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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

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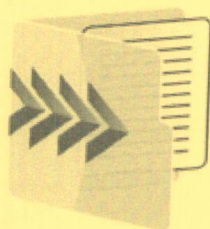
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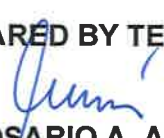


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CORPORATE OPERATING BUDGET CY 2023

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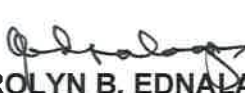

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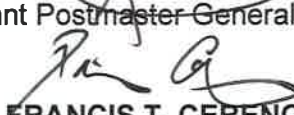

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Acting Assistant Postmaster General for Administration & Finance /
Chairperson, CO Budget Committee



Republic of the Philippines
Office of the President
Philippine Postal Corporation
Office of the Board of Directors

SECRETARY'S CERTIFICATE

1. I am presently the Corporate Secretary of the Philippine Postal Corporation;
2. The Office of the Corporate Secretary holds office at the 3rd Floor, Manila Central Post Office Building, Magallanes Drive, Liwasang Bonifacio, Barangay 659-A, Ermita, Manila;
3. I am the custodian of the records of the Corporation, including the Minutes of Meetings and Resolutions;
4. In the 7th Special Meeting of the Board held on May 30, 2022, via videoconference (Zoom Meeting with ID No. 3726631056) during which a quorum was present and acted throughout, Board Resolution No. 2022-49 was unanimously approved and adopted, as follows:

Board Resolution No. 2022 - 49

"APPROVING THE CORPORATE OPERATING BUDGET OF THE PHILIPPINE POSTAL CORPORATION (PHLPOST) FOR CALENDAR YEAR 2023 AMOUNTING TO FIVE BILLION SEVEN HUNDRED NINETY-FIVE MILLION FIVE HUNDRED SIXTY-FIVE THOUSAND SEVENTY-TWO PESOS (P5,795,565,072.00)."

WHEREAS, an Operating Budget is necessary to enable the Corporation to plan and manage its financial resources to support the implementation of its various plans and programs within the constraints of its financial capability;

WHEREAS, Management, through Post Office Execom Resolution No. 2022-19 dated 26 May 2022, submitted to the Board a proposed Corporate Operating Budget (COB) of the Philippine Postal Corporation (Post Office) for Calendar Year 2023 embodying, among others, the following: (i) Projected Revenue and Expenditures; (ii) Cash Budget; (iii) Projected Results of Operations, and (iv) Project Procurement Management Plan;



WHEREAS, the Board of Directors agreed to approve the proposed COB for 2023 as presented by Management subject to periodic review as may be allowed by the Department of Budget and Management (DBM) to reflect recent developments in the projected performance of the Corporation and on its fiscal program for a given period;

WHEREFORE, foregoing premises considered, BE IT RESOLVED, as it is hereby resolved, to approve the Corporate Operating Budget of the Philippine Postal Corporation for Calendar Year 2023 amounting to Five Billion Seven Hundred Ninety-Five Million Five Hundred Sixty-Five Thousand Seventy-Two Pesos (P5,795,565,072.00).

Issued this 30th day of May 2022 at the City of Manila, Philippines.


ATTY. LINDEZA R. ROGERO-GAVINO
Corporate Secretary



Republic of the Philippines
Office of the President
Philippine Postal Corporation

POST OFFICE EXECOM RESOLUTION 2022-19
26 May 2022

Subject : Proposed Corporate Operating Budget (COB) for CY 2023

WHEREAS, in compliance to the Corporate Budget Memorandum No. 4 dated 03 January 2018 issued by the Department of Budget and Management (DBM) for all Government-Owned or Controlled Corporations (GOCCs), including Government Financial Institutions (GFIs), the Corporate Operating Budget (COB) of the Philippine Postal Corporation for CY 2023 was prepared by the Post Office Budget Committee and presented by the Acting Assistant Postmaster General for Administration and Finance;

WHEREAS, the revenue targets were prepared by operating units per product and service following the bottom up budgeting method;

WHEREAS, the preparation took into consideration the external and internal environment as well as global, regional, national and local markets affecting the business and operations of the Post Office;

WHEREAS, the Proposed COB for CY 2023 presented the Strategic Programs as well as the resources needed to implement these programs and to effectively carry out the Post Office mandate and mission and attain the vision to provide quality Postal Services in the Philippines;

WHEREAS, this Proposed COB for CY 2023 included the request for the Franking Privilege Reimbursement Subsidy in FY 2023 General Appropriations Act (GAA);

WHEREAS, the Economic Expectations in 2023 include the following:


- Full recovery of the Philippine economy in 2023 translating in increase in volume/transactions handled and postal business activities
- Improvement in the movement/delivery of goods and mail matters
- Increase in eCommerce transactions going through the postal system
- Continuous implementation of the PhilSys ID delivery
- Increase in money remittance from OFWs using the postal system

2022-19



HERETO, RESOLVED, that the Post Office Executive Committee recommends to the Post Office Board of Directors the approval of the Proposed Corporate Operating Budget for CY 2023;

ADOPTED this 26th day of May 2022 during the 5th Regular Post Office EXECOM Meeting held in the City of Manila.



(Mr.) JOEL L. ZAMUDIO

Acting Assistant Postmaster General for Operations



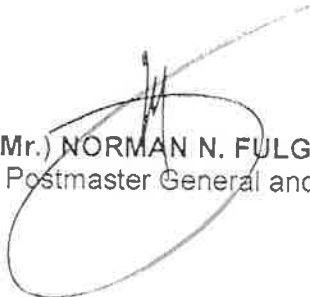
(Mr.) MAXIMO C. STA. MARIA III

Acting Assistant Postmaster General
for Management Support Services



(Mr.) FRANCIS T. CERENO

Acting Assistant Postmaster General
for Administration and Finance



(Mr.) NORMAN N. FULGENCIO

Postmaster General and CEO



CORPORATE OPERATING BUDGET CY 2023

Table of Contents

EXECUTIVE SUMMARY	5
1 BACKGROUND.....	6
2 OVERVIEW	6
3 STRATEGIC DIRECTIONS	7
A. Mandate, Obligations, and Powers	7
B. Mission, Vision and Values	8
C. Objectives, Goals, and Targets	8
D. Performance Targets	9
4 PLANS, ACTIVITIES AND PROJECTS	9
A. Strategic Programs	9
B. Priority Plans, Activities and Projects	12
C. Program Cost.....	13
5 CORPORATE TARGETS	14
A. Revenue Assumptions	14
B. Revenue Targets	14
6 CORPORATE OPERATING BUDGET	19
A. Expenditure Budget	19
B. Expenditure Assumptions	20
C. Personnel Complement.....	26
D. Budget Summary	29
E. Cash Budget.....	30
F. Project Procurement Management Plan (PPMP)	32

