

**[ REPUBLIC ACT NO. 7354, April 03, 1992 ]**

**AN ACT CREATING THE PHILIPPINE POSTAL CORPORATION,  
DEFINING ITS POWERS, FUNCTIONS AND RESPONSIBILITIES,  
PROVIDING FOR REGULATION OF THE INDUSTRY AND FOR  
OTHER PURPOSES CONNECTED THEREWITH**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**ARTICLE I**

**TITLE, POLICY, AND DEFINITIONS**

SECTION 1. *Title.* - This Act shall be known as the "Postal Service Act of 1992."½

SEC. 2. *Definitions.* - As used in this Act:

- a. "Corporation" shall refer to the Philippine Postal Corporation as provided for in this Act.
- b. "Letter" shall refer to a message in writing, which maybe in any language or in code, contained in a sealed or unsealed envelope or not in an envelope at all, of such physical dimensions and weights allowed by the Corporation or the Government, and intended for delivery to a person or entity displayed legibly on one of its faces.
- c. "Mail" or "mail matters" shall refer to all matters authorized by the Government to be delivered through the postal service and shall include letters, parcels, printed materials, and money orders.
- d. "Obligations" refer to all financial liabilities of the Corporation which are evidenced by promissory notes, bonds, debentures, mortgages or any other form of indebtedness.
- e. "Parcel" means a rectangular box, the dimension and weight of which is as specified by the Corporation or the Government containing goods or some form of transportable property intended for delivery to an addressee prominently displayed on at least one (1) of its sides.
- f. "Printed matter" means the reproduction upon paper, by any process except that of handwriting or typewriting, of any words, letters, characters, figures or images, or any combination thereof, not having the character of an actual and personal correspondence.

SEC. 3. *Policy and Objectives.* - The delivery of letters, parcels and other mail matters is a basic and strategic public utility which the State shall provide, directly or indirectly through, and/or with other duly authorized entities or persons. Accordingly, the collection, sorting, storage, transporting, and delivery thereof shall be done with utmost dispatch in the most economical, reliable and secure manner that available technology will permit.

The State shall pursue the following objectives of a nationwide postal system:

- a. to enable the economical and speedy transfer of mail and other postal matters, from sender to addressee, with full recognition of their privacy or confidentiality;
- b. to promote international interchange, cooperation and understanding through the unhampered flow or exchange of postal matters between nations;
- c. to cause or effect a wide range of postal services to cater to different users and changing needs, including but not limited to, philately, transfer of monies and valuables, and the like;
- d. to ensure that sufficient revenues are generated by and within the industry to finance the overall cost of providing the varied range of postal delivery and messengerial services as well the expansion and continuous upgrading of service standards by the same.

## **ARTICLE II**

### **CREATION, POWERS AND RESPONSIBILITIES OF THE PHILIPPINE POSTAL CORPORATION**

SEC. 4. *Creation.* - There is hereby created a corporate body to be known as the Philippine Postal Corporation, hereafter referred to as the Corporation, which shall be attached to the Department of Transportation and Communications for purposes of policy coordination.

SEC. 5. *Responsibilities and Functions.* - The Corporation shall have the following functions and responsibilities:

- a. to provide for the collection, handling, transportation, delivery, forwarding, returning and holding of mails, parcels, and like materials throughout the Philippines and, pursuant to agreements entered into, to and from foreign countries;
- b. to determine and dispose of, in a manner it deems most advantageous, with law and settled jurisprudence, confiscated or non-available mail matters, prohibited articles, dead letters and undelivered mails, except the sale of prohibited drugs, dangerous materials, and other banned articles as defined by law;
- c. to plan, develop, promote, and operate a nationwide postal system with a network that extends or makes available, at least ordinary mail service, to any settlements in the country.

