



CORPORATE OPERATING BUDGET CY 2022


06 April 2021

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CORPORATE OPERATING BUDGET 2022

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CORPORATE OPERATING BUDGET CY 2022

Executive Summary

The Corporate Operating Budget (COB) for CY 2022 of the Philippine Postal Corporation was prepared taking into consideration the external and internal environment, i.e global, regional, national and local, affecting the operations of PHLPost.

It presents the strategic programs of the corporation for CY 2022 and the resources needed to implement these programs that will enable the corporation to effectively carry out its mandate and mission and attain its vision to provide quality Postal Service in the Philippines.

It includes the Plans, Activities, and Programs (PAPs) to be undertaken by the Operating Units and the allocation of resources in order to achieve the expected Corporate Outcomes for CY 2022.

For CY2022, the Revenue and Expenditure Budget and Projected Results of Operations of PHLPost are summarized below:

Revenue and Expenditure Budget, CY 2022

PARTICULARS	AMOUNT
Revenue	5,384,061,877
Revenue Net of Discount & VAT	4,920,320,497
Franking Privilege Reimbursement	516,117,681
Subsidy Income from Non-Shareholders (UPU)	48,000,000
Expenditures	
<i>Operating Expenses</i>	3,514,019,782
<i>Administrative Expenses</i>	1,312,038,529
<i>Financial Expenses</i>	2,648,712
<i>Capital Expenditures</i>	630,071,373
Surplus	25,659,782

Results of Operations, CY 2022

PARTICULARS	AMOUNT
Revenue	5,384,061,877
Revenue Net of Discount & VAT	4,920,320,497
Expenditures	
<i>Operating Expenses</i>	3,514,019,782
<i>Administrative & Financial Expenses</i>	1,312,187,241
Income from Operations	94,113,473
Earnings Before Tax (EBT)	22,679,357
Earnings After Tax	15,875,550
Franking Privilege Reimbursement	516,117,681
Subsidy Income from Non-Shareholders (UPU)	48,000,000
Bottom Line Net Income	579,993,232

Budget Narrative COB 2022

1 BACKGROUND

Revenue targets for the COB 2022 are determined using the Statistical Package for the Social Sciences (SPSS).

The proposal for Corporate Operating Budget CY 2022 considered the Priority Plans, Activities, and Projects (PAPs) and Assumptions based on normal operations of the Corporation.

The following are the economic expectations for 2022:

- a. Expected recovery of the Philippine economy thus translating in volume handled and postal business activities
- b. Improvement in the movement of goods and mail matters
- c. Increase in eCommerce transactions going through the postal system
- d. Implementation of the PhilID delivery
- e. Increase in money remittances from OFWs
- f. Consideration of the 2022 National Elections

According to the conducted market research of Nielsen, PHLPost has the most affordable price in terms of services. However, the profile of the customers is more focused on convenience (coordination and accessibility ranks highest preference) regardless of cost. The Priority PAPs reflected in this document is aimed in improving operational efficiency to meet customer needs.

In response to the Updated Philippine Development Plan (PDP), PHLPost in 2021 started the implementation of its ICT Development Program in connection to the E-Government Master Plan (DICT). It is expected that the ICT Development Plan resolves existing issues and will enhance PHLPost's capacities in providing its services thus translating in revenues.

2 OVERVIEW

The Corporate Operating Budget (COB) for CY 2022 of the Philippine Postal Corporation presents the strategic programs of the corporation for CY 2022 and the resources needed to implement these programs that will enable the corporation to effectively carry out its mandate and mission and attain its vision to provide quality Postal Service in the Philippines.

The framework of COB preparation takes into consideration the external and internal environment, i.e global, regional, national and local, affecting the operations of PHLPost.

The COB includes the Plans, Activities, and Programs (PAPs) to be undertaken by the Operating Units and the allocation of resources in order to achieve the expected Corporate Outcomes for CY 2022.

In the implementation of this budget proposal, a Cash-Based Budgeting system will be adopted. This system is being used to stick to a tighter financial budget, which allows that only projects which can be supported with cash/funds are implemented. This promotes fiscal discipline and better planning for the corporation.

3 STRATEGIC DIRECTIONS

A. Mandate, Obligations and Powers

Universal Postal Service Obligation
Preamble, Constitution of the UPU, 2018

Plenipotentiaries of the Governments of the Contracting Countries have, subject to ratification, adopted the Mission of the Union to stimulate the lasting development of efficient and accessible UNIVERSAL POSTAL SERVICES of quality in order to facilitate a communication between the inhabitants of the world by:

- a. Guaranteeing the free circulation of postal items over a single postal territory of interconnected networks;
- b. Encouraging the adoption of fair common standards and the use of technology;
- c. Ensuring cooperation and interaction among stakeholders;
- d. Promoting effective technical cooperation;
- e. Ensuring the satisfaction of customers' changing needs.

Republic Act (R.A) No. 7354, Postal Service Act of 1992

PHLPost as a government-owned and controlled corporation (GOCC) is mandated to pursue the following:

- a. Plan, develop, promote, and operate a nationwide Postal System with a network that extends or makes available at least Ordinary Mail Service to any settlement in the country;
- b. 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; and,
- c. Determine and dispose of, in a manner it deems most advantageous, with law and settled jurisprudence, confiscated, or non-mailable Mail Matters, prohibited articles, Dead Letter and undelivered Mails, except the sale of prohibited drugs, dangerous materials and other banned articles as defined by law.

Section 6, RA 7354

Powers of PHLPost to achieve the objectives and undertake the functions effectively:

- a. 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 the Act;
- b. 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;
- Issue and sell Postage Stamps and Other Stamped Paper, Cards, and Envelopes as it may deem necessary or desirable;
 - 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 Post, Postal Savings Bank, Philatelic, and Other Types of Services which are internationally accepted as part of Postal Business; and,
 - Adopt and promulgate such rules and regulations as would improve the Postal System or implement the provisions of the Act.

B. Mission, Vision and Values

The figure below shows and summarizes the Strategy Map of the Philippine Postal Corporation.

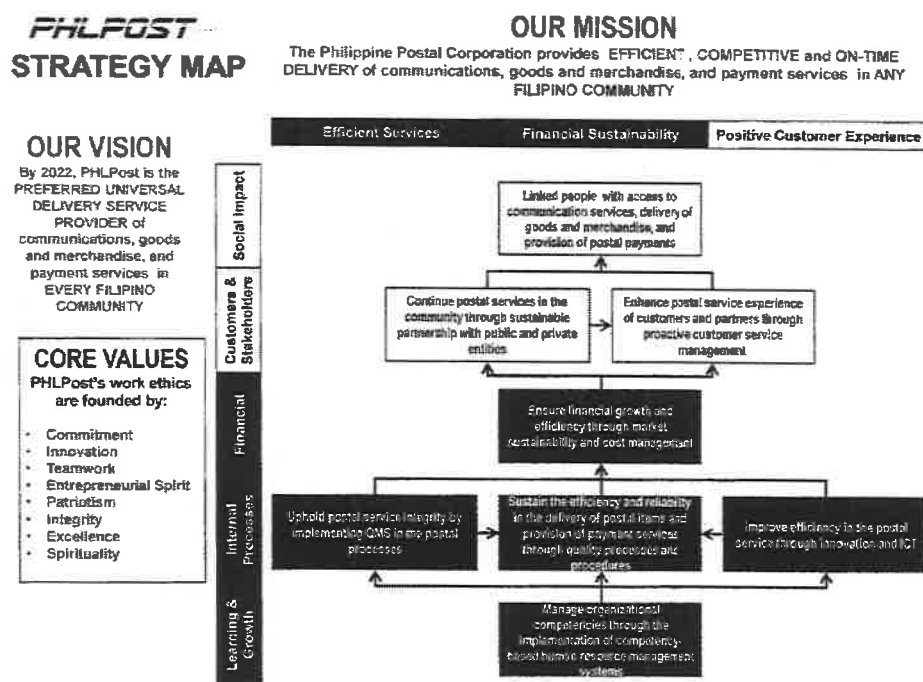


Figure 1 Strategy Map, PHLPost

C. Objectives, Goals and Targets

The corporate objectives of PHLPost are as follows:

- a. Organizational Competency – having a competent workforce with the right knowledge, relevant skills with the attitudes consistent with our corporate values, implementing a competency-based human resource management system, and addresses the competency gaps;
- b. Effective Quality Management System – to implement effective quality management systems that will improve/streamline processes and reduce wastage, improve the quality of postal services and enhance customer satisfaction, have ISO 9001:2015 Certification, and to have modernization/computerization efforts taking advantage of ICT and eCommerce opportunities and developments.
- c. Financial Sustainability – to attain revenue generation of 95%, have effective cost management, and balance between fulfilling our service obligation and maintaining profitability;
- d. Positive Customer Experience – to meet the requirements of our customers and to ensure at least 90% customer satisfaction rating; and,
- e. Access to Communications, Goods & Merchandise, and Payment Services – to build a reliable network that would give the public access to communications, goods & merchandise, and payment services through physical, digital/virtual and financial access.

D. Performance Targets

The corporate targets for CY 2022 are to maintain the leadership of PHLPost in the mail delivery services with push for express services while the Logistics and Postal Payment poised to grow.

The strategic corporate outcomes are as follows:

- a. Efficient Services;
- b. Financial Sustainability; and,
- c. Positive Customer Experience

The proposed Corporate Performance Targets for CY 2022 are as follows, represented in table 3:

- a. Positive customer experience – 33%
- b. Financial Sustainability – 12%
- c. Efficient Services – 55%



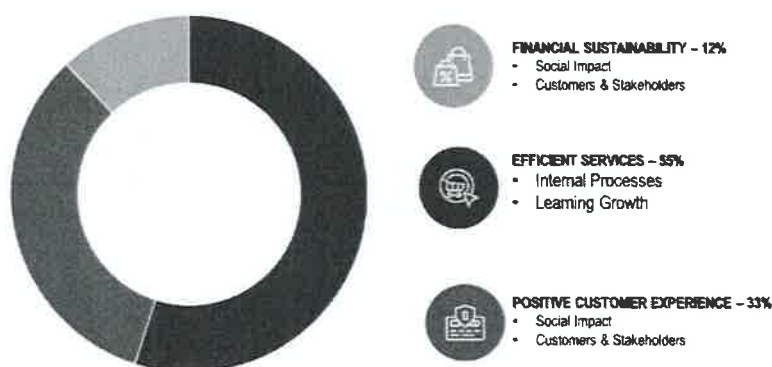


Figure 2 Corporate Performance Targets, CY 2022

4 PLANS, ACTIVITIES AND PROJECTS

A. Strategic Programs

The Roadmap 2022 of PHLPost identifies eleven (11) developmental programs which aims to make PHLPost:

- A recognized brand in Express delivery and Payment services;
- A provider of end-to-end solution for the movement of goods and merchandise;
- A hub in Asia for cross-border mails;
- Among the financially-sustainable GOCCs;
- Communication infrastructure backbone of the government; and,
- A more relevant component of the global postal industry.

These programs can be categorized into: (1) Operations, (2) Support to Operations (STO), and (3) General Administration and Support (GAS). The below table presents the strategic programs of PHLPost in each category

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
A. Operations			
1. Operations Improvement Program	Enhance quality and efficiency of postal operations	Assistant Postmaster General for Operations	Manager of: <ul style="list-style-type: none"> Airmail Exchange Department Express Mail Exchange Department Network & Transport Department Service Regulations Department Surface Mail Exchange Department
2. Area Enhancement Program	Profitability through quality of services	Area Directors	<ul style="list-style-type: none"> Area Support Services Manager Area Administrative & Finance Division Chief

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
			<ul style="list-style-type: none"> • Area Marketing Specialist • Area IT Officer • Postmasters
B. Support to Operations			
3. Integrated Marketing Communications Program	Increase market significance and improve brand awareness	Assistant Postmaster General for Marketing & Management Support Services	<ul style="list-style-type: none"> • Manager, Business Lines Department • Chief, Corporate Communications Division • Chief, New Business Office
4. ICT Development Program	Increased use of ICT in corporate processes	Manager, Management Information System Department	
5. Postal Safety and Security Program	Ensure safety and security of postal transactions	Manager, Inspectorate Department	Chief of: <ul style="list-style-type: none"> • Postal Inspection & Investigation Division • Postal Security & Intelligence Division
C. General Administration and Support			
6. Human Resources Development Program	Empower human resource towards productivity and satisfaction	Manager, Human Resources Management Department	Chief of: <ul style="list-style-type: none"> • Human Resource Management Division • Human Resource Development Division
7. Administrative Efficiency & Transparency Program	Strengthen administrative support through efficient acquisition, management, utilization and development of resources	Assistant Postmaster General for Administration & Finance	Manager of: <ul style="list-style-type: none"> • General Services Department • Logistics & Property Management Department • Chairman & Members, Bids and Awards Committee
8. Financial Management Program	Ensure effective and efficient management of financial resources	Assistant Postmaster General for Administration & Finance	Manager of: <ul style="list-style-type: none"> • Accounting Department • Financial Management Department
9. Legal Services Management Program	Ensure and guide compliance with relevant laws, regulations and procedures	Manager, Legal Department	Chief of: <ul style="list-style-type: none"> • Legal Services Division • Claims & Prosecution Division
10. Corporate Performance Monitoring Program	Enhance adaptability of the organization to change	Manager, Corporate Planning Department	Chief of: <ul style="list-style-type: none"> • Planning, Research & Business Development Division • Chief, Systems & Methods Division

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
11. Audit Efficiency Program	Provide systematic disciplined evaluation and recommendation on the effectiveness of risk management, control and governance processes	Manager, Internal Audit Department	Chief of: <ul style="list-style-type: none"> • Management Audit Division • Operations Audit Division

Table 1 Strategic Programs, PHLPost

Each Postal Area prepares and implements its Area Enhancement Program as shown in the table below

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
A. Operations			
1. Area Operations Improvement Program	Enhance quality and efficiency of Area operations	Area Support Services Manager	<ul style="list-style-type: none"> • Area Mail Distribution Center Chief • Area Sub-Distribution Center Chiefs • Postmasters • Cluster Supervisors
B. Support to Operations			
2. Area Integrated Marketing Communications Program	Increase revenue generation of and improve brand awareness within the Area	Area Director	<ul style="list-style-type: none"> • Area Marketing Specialist • Postmasters
3. Area ICT Development Program	Increased use of ICT in Area processes	Area Support Services Manager	<ul style="list-style-type: none"> • Area IT Officer • Area Mail Distribution Center Chief • Postmasters
4. Area Postal Safety and Security Program	Ensure safety and security of postal transactions in the Area	Area Support Services Manager	<ul style="list-style-type: none"> • Area Mail Distribution Center Chief • Area Sub-Distribution Center Chiefs • Postmasters • Cluster Supervisors
C. General Administration and Support			
5. Area Human Resources Development Program	Empower Area human resource towards productivity and satisfaction	Area Administrative & Finance Division Chief	<ul style="list-style-type: none"> • Area Human Resources Officer • Postmasters • Area Performance Monitoring Team
6. Area Administrative Efficiency & Transparency Program	Strengthen administrative support through efficient acquisition, management and utilization of Area resources	Area Administrative & Finance Division Chief	<ul style="list-style-type: none"> • Area Administrative Officer • Area Records Officer • Postmasters • Chairman & Members, Bids & Awards Committee