List of Tables and Figures

Figure 1 Strategy Map, PHLPPost.....	8
Figure 2 Corporate Performance Targets, CY2023	9
Table 1 Revenue and Expenditure Budget, CY2023	5
Table 2 Results of Operations, CY2023.....	5
Table 3 Strategic Programs, PHLPPost.....	11
Table 4 Area Enhancement Programs, PHLPPost	12
Table 5 Program Cost, Plans, Activities and Projects, Strategic Programs CY 2023	14
Table 6 Program Cost, Plans, Activities and Projects, Area Enhancement Program CY 2023	14
Table 7 Corporate Revenue Targets, CY 2023.....	15
Table 8 Proposed Revenue Targets by Operating Units, CY2023	15
Table 9 Revenue Assumptions for Mail Services, CY2023.....	16
Table 10 Revenue Assumptions for Express Mail Services, CY2023	17
Table 11 Revenue Assumptions for Logistics Services, CY2023	17
Table 12 Revenue Assumptions for Payment and Retail Services, CY2023	18
Table 13 Revenue Assumptions for Other Income, CY2023	18
Table 14 Projected Mail Volume, CY2023	19
Table 15 Expenditure Budget, CY2023	20
Table 16 General Assumptions on Expenditures, CY2023.....	20
Table 17 Personnel Expenditures, CY2023.....	22
Table 18 Non-Personnel Services Expenditures, CY2023.....	25
Table 19 Financial Expenses Assumptions, CY2023	25
Table 20 Capital Expenditures Assumptions, CY2023	25
Table 21 Summary of Expenditures, CY2023	25
Table 22 Personnel Complement per Operating Unit, CY2023.....	28
Table 23 Summary of Personnel Complement per Designation, CY2023.....	29
Table 24 Revenue and Expenditure Budget, CY2023	29
Table 25 Proposed Results of Operations, CY2023	30
Table 26 Cash Budget Assumptions, CY2023.....	31
Table 27 Cash Budget for Operating Fund, CY2023	32
Table 28 Project Procurement Management Plan - Maintenance and Other Operating Expenses (MOOE), CY2023.....	32
Table 29 Project Procurement Management Plan - Capital Expenditures (CAPEX), CY2023	33
Table 30 Project Procurement Management Plan - CAPEX Per Operating Unit, CY2023	33



CORPORATE OPERATING BUDGET CY 2023

EXECUTIVE SUMMARY

The Corporate Operating Budget (COB) for CY 2023 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 the Post Office.

It presents the strategic programs of the corporation for CY 2023 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 2023.

For CY2023, the Revenue and Expenditure Budget and Projected Results of Operations of PHLPost are summarized below:

PARTICULARS	AMOUNT
Revenue	5,754,564,785
Revenue Net of Discount & VAT	5,201,994,931
Franking Privilege Reimbursement	544,836,823
Subsidy Income from Non-Shareholders (UPU)	75,000,000
Expenditures	
<i>Personnel Services</i>	2,582,237,858
<i>Non-Personnel Services</i>	2,526,609,763
<i>Financial Expenses</i>	2,836,296
<i>Capital Expenditures</i>	683,881,155
SURPLUS/(DEFICIT)	26,266,682

Table 1 Revenue and Expenditure Budget, CY2023

PARTICULARS	AMOUNT
Revenue	5,754,564,785
Revenue Net of Discount & VAT	5,201,994,931
Expenditures	
Operating Expenses	3,675,192,544
Administrative Expenses	1,436,491,373
Income from Operations	92,811,014
Earnings Before Tax	21,294,972
Earnings After Tax	15,971,229
Franking Privilege Reimbursement	544,836,823
Subsidy Income from Non-Shareholders (UPU)	75,000,000
Bottom Line Net Income	635,808,052

Table 2 Results of Operations, CY2023

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BUDGET NARRATIVE COB 2023**1 BACKGROUND**

Revenue targets for the COB 2023 are determined by operating units per product and service following the bottom up budgeting method.

The proposal for Corporate Operating Budget CY 2023 considered the Priority Plans, Activities, and Projects (PAPs) and Assumptions based on normal operations of the Corporation.

The following are the economic expectations for 2023:

- a. Full 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. Continuous implementation of the PhilID delivery
- e. Increase in money remittances from OFWs

According to the conducted market research of Nielsen, PHLPost has the most affordable price in terms of services. However, the profile of the customers are 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. As of 2022, the Corporation has implemented its Enterprise Resource Planning (ERP) System consisting of the Mail Management System, Human Resource Information System, Corporate Financial Management Information System, and the Financial Counter System.

2 OVERVIEW

The Corporate Operating Budget (COB) for CY 2023 of the Philippine Postal Corporation presents the strategic programs of the corporation for CY 2023 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 2023.

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

The Post Office 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 the Post Office 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;
- c. Issue and sell Postage Stamps and Other Stamped Paper, Cards, and Envelopes as it may deem necessary or desirable;
- d. 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,
- e. 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.

