total 7,043 plantilla positions were already filled as of May 2016. These employees with permanent positions are complemented by the additional 2,580 contract of service employees.

Classification of Positions	Total Plantilla Positions	Filled-up	
		No.	% to Total
Management	39	34	87%
Technical	6,403	5,047	79%
Administrative	601	491	82%
Total	7,043	5,563	79%

C. Post Office Connectivity

PHLPost has connected about 406 or 31 percent of the total Post Offices in the country as of December 2016. This figure is one PO less than the total connected POs in 2015.

Area	Total POs	Connected POs	%
NELA	101	16	15.84
NWLA	210	85	40.48
MMA	179	57	31.84
SLA	164	65	39.63
CEVA	201	46	22.89
WVA	174	36	20.69
EMA	109	43	39.45
CMA	95	29	30.53
WMA	76	29	38.16
Total	1,309	406	31.02

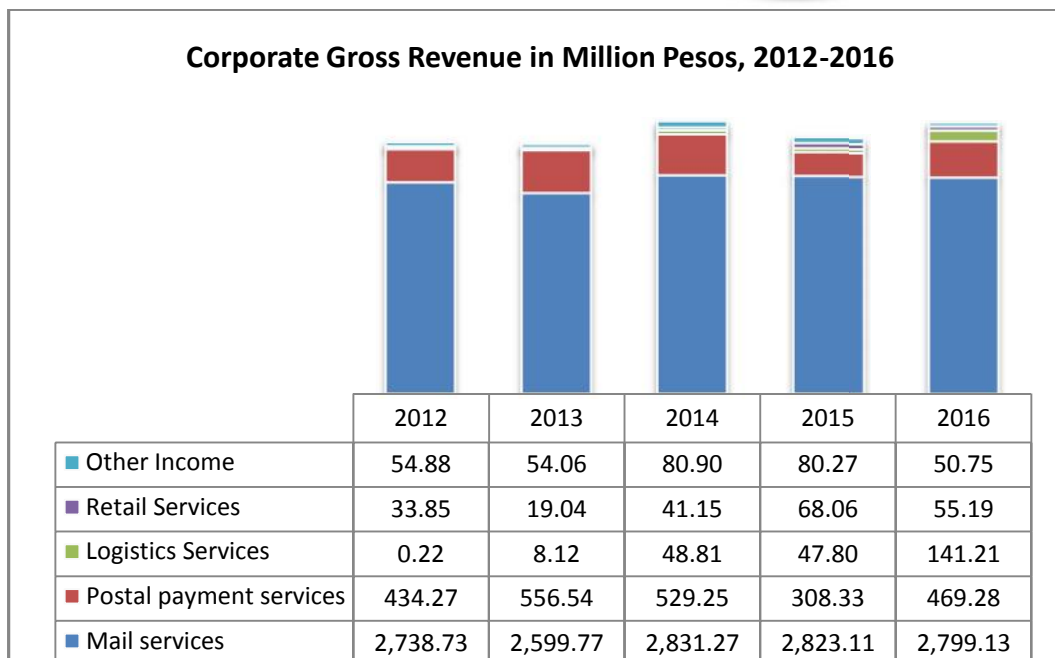
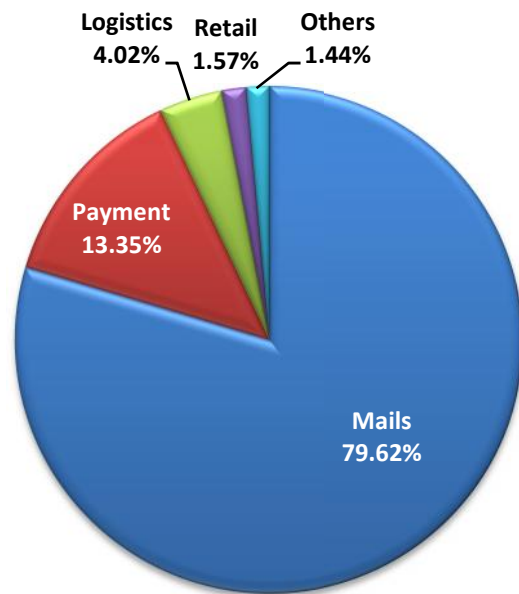
IV. Financial Performance

A. 5-Year Revenue-Expenditures Analysis

The Philippine Postal Corporation has earned a total of PhP3,515,560,030 gross revenue from its operations in 2016, a big majority of which (79.62%) of which from the mail services while the rest are from retail, postal payment, logistics, and other services.