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
7. Area Financial Management Program	Ensure effective and efficient management of financial resources of the Area	Area Administrative & Finance Division Chief	<ul style="list-style-type: none"> • Area Accountant • Area Budget Officer • Area Cashier • Postmasters
8. Area Legal Services Management Program	Ensure and guide compliance with relevant laws, regulations and procedures of the Area	Area Director	
9. Area Performance Monitoring Program	Enhance adaptability of the Area to change	Area Director	<ul style="list-style-type: none"> • Area Performance Monitoring Team • Area Statistician
10. Area Audit Efficiency Program	Conduct systematic disciplined evaluation and recommendation on the effectiveness of risk management, control and governance processes in the Area	Area Director	

Table 2 Area Enhancement Program, PHLPost

B. Priority Plans, Activities and Projects

For CY 2022, the following priority programs are identified:

1. Operations Improvement Program

- Improve operational efficiency thru the continuous computerization, mechanization and digitization of mail processes.
- Ensure the continuity of postal operations and enhance postal safety and security thru the development and implementation of an enterprise-wide risk management program.
- Enhance efficiency in the movement and distribution of mails thru the implementation of a re-fleeting program.
- Improve customer service experience

2. Integrated Marketing Communications Program

- Simplification of products and services to make it attuned to the current demands and requirements of the customers and the developments in the market
- Acquisition of new clients, maintenance of existing clients and recovery of lost customers

3. ICT Development Program

- Implementation and enhancement of operational systems under the Enterprise Resource Plan: HRIPS, MMS, CFMIS, CFCS
- Connectivity of all postal outlets

4. Health and Safety Programs – COVID19

- a. Creation of the Health and Safety Committee
- b. Implementation of IATF guidelines
 - Implementation of QR Code contact tracing
 - Continuous COVID19 test through swab testing
 - Regular disinfection of common areas and offices
 - Preparation of isolation facilities
- c. Placing of markers and reminders (wearing of face masks, sanitation, and social distancing)

C. Program Cost

The total cost in the implementation of the developmental programs for CY 2022 amounted to Php 5, 458,778,396. Of the total program cost, Php 3,514,019,782 or 64% is Operating Expenses (OPEX); Php 1,314,687,241 or 24% is Administrative, Financial and Other Expenses (ADMINEX); and, Php 630,071,373 or 12% is Capital Expenses (CAPEX).

Programs relating to Operations amounts to Php 4,613,057,272 while the STO and GAS programs are Php 282,695,566 and Php 563,025,557, respectively.

The Area Enhancement Program amounts to Php 2,737,269,379 or 59% of the cost of Operations programs. Of the amount, Php 2,230,315,905 is OPEX, Php 447,928,546 is ADMINEX, and Php 59,024,928 is CAPEX.

The tables below present the Corporate Program and Area Enhancement Program Costs.

Programs	Revenue Target	Total Program Cost	Program Cost		
			Operating Expenses	Administrative, Financial, & Other	Capital Expenditure
A. OPERATIONS					
1. Operations Improvement Program	2,038,124,896	1,875,787,893	1,262,926,435	213,182,588	399,678,870
2. Area Enhancement Programs	3,302,661,207	2,737,269,379	2,230,315,905	447,928,546	59,024,928
Sub-total > Operations	5,340,786,103	4,613,057,272	3,493,242,341	661,111,134	458,703,798
B. SUPPORT TO OPERATIONS					
3. Integrated Marketing Communications	13,248,711	175,495,308	20,777,441	132,341,596	22,376,271
4. ICT Development Program		67,680,279	-	40,306,166	27,374,113
5. Postal Safety & Security Program		39,519,979		37,481,205	2,038,774
Sub-Total > STO	13,248,711	282,695,566	20,777,441	210,128,967	51,789,158
C. GENERAL ADMINISTRATION & SUPPORT					
6. Human Resources Development Program		109,591,305		105,124,137	4,467,168
7. Administrative Efficiency & Transparency Program	7,407,321	128,159,419		109,847,705	18,311,714
8. Financial Management Program	22,619,742	193,150,461		101,114,528	92,035,933
9. Legal Services Management Program		32,320,098		31,487,965	832,133
10. Corporate Performance Management Program		44,386,085		43,510,900	875,185
11. Audit Efficiency Program		55,418,189		52,361,905	3,056,284
Sub-Total > GAS	30,027,063	563,025,557	-	443,447,140	119,578,417
Total	5,384,061,877	5,458,778,396	3,514,019,782	1,314,687,241	630,071,373

Table 3 Program Cost, Plans, Activities, and Projects, Strategic Programs CY 2022

Postal Area	Expected Outcome (Revenue)	Total Program Cost	% to Total	Program Cost		
				Operating Expenses	Administrative, Financial, and Other Expenses	Capital Expenditure
Northeast Luzon	116,768,105	173,818,649	6.35%	137,846,533	30,798,126	5,173,990
Northwest Luzon	368,241,368	452,849,484	16.54%	395,667,195	51,189,089	5,993,200
Mega Manila	1,854,377,980	977,471,260	35.71%	836,377,306	113,630,954	27,463,000
Southern Luzon	265,930,129	254,738,393	9.31%	207,581,651	45,329,275	1,827,466
Central & Eastern Visayas	218,244,043	236,598,978	8.64%	187,410,902	47,948,075	1,240,000
Western Visayas	151,229,657	220,367,633	8.05%	168,886,154	46,979,361	4,502,118
Eastern Mindanao	183,253,925	192,962,561	7.05%	153,377,903	34,711,759	4,872,900
Central Mindanao	89,616,001	150,561,295	5.50%	93,564,839	49,694,202	7,302,254
Western Mindanao	55,000,000	77,901,127	2.85%	49,603,422	27,647,705	650,000
Total	3,302,661,207	2,737,269,379		2,230,315,905	447,928,546	59,024,928
% to Total		100%		81%	16%	2%

Table 4 Program Cost, Plans, Activities, and Projects, Area Enhancement Program CY 2022

5 CORPORATE TARGETS

A. Revenue Assumptions

The total revenue targets are expected to be from 61% of the maintained revenue from existing Corporate/Institutional clients, 29% shall be from newly acquired Corporate/Institutional Customers, increase in volume transactions from existing clients is expected to provide 4% of the target, 2% shall be from recovery of lost clients, 2% from seasonal/special revenue generating projects and 2% from the maintenance of other sources of income.

The proposed Revenue will be generated from the following assumptions:

1. Recovery of lost corporate/institutional/retail clients.
2. Maintain and increase volume/transactions from existing corporate/institutional clients and Acquire new corporate/institutional clients
3. Introduction of new products & services relevant to the current situation
4. Enhancement of seasonal/special revenue-generating projects

B. Revenue Targets

The proposed Corporate Revenue Targets for CY 2022 amounts to Php 5,384,061,877.

Of the total revenue target, Php 3,329,184,439 or 62% will be generated from Mail Services, Php 1,502,061,019 or 28% from Express Mail Services; Php 89,847,105 or 2% from Logistics Services; Php 308,369,507 or 6% from Payment and Retails Services; and Php 154,599,807 or 3% will be generated from Other Income Sources. The table below summarizes the 2022 revenue targets per business line:

PRODUCTS/SERVICES	Total	% to Total	2021 (Estimate)	2020 (Unaudited)
Mail Services	3,329,184,439	62%	1,910,639,077	1,016,490,648
Express Mail Services	1,502,061,019	28%	1,205,156,918	771,924,923
Logistics Services	89,847,105	2%	70,301,212	18,210,821
Payment & Retail Services	308,369,507	6%	328,914,677	289,871,657
Other income	154,599,807	3%	104,532,034	29,463,182
Total	5,384,061,877	100%	3,619,543,918	2,125,961,231

Table 5 Corporate Revenue Targets, CY 2022

Attached is the detailed revenue target per product/service (Annex A)

The distribution of the Revenue target per Operating Unit is shown below.

