



ACTIVITIES FOR STAKEHOLDERS

Source: 2014 ANNUAL REPORT (UNAUDITED FIGURES) at [www.pcsso.gov.ph](http://www.pcsso.gov.ph) (transparency seal)

2014 | PCSO ANNUAL REPORT (UNAUDITED FIGURES)

Page 6

GENERAL MANAGER'S REPORT

**2014 Highlights:**  
**PCSO remains strong and resilient**

The year 2014 saw the unwavering support of Filipinos to the products and charity services of the Philippine Charity Sweepstakes Office (PCSO).

Along with other State controlled lotteries in the Asia-Pacific region, PCSO showed growth and resilience by posting a 2.2% full year on full year sales growth from its regular games (Lotto, Lotto Express (Keno) and Sweepstakes) in the amount of **P32,324,440,030.00** compared to only P31,628,841,600.00 in 2013

Similarly, aligned with the Aquino Government's thrust to alleviate poverty, PCSO approved the allocation of **P9,839,841,182.09** (i.e., charges to Charity Fund) as the agency's direct contribution to nation building and support to the promotion of the Government's universal health care program:

- ✓ *Share of Local Government Units* (P631,397,061.96);
- ✓ *Documentary Stamp Taxes remitted to the Bureau of Internal Revenue (BIR)* (P3,234,462,190.30);
- ✓ *National Shelter Program* (P40,000,000.00);
- ✓ *Commission on Higher Education* (P295,199,491.90);

- ✓ *Medical Assistance and Service Program*" (P5,173,674,534.64);
- ✓ *Health and Welfare Program* (P237,645,170.30);
- ✓ *Aid to National Calamities* (P114,828,466.37);
- ✓ *PCSO Charity Clinic* (P108,607,251.69)
- ✓ *Miscellaneous Expenses for charity* (P10,592.50);
- ✓ *Burial Assistance* (P906,500.00);
- ✓ *Purchase of ambulance for LGUs, Government Hospitals, NGOs, etc.* (P3,109,922.43)

We marked many milestones in 2014 with: (1) the opening of our 42<sup>nd</sup> Branch Office in the Province of Marinduque last November 24, 2014; (2) the operation of 9,078 retailers and/or outlets nationwide; (3) the introduction of "Peryahan" (PCSO's latest game offering on experimental run); (4) the transfer of our Head Office from the Philippine International Convention Center (Pasay City) to Sun Plaza and Conservatory buildings in Mandaluyong City, Metro Manila; (5) the first time PCSO hosted - World Lottery Association (WLA) and Asia-Pacific Lottery Association (APLA) 2014 Manila Business Seminar- last April 28 - May 1, 2014; and (6) celebration of PCSO's 80<sup>th</sup> founding anniversary with the theme, "Innovative gaming; Unwavering charity".

Moreover, we are also gearing up to implement the following: (1) Strategic Performance Management System (SPMS), as a management tool in monitoring and gauging individual performance aligned with the attainment of agency targets; (2) Trainings for Computerized Accounting System (CAS) and Human Resource Information System (HRIS); and (3) Utilization of Kaplan and Norton's

Balanced Score Card and Strategy Map model to improve four (4) key result areas in our procedures: Financial Perspective, Customer Perspective, Internal Process Perspective and Learning and Growth Perspective.

Despite the natural calamities, increase in poverty incidence and inflation that resulted in eroded incomes, the gaming public's trust and continued patronage of our games made the agency resilient despite the challenges we faced in 2014. Allow me, on behalf of the entire PCSO family, to thank our patrons and stakeholders for always supporting the games and charitable projects and program of PCSO.

Very truly yours,

**Jose Ferdinand M. Rojas II**  
Vice Chairman and General Manager

### ➤ More partners (RETAILERS)

In 2014, PCSO had 9,078 Lotto outlets (partner-retailers) nationwide after some 1,147 new outlets were installed. On the other hand, there were 1,214 newly installed Lotto Express (KENO) outlets in the same period.



