

MINISTRY PAPER NO _____

PERFORMANCE OF POST AND TELECOMMUNICATIONS DEPARTMENT FOR FINANCIAL YEAR 2003/2004 AND FOCUS FOR 2004/2005

1.0 Purpose of Ministry Paper

This Ministry paper is intended to provide highlights of performance of the Post and Telecommunications Department during the Financial Year 2003/2004 and the main focus for the year 2004/2005.

2.0 Background

The Postal Corporation of Jamaica (POSTCORP) was formed earlier as a transition vehicle to modernize the Post and Telecommunications Department. To facilitate this process, the Post Master General (PMG) is the chief executive officer of both entities. POSTCORP has been pursuing various creative initiatives which would have been administratively difficult to undertake within the current legal framework of the Post and Telecommunications Department. A new Postal Services Bill is now being promulgated. When passed, a new organization to be known as "Jamaica Post" will be established and the Post and Telecommunications Department and POSTCORP dissolved.

A new Board of Directors for POSTCORP was named in February 2003. The new Board took on the task of determining the status of the postal reform process, reviewing the strategic objectives and setting priorities with a view to developing a "Roadmap to Profitability" in response to its mandate.

3.0 Highlights of Achievements

3.1 Management Strategy

The POSTCORP continued to work in close cooperation with the Post and Telecommunications Department to:

- (i) develop action plans for achieving operational objectives
- (ii) set up systems for monitoring performance against targets
- (iii) deepen the process of accountability
- (iv) develop solutions for longstanding problems
- (v) share information

- (vi) up-grade skills and competencies
- (vii) agree on the new organizational structure for Jamaica Post
- (viii) establish an esprit de corps

3.2 Human Resource Development (HRD)

The Department continued its aggressive programme of up-grading the skills and competencies of supervisory and managerial personnel. The areas of weaknesses identified were in:-

- Financial accounting
- Supervision
- Report writing
- Planning
- Problem solving
- Performance Appraisal

The Accounts Department, as part of its restructuring process, implemented a landmark-training programme in collaboration with the Management Institute for National Development (MIND). Sixty-two (62) persons were exposed to five (5) modules of the Government Accounting Level 1 Course. One (1) person graduated with honours. The programme has served to significantly improve the skill base of persons working in the Accounts Department and to provide the basis for further training.

The plan for the up-grading of the Security Unit to a Security Branch was completed and submitted to the Office of the Services Commissions. There is a need to fill certain posts to properly man the system is a challenge within the current framework.

There continued to be a focus on Customer Relations, with three hundred and two (302) persons receiving training in customer service. Every effort was made to strengthen the Customer Service Unit; a customer hotline was activated and the links between the Unit and front line personnel strengthened.

The following table shows training exercises carried out during the year.

**Customer Service Training
April 2003 – March 2004**

Month	Post Office/Region	Category of workers	No. of participants
July	Central Sorting Office Windward Road	All categories Postmen	32 9
September	Central Sorting Office	All categories	21
October	Central Sorting Office Cross Roads	All categories Postmen	9 22
November	Spanish Town Corporate Area	Postmasters/Deputies -do-	25 42
December	May Pen	Postmasters/Deputies	29
February	Mandeville Spanish Town	Postmasters/Deputies -do-	34 18
March	Port Antonio St Ann's Bay Windward Road	Postmasters/Deputies -do- Postmen	24 27 10
		Total	302

3.3 Quality of Service

The most significant achievement for the year in review has been the re-engineering of the sorting and delivery operations. Implementation of this project began in July of 2003. Sorting floor operations were re-organised to ensure that the best teams were selected. The postal inspection team was strengthened to ensure closer monitoring of sorting and delivery in post offices. An end-to-end measurement system was also introduced allowing for tracking of the movement of mail. Feedback from customers and test mailings indicate that delivery standards of two to three (2-3) days in the Kingston Metropolitan Region (KMR) and four to five (4-5) days islandwide are met in

sixty five percent (65%) of mailings for letters. Continuous improvement of this process is expected.

3.4 Express Mail Services

In spite of resource constraints, the local express mail twenty-four (24) hour guaranteed service, has shown steady growth. For the period of reporting eleven thousand two hundred and sixty seven (11,267) pieces were delivered to various destinations.