Operating Units	Total	% Share	Mail Services	Express Mail Services	Logistics & Warehousing Services	Payment & Retail Services	Other Income
Northeast Luzon Area	116,768,105	2%	55,360,121	44,410,902	1,549,486	14,511,087	936,509
Northwest Luzon Area	368,241,368	7%	156,901,949	131,064,263	3,682,414	58,377,216	18,215,527
Mega Manila Area	1,854,377,980	34%	1,148,421,541	572,245,564	-	94,525,754	39,185,121
Southern Luzon Area	265,930,129	5%	102,144,236	133,292,615	7,078,863	19,544,350	3,870,065
Central & Eastern Visayas Area	218,244,043	4%	109,765,316	86,274,432	2,152,513	13,103,912	6,947,869
Western Visayas Area	151,229,657	3%	60,852,081	47,921,824	4,974,315	31,196,878	6,284,558
Eastern Mindanao Area	183,253,925	3%	62,338,846	72,549,683	7,656,936	40,708,460	-
Central Mindanao Area	89,616,002	2%	41,579,497	29,436,037	5,752,578	11,173,139	1,674,750
Western Mindanao Area	55,000,000	1%	20,000,000	16,000,000	7,000,000	11,980,000	20,000
Central Office	2,081,400,669	39%	1,571,820,852	368,865,699	50,000,000	13,248,711	77,465,407
Total	5,384,061,877		3,329,184,439	1,502,061,019	89,847,105	308,369,507	154,599,807

Table 6 Proposed Revenue Targets by Operating Units, CY 2022

1. Mail Services

The revenue target for Mail Services in CY 2022 is Php 3,329,184,439 or 62% of the corporate revenue target.

- Of the target, PhP1,793,985,602 or 54% will be generated from existing institutional and retail clients where ordinary mail service still dominated the share in the revenue
- Revenue from new corporate clients is PhP1,265,166,353 or 38% where registered mail service has the biggest share due to PhilSys ID delivery which represents 34.3% share of this target, while it represents 21.2% of the total corporate revenue.
- The promotion of new products such as tracked mail and e-packet services will contribute in the attainment of the projected revenue of mail services
- With the new direction to undertake door to door delivery of parcel in Mega Manila and other identified provinces, revenues for Parcel Services is expected to increase due to increased patronage and delivery fee.
- Additional revenues come from existing corporate institutional clients which is PhP123,102,850 or at 4%, lost and recovered customers PhP82,312,418 or at 2% and from special/Seasoned revenue generating projects PhP64,617,217 or at 2%.

PRODUCTS/SERVICES	Total	% to Total	Maintain Existing Revenue	Acquisition of New Corporate / Institutional Customers	Increase Volume / Transactions of Existing Corporate / Institutional Clients	Recovery of Lost Corporate / Institutional Clients	Special / Seasonal Revenue-Generating Projects
MAIL SERVICES							
Domestic							
Ordinary	886,098,273	27%	742,029,351	37,222,958	43,153,701	43,744,484	19,947,779
Registered Mail	467,468,630	14%	355,541,020	25,642,967	44,447,162	21,447,118	20,390,363
PHILID Delivery	1,142,400,000	34%	-	1,142,400,000	-	-	-
Parcel	39,966,942	1%	7,320,824	30,645,236	972,453	538,409	490,020
Others	6,570,229	0%	4,030,308	914,267	835,314	539,587	250,753
International							
Ordinary	126,223,514	4%	88,887,517	9,032,278	13,865,226	6,836,308	7,602,185
Registered Mail	89,487,989	3%	59,938,483	9,497,600	9,878,032	4,539,352	5,634,522
Parcel	86,851,932	3%	63,235,355	1,910,715	9,495,872	4,223,761	7,986,230
Inbound Delivery Income	316,904,693	10%	311,614,043	5,290,650	-	-	-
Direct Access / Entry Income	111,195,012	3%	111,195,012	-	-	-	-
Others	56,017,225	2%	50,193,689	2,609,682	455,090	443,399	2,315,365
TOTAL	3,329,184,439	100%	1,793,985,602	1,265,166,353	123,102,850	82,312,418	64,617,217

Table 7 Revenue Assumptions for Mail Services, CY 2022

2. Express Services

The revenue target for Express Mail Services in CY 2022 is Php 1,502,061,019 or 28% of the corporate revenue target.

- Of the target, Php1,005,584,951 or 67% will be generated from the existing institutional and retail clients
- With improved delivery and track & trace efficiency it is assumed that the express mail service will continue to increase. Promotion of ePacket both for domestic and international as well as collaboration with DTI on the delivery of go local products will also pave the way for PHLPost to acquire a share in the e-commerce sector
- Additional revenues will be from the acquisition of new corporate customers amounting to Php396,421,015 or 26% of the target. 4% or Php52,981,944 will be from increased volume from existing customers. Recovered Corporate Clients will constitute 3% of the target or Php38,480,765.
- Revenue from special/seasonal revenue generating projects is assumed to amount to Php8,592,344 or 1% of the target.

PRODUCTS/SERVICES	Total	% to Total	Maintain Existing Revenue	Acquisition of New Corporate / Institutional Customers	Increase Volume / Transactions of Existing Corporate / Institutional Clients	Recovery of Lost Corporate / Institutional Clients	Special / Seasonal Revenue-Generating Projects
EXPRESS MAIL SERVICES							
Domestic							
Documents	24,526,021	2%	17,568,821	4,892,853	1,093,129	793,939	177,278
Merchandise	29,695,712	2%	21,272,047	5,924,188	1,323,543	961,289	214,646
Pouch	7,514,574	1%	5,382,945	1,499,131	334,926	243,257	54,317
International							
Document	170,028,872	11%	121,797,452	33,920,148	7,578,218	5,504,057	1,228,997
Merchandise	773,128,454	51%	538,064,661	165,315,445	36,933,698	26,824,930	5,989,720
Inbound Delivery Income	368,865,699	25%	209,592,173	159,273,526	-	-	-
Others							
Presentation to Customs Fee	126,662,697	8%	90,732,789	25,268,752	5,645,380	4,100,237	915,539
Packaging Service Fee	1,638,990	0%	1,174,064	326,973	73,050	53,056	11,847
TOTAL	1,502,061,019	100%	1,005,584,951	396,421,015	52,981,944	38,480,765	8,592,344

Table 8 Revenue Assumptions for Express Mail Services, CY 2022

3. Logistics Services

The revenue target for Logistics Services in CY 2022 is PhP89,847,105 or 2% of the corporate revenue target. The attainment of the increase, however, will depend on the availability of trucks to be utilized for Logistics Services.

- With the implementation of the refueling program, it is expected to improve the delivery capability of PHLCargo or the Logistics Services of the Corporation;
- Maintenance of the existing revenue is assumed at PhP51,341,290 while increase in volume of existing clients is assumed to be PhP6,092,500;
- Acquisition of New Customers is 27% of the revenue assumptions for the Logistics services or PhP24,619,813;
- It is assumed that the amount of PhP5,130,042 or 6% of the revenue assumptions will be from the recovery of lost corporate/institutional clients; and
- Revenue is assumed from seasonal projects amounting to PhP2,663,460 or 3% of the target.

PRODUCTS/SERVICES	Total	% to Total	Maintain Existing Revenue	Acquisition of New Corporate / Institutional Customers	Increase Volume/Transactions of Existing Corporate/Institutional Clients	Recovery of Lost Corporate / Institutional Clients	Special/Seasonal Revenue-Generating Projects
Logistics Services	89,847,105	100%	51,341,290	24,619,813	6,092,500	5,130,042	2,663,460

Table 9 Revenue Assumptions for Logistics and Warehousing Services, CY 2022

4. Payment and Retail Services

The revenue target for CY 2022 of Payment and Retail Services is PhP308,369,506 which represents 6% of the total corporate revenue target.