On the other hand, majority (58.71%) of the total PhP3,545,366,178 corporate expenses are employee salaries and benefits followed by maintenance and other operating expenses (25.82%), international mail exchange expenses (15.20%), and cost of goods sold (0.27%).

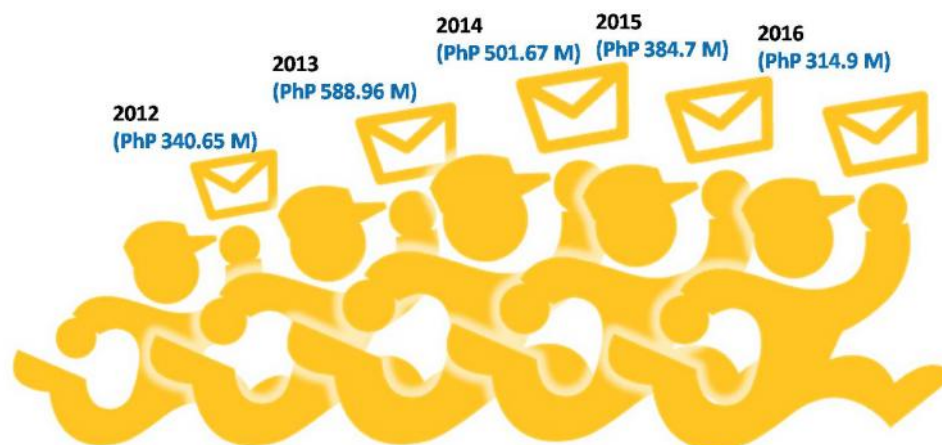
2016
Net Income after Reimbursement= PhP314,924,040 from Net Reimbursement = PhP 301,159,166 and Net Income = PhP 13,764,874
Gross Revenue = PhP 3,515,560,030



B. Historical Net Income

PHLPost revenue has an annual average growth rate 2.02% from 2012 to 2016.

PHLPost earned a gross revenue of PhP3.52 billion from its operations in 2016, big majority (79.62%) of which from the mail services while the rest are from retail, postal payment, logistics, and other services.



V. Mail Volume Delivery Services Performance

Mail volume posted has insignificantly increased from 2015 to 2016 at less than one percent while the mail volume delivered increased at 8.07 percent during the same period.