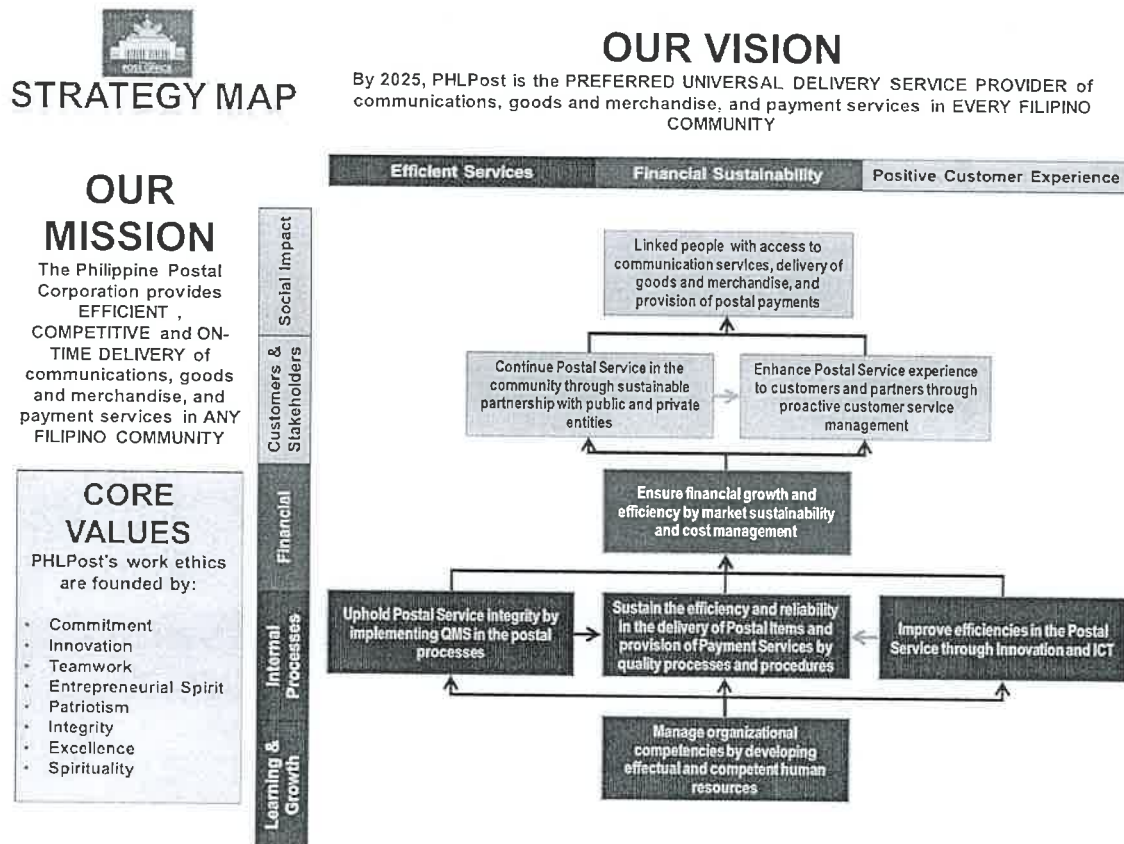


Figure 1 Strategy Map, PHLPost

C. Objectives, Goals, and Targets

The corporate objectives of the Post Office are as follows:

- 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;
- 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.
- Financial Sustainability – to attain revenue generation of 95%, have effective cost management, and balance between fulfilling our service obligation and maintaining profitability;
- Positive Customer Experience – to meet the requirements of our customers and to ensure at least 90% customer satisfaction rating; and,
- 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 2023 are to maintain the leadership of the Post Office 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 and is represented in figure 2:

- a. Efficient Services – 55%;
- b. Financial Sustainability – 12%; and,
- c. Positive Customer Experience – 33%

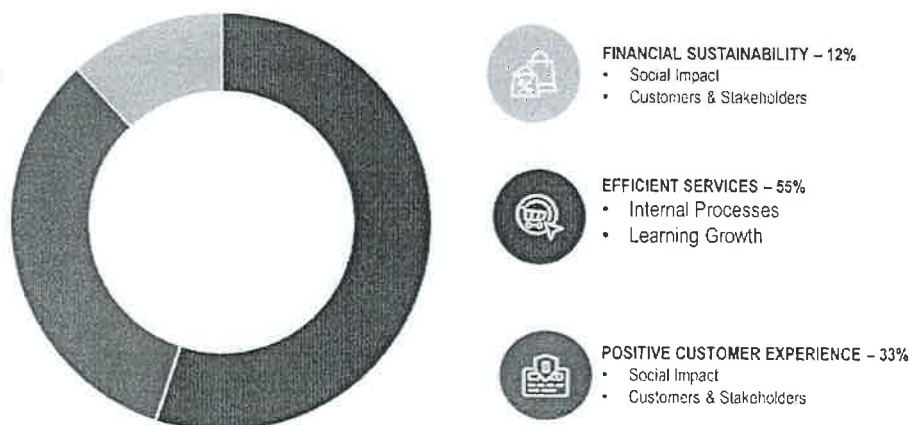


Figure 2 Corporate Performance Targets, CY2023

4 PLANS, ACTIVITIES AND PROJECTS

A. Strategic Programs

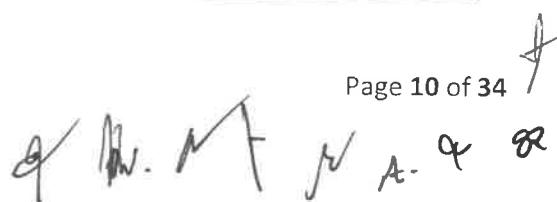
The Post Office identifies eleven (11) developmental programs which aims to make the Corporation:

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

These programs are categorized into three (3) operating offices: (1) Operations, (2) Support to Operations (STO), and (3) General Administration and Support (GAS). The below table presents the strategic programs of the Post Office in each category.

Programs	Goals	Accountable	Responsible
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

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
			Department <ul style="list-style-type: none"> • 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 • 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 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
6. 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 • Systems & Methods Division
C. General Administration and Support			
7. 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
8. 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
9. 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


 A. Q. B

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
10. 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
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 3 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
5. 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
C. General Administration and Support			
6. 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

<i>Programs</i>	<i>Goals</i>	<i>Accountable</i>	<i>Responsible</i>
7. 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
8. 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
9. Area Legal Services Management Program	Ensure and guide compliance with relevant laws, regulations and procedures of the Area	Area Director	
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 4 Area Enhancement Programs, PHLPost

B. Priority Plans, Activities and Projects

For CY 2023, 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)
- d. Continuous observance of Health and Safety protocols

C. Program Cost

The total cost in the implementation of the developmental programs for CY 2023 amounted to Php 5,795,565,072. Of the total program cost, Php 3,675,192,544 or 63% is Operating Expenses (OPEX); Php 1,436,293,373 or 25% is Administrative, Financial and Other Expenses (ADMINEX); and, Php 683,881,155 or 12% is Capital Expenses (CAPEX).

Programs relating to Operations amounts to Php 4,796,030,235 while the STO and GAS programs are Php 373,375,107 and Php 626,159,730, respectively.

The Area Enhancement Program amounts to Php 3,097,009,204 or 64.57% of the cost of Operations programs. Of the amount, Php 2,573,370,516 is OPEX, Php 457,872,664 is ADMINEX, and Php 65,766,025 is CAPEX.