Of the target, Php264,145,940 or 85.65% is from Payment Services while Php44,223,566 or 14.35% is from Philatelic and Retail Services.

- Php163,738,851 or 53% is generated from existing revenue sources while Php144,630,655 or 47% shall be additional revenue to be generated from new and/or regained lost customers especially for payout services.
- Postal ID remained to be the highest contributor in the revenue of this business line with Php214,541,208 or at 69.57% share. With the implementation of the new PID with financial functionality as its added feature, its revenue will be sustained.
- The Philatelic and retail services is assumed to gain more traction through the conduct of philatelic and stamp exhibitions, stamp issuances, and participations in local and international exhibits.

PAYMENT & RETAIL SERVICES	Total Revenue Target	% to Total	Maintain	Additional
Postal ID	214,541,208	70%	121,702,269	92,838,939
Payout Services	21,628,181	7%	6,606,620	15,021,561
Collection & Bills Payment	3,496,687	1%	1,482,372	2,014,315
Money Order Service	24,479,864	8%	19,696,024	4,783,840
Philatelic Sales	37,905,827	12%	9,717,835	28,187,992
Phlpost Products & Merchandise	1,182,363	1%	1,159,818	22,545
PHLpost Boxes	4,092,732	1%	3,208,613	884,119
Other Miscellaneous Revenue	1,042,644	1%	165,300	877,344
Total	308,369,506	100%	163,738,851	144,630,655

Table 10 Revenue Assumptions for Payment and Retail Services, CY 2022

5. Other Income

The revenue projection for Other Income sources is Php 154,599,807 or 3% of the corporate revenue target for CY 2022.

PRODUCTS/SERVICES	Total	% to Total	Maintain Existing Revenue	Acquisition of New Corporate / Institutional Customers	Increase Volume/Transactions of Existing Corporate/Institutional Clients	Recovery of Lost Corporate / Institutional Clients	Special/Seasonal Revenue-Generating Projects
Other Income	154,599,807	100%	29,676,278	1,872,960	-	-	123,050,569

Table 11 Revenue Assumptions for Other Income, CY 2022

Table 12 shows the projected volume for 2022 in comparison to the year 2021 and 2020. There is an increase of 10,106,071 pieces from 2021 to 2022.

TYPE OF MAIL	Projected	Estimated	Actual
	2022	2021	2020
A. DOMESTIC EXPRESS	367,653	216,159	143,839
DEMS	257,075	168,438	79,987
EXPRESS POUCH	110,578	47,721	63,852
B. DOMESTIC LETTER POST	69,656,739	36,433,590	30,673,179
DOM. REG.LETTER	13,265,544	8,897,512	6,497,534
DOM. ORD.LETTER	56,391,195	27,536,078	24,175,645
C. DOMESTIC PARCEL POST	134,542	2,990	1,163
PARCEL - DOMESTIC	24,090	2,883	1,163
COD	110,451	107	-
SUB-TOTAL DOMESTIC MAILS	70,158,933	36,652,739	30,818,181
D. INTERNATIONAL EXPRESS	805,610	238,840	477,061
IEMS - LETTER	162,378	65,546	199,587
IEMS - PARCEL	643,232	173,294	277,474
E. INTERNATIONAL LETTER POST	12,012,124	38,004,612	5,530,731
INT'L REG. LETTER	450,134	367,299	721,021
INT'L ORD. LETTER	11,403,553	37,598,785	3,913,221
SMALL PACKET - INT'L	99,864	31,189	346,408
PRINTED MATTER - INT'L	58,574	7,339	550,081
F. INTERNATIONAL PARCEL POST	145,048	17,747	178,077
SUB-TOTAL INTERNATIONAL MAILS	12,962,782	38,261,199	6,185,869
G. FRANKED MAIL	8,804,072	6,905,779	5,498,778
TOTAL	91,925,788	81,819,717	42,502,828

Table 12 Projected Mail Volume, CY 2022

6 CORPORATE OPERATING BUDGET

A. Expenditure Budget

The Expenditure Budget for CY 2022 contains the particulars of expenditures in the implementation of the PAPs to carry out the mandate and mission as well as attainment of the vision of PHLPost.

Proposed budget has an expenditure budget of Php 5,458,778,396.

Expense Class	2022	% to Total	2021	2020
	(Projected)		(Estimate)	(Actual)
Operating Expenses	3,514,019,782	64.37%	1,870,609,424	1,840,326,719
Administrative Expenses	1,312,038,529	24.04%	1,307,044,532	946,465,791
Financial Expenses	2,648,712	0.05%	1,391,872	2,733,724
CAPEX	630,071,373	11.54%	649,231,524	70,719,292
Total	5,458,778,396	100%	3,828,277,352	2,860,245,527

Table 13 Expenditure Budget, CY 2022

B. Expenditure Assumptions

1. General assumptions on expenditures are as follows:

PARTICULARS	ASSUMPTIONS	PROPOSAL
1. Classification of expenditures	a. Operating	3,514,019,782
	b. Administrative	1,312,038,529
	c. Financial	2,648,712
	d. Capital	630,071,373
2. Expenditure Program	a. Operations	
	b. Support to Operations (STO)	
	c. GASS (General Administrative Support)	

Table 14 General Assumptions on Expenditures, CY 2022

2. Expenditure assumptions for personnel and non-personnel services are as follows:

a. Proposal on Personnel Services - salaries and related expenses were based on:

- 5,510 permanent personnel broken down as follows:
 - 4,205 filled up positions as of September 2020
 - 1,305 proposed for filling up
- 49 non-permanent personnel

b. Proposed Non-Personnel Services - Maintenance and Other Operating Expenses and Capital Expenditures were based on specific assumptions per expense account.

Tables 15 and 16 shows the figures relating to the assumptions for personnel and non-personnel services - MOOE.

PERSONNEL SERVICES		
3. Salaries and wages	a. Computation is based on SSL4, Tranche 4 100% and actual salary steps for CY 2022 b. The total number of plantilla positions considered is 5,510 and total number of contractual personnel considered is 49 c. Based on warm bodies as of 30 September 2020 d. Includes vacant technical and/or critical positions as of 30 Sept. 2020 that are to be filled up from 01 Oct. 2020 to 31 Dec. 2022 e. Positions that shall be vacated during the budget year due to separation shall be considered filled up.	1,388,119,638
4. Allowances	These are allowances mandated by law such as: a. Personal Economic Relief Allow at P2,000 per employee per mo. b. Representation and Transportation Allowances c. Clothing Allowance at P6,000 per employee d. Gasoline Allowance (for Letter Carriers and Acting LCs) at P710 per LC per month	200,302,360
5. Bonuses	These are bonuses mandated by law: a. Mid-year bonus equivalent to one (1) month salary b. Year-end Bonus equivalent to one (1) month salary c. Cash gift at P5,000 per employee d. Productivity Enhancement Incentive at P5,000 per employee e. Performance-based Bonus	336,943,273
6. Loyalty pay	Given to employees on the milestone year (10 th year anniversary and every 5 years thereafter) at the rate of P1,000 per year, In accordance with CSC MC No. 06 2002	2,070,000
7. Night Differential Pay	Premium paid to an employee whose regular office hours falls wholly or partially within 6:00PM and 6:AM of the following day.	11,834,721
8. Per diems	a. Due to the members of the Board of Directors b. Computed based on E.O. No. 24	4,104,000

