



REVISED CORPORATE OPERATING BUDGET CY 2021

10 June 2021

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Board Resolution No. 2021 - 74

"APPROVING THE REVISED CORPORATE OPERATING BUDGET OF THE PHILIPPINE POSTAL CORPORATION FOR CALENDAR YEAR 2021 IN THE AMOUNT OF FOUR BILLION FOUR HUNDRED THIRTY-ONE MILLION ONE HUNDRED THIRTY-ONE THOUSAND TWO HUNDRED NINETY-FIVE PESOS (P4,431,131,295.00) TOGETHER WITH ITS SUPPORTING DOCUMENTS SUCH AS RESULTS OF OPERATIONS (ROO) AND PROJECT PROCUREMENT MANAGEMENT PLAN (PPMP)."

WHEREAS, on June 16, 2020, the Board approved the Corporate Operating Budget of the Philippine Postal Corporation (PHLPost) for Calendar Year 2021 amounting to P3,868,402,151.00 through Board Resolution No. 2020-25;

WHEREAS, on July 22, 2020, the Board approved the Revised Corporate Operating Budget of the Philippine Postal Corporation (PHLPost) for Calendar Year 2021 amounting to P3,828,277,352.00 through Board Resolution No. 2020-40 reflecting the changes brought by the Decision of Department of Budget and Management to reduce the reimbursement of expenses incurred in granting franking privileges;

WHEREAS, the Management Executive Committee in its Resolution No. 2021-49 dated June 3, 2021, recommended for approval of the Board of Directors the Revised Corporate Operating Budget of PHLPost for CY 2021, the Revised Results for Operations, and Revised Project Procurement Management Plan due to the following considerations: (i) PhilSys ID delivery engagement; (ii) Addition to the Personnel Services for the salaries and benefits of employees under contractual status and payment of Hazard Pay during the implementation of Enhanced Community Quarantine and Modified Enhanced Community Quarantine; and (iii) reduction, increase, and realignment of budget allocation for Non-Personnel Services Accounts - MOOE and Capital Expenditure. A copy of said Execom Resolution is hereto attached and made an integral part of this resolution as Annex "A";

WHEREFORE, BE IT RESOLVED as it is hereby RESOLVED to approve the Revised Corporate Operating Budget of the Philippine Postal Corporation for Calendar Year 2021 in the amount of Four Billion Four Hundred Thirty-One

ORIGINAL TRUE COPY

[Signature]
MARIA ADELIZA C. BARCELONA
AGENDA/MINUTES OFFICER III


Million One Hundred Thirty-One Thousand Two Hundred Ninety-Five Pesos (P4,431,131,295.00) together with its supporting documents such as Results of Operations (ROO) and Project Procurement Management Plan (PPMP).

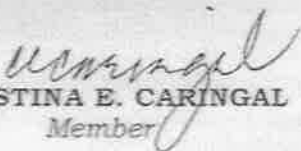
RESOLVED FINALLY, that the Office of the Postmaster General & CEO be furnished copy of this resolution.

Adopted during the 6th Regular Meeting of the Board of Directors of the Philippine Postal Corporation held on 10 June 2021 via Zoom video/teleconference (meeting ID: 3726631056).

Signed in Metro Manila, Philippines.

Approved by:


NORMAN N. FULGENCIO
Vice Chairman & Postmaster General

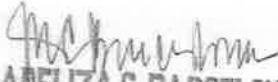

CRISTINA E. CARINGAL
Member

LIBERTY C. AVILA
Member

Attested by:


ATTY. LINDEZA R. ROGERO-GAVINO
Corporate Secretary

CERTIFIED TRUE COPY


MARIA ADELIZA C. BARCELONA
AGENDA/MINUTES OFFICER III

Board Resolution No. 2021 - 74

"APPROVING THE REVISED CORPORATE OPERATING BUDGET OF THE PHILIPPINE POSTAL CORPORATION FOR CALENDAR YEAR 2021 IN THE AMOUNT OF FOUR BILLION FOUR HUNDRED THIRTY-ONE MILLION ONE HUNDRED THIRTY-ONE THOUSAND TWO HUNDRED NINETY-FIVE PESOS (P4,431,131,295.00) TOGETHER WITH ITS SUPPORTING DOCUMENTS SUCH AS RESULTS OF OPERATIONS (ROO) AND PROJECT PROCUREMENT MANAGEMENT PLAN (PPMP)."

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WHEREFORE, BE IT RESOLVED as it is hereby **RESOLVED** to approve the Revised Corporate Operating Budget of the Philippine Postal Corporation for Calendar Year 2021 in the amount of Four Billion Four Hundred Thirty-One

COPIED TRUE COPY

Adeliza C. Barcelona
MARIA ADELIZA C. BARCELONA
AGENDA/MINUTES OFFICER III

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RESOLVED FINALLY, that the Office of the Postmaster General & CEO be furnished copy of this resolution.


Adopted during the 6th Regular Meeting of the Board of Directors of the Philippine Postal Corporation held on 10 June 2021 via Zoom video/teleconference (meeting ID: 3726631056).

Signed in the City of Davao, Philippines.