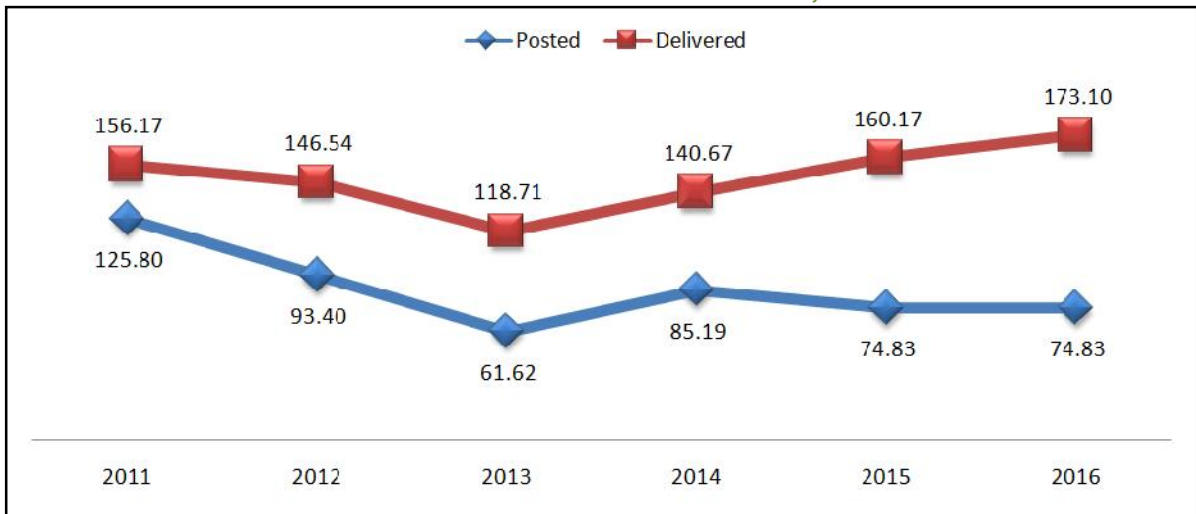
A. Mail Volume Posted and Delivered

PHLPost now has 58 country partners for express mail services and more than 200 countries for letter and parcel post services.

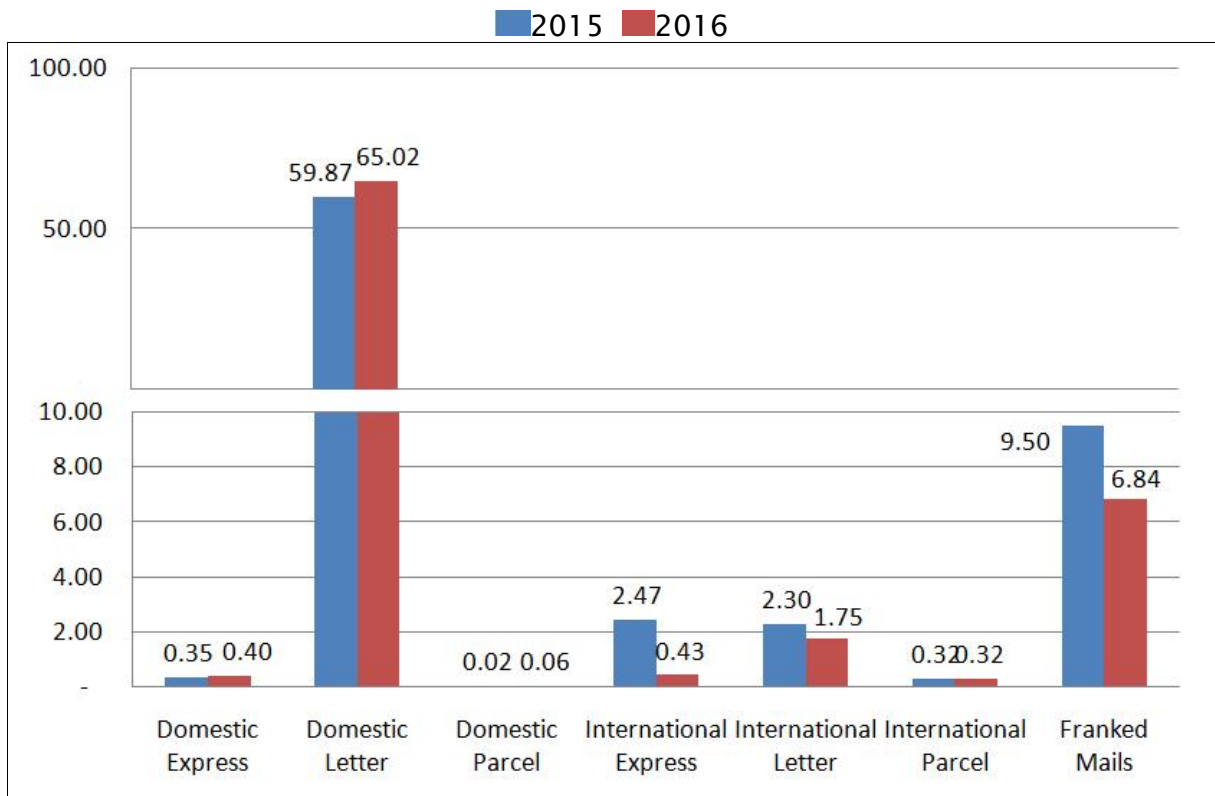
A total of 74.83 million items were posted in 2016, majority (69.9%) of which are from Mega Manila Area followed by Southern Luzon Area (7.29%) and Northwest Luzon Area (6.32%). Domestic letter post still has the most share (86.9%) of the total mail volume posted while the remaining 13.1 percent are distributed among other mail services.