9. Honoraria	<p>These are token payments in recognition of services rendered beyond the regular duties and responsibilities of positions.</p> <p>This may be paid only to:</p> <p>a. Those who acts as lecturers, resource persons, coordinators and facilitators in seminars, training programs and other similar activities in training institutions.</p> <p>b. Members of Committees for special projects.</p> <p>c. Members of the Bids and Awards Committee</p>	2,232,787
10. Hazard Pay	Payment to regular, contractual and COS personnel who physically report for work during the implementation of Enhanced Community Quarantine at P150/day for 33 days	5,410,350
11. Personnel Benefit Contributions	<p>Consist of the following:</p> <p>1. GSIS at 12% of the basic salary rate</p> <p>2. PhilHealth premium based on Circular No. 2017-0024</p> <p>3. PAGIBIG Premium at P150.00 per employee per month</p> <p>4. ECC Premium at P100.00 per employee per month</p>	210,513,538
12. Terminal Leave Benefits	<p>Benefit of employees who shall be separated from the service due to retirement, resignation or death during the budget year.</p> <p>a. 63 to 65 years old</p> <p>b. Those below 63 y/o by 2022 but had signified their intention to retire</p>	160,510,206
TOTAL PERSONNEL SERVICES		2,322,040,873

Table 15 Personnel Expenditures, CY 2022

NON-PERSONNEL SERVICES		
12. Traveling expenses	1. Expenses on domestic travels incurred by officials and employees including transportation fares and lodging at P1,000 per day 2. Expenses on foreign travels pursuant to E.O. 77 3. The rate of P690.00 per month per Letter Carriers and Acting Letter Carriers.	63,118,069
13. Training	Includes cost of venue, food, room accommodation, supplies and honoraria during; a. Attendance in trainings that shall enhance the skills and efficiency of employees. b. For professionals, attendance in trainings for continuing education.	6,993,774
14. Accountable Forms	This includes: a. Official Receipts b. Sales Invoice c. Billing Invoice d. Acknowledgement Receipts e. Digital Postal ID	163,105,887
15. Supplies and Materials	This Includes: a. cost of office, operational, janitorial, construction and electrical supplies with additional 7% inflation rate. b. accountable items such as Postage and Philatelic Stamps, philatelic items, Forms with money value, PHLpost Boxes c. semi-expendable machinery and equipment and semi-expendable furniture and fixtures costing below Php15,000	331,373,327
16. Gas, oil & Lubricants	a. Include 7% inflation rate for the cost of gas, oil & lubricants b. With consideration on the Increase in consumption of gas as most vehicles are already fully depreciated.	59,758,572
17. Utilities expenses	These are the cost for the usage of water and electricity with the following considerations: a. Increase in the rate of usage of water. b. Decrease in electrical consumption with the replacement of lamps with LED, c. Increase in the number of lamps, air conditioning units installed.	58,581,392
18. Communication expenses	a. Includes the following: · Postage · Telephone (telephone & mobile) · Internet subscription · Communication allowance of officers b. Increase in the number of post offices which shall be installed internet services. c. Increase in the rate of internet subscription due to the requirement of the implementation of the ERP system	100,356,618

19. Advertising & marketing expense	Intensification of marketing strategies such as campaign/promotions, meetings with prospective clients, media coverage and the likes.	45,302,400
20. Conveyance expenses	Refers to the transfer of mails by air, sea and land, both domestic and international	280,174,899
21. Foreign Postal Administration	Covers terminal dues, inward land rates, EMS delivery charges, internal and transit charges	610,438,315
22. Rent	Payment of rental for post office quarters and motorcycles: a. Existing contract b. Includes rental of quarter recommended to be transferred in strategic place in the locality. c. There is an increase in the number of employees who shall deliver mails. Php50 per day for motorcycle rental of LCs	64,540,349
23. Professional Services	Includes the expenses of: a. Personnel of the Commission on Audit assigned in the offices of the Corporation nationwide. b. Consultants	39,185,241
24. Janitorial Services	Expense for the hiring of janitorial services in the Central Office & Mega Manila Area	14,871,754
25. Security Services	Pertains to the estimated cost for the security services rendered by security agency.	46,595,858
26. General Services	Compensation of Laborers hired to perform administrative functions.	69,058,924
27. Manpower Services	Compensation of Laborers hired to perform operational functions.	344,813,829
28. Repair and maintenance	Repair and Maintenance (which does not increase the life of the asset) of the following: a. Buildings and/or post office quarters b. Furniture and fixtures c. Equipment d. Motor vehicles e. Leasehold improvement of facilities	44,762,476
29. Taxes, Duties and Licenses, Insurance, fidelity bond premiums and other fees	Includes the following: a. Taxes, duties, licenses and other fees due to regulatory agencies b. License for IT software c. License for PMM d. Fidelity bond premiums of accountable officers e. Insurance premiums for buildings, motor vehicles and other assets f. Insurance premiums for Directors and Officers liability	21,337,379
30. Awards and Indemnities	Claims for damages filed by clients	1,188,251

31. Membership Dues and Fees	Fees for membership in UPU and other organizations	10,493,944
32. Gender and Development	Expenses to be incurred in the implementation of GAD Plan.	6,648,840
33. Subscription	Includes subscription to the Zoom accounts for the virtual meetings and other IT-related subscriptions	12,523,034
34. Extraordinary & Misc. Expenses	Extraordinary and Miscellaneous expenses incurred by PMG, APMGs, and Area Directors in accordance with the GAA for the covered year.	2,018,400
37. Other MOOE	These are expenses not classified in the above listed expenses such as but not limited to: a. Meetings/dialogues/conferences b. Vehicles emission test, toll fees, parking fees, etc. c. Storage fees d. Contingent liability e. COVID-related f. Appraisal of properties g. Titling of lots h. PHLPost activities (Anniversary, Christmas, etc) i. BOD reimbursements j. ISO certification k. Notarial fee l. Educational assistance m. Market Research n. Printing Services o. Trucking services	106,775,905
TOTAL NON-PERSONNEL SERVICES		2,504,017,438

Table 16 Non-Personnel Services Expenditure, CY 2022

Table 17 shows the figures and assumptions for the financial expenses.

FINANCIAL EXPENSES		
38. Bank charges	The amount charged by the bank for servicing specific transactions on behalf of the depositor excluding interest charges	148,712
39. Interest Expense	Interest charges paid for the use of borrowed money.	2,500,000
TOTAL FINANCIAL EXPENSES		2,648,712

Table 17 Financial Expenses Assumptions, CY 2022

The table below shows the assumptions and amounts for the capital expenditures.

CAPITAL EXPENDITURES		
40. Infrastructures (Buildings)	These are the structures and facilities needed for the operation of the Corporation such as but not limited to, the following: a. Construction of buildings, post office quarters, fence, etc. b. Major renovation/improvement of building and facilities that will increase the life of the asset.	75,300,000
41. Equipment	This includes the following costing Php15,000.00 and above per unit: a. Office equipment b. Operational equipment	185,362,526
42. Furniture and Fixtures	Furniture & Fixtures costing Php15,000 and above per unit	15,210,408
43. IT Software & Hardware	Refers to computer programs or system development and IT equipment	263,242,089
44. Motor vehicles	Includes trucks, vans, motorcycle to be used in transporting mails and administrative vehicles.	83,656,350
45. Leasehold improvement	Major renovation/improvement of rented facilities that will increase the life of the asset.	3,600,000
46. Other CapEx	Other unforeseen CAPEX not listed above	3,700,000
TOTAL CAPITAL EXPENDITURES		630,071,373

Table 18 Capital Expenditures Assumptions, CY 2022

Table 19 shows the summary of expenditures and its respective amounts.

Particulars	Amount
Personnel Services	2,322,040,873
Non-Personnel Services	2,504,017,438
Financial Expenses	2,648,712
Capital Expenditures	630,071,373
Total	5,458,778,396

Table 19 Summary of Expenditures, CY 2022

C. Personnel Complement

The total approved Plantilla Positions for CY 2022 is 7,043. The proposed filled-up positions of 5,510, contractual service of 49 and contract of service of 3,128.