Approved by:


RAUL B. BENDIGO
Chairman


RIDGWAY M. TANJILI
Member



PELAGIO S. PAGUICAN
Member

Attested by



ATTY. LINDEZA R. ROGERO-GAVINO
Corporate Secretary


CERTIFIED TRUE COPY



MARIA ADELIZA C. BARCELONA
AGENDA/MINUTES OFFICER III

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A. PREPARED BY TECHNICAL WORKING GROUP:


ROSARIO A. ADRIANO
 Acting Manager, Business Lines
 Department


JERWIN I. ENRILE
 Acting Manager, Logistics & Property
 Management Department


ANABELLE M. ERFELO
 Acting Manager, Network & Transport
 Department


GUZMAN B. MELGAREJO, JR.
 Acting Manager, Human Resources
 Management Department


OLIVIA M. VALDERAMA
 Manager, Service Regulations Department

B. RECOMMENDED FOR APPROVAL BY THE CO BUDGET COMMITTEE:

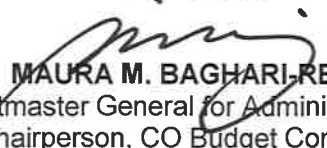
PETER S. BARTOLOME
 Manager, Management & Information
 Service Department


MARIA LOURDES L. RIFAREAL
 Manager, Corporate Planning
 Department


CAROL C. TERRADO
 Acting Manager, Financial Management
 Department


MAXIMO C. STA. MARIA, III
 Acting Assistant Postmaster General for
 Management Support Services


JOEL L. ZAMUDIO
 Acting Assistant Postmaster General for Operations


MAURA M. BAGHARI-REGIS
 Assistant Postmaster General for Administration & Finance /
 Chairperson, CO Budget Committee

C. APPROVED FOR SUBMISSION AND APPROVAL OF THE BOARD OF DIRECTORS:


NORMAN N. FULGENCIO
 Postmaster General & CEO



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EXECUTIVE SUMMARY

The CY 2021 Corporate Operating Budget (COB) was approved on 16 June 2020 per Board Resolution No. 2020-25 and further amended on 22 July 2020 under Board Resolution No. 2020-40.


The Department of Budget and Management (DBM) has informed PHLPost that the CY 2021 COB can still be revised and shall be submitted not later than 30 June 2021. Below is the summary of the proposed revised COB:

1. Revenue Budget	
Mail Services	Php 2,775,939,077
Express Mail Service	1,205,156,918
Logistics	70,301,212
Payment & Retail Services	328,914,677
Joint Venture	4,088,972
Other Income	104,532,034
Sub-total	4,488,932,890
Reimbursement from NG	540,256,000
TOTAL	Php 5,029,188,890
2. Expenditure Budget	
Operating Expenses	Php 2,485,263,201
Administrative & Financial Expenses	1,480,450,620
Capital Expenditures	465,417,474
TOTAL	Php 4,431,131,295

At the time of the preparation of the COB, external and internal environment affecting the operations of the Corporation has been taken into consideration. Administrative Orders and other issuances for the payment of increase in salaries, bonuses and other benefits as well as the proposed plans, activities and projects as of 30 September 2019 were the bases in the preparation.

During the span of 1 and ½ years, the current crisis affecting business activities brought about by the COVID-19 pandemic, other events, external and internal issuances significantly affected the revenue. However, a new project - "PhilSys ID" will provide significant addition to the revenue and some of the expense accounts. There is also the need to re-evaluate/re-calibrate priority projects in order to adapt to the so called "new normal", hence, the need to revise the approved COB.

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BUDGET NARRATIVE

A. RATIONALE

Taking into considerations the macroeconomic assumptions, the approved Corporate Operating Budget (COB) for Fiscal Year 2021 (Approved COB FY 2021) of the Philippine Postal Corporation (PHLPost) will have to be revised and/or modified as it is prepared in 2019, nearly two (2) years ago. Moreover, the following plans, activities and/or projects (PAPs) require significant revision of the COB FY 2021 as approved, viz.:

- The PHLPost entered into contract with PSA for the delivery of the Philippine Identification Card (Philippine ID), under the Philippine Identification System (PhilSys) of the Philippine Government. The revenue to be generated as well as the estimated expenses in the processing and delivery of Philippine ID will be included in the proposed revision of the COB FY 2021.
- Priority PAPs are re-evaluated and/or re-calibrated to address as well as adapt to the evolving requirements and need of the postal customers.
- The Personal Services (PS) budget will be adjusted to include the (1) Hazard Pay of personnel that physically report for duty during the ECQ and Modified ECQ (ECQ); and, (2) Salaries and Benefits of employees under Contractual status.
- Reduction, increase and/or realignment of approved Budget allocated for Non-PS accounts of Maintenance and Other Operating Expenses (MOOE) and Capital Expenditure (CAPEX).

B. REVENUE PROJECTION


The Corporate Revenue Target for FY 2021 is revised to PHP4,488,932,890, proposed to be increased by PHP869,388,972 or 24.02% against the approved COB FY 2021.

The revenue target for Mail Services is revised to PHP2,775,939,077, to be increased by PHP865,300,000 or 45.29% against the approved target for said business lines. The increase in the Mail Services revenue target will be from the Philippine ID delivery contract with PSA which is implemented and/or started in May 2021.