Meanwhile, the increase in the volume of delivered mails may be attributed to the increase in domestic ordinary letter by more than 11 million pieces and increase in international letter post by more than two million pieces from 2015 to 2016. A little more than half (50.2 %) of the total 173.10 million mail items are delivered to Mega Manila Area followed by Southern Luzon Area (12.98%) and Northwest Luzon Area (7.77%). Most (89.7%) of the total 173.10 million delivered mail items in the country are domestic letter while the remaining 10.3 percent are distributed among other mail services.

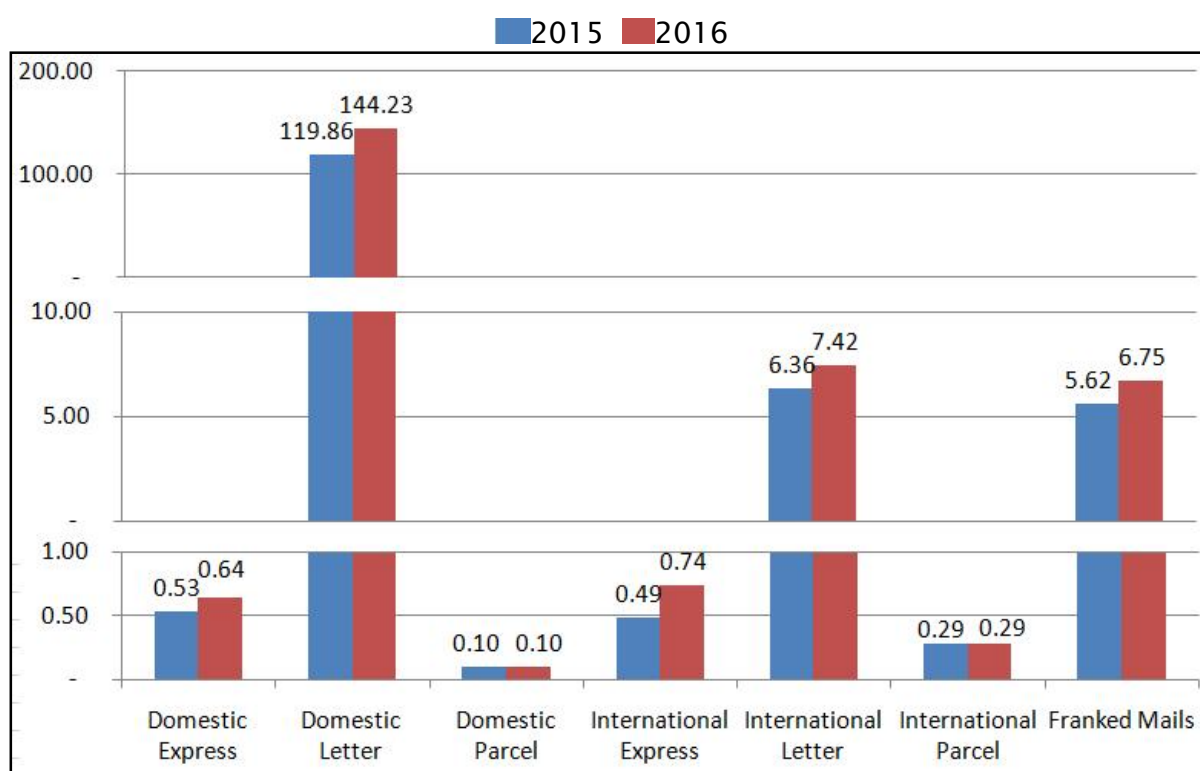
Historical Mail Volume Posted and Delivered, In Million Pieces



Comparative Mail Volume Posted by Product, In Million Pieces



Comparative Mail Volume Delivered by Product, In Million Pieces



B. Mail Delivery Service Performance

Mail delivery performance needs improvement because of the inability of most of the postal areas to meet the standard delivery time for both ordinary mails and registered mails. The table below shows the average performance of the postal areas in the 17 indicators. Delivery performances in 2016 have declined compared with the previous year based on the 13 out of 17 indicators monitored by the Service Regulations Department.