Track and trace software for the express mail service has been installed and the service to Canada, the United Kingdom and the Caribbean will be re-introduced in the new Financial Year.

3.5 Infrastructure Development

Infrastructure development remains an important strategic objective for the post office. It is important that the network of offices is inviting to customers and supports the new image that the post office is seeking to convey.

3.5.1 Liguanea Post Office

The new post office at Liguanea, which is a modern state-of-the-art facility is being equipped to provide a suite of commercial services including bill payment, money transfer, virtual phone cards, fax and photocopy services. There will be an Internet café as well as facilities to provide loan repayment and tax payment services. An electronic notice board will be posted in the reception area. The plan is to install at least three thousand (3,000) private letter boxes and to rent approximately one thousand eight hundred (1,800) square feet of space to commercial enterprises.

The name of the Liguanea facility will be the Liguanea Post Mall.

3.5.2 Santa Cruz Post Office

The new post office in Santa Cruz was completed on August 26, 2003. The three thousand nine hundred (3,900) square foot facility is a prime location for commercial services, and plans are in place to establish a Post Shop in the reception area.

3.5.3 Refurbished Post Offices

Forty (40) post offices were refurbished and made ready for commercial services.

3.6 Community Based Partnerships

This is a new initiative born out of the concept that the postal service, in order to be sustainable in the long term, must work with communities and commercial partners to manage the costs of maintaining its extensive network. A number of communities have shown a commitment to doing their part in increasing accessibility to postal services. The Jamaica Bauxite Institute (JBI) through its Community Development Project has also given vital assistance in this initiative. For Financial Year 2003/2004, new postal agencies were built at the following locations:

- March Town, Hanover
- Clover Hill, St. Ann
- Cross Roads, Byndloss, St. Catherine
- Pear Tree Grove, St. Mary
- Exchange, St. Ann

Work is in progress on facilities at :-

- Shooters Hill, Manchester and;
- McCook's Pen, St. Catherine

3.7 Commercial Services

Revenue from commercial services increased by three hundred percent (300%) by the end of the reporting year and commercial services were being offered in eighty (80) post offices.

3.7.1 Bill Payment Services

Paymaster Jamaica Limited continued the build-out of its services to fifty-seven (57) post offices. One hundred and seventy (170) persons were trained in the use of the Paymaster system.

3.7.2 Remittance Services

During the period of reporting, Moneygram transactions increased by three hundred and thirty percent (330%).

3.7.3 Virtual Phone Cards

In September 2003 an agreement was signed with Aldus Limited for the sale of virtual phone cards in post offices. By the end of the year, forty eight (48) post offices carried the service.

3.7.4 International Mail Hub

In June 2003 an agreement was signed with Global Alliance Transport Services (GATS) Limited, a subsidiary of Swiss Post, to establish an international mail hub at the Norman Manley International Airport. The pilot phase of this initiative has been carried out and plans are now in place for full implementation.

3.7.5 Small Business Loans

Jamaica National (JN) Small Business Loan facility has deepened its partnership with the Post Office and now operates collection points for loan repayments at eleven (11) locations.

3.8 Government Services

The Programme for Advancement through Health and Education (PATH), which is administered by the Ministry of Labour and Social Security, was fully mobilized during the review year. The Post Office, by agreement, distributes these social benefit cheques to approximately sixty thousand (60,000) households representing one hundred and eighty thousand (180,000) beneficiaries islandwide.

3.9. Financial Out-Turn

3.9.1 Mail Volumes and Competition

For the Financial Year 2003/2004 mail volumes increased by over a quarter (27.7%) when compared with the previous year, an indication that there is growing customer confidence in the postal service. Despite the increase in volume, growing competition is cause for concern as courier and hybrid mail services continue to expand.

The fact that the Post Office is bound by international agreement to provide an accessible and affordable service to every citizen means that there must be a policy environment that recognizes the cost of this Universal Service Obligation. I

3.9.2 Revenue and Expenditure

Actual revenue for Financial Year 2003/2004 was approximately six hundred and seventy nine million dollars (\$679 M). This shows a decrease of two percent (2%) when compared with Financial Year 2002/2003 and is due mainly to terminal dues of \$26.37 M, which remain outstanding. When these amounts are collected, total revenue will exceed that of 2002/2003. The deficit for 2003/2004 is in the region of some two hundred and thirty three million dollars (\$233 M) a decrease of over one hundred and seventy two million (\$172 M) below 2002/2003. The reduction was primarily due to

arrears of over one hundred and twenty million dollars (\$120 M), in personnel costs that fell due in the 2002/2003 period.