Also, the revenue generated from the Biometrics Data Service Facilities Joint Venture Agreement (BDSF JVA) is recognized in the revised Revenue Target amounting to PHP4,088,972. The revenue is from the PHLPost share from the service contracts under the BDSF JVA, as extended.

The revised Provision for VAT, for revenue to be generated, of PHP421,049,249 is increased by PHP81,684,036 or 24.07% of the approved budget, which will mean that PHLPost may be remitting additional taxes to the National Government (NG). Thus, the revised Revenue after Discount and VAT of

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PHP4,060,310,763 is an increase of the approved target by PHP787,704,936 or 24.07%.

Table 1 Revenue Target, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2021

Particular	Revenue and Expenditure Budget			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
Revenue				
Mail Services	1,910,639,077	2,775,939,077	865,300,000	45.29%
Express Mail Services	1,205,156,918	1,205,156,918	0	0.00%
Logistics & Warehousing Services	70,301,212	70,301,212	0	0.00%
Payment & Retail Services	328,914,677	328,914,677	0	0.00%
Revenue from Joint Venture		4,088,972	4,088,972	100.00%
Other Income	104,532,034	104,532,034	0	0.00%
Total Revenue	3,619,543,918	4,488,932,890	869,388,972	24.02%
Less: Provision for Discount	7,572,878	7,572,878	0	0.00%
Revenue Net of Discount	3,611,971,040	4,481,360,012	869,388,972	24.07%
Less: Provision for VAT	339,365,213	421,049,249	81,684,036	24.07%
Revenue After Discount and VAT	3,272,605,827	4,060,310,763	787,704,936	24.07%


Source: Business Lines Department

C. EXPENDITURE ASSUMPTION

a. PERSONNEL SERVICES

The revised PS budget for FY 2021 is proposed to be increased by PHP29,636,941 or 1.58% from the approved COB FY 2021. The following PS accounts are to be increased significantly against the approved COB FY 2021, viz.:

1. Terminal Leave Benefits – PHP143,695,083, an increase of PHP13,012,913 or 9.96% due to the increasing number of Regular personnel below 63 years old who are retiring and/or resigning for the current year. Note that in the approved COB FY 2021, the retirement of those Regular personnel ageing 63 years and above are only considered.

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2. Honoraria – PHP4,094,256, an additional budget of PHP4,053,403 or 9,684.86% based on the actual payments from January to March 2021 as well as projected entitlement for April to December 2021. Taken into consideration the entitlement to Honoraria of current committees such as Costing and Pricing, Stamp, BAC, Enterprise Resource Planning, and Joint Venture Selection. Also, frequency of meetings of the current committees is projected.
3. Salaries and Wages – PHP1,196,908,397, an additional budget of PHP3,121,218 or 0.26% from the approved budget to provide for the additional ten (10) Contractual employees in the Central Office without equivalent position in the Plantilla of PHLPost, increasing the filled up Plantilla positions to 4,816.


Further, Hazard Pay and Special Counsel Allowance amounting to PHP8,000,000 and PHP70,000, respectively, are provided in the proposed Revised COB FY 2021.

Below is Table 2 showing the details of the proposed revision of the PS accounts.


Table 2 Personnel Services, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2021

Particulars	Personal Services FY 2021			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
1. Regular and Contractual Personnel <ul style="list-style-type: none"> • Additional 10 contractual employees in the CO without equivalent items in the plantilla; and, • Increase in the number of employees from 4,806 to 4,816. 				
1.1. Salaries and Wages	1,183,787,139	1,186,908,387	3,121,248	0.26%
1.2. Personnel Economic Relief Allowance	115,344,000	115,584,000	240,000	0.21%

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Particulars	Personal Services FY 2021			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
1.3. Clothing/Uniform Allowance	28,836,000	28,896,000	60,000	0.21%
1.4. Productivity Enhancement Incentive	24,030,000	24,080,000	50,000	0.21%
1.5. Cash Gift	24,030,000	24,080,000	50,000	0.21%
1.6. Midyear and Yearend Bonus	197,297,862	197,818,065	520,203	0.26%
1.7. Personnel Benefit Contributions	176,633,620	177,092,794	459,174	0.26%
2. Hazard Pay <ul style="list-style-type: none"> Pursuant to Administrative Order No. 26, s 2020, of the Office of the President; and, Rate is PHP100 per day per personnel who reported to duty during ECQ and MECQ. 	0	8,000,000	8,000,000	100.00%
3. Special Counsel Allowance <ul style="list-style-type: none"> Based on actual utilization from January to March 2021 and projected entitlement for April to December 2021 Actual, January to March – PhP 5,000 Estimates, April to Dec – 65,000 	0	70,000	70,000	100.00%
4. Honoraria <ul style="list-style-type: none"> Based on actual utilization from January to March 2021 and projected entitlement for April 	41,853	4,095,256	4,053,403	9,684.86%

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Particulars	Personal Services FY 2021			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
to December 2021; • For additional committees created that are entitled to Honoraria, such as ERP Systems and JV Selection; • Increase in the frequency of meetings compared to prior years. Assumptions is Technical Working Group (TWG) of all committees and JV Selection will meet once a week, ERP Systems for two to three times per week, and BAC estimated at four (4) procurement projects per month Actual, January to March – PHP704,041 Estimates, Apr to Dec - 3,391,215				
5. Terminal Leave Benefits • Increase in the number of personnel below 63 years old who tendered their retirement or resignation for the current year	130,682,170	143,695,083	13,012,913	9.96%
Total	1,880,682,644	1,910,319,585	29,636,941	1.58%

Source: Financial Management Department

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b. NON-PERSONNEL SERVICES (MOOE)

The revised Non-PS budget for FY 2021 is proposed to be increased by PHP755,460,468 or 86.83% from the Approved COB FY 2021.