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

Programs	Revenue Target	Reimbursement of Franking & Subsidy from UPU	Total Program Cost	Program Cost		
				Operating Expenses	Administrative, Financial, and Other Expenses	Capital Expenditure
A. OPERATIONS						
1. Operations Improvement Program	1,755,187,795	619,836,823	1,699,021,031	1,101,822,028	153,922,507	443,276,496
2. Area Enhancement Programs	3,294,743,549		3,097,009,204	2,573,370,516	457,872,664	65,766,025
Sub-total > Operations	5,049,931,343	619,836,823	4,796,030,235	3,675,192,544	611,795,170	509,042,521
B. SUPPORT TO OPERATIONS						
3. Integrated Marketing Communications	96,915,286		194,299,675	-	182,179,176	12,120,499
4. ICT Development Program			125,819,750	-	77,881,999	47,937,751
5. Postal Safety & Security Program			53,255,681		49,875,567	3,380,114
Sub-Total > STO	96,915,286	0	373,375,107	-	309,936,742	63,438,365
C. GENERAL ADMINISTRATION & SUPPORT						
6. Human Resources Development Program			120,227,664		118,941,912	1,285,752
7. Administrative Efficiency & Transparency Program	42,599,077		159,143,851		109,512,290	49,631,560
8. Financial Management Program	12,549,225		209,999,979		153,638,540	56,361,438
9. Legal Services			34,313,320		32,810,508	1,502,812

Management Program						
10. Corporate Performance Management Program			47,508,797		46,660,176	848,621
11. Audit Efficiency Program			54,966,119		53,196,034	1,770,085
Sub-Total > GAS	55,148,302	0	626,159,730		514,759,461	111,400,269
Total	5,201,994,931	619,836,823	5,795,565,072	3,675,192,544	1,436,491,373	683,881,155

Table 5 Program Cost, Plans, Activities and Projects, Strategic Programs CY 2023

Postal Area	Expected Outcome (Revenue)	Total Program Cost	Program Cost			
			% to Total	Operating Expenses	Administrative, Financial, and Other Expenses	Capital Expenditure
Northeast Luzon	114,976,551	187,902,979	6.07%	150,321,907	31,521,542	6,059,530
Northwest Luzon	433,585,287	426,613,337	13.78%	364,641,988	51,775,014	10,196,335
Mega Manila	1,671,710,985	1,131,335,395	36.53%	976,902,335	126,928,095	27,504,965
Southern Luzon	310,770,870	309,675,826	10.00%	251,808,648	57,157,369	709,809
Central & Eastern Visayas	263,816,813	301,180,840	9.72%	246,415,182	48,632,369	6,133,289
Western Visayas	152,443,336	255,444,000	8.25%	205,394,217	48,125,882	1,923,901
Eastern Mindanao	204,028,799	201,120,874	6.49%	164,412,772	33,476,467	3,231,634
Central Mindanao	98,768,051	180,209,489	5.82%	134,683,085	36,530,109	8,996,295
Western Mindanao	44,642,857	103,526,465	3.34%	78,790,383	23,725,816	1,010,267
Total	3,294,743,548	3,097,009,204		2,573,370,516	457,872,664	65,766,025
% to Total		100%		83%	15%	2%

Table 6 Program Cost, Plans, Activities and Projects, Area Enhancement Program CY 2023

5 CORPORATE TARGETS

A. Revenue Assumptions

The total revenue targets are expected to be from 81.77% of the maintained revenue from existing Corporate/Institutional clients, 9.79% shall be from newly acquired Corporate/Institutional Customers, increase in volume transactions from existing clients is expected to provide 5.52% of the target, 2.16% shall be from recovery of lost clients, and 0.75% from seasonal/special revenue generating projects.

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 2023 amounts to Php **5,201,994,931**.

Of the total revenue target, Php 3,053,311,045 or 58.70% will be generated from Mail Services, Php 1,403,207,672 or 26.97% from Express Mail Services; Php 126,076,091 or 2.42% from Logistics Services; Php 454,250,484 or 8.73% from Payment and Retail Services; and Php 165,149,639 or 3.17% will be generated from Other Income Sources.

The table below summarizes the 2023 revenue targets per business line:

PRODUCTS/SERVICES	Total	% to Total	2022 (Estimate)	2021 (Unaudited)
Mail Services	3,053,311,045	58.70%	2,897,331,713	1,402,533,077
Express Mail Services	1,403,207,672	26.97%	1,341,125,910	968,458,944
Logistics Services	126,076,091	2.42%	61,513,527	18,952,453
Payment & Retail Services	454,250,484	8.73%	419,925,192	406,862,532
Other income	164,149,639	3.17%	200,424,156	150,154,245
Total	5,201,994,931	100%	4,920,320,497	2,946,961,251

Table 7 Corporate Revenue Targets, CY 2023

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 and Warehousing Services	Payment and Retail Services	Other Income
Northeast Luzon Area	114,976,551	2%	38,041,536	52,121,060	1,339,286	22,381,155	1,093,514
Northwest Luzon Area	433,585,287	8%	190,321,322	150,997,551	4,292,971	81,041,018	6,932,424
Mega Manila Area	1,671,710,985	32%	1,069,404,076	444,342,225	-	150,892,504	7,072,180
Southern Luzon Area	310,770,870	6%	121,414,080	136,799,967	7,329,153	43,025,958	2,201,982
Central & Eastern Visayas Area	263,816,813	5%	118,715,831	89,707,259	13,392,857	30,650,965	11,349,901
Western Visayas Area	152,443,336	3%	63,177,217	43,951,235	21,071,429	20,758,473	3,484,982
Eastern Mindanao Area	204,028,799	4%	75,404,027	84,524,751	4,317,737	36,209,701	3,572,583
Central Mindanao Area	98,768,051	2%	37,497,111	32,002,948	5,136,230	21,478,996	2,652,766
Western Mindanao Area	44,642,857	1%	15,860,714	8,255,804	6,696,429	13,396,429	433,482
Central Office	1,907,251,383	37%	1,323,475,131	360,505,141	62,500,000	34,415,286	126,355,825
Total	5,201,994,931		3,053,311,045	1,403,207,672	126,076,091	454,250,484	165,149,639

Table 8 Proposed Revenue Targets by Operating Units, CY2023

1. Mail Services

The revenue target for Mail Services in CY 2023 is Php 3,053,311,045 or 59% of the corporate revenue target.