No.	Mail Type	Standard	Performance	
			2015	2016
I. Ordinary Mails				
1	Within Locality, posting to delivery	1-2 days	1.78	2.97
2	Intra-regional, PO Performance	2 days	1.89	2.98
3	Intra-regional, posting to delivery	4 days	4.23	5.74
4	Inter-regional, PO Performance	3 days	1.89	2.74
5	Inter-regional, posting to delivery	7 days	6.44	8.87
II. Registered Mails				
6	Within Locality, posting to delivery	1-2 days	1.83	3.01
7	Intra-regional, PO Performance	2 days	1.90	2.75
8	Intra-regional, posting to delivery	5 days	4.31	5.27
9	Inter-regional, PO Performance	3 days	2.13	2.73
10	Inter-regional, posting to delivery	7 days	7.09	8.85
III. Domestic Express Mails				
11	PO Performance	1 day	1.09	1.06
12	posting to delivery	3 days	3.60	3.43
IV. Domestic Parcels				
13	PO Performance	3 days	1.48	1.38

No.	Mail Type	Standard	Performance	
			2015	2016
14	posting to delivery	7 days	5.83	5.28
	V. International Express Mails			
15	Receipt at OE to delivery	3 days	1.57	2.24
	VI. Foreign Airmail			
16	Receipt at OE to delivery	7 days	3.74	4.60
	VII. Air Parcel			
17	Receipt at OE to delivery	7 days	3.44	4.09

Source: Service Regulations Department

VI. Logistics Services

Logistics and Warehousing Services have increased its revenue by almost 200 percent at PhP141.21 million in 2016 from PhP47.8 million in 2015. Major clients so far are mostly government agencies corresponding to the target market for this new service.

VII. Payment Services

The Corporation is still in the process of connecting all post offices to ensure that the electronic Postal Money Order (ePMO) will be available at all post offices soon.