SEC. 6. *Powers.* - To achieve its objectives and undertake its functions effectively, the Corporation shall have the following powers:

- a. to charge fees for postal services to be rendered, receipt the same, and prescribe, the manner it is to be paid and collected, subject to the provisions of this Act;
- b. to establish and maintain post offices, postal stations, collection points and related facilities and equipment of such character and in such locations that postal users throughout the Philippines will, consistent with reasonable economies of operations, have ready access to essential postal services;

- c. to issue and sell postage stamps and other stamped paper, cards, and envelopes as it may deem necessary or desirable;
- d. to issue money orders or checks for transmittal through the mails and authorize the issuance of a replacement in cases of lost, stolen, stale, or destroyed money order or check;
- e. to offer a wide array of postal services other than ordinary mail and parcels, which however, shall not be compulsory, discriminatory nor unfairly competing with similar private enterprises, such as money order, parcel, postal savings bank, philatelic, and other types of services which are internationally accepted as part of postal business;
- f. to adopt and promulgate such rules and regulations as would improve the postal system or implement the provisions of this Act.

SEC. 7. *Corporate Powers.* - The Corporation shall have all corporate powers defined under the Corporation Code, such as, but not limited to the following:

- a. to sue and be sued in its official name;
- b. to enter into and perform contracts, execute instruments, and determine the character of, and necessity for, its expenditures;
- c. to determine and keep its own system of accounts following generally accepted principles of accounting, as well as the forms and contents of its contracts and other business documents;
- d. to acquire, in any lawful manner, such personal or real property; or any interest therein, as it deems necessary or convenient in the transaction of its business; to hold, maintain, sell, lease, or otherwise dispose of such property or any interest therein; and to provide services in connection therewith and charges therefor;
- e. to construct, operate, lease, and maintain buildings, facilities, equipment, and other improvements on any property owned, controlled or leased by it;
- f. to accept gifts, donations, bequests, services, or properties, real or personal, as it deems necessary or convenient in the transaction of its business;
- g. to settle, under such terms and conditions on amounts most advantageous to it, any claim by or against it;
- h. to adopt and use a corporate seal;
- i. to exercise all other corporate powers incidental, necessary, or appropriate to its postal business.

SEC. 8. *Board of Directors.* - The powers of the Corporation shall be vested in and exercised by a Board of Directors of seven (7) members to be elected by the shareholders of record at the annual business meeting of the Corporation. Initially and to organize the Corporation, the President shall appoint all the members, with the Postmaster General as one of the members to represent the government shareholdings. When the private shareholdings become sufficient to elect at least one (1) Director, the appointment or election of directors shall be done in accordance with the Corporation Law with the Secretary of Transportation and Communications exercising the right to vote the government shares of stocks. The Board shall elect a chairman from among its members.

The members of the Board so appointed by the President shall hold office for a term of five (5) years each, except of those first appointed, two (2) members shall have a term of five (5) years, two (2) with three (3) years, and two (2) with one (1) year. Thereafter, the appointment shall be in accordance with the Corporation Law.

The Board shall meet regularly once a month and may hold special meetings to consider urgent matters upon call of the Chairman or any three (3) members. A majority shall constitute a quorum to transact business, and the vote of at least a majority of the members present at a meeting at which there is a quorum be valid as a corporate act.

The members of the Board, except the Postmaster General or his alternate, shall receive for every meeting actually attended a per diem not exceeding the lowest monthly pay of a regular postal employee, but in no case will the total amount received in any one (1) month by each member exceed four times (4x) the *per diem* per meeting. Members of the Board shall be reimbursed by the Corporation for actual expense, including travelling and subsistence expenses, incurred by them in the performance of their duties.

No member of the Board shall have financial, or pecuniary interest, directly or indirectly, in any business contract or transaction entered into by the Corporation or in any privilege granted by it. Neither shall a member have any interest, financial or otherwise in any undertaking or business with an inherent conflict of interest with the Corporation.