Table 20 shows the detailed number of personnel per designation and Operating Unit

Operating Units	Approved Plantilla Positions	Proposed Personnel Complement					% to Approved Plantilla Positions
		Filled-up Positions	Proposed for filling-up	Contractual/ Non- Permanent	Contract of Service	Total	
Northeast Luzon Area	329	203	79	2	188	472	143%
Driver Courier II	16	14	2		7	23	144%
Letter Carrier	141	85	39		121	245	174%
Mail Sorter	19	16	2		9	27	142%
Postal Teller	28	12	6		34	52	186%
Postmaster	72	44	18			62	86%
Postal Service Officer	19	11	4			15	79%
Others	34	21	8		17	46	135%
Tax Personnel				2		2	
Northwest Luzon Area	881	515	365	3	305	1188	135%
Driver Courier II	42	34	8		14	56	133%
Letter Carrier	432	247	187		190	624	144%
Mail Sorter	54	33	19		20	72	133%
Postal Teller	112	49	64		35	148	132%
Postmaster	163	106	56			162	99%
Postal Service Officer	41	23	18			41	100%
Others	37	23	13	1	46	83	224%
Tax Personnel				2		2	
Mega Manila Area	2009	1357	331	4	665	2357	117%
Driver Courier II	73	51	5		3	59	81%
Letter Carrier	1121	890	130		371	1391	124%
Mail Sorter	90	75	3		259	337	374%
Postal Teller	323	137	105			242	75%
Postmaster	128	67	61			128	100%
Postal Service Officer	122	73	2			75	61%
Others	152	64	25	2	32	123	81%
Tax Personnel				2		2	
Southern Luzon Area	760	442	53	3	320	818	108%
Driver Courier II	62	45	2		3	50	81%
Letter Carrier	363	195	34		232	461	127%
Mail Sorter	40	28	2		18	48	120%
Postal Teller	94	43	5		51	99	105%
Postmaster	130	77	8			85	65%
Postal Service Officer	30	23				23	77%
Others	41	31	2	1	16	50	122%
Tax Personnel				2		2	
Central & Eastern Visayas Area	716	372	50	3	267	692	97%
Driver Courier II	43	33			1	34	79%
Letter Carrier	355	152	16		193	361	102%
Mail Sorter	36	29	4			33	92%
Postal Teller	79	27	7		30	64	81%
Postmaster	126	83	11		7	101	80%
Postal Service Officer	34	19	3			22	65%
Others	43	29	9	1	36	75	174%
Tax Personnel				2		2	
Western Visayas Area	473	295	30	3	192	520	110%
Driver Courier II	28	19	1		4	24	86%
Letter Carrier	224	141	6		126	273	122%
Mail Sorter	23	17	1		8	26	113%
Postal Teller	43	23	5		43	71	165%
Postmaster	90	57	11			68	76%
Postal Service Officer	27	13	1			14	52%
Others	38	25	5	1	11	42	111%
Tax Personnel				2		2	

Eastern Mindanao Area	430	268	51	3	106	428	100%
Driver Courier II	23	18	2			20	87%
Letter Carrier	182	105	34		78	217	119%
Mail Sorter	29	25			9	34	117%
Postal Teller	53	38	8			46	87%
Postmaster	77	43	1			44	57%
Postal Service Officer	33	19	4			23	70%
Others	33	20	2	2	18	42	127%
Tax Personnel				1	1	2	
Central Mindanao Area	336	184	48	3	138	373	111%
Driver Courier II	25	16	3		1	20	80%
Letter Carrier	135	94	8		71	173	128%
Mail Sorter	19	13			7	20	105%
Postal Teller	33	13	8		22	43	130%
Postmaster	66	26	13			39	59%
Postal Service Officer	23	11	5			16	70%
Others	35	11	11	1	37	60	171%
Tax Personnel				2		2	
Western Mindanao Area	307	46	35	2	86	169	55%
Driver Courier II	29	10	2			12	41%
Letter Carrier	130		21		72	93	72%
Mail Sorter	26	6				6	23%
Postal Teller	25	2			3	5	20%
Postmaster	43		7			7	16%
Postal Service Officer	20	9				9	45%
Others	34	19	5		11	35	103%
Tax Personnel				2		2	
Central Office	802	523	263	23	528	1337	167%
Driver Courier II	74	64	43			107	145%
Letter Carrier	50	38	13			51	102%
Mail Sorter	138	113	18			131	95%
Postal Teller						0	
Postmaster			0			0	
Postal Service Officer	140	63	48			111	79%
Others	400	245	141	17	528	931	233%
Tax Personnel				5		5	
Corporate Secretary				1		1	
CO and Areas for PhilSys ID Project					333	333	
TOTAL	7043	4205	1305	49	3128	8687	123%

Table 20 Personnel Complement, CY2022

Particulars	Approved Plantilla Positions	Filled-up Positions	Proposed for filling-up	Contractual /Non-Permanent	Contract of Service	Total
Driver Courier II	415	304	68	0	33	405
Letter Carrier	3133	1947	488	0	1454	3889
Mail Sorter	474	355	49	0	330	734
Postal Teller	790	344	208	0	218	770
Postmaster	895	503	186	0	7	696
Postal Service Officer	489	264	85	0	0	349
Others	847	488	221	26	752	1487
Tax Personnel	0	0	0	22	1	23
Corporate Secretary	0	0	0	1	0	1
Sub-total	7043	4205	1305	49	2795	8354
CO and Areas for PhilSys ID Project					333	333
Total	7043	4205	1305	49	3128	8687

Table 21 Summary of Personnel Complement per Designation, CY 2022

D. Budget Summary

The proposed Net Revenue, after Discount and VAT for CY 2022 is PhP4,920,320,497 or 50% higher as compared to the estimated Net Revenue in CY 2021, while the total expenditures is higher by PhP1,630,501,044 as against 2021 estimated total expenditures.

Overall, the surplus of the proposed corporate operating budget of PhP25,659,782 is higher by PhP24,040,307 as compared to the estimated CY 2021 surplus.

- Revenue and Expenditure Budget

Revenue and Expenditure Budget proposal is shown below

PARTICULARS	TOTAL		
	2022 (Proposal)	2021 (approve budget)	2020 (actual)
REVENUE	5,384,061,877	3,619,543,918	2,125,934,231
LESS: Provision for Discount	7,917,081	7,572,878	6,717,273
REVENUE NET OF DISCOUNT	5,376,144,796	3,611,971,040	2,119,216,958
LESS: Provision for VAT	455,824,299	339,365,213	-
REVENUE AFTER VAT	4,920,320,497	3,272,605,827	2,119,216,958
Add: Reimbursement from the NG	516,117,681	500,256,000	500,256,000
Subsidy Income from Non-Shareholders	48,000,000	57,035,000	31,776
TOTAL	5,484,438,178	3,829,896,827	2,619,504,734
LESS: EXPENDITURES			
Total Operating Expenses	3,514,019,782	1,870,609,424	1,840,326,719
Total Administrative Expenses	1,314,687,241	1,308,436,404	949,199,516
TOTAL Capital Expenditures	630,071,373	649,231,524	70,719,292
TOTAL EXPENDITURES	5,458,778,396	3,828,277,352	2,860,245,527
SURPLUS/(DEFICIT)	25,659,782	1,619,475	(240,740,793)

Table 22 Revenue and Expenditure Budget, CY 2022

- Results of Operations

Below is the table showing results of operations based on the revenue targets and expenditures proposal. Projected Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) amounted to PhP92,179,223.

Table 23 shows the Proposed results of Operations for CY 2022.