Aligned with the Aquino Government's job generation program, we are happy to report that PCSO provided job opportunities for 10,292 partner-retailers for its on-line lottery games and KENO, excluding the 170,000 personnel that are directly and indirectly employed by STL agent corporations nationwide.

Efforts are underway to further improve and expand the agency's marketing and sales channels to sustain PCSO's fund generation activities for pro-poor health and medical services.

### ➤ LGU partnership for rent free Branch Offices

As part of PCSO's profitability measures, the agency resorted to engaging various LGUs to provide rent free offices or provide lots (thru usufruct) to house newly opened Branch Offices. By year end, this scheme saved PCSO P2,600,000.00 in rental fees in addition to making partner LGUs as stakeholders in the promotion of PCSO's goodwill in said localities.

### ➤ Introduction of PCSO's newest game - "Peryahan"

Peryahan was launched on experimental run in June 2014. Its business potential is making steam with the expansion of kiosks in major urban city/provinces nationwide such that by December 31, 2014, PCSO has Peryahan Games Central Lottery System Remote Access Management Terminal (RAMT) in eight (8) locations - *Butuan City, Agusan del Norte; General Santos City, South Cotabato; Davao City, Davao del Sur; Cebu, Quezon City; Antipolo City, Rizal; Buadod City, Negros Occidental; Bacayan, Iloilo; Laoag, Pangasinan and Butuan City, Agusan Del Norte* - to ensure quality control. Peryahan replaced Bingo Milyonaryo which ceased operations last November 2014.

Page 17

Peryahan Branch Office located at Naisaod Maray, Zamboanga, Cotabato City, Oriental Mindoro



### ➤ Other gaming initiatives

➤ Implementation of the simplified Agency Agreement for Lotto and Lotto Express;

➤ Approval of the Revised Implementing Rules and Regulations (IRR) governing the conduct and operations of the Philippine On-line Lottery Lotto/Lotto Express;

➤ Consistent with the agency's thrust to give preference to government agency contracts, all Lotto and Lotto Express surety bond coverage were required to patronize over private insurance companies. As a result, surety bonds became less costly for PCSO agents (retailers) from P7,000.00 (private insurance companies) to P5,600.00 (GSIS insurance coverage).

## 2. Similar games

- Small Town Lottery's (STL) contribution increased by 19.65% from P464,814,499.28 (2013 figures) to P556,188,487.95 by December 31, 2014;
- *Scratch it (scratch and match)* contribution also improved by 18.18% in the amount of P116,071,428.59 compared to only P98,214,285.73 in the year 2013;
- *Bingo Milyonaryo (on test run until November 2014)* contributed P29,866,959.23; and
- *Peryahan (on test run since June 2014)* contributed P1,217,419.19.

The proceeds received by PCSO from these games are used to augment the Charity Fund (i.e., special fund for health and medical assistance in favor of indigent patients and other social services aligned with the National Government's pro-poor health programs) and support the agency's day-to-day gaming operations nationwide.

## 3. Management initiatives for gaming

### ➤ More Branch Offices

From only 25 Provincial District Offices (PDOs) in 2011, PCSO added five (5) new Branch Offices yearly from 2012-2013.

By 2014, PCSO have 42 Branch Offices with the addition of the following: Ilocos Norte (1/29/14); Capiz (1/17/14); Bukidnon (3/24/14); Oriental Mindoro (7/21/14); Aklan (9/18/14); Zamboanga del Norte (10/20/14); Marinduque (11/24/14).

PCSO's business expansion is part of the agency's strategic measure to penetrate and develop new niche markets in the peripheries. More importantly, PCSO's presence in major Cities and Provinces is a way to make its medical, hospital and social services more accessible to indigent Filipinos.



Left photo: Opening of PCSO Dipolog Branch Office.  
Upper right photo: Opening of PCSO Aklan Branch Office.  
Middle right photo: Blessing ceremonies of the relocated PCSO Benguet Branch Office. (L-R): AGM Lisa M. Gabuya; GM Jose Teobaldo M. Rojas II, Director: Francisco G. Josaña III, Mabel V. Mamba, Betty B. Nemes and AGM Corrado C. Zafolla