- Of the target, **Php2,636,856,045** or **86.36%** will be generated from existing institutional and retail clients where the PhilSys ID delivery dominated the share in the revenue in the amount of Php945,057,865 or 30.95% of category target.
- Revenue from new corporate clients is **Php222,280,733** or **7.28%** where registered mail service has the biggest share
- 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 **PhP136,914,448** or at **4.48%**, lost and recovered customers **PhP43,593,558** or **1.43%** and from special/Seasoned revenue generating projects **Ph13,666,261** or at **0.45%**.
- 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

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	683,447,008	22%	567,822,759	40,500,356	50,519,388	19,136,815	5,467,689
Registered Mail	656,660,123	22%	505,973,129	60,540,176	65,371,965	20,584,894	4,189,960
PHILID Delivery	945,057,865	31%	945,057,865	-	-	-	-
Tracked Mail Service	99,536,912	3%	69,116,434	30,420,478	-	-	-
Parcel Post	30,390,520	1%	10,296,967	18,142,991	1,668,077	194,728	87,756
e-Packet Service	159,178	0%	159,178	-	-	-	-
Others	13,015,222	0%	8,470,109	3,657,020	737,821	150,273	-
Others - PID Delivery	2,189,786	0%	1,844,799	46,121	49,811	64,570	184,485
Direct Access / Entry Income	1,857,757	0%	-	1,857,757	-	-	-
INTERNATIONAL							
Ordinary	66,080,694	2%	57,541,415	3,747,206	3,268,603	912,569	610,901
Registered Mail	89,378,256	3%	72,212,164	7,118,253	7,590,827	1,388,988	1,068,023
Letters with Advise of Receipt	849,284	0%	849,284	-	-	-	-
Parcel	64,503,668	2%	47,751,568	6,532,306	7,190,454	1,004,317	2,025,024
e-Packet Service	281,758	0%	281,758	-	-	-	-
Inbound Delivery Income	377,895,846	12%	328,742,661	49,153,185	-	-	-
Direct Access / Entry Income	18,599,505	1%	18,599,505	-	-	-	-
Others	3,407,662	0%	2,136,448	564,883	517,502	156,404	32,424
TOTAL	3,053,311,045	100%	2,636,856,045	222,280,733	136,914,448	43,593,558	13,666,261

Table 9 Revenue Assumptions for Mail Services, CY2023

2. Express Mail Services

The revenue target for Express Mail Services in CY 2022 is PhP 1,403,207,672 or 28% of the corporate revenue target.

- Of the target, **PhP1,035,958,489** or **74%** 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.
- Additional revenues will be from the acquisition of new corporate customers amounting to **PhP218,733,899** or **16%** of the target. **6%** or **PhP90,621,886** will be from increased volume from existing customers. Recovered Corporate Clients will constitute **3%** of the target or **PhP43,128,052**.
- Revenue from special/seasonal revenue generating projects is assumed to amount to **PhP14,765,346** 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	81,964,079	6%	24,479,762	33,900,764	17,269,009	5,920,305	394,237
Merchandise	98,748,835	7%	23,542,642	60,996,385	12,683,339	1,002,051	524,418
International			-	-	-	-	-
Document	115,950,644	8%	49,492,492	33,346,789	15,328,904	16,227,244	1,555,214
Merchandise	690,220,660	49%	567,018,286	65,846,923	27,900,779	18,669,704	10,784,967
Inbound Delivery Income	349,870,614	25%	329,621,210	10,126,042	10,123,362	-	-
From Registered to Express	5,424,107	0.4%	-	5,424,107	-	-	-
Others			-	-	-	-	-
Presentation to Customs Fee	53,761,193	4%	40,728,848	7,120,051	4,377,310	188,279	1,346,705
Packaging Service Fee	5,473,169	0.4%	1,075,249	1,972,837	1,432,955	832,322	159,804
Others	1,794,372	0.1%	-	-	1,506,226	288,146	-
TOTAL	1,403,207,672	100%	1,035,958,489	218,733,899	90,621,886	43,128,052	14,765,346

Table 10 Revenue Assumptions for Express Mail Services, CY2023

3. Logistics Services

The revenue target for Logistics Services in CY 2022 is PhP126,076,091 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 **PhP63,336,704** while increase in volume of existing clients is assumed to be **PhP26,008,563**;
- Acquisition of New Customers is 11% of the revenue assumptions for the Logistics services or **PhP14,415,542**;
- It is assumed that the amount of **PhP21,928,616** or **17.39%** of the revenue assumptions will be from the recovery of lost corporate/institutional clients; and
- Revenue is assumed from seasonal projects amounting to **PhP386,666** or **.31%** 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							
Logistics Services	126,076,091	100%	63,336,704	14,415,542	26,008,563	21,928,616	386,666

Table 11 Revenue Assumptions for Logistics Services, CY2023

4. Payment and Retail Services

The revenue target for CY 2023 of Payment and Retail Services is PhP454,250,484 which represents 9% of the total corporate revenue target.

Of the target, PhP379,583,878 or 83.56% is from Payment Services while PhP74,666,606 or 16.44% is from Philatelic and Retail Services.

- **Php360,217,630** or **79%** is generated from existing revenue.
- Postal ID remained to be the highest contributor in the revenue of this business line with **Php335,359,613** or at **74%** share. With the implementation of the new PID with financial functionality as its added feature, its revenue is expected to 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.

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
PAYMENT AND RETAIL SERVICES							
Postal ID	335,359,613	74%	297,210,527	22,209,169	7,374,921	1,726,709	6,838,288
Payout Services	3,778,385	1%	3,386,483	129,422	98,820	49,117	114,543
Collection	16,982,761	4%	14,254,014	519,978	672,829	447,967	1,087,972
Money Order Services	23,463,119	5%	9,304,790	2,011,998	12,008,665	63,491	74,174
Philatelic Sales	47,348,138	10%	15,732,380	25,448,466	4,727,679	382,793	1,056,821
Postal Station	4,679,819	1%	4,679,819	-	-	-	-
Bulk Stamp Sales	14,032,600	3%	13,550,415	482,185	-	-	-
PHLpost Products & Merchandise	3,845,247	1%	1,164,063	1,351,273	404,713	917,518	7,680
PHLpost Boxes	3,808,326	1%	935,138	1,394,222	882,840	345,598	250,527
Others	952,476	0%	-	241,113	-	-	711,363
TOTAL	454,250,484	100%	360,217,630	53,787,827	26,170,467	3,933,193	10,141,367

Table 12 Revenue Assumptions for Payment and Retail Services, CY2023

5. Other Income

The revenue projection for Other Income sources is PhP165,149,639 or 3% of the corporate revenue target for CY 2023. The table below presents the distribution of the revenue 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
OTHER INCOME							
Continuous Development and Leasing out of Idle Lots and Spaces	69,371,661	42%	63,556,402	41,409	5,773,850	-	-
Miscellaneous Income	14,236,447	9%	14,236,447	-	-	-	-
Disposal of Unserviceable Assets and Valueless Records	415,616	0%	344,236	-	71,380	-	-
Other Income / JV BDSF	63,013,018	38%	63,013,018	-	-	-	-
Others	18,112,897	11%	16,369,382	23,964	1,691,747	27,804	-
TOTAL	165,149,639	100%	157,519,485	65,372	7,536,977	27,804	0