PARTICULAR	TOTAL		
	2022 (Proposal)	2021 (approved budget)	2020 (actual)
REVENUE			
Mail Services	3,329,184,439	1,910,639,077	1,016,490,648
Express Mail Services	1,502,061,019	1,205,156,918	771,924,923
Logistics & Warehousing	89,847,105	70,301,212	18,210,821
Payment & Retail Services	308,369,507	328,914,677	289,871,657
Revenue from Joint Venture	-	-	-
Other Income	154,599,807	104,532,034	29,436,182
Total	5,384,061,877	3,619,543,918	2,125,934,231
LESS: Provision for Discount	7,917,081	7,572,878	6,717,273
REVENUE NET OF DISCOUNT	5,376,144,796	3,611,971,040	2,119,216,958
LESS: Provision for VAT	455,824,299	339,365,213	-
REVENUE AFTER VAT	4,920,320,497	3,272,605,827	2,119,216,958
Less: Expenses:			
Operating Expenses	3,514,019,782	1,870,609,424	1,840,326,719
Administrative /Financial Expenses	1,312,187,241	1,307,279,904	946,699,516
INCOME FROM OPERATIONS	94,113,473	94,716,499	(667,809,277)
Less: Other Expenses			
Interest Expense	2,500,000	1,156,500	2,500,000
Depreciation	66,999,866	50,000,000	66,999,866
Provision for Bad Debts	1,934,250	1,934,250	3,125,704
Sub-total	71,434,116	53,090,750	72,625,571
EARNINGS BEFORE TAX	22,679,357	41,625,749	(740,434,848)
Less: Provision for Income Tax (30%)	6,803,807	12,487,725	-
INCOME AFTER TAX	15,875,550	29,138,024	(740,434,848)
Add: Reimbursement from the NG	516,117,681	500,256,000	500,256,000
Subsidy Income from Non-Shareholders	48,000,000	57,035,000	31,776
NET INCOME	579,993,232	586,429,024	(240,147,072)

Table 23 Proposed Results of Operations, CY2022

E. Cash Budget

The table below shows the assumptions for cash budget proposal for CY 2022

PARTICULARS	ASSUMPTIONS	AMOUNT	
Beginning Balance	1. The projected ending balance for CY 2021 Cash Flow Statement was used 2. The following consist the beginning balance: a. Estimated bank balances as of 31 December 2021 b. Estimated undeposited collections on the hands of Accountable Officers as of Dec. 31, 2021	606,451,313 31,918,490	638,369,804
Sources of Cash	1. Cash revenues to be generated in the operations of the corporate business 2. Collection of receivables from customers. 3. Collection of the reimbursement of franking privilege from the National Government		
Attainment of Revenue Target	100% of the revenue projections, Net of Discount, shall be attained		4,920,320,497
Revenue Cash Collections	80% of the attained revenue target excluding revenue from Foreign Postal Administration		3,599,367,589
Cash Deposits	95% of the total cash collections shall be deposited		3,419,399,209
Collection of Accounts Receivables	1. Total collection of ARs Breakdown are as follows: a. 95% for current accounts (receivables on revenue earned during the year) b. 30% for past due accounts (receivables on revenue earned in the prior years) 2021 2020 5 yrs below c. From foreign postal administration 13.33% rate of collection of receivable	603,423,390 38,922,976 61,661,949 172,369,372	876,377,687
Uses of Cash	Uses of cash are as follows: 1. Payment of operating expenses (PS MOOE and CapEx) PS MOOE- including payment of taxes; approximately equivalent to 9 months of total MOOE budget CAPEX - 50% of total budget 2. Payment of prior years' obligations PS MOOE CAPEX 3. Payment of loans 4. Payment of liabilities to the National Government	2,224,605,722 1,879,999,612 315,035,687 178,427,193 254,771,089 344,678,162	4,419,641,021 777,876,443

PARTICULARS	ASSUMPTIONS	AMOUNT	
Loan payments	Loans of PLFC to be paid by the corporation being the guarantor :		88,958,545
	1. PNB	44,218,119	
	2. Asset Pool (BPI Loan)	44,740,426	
Due to the National Government	Total amount due to the National Government		139,921,615
	1. Dividends Payable for:		
	a. CY 2022 - 50% of income after tax	7,937,775	
	b. Arrears for prior years	58,806,919	
	2. Balance of the amount granted for the payment of incentive of retired employees under EO 366	73,176,921	

Table 24 Cash Budget Assumptions, CY 2022

Table 25 Shows the Cash Budget Operating Fund for CY 2022

PARTICULARS	AMOUNT	
Cash Balance, beginning, January 1		638,369,804
<i>ADD: Collections</i>		
Revenue cash collections	3,599,367,589	
Accounts receivable collections	876,377,687	
Reimbursement of franked mails	516,117,681	
Subsidy Income from Non-Shareholders	48,000,000	
Total Cash Collections		5,039,862,958
Total Cash Available		5,678,232,761
<i>LESS: Disbursements</i>		
Current Operating Expenses	4,419,641,021	
Accounts Payable	777,876,443	
Due to the National Government	139,921,615	
Loan Payment	88,958,545	
Total Disbursements		5,426,397,624
Cash Balance, Ending December 31		251,835,138

Table 25 Cash Budget for Operating Fund, CY2022

F. Project Procurement Management Plan (PPMP)

Priorities in the preparation of the PPMP

- Projects or activities that are geared toward revenue generation
- Mandatory operating expenses
- Operational supplies and merchandise inventories
- IT software and hardware to support ERP projects

The table below summarizes the amount of Project Procurement Management Plan for Maintenance and Other Operating Expenses for 2022.

Particulars	Amount
Supplies & Materials	331,373,327
Accountable Items	163,105,886
Gasoline, Oil & Lubricant	59,758,573
Repair and Maintenance	44,762,476
Rental of Real Property & Equipment	25,620,749
Mail Conveyance	280,174,899
Security Services	46,595,858
Janitorial Services	14,871,754
Communication (Landline & Mobile)	7,022,598
Internet Connectivity	92,312,040
Advertising & Marketing	45,302,400
Consultancy / Professional Services	39,185,241
Subscription	12,523,034
Other MOOE	102,456,745
Total	1,265,065,580

Table 26 Project Procurement Management Plan - Maintenance and Other Operating Expenses (MOOE), CY 2022

The table below summarizes the amount of Project Procurement Management Plan for Capital Expenditures for 2022.

Particulars	Total
IT Equipment	231,652,089
Software & Sytems	31,590,000
Other Equipment & Machineries	185,362,526
Furniture & Fixtures	15,210,408
Vehicle (Rehab, Rental, New)	83,656,350
Infrastructure/ Buildings	75,300,000
Leasehold	3,600,000
Other CAPEX (unforeseen items)	3,730,000
Total CAPEX	630,101,373

Table 27 Project Procurement Management Plan - Capital Expenditures (CAPEX), CY 2022

The table below details the Project Procurement Management Plan (PPMP) Capital Expenditures per Operating Unit.

Particulars	Total	OPERATING UNITS									
		CO	NELA	NWLA	MMA	SLA	CEVA	WVA	EMA	CMA	WMA
IT Equipment	231,652,089	219,800,178	1,522,400	2,079,200	2,498,000	212,716	345,000	1,343,000	2,131,400	1,620,195	100,000
Software & Sytems	31,590,000	31,590,000	-	-	-						
Other Equipment & Machineries	185,362,526	180,447,509	925,590	-	1,465,000	514,750	355,000	125,118	741,500	388,059	400,000
Furniture & Fixtures	15,210,408	10,652,408	226,000	414,000	3,500,000		40,000	34,000		294,000	50,000
Vehicle (Rehab, Rental, New)	83,656,350	80,656,350						3,000,000			
Infrastructure/ Buildings	75,300,000	44,200,000	2,500,000	3,500,000	17,500,000		500,000		2,000,000	5,000,000	100,000
Leasehold	3,600,000				2,500,000	1,100,000					
Other CAPEX (unforeseen items)	3,730,000	3,700,000						30,000			
Total CAPEX	630,101,373	571,046,445	5,173,990	5,993,200	27,463,000	1,827,466	1,240,000	4,532,118	4,872,900	7,302,254	650,000

Table 28 Project Procurement Management Plan - CAPEX per Operating Unit, CY 2022