Most of the increases are in the following Non-PS accounts:

1. Accountable Forms – PHP202,201,866, an increase of PHP188,963,825 or 1,427.43% of the approved budget. Of the increase, PHP121,356,051 is for the increase of the estimated volume and unit cost of Postal Identification card (PID) from PHP222 to PHP350 per card while PHP64,863,315 due to the reclassification of PID from Office Supplies to Accountable Forms pursuant to relevant provisions of RA No. 9184, Government Procurement Act.
2. Mail Conveyance, International – PHP312,728,150, additional budget of PHP182,984,100 or 141.03% of the approved amount composed of the actual payments and/or utilization for January to March 2021 amounting to PHP54,421,951, estimated utilization for April to December 2021 of PHP81,673,328 as well as provision for estimated increase in postal items handled and surface conveyance budget of PHP163,904,721 and PHP12,728,150, respectively.
3. Labor and Wages – PHP312,863,084, increase in the budget of PHP174,769,332 or 126.56% based on the actual utilization of the budget, Authority to Hire of additional Contract of Service (COS) workers for the second quarter of the year as well as provision for additional COS workers for Philippine ID delivery and for the data capturing duties for the PID. The provision for additional COS workers amounted to PHP28,127,705.
4. Semi-Expandable Expenses – PHP110,167,771, wherein budget is to be increased by PHP95,919,027 or 673.18% due to the reclassification of IT peripherals for ERP Systems with unit cost of below PHP15,000 to MOOE from CAPEX amounting to PHP89,300,000 as well as proposed additional semi-expandable equipment and furniture & fixture.

There will also be reduction in three Non-PS accounts: (1) Office Supplies – PHP174,141,464, reduction of the budget by PHP17,560,667 or 9.16% of the approved amount; (2) Travelling Expenses – PHP40,234,295, a decrease of PHP11,800,147 or 22.63% as approved; and, (3) Taxes, Insurance Premium & Other Fees – PHP21,336,941, a reduction of PHP738,928 or 3.35% of the budget.

Please see Table 3 below on the details of the Non-PS accounts proposed to be revised.



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Table 3 Non-Personnel Services, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2021

Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
a. INCREASE IN THE FOLLOWING ACCOUNTS:				
1. Accountable Forms	13,238,041	202,201,866	188,963,825	1,427.43%
<ul style="list-style-type: none"> Reclassification of Postal Identification (PID) from Office Supplies to Accountable Forms pursuant to RA No. 9184, Government Procurement Law; 64,863,315 Increase in the estimated volume and unit cost of PID from PHP222 to PHP350 per card; and, 121,356,051 Increase in the approved budget based on the contract price for other Accountable Forms such as (1) Official Receipt, (2) Acknowledgement Receipt, (3) Billing Invoice, and (4) Sales Invoice. 15,982,500 				
2. Semi-Expandable Expenses	14,248,744	110,167,771	95,919,027	673.18%
<ul style="list-style-type: none"> Reclassification of IT peripherals for ERP system with unit cost of below PHP15,000 to from CAPEX to MOOE; and, 89,300,000 Proposal for additional equipment, and furniture & fixtures with unit cost of below PHP15,000 20,867,771 				

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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
3. Fuel, Oil and Lubricants Actual, January to March 2021 8,808,122 Estimates, April to December 2021 35,232,488 Provision for Inflation 4,224,584	37,789,916	48,265,194	10,475,278	27.72%
4. Communication <ul style="list-style-type: none"> • Increase in Telephone expenses, Landline and Mobile, based on actual utilization and entitlement; and, • Increase in Internet Expenses due to: <ul style="list-style-type: none"> ▪ Proposed additional connectivity of Post Office and upgrade of all existing plan in preparation for the implementation of the ERP systems; and, ▪ Provision of mobile data connectivity with free device to Letter Carriers. Actual, January to March 2021 4,508,542 Estimates, April to December 2021 16,409,961 Provision for GPS subscription, Mobile Data connectivity with free device, and plan upgrades – details in the PPMP 28,528,785	38,434,992	56,043,483	17,608,491	45.81%

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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
5. Membership Dues and Contribution to Organizations • Based on average actual payments from 2017 to 2020	4,198,111	7,398,747	3,200,636	76.24%
6. Labor and Wages • Based on actual utilization for January to March 2021 and Authority to Hire issued in Second Quarter of 2021 (2021 2Q), including premium, gasoline allowance, and travelling expense, if applicable; • Provision for additional COS workers for the Philippine ID delivery; and, • Provision for additional COS workers who will perform data capturing for PID	138,093,752	312,863,084	174,769,332	126.56%
Actual, January to March 2021 47,972,786 Estimates, April to December 2021 236,762,611 Provision for additional COS for Philippine ID delivery and PID data capturing as well as requirements by Postal Areas and Offices of Exchange 28,127,705				