Table 13 Revenue Assumptions for Other Income, CY2023

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Type of Mail	Projected	Estimated	Actual
	2023	2022	2021
A. DOMESTIC EXPRESS	223,358	367,653	116,433
DEMS	135,472	257,075	86,521
EXPRESS POUCH	87,886	110,578	29,912
B. DOMESTIC LETTER POST	44,110,861	69,656,739	34,517,399
DOM. REG. LETTER	10,185,555	13,265,544	6,550,553
DOM ORD. LETTER	33,925,306	56,391,195	27,966,846
C. DOMESTIC PARCEL POST	10,921	134,541	2,872
PARCEL-DOMESTIC	10,094	24,090	2,790
COD	827	110,451	82
SUB-TOTAL DOMESTIC MAILS	44,345,139	70,158,933	34,636,704
D. INTERNATIONAL EXPRESS	275,009	805,610	221,436
IEMS - LETTER	71,138	162,378	41,821
IEMS - PARCEL	203,871	643,232	179,615
E. INTERNATIONAL LETTER POST	12,280,146	12,012,125	957,474
INT'L REG LETTER	315,702	450,134	221,698
INT'L ORD. LETTER	11,901,716	11,403,553	710,794
SMALL PACKET - INT'L	45,878	99,864	19,618
PRINTED MATTER - INT'L	16,850	58,574	5,364
F. INTERNATIONAL PARCEL POST	28,179	145,048	16,730
SUB-TOTAL INTERNATIONAL MAILS	12,583,334	12,962,783	1,195,640
G. FRANKED MAIL	6,541,831	8,804,072	6,088,108
TOTAL	63,470,304	91,925,788	41,920,452

Table 14 Projected Mail Volume, CY2023

6 CORPORATE OPERATING BUDGET

A. Expenditure Budget

The Expenditure Budget for CY 2023 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 PHLPPost.

Proposed budget has an expenditure amount of Php 5,795,565,072.

Expense Class	2023 (Projected)	% to Total	2022 (Estimate)	2021 (Actual)
Personnel Services	2,582,237,858	44.56%	2,398,069,847	1,807,628,425

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Non-Personnel Services	2,526,609,763	43.60%	2,429,561,131	1,480,675,894
Financial Expenses	2,836,296	0.05%	2,800,000	2,661,493
CAPEX	683,881,155	0	679,642,900	16,516,845
Total	5,795,565,072		5,510,073,878	3,307,482,657

Table 15 Expenditure Budget, CY2023

B. Expenditure Assumptions

1. General Assumptions on expenditures are as follows:

PARTICULARS	ASSUMPTIONS	PROPOSAL
1. Classification of expenditures	a. Operating	3,675,192,544
	b. Administrative	1,433,655,077
	c. Financial	2,836,296
	d. Capital	683,881,155
2. Expenditure Program	a. Operations	
	b. Support to Operations (STO)	
	c. GASS (General Administrative Support)	

Table 16 General Assumptions on Expenditures, CY2023

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

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

- 5,290 permanent personnel
 - 3,554 filled up positions as of December 2021
 - 1,736 proposed for filling up
- 60 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 17 and 18 presents the figures relating to the assumptions for personnel and non-personnel services-MOOE.

PERSONNEL SERVICES		
3. Salaries and wages	a. Computation is based on SSL5, Tranche 4 100% and actual salary steps for CY 2023 b. The total number of plantilla positions considered is 5,290 and total number of contractual personnel considered is 60 c. Based on warm bodies as of 31 December 2021 d. Includes vacant technical and/or critical positions as of 31 Dec. 2021 that are to be filled up from 01 Jan. 2022 to 31 Dec. 2023 e. Positions that shall be vacated during the budget year due to separation shall be considered filled up.	1,581,502,866

4. Allowances	<p>These are allowances mandated by law such as:</p> <ul style="list-style-type: none"> 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 	194,219,900
5. Bonuses	<p>These are bonuses mandated by law:</p> <ul style="list-style-type: none"> 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 	367,450,638
6. Loyalty pay	Given to employees on the milestone year (10th year anniversary and every 5 years thereafter) at the rate of P1,000 per year, In accordance with CSC MC No. 06 2002	12,395,000
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.	1,322,613
8. Per diems	<ul style="list-style-type: none"> 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> <ul style="list-style-type: none"> a. Those who acts as lecturers, resource persons, coordinators and facilitators in seminars, training programs and other similar activities in training institutions. b. Members of Committees for special projects. c. Members of the Bids and Awards Committee 	2,292,727
10. Personnel Benefit Contributions	<p>Consist of the following:</p> <ul style="list-style-type: none"> 1. GSIS at 12% of the basic salary rate 2. PhilHealth premium based on Circular No. 2019-0009 3. PAGIBIG Premium at P150.00 per employee per month 4. ECC Premium at P100.00 per employee per month 	240,865,914

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11. Terminal Leave Benefits	Benefit of employees who shall be separated from the service due to retirement, resignation or death during the budget year. a. 63 to 65 years old b. Those below 63 y/o by 2022 but had signified their intention to retire	178,084,200
TOTAL PERSONNEL SERVICES		2,582,237,858

Table 17 Personnel Expenditures, CY2023

NON-PERSONNEL SERVICES		
12. Traveling expenses	1. Expenses on domestic travels incurred by officials and employees including transportation fares and lodging at P900 per day 2. Expenses on foreign travels pursuant to E.O. 77 3. The rate of P830.00 per month per Letter Carriers and Acting Letter Carriers.	81,507,296
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.	20,819,255
14. Accountable Forms	This includes: a. Official Receipts b. Sales Invoice c. Billing Invoice d. Acknowledgement Receipts e. Digital Postal ID	277,207,143
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	330,190,719
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.	98,830,364
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.	59,994,293