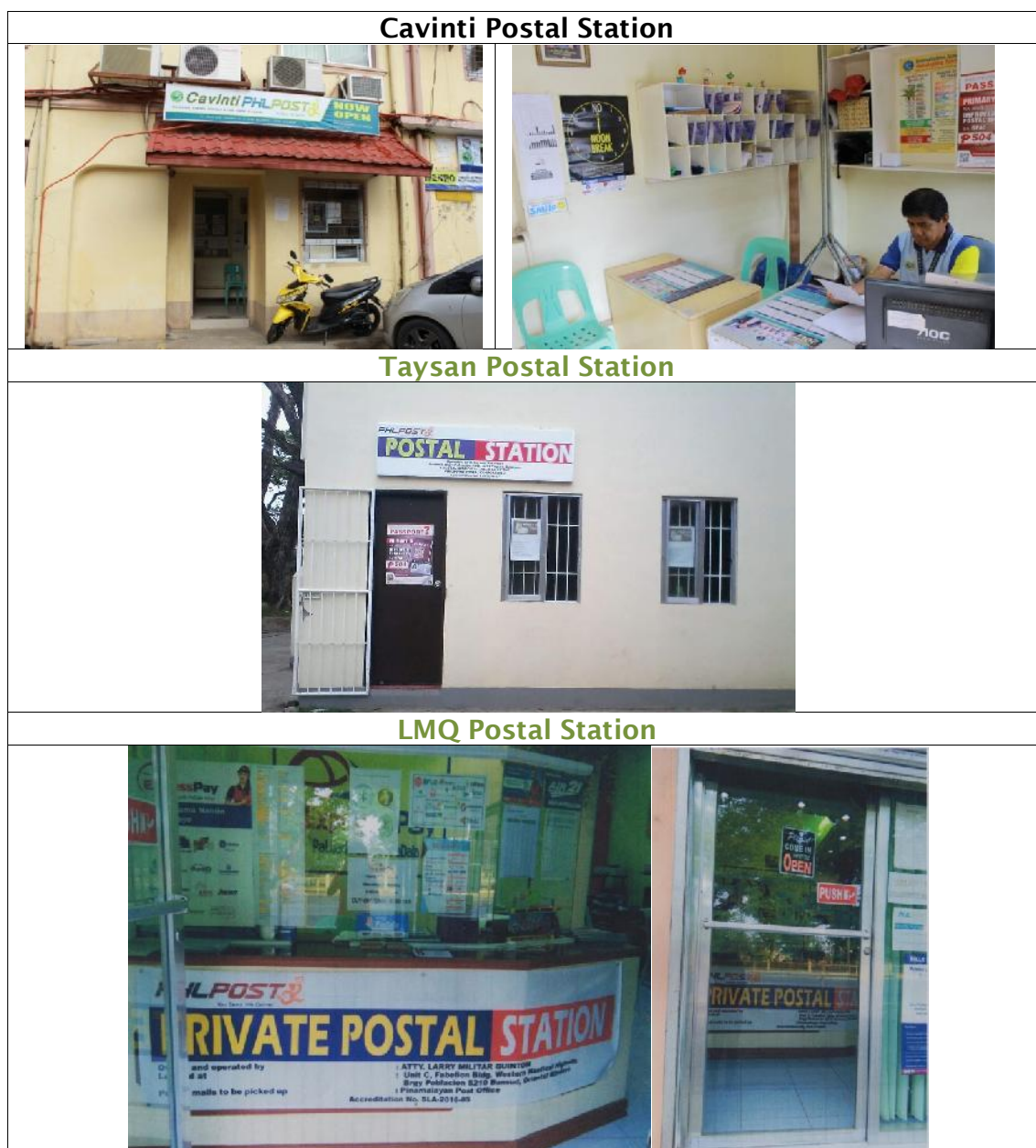
In 2016, PHLPost has already partnered with the following countries allowing electronic money transfer mostly through Eurogiro Payment network:

- | | |
|--------------|--------------------------|
| 1. Brazil | 11. Kuwait |
| 2. Brunei | 12. Malaysia |
| 3. Greece | 13. Mongolia |
| 4. Hong Kong | 14. Poland |
| 5. Singapore | 15. Romania |
| 6. Indonesia | 16. Spain |
| 7. Iran | 17. Switzerland |
| 8. Italy | 18. Thailand |
| 9. Japan | 19. United Arab Emirates |
| 10. Korea | 20. Vietnam |

PHLPost was able to issue 642,638 Postal IDs in 2016 with revenue of PhP254.98 million. All products and services under Postal Payment Services takes about 13.35 percent of the total Corporate Revenue in 2016 amounting PhP469.28 million including commission on collections, delivery service fees and income from postal ID.

VIII. Other Highlights

A. Additional three postal stations were opened in 2016 namely the Cavinti Postal Station, Taysan Postal Station, and LMQ Postal Station.



- A. PHLPost has launched the new Postal ID to media on April 2016 and was able to start the data capturing on May 2016. By the end of 2016, a total of 642,638 Postal IDs were issued featuring ___ partner merchants. This figure is 21.33% higher than the total 529,637 Postal IDs issued in 2015. A total of PhP262.57 million gross revenue were collected from Postal ID alone.
- B. The PHLPost Logistics and Warehousing Service is a continuing program aiming to develop various warehouses across postal areas. In 2016, a total of PhP141

million revenue were generated from the logistics services, almost 200 percent increase from the previous year's performance.

IX. Products and Services

A. Mail Services

1. Express Post

- a. **International Express Mail Service (IEMS)** is the fastest means of sending time-sensitive items to addresses abroad. Any articles such as documents, samples of merchandise and goods, not specifically prohibited by regulations, can be sent via IEMS. Currently, the Philippines has a bilateral agreement with 45 countries for the reciprocal exchange of EMS items.
- b. **Domestic Express Mail Service (DEMS)** is the fastest means of sending urgent messages, business documents or goods to addresses within the Philippines. Generally, DEMS items are delivered the next day after the date of mailing provided that they are posted on or before the prescribed cut-off time. Currently, the service is available in all major cities and towns nationwide.
- c. **Express Pouch** is a next day delivery guaranteed to time-sensitive and important documents. It is a guaranteed next-day door-to-door delivery to selected areas either by land or air.