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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
7. Rent / Lease Expense <ul style="list-style-type: none"> Additional budget for the office space rental of Iloilo City Post Office and Western Visayas Area Administrative Office; and, 	49,203,581	64,827,703	15,624,122	31.75%
<ul style="list-style-type: none"> Increase in the Motorcycle rental due to the additional COS workers that will be performing delivery functions. 				
Provision for Motorcycle rental for Letter Carriers per proposed filling up of Plantilla positions, 1,571 positions 20,737,200				
Provision for Motorcycle rental for Letter Carriers per proposed COS hiring, 1,639 COS workers 18,819,800				
Provision for office space rental, Iloilo City Post Office and Western Visayas Area Administrative Office 24,270,703				
8. Advertising, Promotional and Marketing Expenses Based on the promotional programs of the OPMG and BLD	12,000,000	22,000,000	10,000,000	83.33%

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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
9. Subscription • Additional budget for subscription to Zoom as well as research materials for Corporate Planning Department	9,369,501	10,025,115	655,614	7.00%
10. Professional Services – Auditing and Consultancy • Based on actual utilization and billing of Commission on Audit for Central Office and Postal Areas 22,535,825 • Based on approved Consultancy services to be engaged 14,043,616 • Additional budget for the Consultancy Services for Right-sizing and ERP 12,000,000	31,737,211	48,579,441	16,842,230	53.07%
11. Other General Services • Based on actual utilization for January to March 2021 and Authority to Hire issued in Second Quarter of 2021 (2021 2Q), including premium and travelling expense, if applicable; Actual, January to March 2021 7,928,142 Estimates, April to December 2021 30,126,940 Provision for increase in Daily Rate and number of COS workers 8,754,226	38,526,345	46,809,309	8,282,964	21.50%

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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
12. Janitorial Services <ul style="list-style-type: none"> Based on contract price; and, Adjustment for the increase in the Minimum Wage rates and the 2021 SSS contribution rates. 	10,329,048	13,883,955	3,554,907	34.42%
13. Security Services <ul style="list-style-type: none"> Based on contract price; Proposed additional 25 Security Guards in the Central Office; Adjustment for the increase in the Minimum Wage rates and the 2021 SSS contribution rates. 	23,698,939	50,978,095	27,279,156	115.11%
14. Mail Conveyance - International <ul style="list-style-type: none"> Actual utilization for January to March 2021, including Surcharges for air conveyances 54,421,951 Estimates, April to December 2021, per Contract 81,673,328 Provision for estimated increase in mail volume 163,904,721 Provision for Surface Conveyance expenses 12,728,150 	129,744,050	312,728,150	182,984,100	141.03%

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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
15. Repairs and Maintenance Expenses <ul style="list-style-type: none"> Based on actual utilization for January to March 2021; and, Proposed additional repair and/or rehabilitation of various postal facilities. 	18,745,518	30,551,437	11,805,919	62.98%
Actual, January to March 2021	3,526,247			
Estimates, April to December 2021, based on contract	17,631,235			
Provision for Surcharge and return of Empty Mailbags	9,393,955			
16. Extraordinary and Miscellaneous Expense <ul style="list-style-type: none"> Adjustment based on the rate in the GAA FY 2021 	1,766,400	2,018,400	252,000	14.27%
17. Other MOOE <ul style="list-style-type: none"> Based on the proposed additional projects and/or activities such as appraisal, titling of lots, etc. Additional provision for COVID-related expenses Additional provision for Gratuity Pay for COS workers 	33,037,244	50,380,853	17,343,609	52.50%
37,722,433 4,009,420 8,649,000				
b. REDUCTION IN THE FOLLOWING ACCOUNTS:				

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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
18. Travelling Expenses <ul style="list-style-type: none"> Based on actual utilization for January to March 2021; and, Limited travels due to restrictions as per Interagency Task Force for the Management of Emerging Infectious Diseases 	52,149,442	40,349,295	(11,800,147)	(22.63%)
Actual, January to March 2021 5,335,178 Estimates, April to December 2021, including Mail Runs 35,014,117				
19. Office Supplies <ul style="list-style-type: none"> Reclassification of Postal Identification (PID) from Office Supplies to Accountable Forms pursuant to RA No. 9184, Government Procurement Law; (64,863,315) Provision for supplies and materials to be used in the delivery of Philippine ID; 31,485,798 Based on the approved and additional proposed office supplies requirement 207,518,983 	191,702,132	174,141,465	(17,560,667)	(9.16%)
20. Taxes, Insurance Premium and Other Fees <ul style="list-style-type: none"> Based on actual utilization for January to March 2021 	22,076,869	21,336,941	(739,928)	(3.35%)
Actual, January to March 2021 2,089,569				

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Particulars	Non-Personal Services FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
Estimates, April to December 2021 19,247,372				
Total	870,089,836	1,625,550,304	755,460,468	86.83%

Source: Financial Management Department

c. CAPITAL EXPENDITURE

The revised CAPEX budget for FY 2021 of PHP465,417,475 is proposed to be decreased by PHP183,814,049 or 28.31% from the approved COB FY 2021.