	<p>b. Decrease in electrical consumption with the replacement of lamps with LED,</p> <p>c. Increase in the number of lamps, air conditioning units installed.</p>	
18. Communication expenses	<p>a. Includes the following:</p> <ul style="list-style-type: none"> • Postage • Telephone (telephone & mobile) • Internet subscription • Communication allowance of officers <p>b. Increase in the number of post offices which shall be installed internet services.</p> <p>c. Increase in the rate of internet subscription due to the requirement of the implementation of the ERP system</p>	56,542,334
19. Advertising & marketing expense	Intensification of marketing strategies such as campaign/promotions, meetings with prospective clients, media coverage and the likes.	30,000,000
20. Conveyance expenses	Refers to the transfer of mails by air, sea and land, both domestic and international	328,349,013
21. Foreign Postal Administration	Covers terminal dues, inward land rates, EMS delivery charges, internal and transit charges	380,000,000
22. Rent	<p>Payment of rental for post office quarters and motorcycles:</p> <p>a. Existing contract</p> <p>b. Includes rental of quarter recommended to be transferred in strategic place in the locality.</p> <p>c. There is an increase in the number of employees who shall deliver mails. Php50 per day for motorcycle rental of LCs</p>	77,264,099
23. Professional Services	<p>Includes the expenses of:</p> <p>a. Personnel of the Commission on Audit assigned in the offices of the Corporation nationwide.</p> <p>b. Consultants</p>	63,862,698
24. Janitorial Services	Expense for the hiring of janitorial services in the Central Office & Mega Manila Area	15,428,467
25. Security Services	Pertains to the estimated cost for the security services rendered by security agency.	49,827,298
26. General Services	Compensation of Laborers hired to perform administrative functions.	64,616,619
27. Manpower Services	Compensation of Laborers hired to perform operational functions.	340,824,614
28. Repair and maintenance	<p>Repair and Maintenance (which does not increase the life of the asset) of the following:</p> <p>a. Buildings and/or post office quarters</p> <p>b. Furniture and fixtures</p> <p>c. Equipment</p>	41,974,479

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	d. Motor vehicles e. Leasehold improvement of facilities	
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	25,801,251
30. Awards and Indemnities	Claims for damages filed by clients	1,000,000
31. Membership Dues and Fees	Fees for membership in UPU and other organizations	4,808,191
32. Gender and Development	Expenses to be incurred in the implementation of GAD Plan.	8,635,596
33. Subscription	Includes subscription to the Zoom accounts for the virtual meetings and other IT-related subscriptions	39,303,668
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
35. 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	127,803,968
TOTAL NON-PERSONNEL SERVICES		2,526,609,763

Table 18 Non-Personnel Services Expenditures, CY2023

Table 19 shows the figures and assumptions for the financial expenses.

FINANCIAL EXPENSES		
36. Bank charges	The amount charged by the bank for servicing specific transactions on behalf of the depositor excluding interest charges	336,296
37. Interest Expense	Interest charges paid for the use of borrowed money.	2,500,000
TOTAL FINANCIAL EXPENSES		2,836,296

Table 19 Financial Expenses Assumptions, CY2023

The following table presents the assumptions and amounts for the capital expenditures.

CAPITAL EXPENDITURES		
38. 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.	119,520,000
39. Equipment	This includes the following costing Php15,000.00 and above per unit: a. Office equipment b. Operational equipment	257,477,595
40. Furniture and Fixtures	Furniture & Fixtures costing Php15,000 and above per unit	16,215,107
41. IT Software & Hardware	Refers to computer programs or system development and IT equipment	154,552,493
42. Motor vehicles	Includes trucks, vans, motorcycle to be used in transporting mails and administrative vehicles.	131,115,960
43. Other CapEx	Other unforeseen CAPEX not listed above	5,000,000
TOTAL CAPITAL EXPENDITURES		683,881,155

Table 20 Capital Expenditures Assumptions, CY2023

Table 21 shows the summary of expenditures and its respective amounts.

Expense Class	2023 (Projected)	% to Total	2022 (Estimate)	2021 (Actual)
Personnel Services	2,582,237,858	44.56%	2,398,069,847	1,807,628,425
Non-Personnel Services	2,526,609,763	43.60%	2,429,561,131	1,480,675,894
Financial Expenses	2,836,296	0.05%	2,800,000	2,661,493
CAPEX	683,881,155	0	679,642,900	16,516,845
Total	5,795,565,072		5,510,073,878	3,307,482,657

Table 21 Summary of Expenditures, CY2023

C. Personnel Complement

The total approved Plantilla Positions for CY 2023 is 7,043. The proposed filled-up positions of 5,290, contractual service of 60 and contract of service of 3,024.

Table 17 shows the detailed number of personnel per designation and Operating Unit.

Operating Units	Approved Plantilla Positions	Revised Proposed Personnel Complement					
		Filled-up Positions	Proposed for filling-up	Contractual /Non- Permanent	Contract of Service	Total	% to Approved Plantilla
Northeast Luzon Area							
Driver Courier II	16	13	3		1	17	106%
Letter Carrier	143	78	43		92	213	149%
Mail Sorter	19	14	2		10	26	137%
Postal Teller	28	12	5		16	33	118%
Postmaster	73	39	21			60	82%
Postal Service Officer	19	11	3			14	74%
Others	34	17	10		35	62	182%
Tax Personnel				2		2	
Sub-total	332	184	87	2	154	427	129%
Northwest Luzon Area							
Driver Courier II	42	32	4		7	43	102%
Letter Carrier	430	209	112		144	465	108%
Mail Sorter	54	34			31	65	120%
Postal Teller	112	46	30		47	123	110%
Postmaster	162	93	37			130	80%
Postal Service Officer	41	21				21	51%
Others	37	20	9	1	52	82	222%
Tax Personnel				1		1	
Sub-total	878	455	192	2	281	930	106%
Mega Manila Area							
Driver Courier II	51	28	23		3	54	106%
Letter Carrier	1121	801	115		371	1,287	115%
Mail Sorter	80	58	21		225	304	380%
Postal Teller	323	118	131			249	77%
Postmaster	128	57	35			92	72%
Postal Service Officer	117	55	55			110	94%
Others	149	53	62	5	66	186	125%
Tax Personnel				3		3	
Sub-total	1969	1,170	442	8	665	2,285	116%

Southern Luzon Area							
Driver Courier II	62	43			3	46	74%
Letter Carrier	363	178	4		281	463	128%
Mail Sorter	40	28	1		9	38	95%
Postal Teller	94	39			50	89	95%
Postmaster	130	66	7			73	56%
Postal Service Officer	30	19				19	63%
Others	41	32	1	2	37	72	176%
Tax Personnel				2		2	
Sub-total	760	405	13	4	380	802	106%
Central & Eastern Visayas Area							
Driver Courier II	43	32	1		1	34	79%
Letter Carrier	355	145	44		218	407	115%
Mail Sorter	36	25	5			30	83%
Postal Teller	79	26	15		32	73	92%
Postmaster	126	76	14		6	96	76%
Postal Service Officer	34	16	5			21	62%
Others	43	25	11	1	40	77	179%
Tax Personnel				1		1	
Sub-total	716	345	95	2	297	739	103%
Western Visayas Area							
Driver Courier II	28	17	10		7	34	121%
Letter Carrier	224	128	62		130	320	143%
Mail Sorter	23	15	7		22	44	191%
Postal Teller	43	21	11		37	69	160%
Postmaster	90	50	13			63	70%
Postal Service Officer	27	10	4			14	52%
Others	38	23	9	1	3	36	95%
Tax Personnel				2		2	
Sub-total	473	264	116	3	199	582	123%
Eastern Mindanao Area							
Driver Courier II	23	17	4			21	91%
Letter Carrier	182	99	27		121	247	136%
Mail Sorter	29	21	2		4	27	93%
Postal Teller	53	32	2		1	35	66%
Postmaster	77	40	12			52	68%
Postal Service Officer	33	15	5			20	61%
Others	33	21	9	2	25	57	173%
Tax Personnel				1		1	
Sub-total	430	245	61	3	151	460	107%