2. Letter Post items include letters and post-cards weighing not more than 2 kilos which can be accepted in post offices and postal stations for delivery locally or any part of the world.

- a. **Letters** are first class mails which are either ordinary, priority or registered
- b. **Ordinary Mail** includes all unrecorded items which are charged the basic postage and delivered through the regular delivery channels. Mails are classified into first, second and third class.
- c. **Priority Mail** is a next-day delivery of unrecorded mails in Metro Manila and selected cities and towns nationwide if posted on or before 3:00PM.
- d. **Registered Mail** is accorded mail security with the entire process being recorded from acceptance to delivery to the addressee. As proof of delivery, the sender may attach a registry return receipt to be signed by the recipient. Indemnity is paid in case of loss or damage of registered mail.
- e. **Literature for the Blind** are letter post items containing writings used by the blind, sound recordings and/or special paper intended solely for the use of the blind.
- f. **M Bags** are defined as direct sacks of printed matters sent to a single addressee at a single address. There are three types of M-bags: Airmail M-bags, International Priority Airmail (IPA) M-bags, and International Surface Air Lift (ISAL) M-bags.
- g. **Articles** that meet the definition of Printed Matters include newspapers, magazines, journals, books, sheet music, catalogs, directories, commercial advertising, promotional matter, and the likes.
- h. **Small Packets** are specially provided for the transmission of goods (including trade samples), whether dutiable or not, in the same mail as Printed Papers, with a limit of two (2) kilograms and below.

3. **Parcel Post** is a convenient means of sending non-perishable foodstuff, handicrafts and other merchandise to addressees within the country and abroad. This service is available in all post offices nationwide. Parcel may be sent via air or surface means.
 - a. **Air Parcel Post** is the fastest means of sending parcels to foreign countries. This service is available only in countries with which the Philippines has bilateral agreements.
 - b. **Surface Parcel Post** is the cheapest means of sending parcels to foreign countries with which the Philippines has bilateral agreements. Surface parcels may be sent to countries where we have no bilateral agreements only through the intermediary of the United States of America.
 - c. **Insured Parcel Post** includes parcels with a maximum insured value of PhP 5,000.00 which may be accepted for delivery in selected foreign countries. At present, this service is available only to Switzerland and the United States of America and its possessions.
4. **Direct Mail** is offered by PHLPPost under its Unaddressed Advertising Mail Service (UAMS) and allows the client to get optimum advertising mileage for its products and services at the least cost. Companies can send brochures, flyers, cards, catalogues including product samples to their customers in specific areas of their choice. Moreover, they can send announcements, public notices, important news items and research or survey questionnaires which will be delivered at the doorstep of their targeted customers.
5. **Collect-on-Delivery Service (COD)** is available for mailable materials or merchandise, including books, magazines, periodicals and other printed matters which may be sent collect-on-delivery, where the amount due is paid by the addressee upon delivery of the articles.
6. **Fax Mail Service** is an electronic mail service which provides the fastest means of transmission and delivery of written messages or documents. This service is available in selected major post offices nationwide.
7. **Business Reply Envelopes/Cards (BRE/BRC)** maybe sent to parties within the country and returned by mail to the sender whose name appears on the card or envelope as the addressee upon prepayment of postage. Postage and other charges shall be paid by the addressee upon delivery. Persons or business firms desiring to avail of this service may file a written application with the Regional Office concerned. The application shall indicate the post office where the cards or envelopes are to be returned and a pledge that the postage and other charges, if any, shall be paid at the time of delivery.
8. **Address Check Service** offers to validate and provide business entities, especially those involved in direct marketing with the correct address of their customers within a locality, region or nationwide at a minimum cost.
9. **General Delivery Service** is available for transients who have no fixed address in locality. Transients can have their mails addressed c/o General Delivery Service followed by the name of the local post office.
10. **Proof of delivery (POD)** is locally offered to companies that require an assurance/proof that their mails reached their clients. Generally, POD slip is filled-out properly with the post office of entry, name of client/sender, actual date of dispatch, and delivery of the mail.
11. **International Reply Coupon** is sold to postal customers for use in prepaying reply postage from other countries. Those originating from foreign countries may be exchanged with postage stamps representing the highest charged fixed rate for an ordinary mail of the first step sent by air to a foreign country.