Three (3) CAPEX accounts are proposed to be decreased:

1. Other Equipment and Machineries – PHP61,579,144, a budget reduction of PHP109,514,538 or 64.01% as the procurement of the Flat Sorting Machine is moved to 2022.
2. IT Equipment and Software – PHP164,684,923, a decrease in the allocation of PHP76,792,851 or 31.80% of the approved budget due to the reclassification of IT peripherals for the ERP Systems with unit cost of below PHP15,000 to Semi-Expandable Equipment in the MOOE.
3. Infrastructure – PHP91,395,825, approved budget to be reduced by PHP2,307,175 or 2.40% as the repair and/or rehabilitation projects that do not extend the life of the asset is reclassified in the Repair and Maintenance account in the MOOE.

Also, the approved budget of four (4) CAPEX accounts are proposed to be increased: (1) Other CAPEX, Unforeseen – PHP10,000,000, approved amount to be increased by PHP2,600,000 or 35.14 percent; (2) Furniture and Fixtures – PHP18,013,883, increase of PHP856,855 or 4.99 percent of the approved budget; (3) Leasehold Improvement – PHP3,160,700, to be increased by PHP830,000 or 35.61 percent from the approved amount; and, (4) Motor Vehicles – PHP116,649,340, approved amount to be increased by PHP580,000 or 0.50percent.

Below is Table 4 showing the details of the proposed revisions in the CAPEX accounts.



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Table 4 Capital Expenditure, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2021

Particulars	Capital Expenditure FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
a. REDUCTION IN THE FOLLOWING ACCOUNTS:				
1. Other Equipment and Machineries <ul style="list-style-type: none"> Flat Sorting Machine expected to be procured in 2022 instead of 2021; and, Provision for elevator at Central Office and Customs examination equipment. 	171,093,682	61,579,143	(109,514,539)	(64.01%)
2. IT Equipment and Software <ul style="list-style-type: none"> Reclassification of IT peripherals for ERP system with unit cost of below PHP15,000 to from CAPEX to MOOE; and, Provision for PID Server and Biometrics machine for the Human Resources Information & Performance System. 	241,477,774	164,618,583	(76,859,191)	(31.83%)
3. Infrastructure <ul style="list-style-type: none"> Proposed priority infrastructure projects which can be completed at the end of the year, including DBM-funded projects; and, Reclassification of repair / rehabilitation projects to MOOE, those that do not extend the life of the asset, which is in the CAPEX budget in the approved COB FY 2021. 	93,703,000	91,395,825	(2,307,175)	(2.46%)
b. INCREASE IN THE FOLLOWING ACCOUNTS IN CONSIDERATION OF THE PROPOSED PRIORITY PROJECTS:				
4. Furniture & Fixtures	17,157,028	18,013,883	856,855	4.99%

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Particulars	Capital Expenditure FY 2021			
	As per Approved COB	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% to Approved COB
<ul style="list-style-type: none"> Additional budget for modular partition in General Services Department and Accounting Department 				
5. Motor Vehicles <ul style="list-style-type: none"> Additional budget for modular partition in General Services Department and Accounting Department 	116,069,340	116,649,340	580,000	0.50%
6. Leasehold Improvement <ul style="list-style-type: none"> Major repair of lease Post Offices 	2,330,700	3,160,700	830,000	35.61%
7. Other CAPEX - Unforeseen	7,400,000	10,000,000	2,600,000	35.14%
Total	649,231,524	465,417,474	(183,814,050)	(28.31%)

Source: Financial Management Department


D. CORPORATE OPERATING BUDGET

a. REVENUE AND EXPENDITURE BUDGET

The Surplus in the proposed Revised Revenue and Expenditure Budget for FY 2021 (Revised REB FY 2021) amounts to PHP169,435,468, an increase of PHP167,815,993 or more than 100 percent from the approved budget. The Total Revenue in the Revised REB FY 2021 is PHP4,600,566,763 is an increase of PHP770,669,936 or 20.12percent from the approved budget. While the Total Expenditures is PHP4,431,131,295, an increase of PHP602,853,943 or 15.75 percent from the approved amount.

Of the Total Revenue, the Subsidy Income from Non-Shareholders is deleted while the Reimbursement from National Government (NG) amounting to PHP540,256,000 is provided an additional PHP40,000,000 or 8.00 percent of the approved budget.

Of the Total Expenditure, the Operating Expenses (OPEX) of PHP2,485,263,201 is an additional of PHP614,653,777 or 32.86 percent from the approved budget while the Administrative, Financial & Other Expenses (ADMINEX) of PHP1,480,450,620 is an increase of the approved amount by PHP172,014,216 or 13.15 percent. The CAPEX of PHP465,417,474 is a reduction of the approved budget by PHP183,814,050 or 28.31 percent.

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Of the Total Expenditure, the Operating Expenses (OPEX) of PHP2,485,263,201 is an additional of PHP614,653,777 or 32.86 percent from the approved budget while the Administrative, Financial & Other Expenses (ADMINEX) of PHP1,480,450,620 is an increase of the approved amount by PHP172,014,216 or 13.15 percent. The CAPEX of PHP465,417,474 is a reduction of the approved budget by PHP183,814,050 or 28.31 percent.