### **ARTICLE III**

#### **CAPITAL AND FISCAL ADMINISTRATION**

SEC. 9. *Capitalization.* - The Corporation shall have an authorized capital stocks of Ten billion pesos (P10,000,000,000.00) divided into forty-five(45) million Class "A" shares and fifty-five (55) million Class "B" shares, each voting and with a par value of One hundred pesos (P100.00). The Class "A" shares shall be fully subscribed by the Government or any of its instrumentalities, and may only be owned, sold to, bought or held by a government entity. The Class "B" shares may be owned by private entities and sold through tenders, public offerings, or the stock market, at such time, price or numbers as may be authorized by the Board in accordance with the Corporation Law.

The subscriptions of the National Government in Class "A" shares shall be paid as follows:

- a. the unexpended balances of appropriations in the current General Appropriations Act, Executive Order No. 182 and other acts in force upon approval hereof, pertaining to, held or used by, or available to the former Bureau of Posts, and its successor Postal Services Office, of the Department of Transportation and Communications;
- b. the values of all the existing assets of the Bureau of Posts and its successor office the Postal Services Office, and the various postal facilities throughout the country owned by it, to be determined by an independent appraiser within a year of the effectivity of this Act;
- c. any surplus income that may be derived from or accrued to the Corporation upon its organization into a corporate body and its assumption of the assets and liabilities of the Postal Services Office; and
- d. such amount as may be appropriated from time to time from the funds of the National Treasury not otherwise appropriated, including any outlay from the Infrastructure Program of the National Government.

SEC. 10. *Source of Funds.* - The following shall constitute the sources of funds against which the operating expenses of the Corporation may be drawn:

- a. all revenues from postal and allied services operated or rendered by the Corporation, including remittances from foreign postal administrations;
- b. proceeds of grants, donations, disposal of assets and sale of non-mailable or confiscated mail matters, loans and other form of indebtedness enter into by the Corporation,
- c. interest which may be earned on investments or on idle cash of the Corporation;
- d. drawings upon the capital or surplus of the Corporation.

SEC. 11. *Management of Funds.* - The Corporation may, from time to time, invest any of its funds not immediately required to be expended in meeting its obligations or in the discharge of its functions, in such secured notes, government securities, and other negotiable instruments that satisfy the guidelines prescribed by the Board.

All funds of the Corporation shall be deposited in such commercial and universal banks as may be accredited by the National Treasurer as depository of government funds. The Board shall designate the official signatories of the Corporation with regards to the deposit or withdrawal of the Corporation's monies in such banks.

SEC. 12. *Obligations.* - The Corporation is authorized to secure or contract domestic or foreign loans, credits and other indebtedness, and to issue bonds, notes, debentures, securities and other instruments of indebtedness as it may deem necessary to carry out the purposes of this Act, provided that:

- a. the outstanding liabilities and obligations, foreign and domestic, shall not exceed, at any time, fifty percent (50%) of its net worth;
- b. the foreign indebtedness can only be contracted with the concurrence of the Department of Finance, or under such terms and conditions established by the Central Bank;
- c. the annual amortizations on principal and interest shall not be more than twenty percent (20%) of the prior year's gross revenues;
- d. where appropriate, obligations incurred from private sources of capital may be secured by suitable assets or backed by priority claims against property of the Corporation;
- e. obligations shall be considered the sole liability of the Corporation, unless otherwise guaranteed by the Republic of the Philippines through the Secretary of Finance.
- f. issuance of bonds or long term notes shall be with prior approval of or in accordance with the rules issued by the National Treasurer.

SEC. 13. *Annual Budget.* - The Corporation shall, every year, prepare and adopt estimates of income and expenditures and capital budget of the Corporation for the ensuing year. Unless the Corporation shall require subsidy and/or a guarantee of its liability from the National Treasury, its budget for the year need not be submitted to Congress for approval and inclusion in the General Appropriations Act.

Supplementary estimates may be prepared and adopted at any of the Board meeting called for that purpose.