Actual expenditure for Financial Year 2003/2004 was nine hundred and twelve million dollars (\$912 M) of which, forty three million dollars (\$43 M) will be carried forward to Financial Year 2004/2005. This includes twenty two million dollars \$22 M for statutory deductions.

Main areas of expenditure were personnel costs, which accounted for approximately six hundred and sixty million dollars (\$660 M) and mail transportation expenses that totaled some one hundred and ten million dollars (\$110 M).

4.0 Strategic Objectives Achieved

Despite resource constraints, the Post and Telecommunications Department/Postal Corporation of Jamaica persevered in its effort to realize its strategic objectives. Highlights of achievements during the review year include:-

- Issuing of drafting instructions by Cabinet for the new Postal Services Bill
- Preparation of a “Roadmap to Profitability” indicating the main inputs required to achieve this long-term objective.
- Development of the new organizational structure and securing of assistance from the Management Services Division, Ministry of Finance and Planning to prepare job descriptions for management positions.
- Re-engineering of the mail sorting and delivery systems to facilitate significant improvements in delivery times in an effort to meet international benchmarks.
- Progress towards the rationalization of mail routing and successful defense in court of the procurement process.
- Successful re-organisation, re-training and up-grading of the Accounts Department
- Increase of three hundred percent (300%) in revenue from commercial services
- More economic costing of core services
- Completion of plan for consolidating operations on the first floor of the Central Sorting Office (CSO) building. A project funding request was submitted to the Universal Postal Union (UPU) for disbursement under the Quality of Service Fund.
- Commercial services being offered in a total of eighty (80) post offices.

- Establishment of an international mail hub at the Norman Manley International Airport.
- Improved customer perception of the postal service.
- Completion of the Liguanea development

5.0 Summary of Main Programmes 2004/2005 Financial Year

As the Post Office seeks to maintain the momentum of its reform process, the strategic objectives for the 2004/2005 Financial Year are as follows:-

- Completion of final draft of the Postal Services Bill
- Completion of job descriptions for new organization
- Deepening the process of organizational development
- Automation of reporting in pilot sample of post offices
- Implementation of Private Letter Box Project, with at least four thousand (4,000) new boxes installed
- Commencement of messenger/courier service in partnership with Skypostal of the United States of America (USA)
- Strengthening of marketing and promotions programme
- Increasing revenue from remittance services
- Increasing to one hundred and twenty five (125), the number of post offices offering commercial services
- Finalization of plan to rationalize the postal network to include franchising
- Finalization of plan for infrastructure development
- Implementation of an appropriate cost-recovery postal rate
- Expansion of re-engineering process for sorting and delivery to rural post offices
- Completion of plan to rationalize postal agencies
- Continuation and enhancement of customer relations focus

- Development of a plan for regulating postal/courier sector
- Finalization of arrangements with Fiscal Services for the collection of taxes utilizing custom made software.
- Implementation of Quality of Service Project for move to the first floor so as to increase efficiency and delivery standard.
- Completion of Phase one of the establishment of a postal training school for the Caribbean.
- Acquisition of resources for the establishment of a Postal Museum in Falmouth, Trelawny.
- Expansion of scope for offering financial services, e.g. partnering with credit unions
- Identification of resources for automating post office counters.
- Implementation of the new postal coding system
- Conduct of pilot testing on the new mail hub system.

6.0 Budget for 2004/05

The approved budget for the 2004/05 financial year is \$1 billion. As mentioned earlier, at the current postal rate, the revenue earned is less than \$700 million resulting in a deficit of over \$300 M.

The major cost of the post office is personnel cost. It must be emphasized however, that postal workers are among the lowest paid. The apparent high personnel cost is really a reflection of the extensive mail network. Many of these post offices and postal agencies are uneconomical, as their level of business is not enough to cover operating cost. Hence, the choice now is either to increase postal rate to meet operating cost or to close several uneconomic post offices and postal agencies. However, as is well known any move to close a post office or a postal agency usually meets with strong resistance.

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