Table 5 is the details of the Revised REB FY 2021.

Table 5 Revenue and Expenditure Budget, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2021

Particular	Revenue and Expenditure Budget			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
Gross Revenue	3,619,543,918	4,488,932,890	869,388,972	24.02%
Less: Provision for Discount	7,572,878	7,572,878	0	0%
Revenue Net of Discount	3,611,971,040	4,481,360,012	869,388,972	24.07%
Less: Provision for VAT	339,365,213	421,049,249	81,684,036	24.07%
Net Revenue of Discount and VAT	3,272,605,827	4,060,310,763	787,704,936	24.07%
Add: Reimbursement from NG	500,256,000	540,256,000	40,000,000	8.00%
Subsidy Income from Non-Shareholders	57,035,000		(57,035,000)	(100.00%)
TOTAL REVENUE	3,829,896,827	4,600,566,763	770,669,936	20.12%
Less: Expenditures				
Operating Expenses	1,870,609,424	2,485,263,201	614,653,777	32.86%
Administrative, Financial & Other Expenses	1,308,436,404	1,480,450,620	172,014,216	13.15%
Capital Expenditures	649,231,524	465,417,474	(183,814,050)	(28.31%)
TOTAL EXPENDITURES	3,828,277,352	4,431,131,295	602,853,943	15.75%
SURPLUS / (DEFICIT)	1,619,475	169,435,468	167,815,993	10,362.37%

Source: Financial Management Department

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b. RESULTS OF OPERATIONS


The Net Income in the Revised Results of Operations for FY 2021 (Revised ROO FY 2021) of PHP570,119,885 is reduced by PHP16,309,140 or 2.78 percent of the approved budget. However, please note that the Operating Income of PHP95,753,442 is an increase by PHP1,036,943 or 1.09 percent from the approved budget. As there is no revision in the approved Other Expenses, the Earning before Tax (EBT) is PHP42,662,692 is also increase by the same amount in the Operating Income and resulted to a 2.49 percent from the approved budget.

The Provision for Income Tax, 30 percent of the EBT, of PHP12,798,808 is increased by PHP311,083 or 2.49 percent of the approved budget. Thus, the Income after Tax of PHP29,863,885 also will increased by PHP725,860 or 2.49% from the approved budget.

Below is the detailed Revised ROO FY 2021.

Table 6 Results of Operations, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2021

Particular	Revenue and Expenditure Budget			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
Revenue				
Mail Services	1,910,639,077	2,775,939,077	865,300,000	45.29%
Express Services	1,205,156,918	1,205,156,918	0	0.00%
Logistics & Warehousing Services	70,301,212	70,301,212	0	0.00%
Payment & Retail Services	328,914,677	328,914,677	0	0.00%
Revenue from Joint Venture		4,088,972	4,088,972	100.00%
Other Income	104,532,034	104,532,034	0	0.00%
Total Revenue	3,619,543,918	4,488,932,890	869,388,972	24.02%
Less: Provision for Discount	7,572,878	7,572,878	0	0.00%
Revenue Net of Discount	3,611,971,040	4,481,360,012	869,388,972	24.07%
Less: Provision for VAT	339,365,213	421,049,249	81,684,036	24.07%
Revenue After	3,272,605,827	4,060,310,763	787,704,936	24.07%

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Particular	Revenue and Expenditure Budget			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
Interest Expense	1,156,500	1,156,500	0	0.00%
Depreciation	50,000,000	50,000,000	0	0.00%
Provision for Bad Debts	1,934,250	1,934,250	0	0.00%
Sub-Total > Other Expenses	53,090,750	53,090,750	0	0.00%
EARNING / (LOSS) BEFORE TAX	41,625,749	42,662,692	1,036,943	2.49%
Less: Provision for Income Tax (30%)	12,487,725	12,798,807	311,082	2.49%
INCOME / (LOSS) AFTER TAX	29,138,024	29,863,885	725,861	2.49%
Add: Reimbursement from NG	500,256,000	540,256,000	40,000,000	8.00%
Subsidy Income from Non-Shareholders	57,035,000		(57,035,000)	(100.00%)
NET INCOME / (LOSS)	586,429,024	570,119,885	(16,309,139)	(2.78%)

Source: Financial Management Department

c. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTIZATION

The Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of PHP93,819,192 is increased by PHP1,036,943 or 1.12% from the approved budget. It is a mandatory strategic measure and target in the Performance Evaluation System of the Governance Commission for the GOCCs, this is one of the targets in the approved Performance Scorecard for CY 2021.

Below is Table 7 for the Earnings Before Interest, Taxes, Depreciation, and Amortization.

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**Table 7 Earnings Before Interest, Taxes, Depreciation, and Amortization,
Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2021**

Particular	Revenue and Expenditure Budget			
	Approved Budget	Proposed Revised Budget	Variance Increase / (Decrease)	
			Amount	% Variance to Approved Budget
Earnings / (Loss) before Taxes	41,625,749	42,662,692	1,036,943	2.43%
Add: Other Expenses				
Interest Expense	1,156,500	1,156,500	0	0.00%
Depreciation	50,000,000	50,000,000	0	0.00%
EARNINGS / (LOSS) BEFORE INTEREST, TAXES AND DEPRECIATION	92,782,249	93,819,192	1,036,943	1.11%

Source: Financial Management Department

E. PROJECT PROCUREMENT MANAGEMENT PLAN

The Revised Project Procurement Management Plan for MOOE for FY 2021 (Revised MOOE PPMP FY 2021) of PHP1,220,472,189 will increase the approved budget for the account by PHP557,846,839 or 84.19 percent.