B. Logistics Services

The main Logistics / Warehousing hub of PHLPPost for the bulk and break-bulk cargo delivery is located at the Foreign Surface Mail Distribution Center. Such item includes light equipment, appliances, and agricultural products among many others for delivery within limited areas initially and subsequently into the international arena where bilateral agreements have been finalized with other countries.

C. Postal Payment Services

1. **Postal ID Card** is an identity card designed by the Universal Postal Union and is the most widely accepted means of identification in postal transactions both locally and worldwide.

Generally, banks and other financial institutions honor the Postal ID as proof of identity in their transactions. Postal ID cards are valid for a period of three (3) years from date of issuance.

Postal ID has been migrated to PVC card with the following features:

- Encoded with biometrics information such as facial, fingerprints and signature
- Printed with security features such as guilloche, ghost image, microprint, UV ink and hologram
- Biometric enrollment with unique identity verification through Automated Fingerprint Identification System (AFIS)
- Card verification through 2D barcode/QR code
- Magnetic stripe for data storage and for future use as a Cash/ Debit/ Remittance and/or Loyalty/ Rewards card

2. Postal Money Order

- a. **Postal Money Order (Paper-Based)** is a financial instrument issued by and payable at a post office as an alternative to sending cash thru the postal system. It is exchangeable for cash on demand and generally accepted as means of payment. All the designated domestic money order offices are also authorized to transact international money order business with Brunei Darussalam, Hong Kong, Indonesia, Japan, Korea, Kuwait, Malaysia, Qatar, Singapore, Thailand, UAE and USA. Exchange rates for international money orders are provided by the Central Office to post offices nationwide from time to time.
- b. **e-Money Order Service (e-Post MO)/Remittance Service** is an electronic remittance system that will facilitate fund transfers through an instant payout process. Aside from its real time characteristic that allows faster transmission, this service is also accessible and does not require complicated identification processes. Recipients can go to any postal station to claim their remittance. This e-money service can interface with Universal Postal Union-member countries, EUROGIRO members, and duly licensed money remittance companies, local and foreign international banks. Thus, families of OFWs can also avail of this service.

3. Agency Services

- a. Through an agreement signed between PHLPPost and the CIS Bayad Center Inc., post offices within Mega Manila and various provinces in the country shall now assume the function of collecting payments for institutional clients. This service makes it possible for selected PHLPPost post offices to function as a **Bayad Center** outlet and collect payments for utilities such as electric, water, telephone bills as well as other services
- b. Aside from institutional clients mentioned above, PHLPPOST also has an agreement with **PhilHealth** for the collection of monthly contribution from its members.

D. Retail Services

Philately or stamp collecting is considered the world's most fascinating hobby. Through philately, one can learn of a country's history, art, culture, nature and industry as depicted in special and commemorative stamps. Philatelic stamps come in different forms such as mint, cancelled, se-tenant, souvenir sheets and sheetlets. Other Philatelic products such as First-Day Covers, Stamp Albums and presentations packs are available at the Stamp and Philatelic Division of the Manila Central Post Office and in major post offices nationwide.

Postal Station is a PHLPost-authorized facility established and operated wholly or in part by a person, entity or local government unit for the purpose of performing postal business and sale of any other related products and services.

P.O. Box Rental refers to lock boxes that are installed in major post offices for rent to postal customers. These facilities provide special handling, security and utmost confidentiality of mails of individuals, business firms and government offices. They are available in three (3) different sizes such as small, medium and large.