Except the Rental of Real Property & Equipment, all of the categories in the Revised MOOE PPMP FY 2021 will be increased. The increases of the following categories are significant:

1. Accountable Forms / Items – PHP202,201,866, additional PHP188,963,825 or 1,427.43 percent of the approved budget.
2. Mail Conveyance – PHP385,241,626, approved budget will be increased by PHP182,984,100 or 90.47 percent.
3. Supplies & Materials – PHP284,309,236, increase of PHP78,358,359 or 38.05 percent of the approved amount.


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Table 8 below is the details of the Revised MOOE PPMP FY 2021.

Table8 Maintenance & Other Operating Expenses, Revised Project Procurement Management Plan, Philippine Postal Corporation, FY 2021


Particulars	Maintenance & Other Operating Expenses Project Procurement Management Plan FY 2021				
	Approved Budget	Proposed Revised Budget		Variance Increase / (Decrease)	
		Amount	% to Total Revised Budget	Amount	% to Approved Budget
a. Accountable Forms/ Items	13,238,041	202,201,866	16.57%	188,963,825	1,427.43%
b. Supplies & Materials	205,950,876	284,309,236	23.30%	78,358,360	38.05%
c. Gasoline, Oil & lubricant	37,789,916	48,265,194	3.95%	10,475,278	27.72%
d. Repair & Maintenance	18,745,518	30,551,437	2.50%	11,805,919	62.98%
e. Training	5,000,000	5,000,000	0.41%	0	0.00%
f. Communication (landline)	3,088,179	5,664,195	0.46%	2,576,016	83.42%
g. Internet-Connectivity	34,773,088	49,447,288	4.05%	14,674,200	42.20%
h. Advertising	12,000,000	22,000,000	1.80%	10,000,000	83.33%
i. Subscription	9,369,501	10,025,115	0.82%	655,614	7.00%
j. Mail Conveyance	202,257,526	385,241,626	31.56%	182,984,100	90.47%
k. Security Services	23,698,939	50,978,095	4.18%	27,279,156	115.11%
l. Janitorial Services	10,329,048	13,883,955	1.14%	3,554,907	34.42%
m. Other MOOE	28,596,724	40,054,037	3.28%	11,457,313	40.07%
n. Rental of real property & Equipment	26,050,781	24,270,703	1.99%	(1,780,078)	(6.83%)
o. Consultancy/Professional Services	31,737,211	48,579,441	3.98%	16,842,230	53.07%
TOTAL	662,625,348	1,220,472,188	100.00%	557,846,840	84.19%

Source: Logistics & Property Management Department

The Revised Project Procurement Management Plan for CAPEX for FY 2021 (Revised CAPEX PPMP FY 2021) of PHP465,417,474 will reduce the approved budget for the account by PHP183,814,050 or 28.31 percent.

The reduction of the following CAPEX categories are significant:

1. Other Equipment & Machineries – PHP61,579,143, approved budget is reduced by PHP109,514,540 or 64.01 percent.
2. IT Equipment – PHP113,407,953, decrease of PHP66,949,711 or 37.12percent of the approved amount.
3. Software / Systems – PHP51,210,630, approved amount is reduced by PHP9,909,480 or 16.21 percent.

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Please see Table 9 on the details of the Revised CAPEX PPPMP FY 2021.

Table9 Capital Expenditure, Revised Project Procurement Management Plan, Philippine Postal Corporation, FY 2021

Particulars	Capital Expenditure Project Procurement Management Plan FY 2021				
	Approved Budget	Proposed Revised Budget		Variance Increase / (Decrease)	
		Amount	% to Total Revised Budget	Amount	% to Approved Budget
a. IT Equipment	180,357,664	113,407,953	24.37%	(66,949,711)	(37.12%)
b. Software/Systems	61,120,110	51,210,630	11.00%	(9,909,480)	(16.21%)
c. Other Equipment & Machineries	171,093,682	61,579,143	13.23%	(109,514,539)	(64.01%)
d. Furniture & Fixtures	17,157,028	18,013,883	3.87%	856,855	4.99%
e. Vehicle	116,069,340	116,649,340	25.06%	580,000	0.50%
f. Infrastructure	93,703,000	91,395,825	19.64%	(2,307,175)	(2.46%)
g. Leasehold Improvement	2,330,700	3,160,700	0.68%	830,000	35.61%
h. Provision for unforeseen/emergency CAPEX	7,400,000	10,000,000	2.15%	2,600,000	(35.14%)
TOTAL	649,231,524	465,417,474	100.00%	(183,814,050)	(28.31%)

Source: Logistics & Property Management Department

Filename: Revised2021COBNarrative

Central Records: PHLPost – COB

Digital Records:

1. PHLPost – COB
2. COB – FY 2021
3. Committee – CO Budget