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Central Mindanao Area							
Driver Courier II	25	16	5			21	84%
Letter Carrier	135	85	9		98	192	142%
Mail Sorter	19	9	10		3	22	116%
Postal Teller	33	10	9		19	38	115%
Postmaster	66	24	16			40	61%
Postal Service Officer	23	5	11			16	70%
Others	35	14	18		24	56	160%
Sub-total	336	163	78	-	144	385	115%
Western Mindanao Area							
Driver Courier II	29	16	6			22	76%
Letter Carrier	130	45	4		59	108	83%
Mail Sorter	26	10	11			21	81%
Postal Teller	25	7	2		5	14	56%
Postmaster	43	15				15	35%
Postal Service Officer	20	11				11	55%
Others	34	11	13		9	33	97%
Tax Personnel				1		1	
Sub-total	307	115	36	1	73	225	73%
Central Office							
Driver Courier II	96	65	31			96	100%
Letter Carrier	50	33	18			51	102%
Mail Sorter	148	105	42			147	99%
Postal Service Officer	145	78	67			145	100%
Others	403	196	189	29	476	890	221%
Tax Personnel				5		5	
Corporate Secretary				1		1	
Sub-total	842	477	347	35	476	1,335	159%
CO for PhilSys ID and New PID Project					204	204	
TOTAL	7043	3,823	1,467	60	3,024	8,374	119%

Table 22 Personnel Complement per Operating Unit, CY2023

Operating Units	Approved Plantilla Positions	Proposed Personnel Complement					
		Filled-up Positions	Proposed for filling-up	Contractual/Non-Permanent	Contract of Service	Total	% to Approved Plantilla Positions
Northeast Luzon Area	332	184	87	2	154	427	129%
Northwest Luzon Area	878	455	192	2	281	930	106%
Mega Manila Area	1,969	1,170	442	8	665	2,285	116%
Southern Luzon Area	760	405	13	4	380	802	106%
Central & Eastern Visayas Area	716	345	95	2	297	739	103%
Western Visayas Area	473	264	116	3	199	582	123%
Eastern Mindanao Area	430	245	61	3	151	460	107%
Central Mindanao Area	336	163	78	0	144	385	115%
Western Mindanao Area	307	115	36	1	73	225	73%
Central Office	842	477	347	35	680	1,539	183%
TOTAL	7,043	3,823	1,467	60	3,024	8,374	119%

Table 23 Summary of Personnel Complement per Designation, CY2023

D. Budget Summary

The proposed Net Revenue, after Discount and VAT for CY 2022 is PhP5,201,994,931, while the total expenditures is PhP5,795,565,072.

Overall, the surplus of the proposed corporate operating budget of PhP26,266,682.

- Revenue and Expenditure Budget

Revenue and Expenditure Budget proposal is shown below

PARTICULARS	AMOUNT
Revenue	5,754,564,785
Revenue Net of Discount & VAT	5,201,994,931
Franking Privilege Reimbursement	544,836,823
Subsidy Income from Non-Shareholders (UPU)	75,000,000
Expenditures	
Personnel Services	2,582,237,858
Non-Personnel Services	2,526,609,763
Financial Expenses	2,836,296
Capital Expenditures	683,881,155
SURPLUS/(DEFICIT)	26,266,682

Table 24 Revenue and Expenditure Budget, CY2023

- 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 25 shows the proposed Results of Operations for CY 2022.

PARTICULARS	AMOUNT
Revenue	5,754,564,785
Revenue Net of Discount & VAT	5,201,994,931

Expenditures	
<i>Operating Expenses</i>	3,675,192,544
<i>Administrative and Financial Expenses</i>	1,436,491,373
Income from Operations	92,811,014
Earnings Before Tax	21,294,972
Earnings After Tax	15,971,229
Franking Privilege Reimbursement	544,836,823
Subsidy Income from Non-Shareholders (UPU)	75,000,000
Bottom Line Net Income	635,808,052

Table 25 Proposed Results of Operations, CY2023

E. Cash Budget

The table below shows the assumptions for cash budget proposal for CY 2023.

PARTICULARS	ASSUMPTIONS	AMOUNT
Beginning Balance	1. The projected ending balance for CY 2022 Cash Flow Statement was used 2. The following consist the beginning balance: a. Estimated bank balances as of 31 December 2022 b. Estimated undeposited collections on the hands of Accountable Officers as of Dec. 31, 2022	892,563,017 847,934,866 44,628,151
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 and VAT, shall be attained	5,201,994,931
Revenue Cash Collections	80% of the attained revenue target excluding revenue from (Foreign Postal Administration)	4,109,871,060
Cash Deposits	95% of the total cash collections shall be deposited	3,904,377,507
Collection of Accounts Receivables	1. Total collection of ARs Breakdown are as follows: a. 90% for current accounts b. 30% for past due accounts (receivables on revenue earned in the prior years) Over 1 year Over 10 years	1,096,485,508 778,712,411 115,959,000 17,613,000

	c. From foreign postal administration (2021 receivable) 13.33% rate of collection of receivable based on 2019 data	184,201,096
Uses of Cash	<p>Uses of cash are as follows:</p> <p>1. Payment of operating expenses (PS MOOE and CapEx)</p> <p>PS</p> <p>MOOE- including payment of taxes; approximately equivalent to 9 months of total MOOE budget</p> <p>CAPEX</p> <p>2. Payment of prior years' obligations</p> <p>PS</p> <p>MOOE</p> <p>CAPEX</p> <p>3. Payment of loans</p> <p>4. Payment of liabilities to the National Government</p>	<p>4,676,107,896</p> <p>2,540,056,615</p> <p>1,930,886,934</p> <p>205,164,347</p> <p>911,494,380</p> <p>39,109,649</p> <p>532,563,281</p> <p>339,821,450</p>
Loan payments	<p>Loans of PLFC to be paid by the corporation being the guarantor :</p> <p>1. PNB</p> <p>2. Asset Pool (BPI Loan)</p>	<p>88,958,545</p> <p>44,218,119</p> <p>44,740,426</p>
Due to the National Government	<p>Total amount due to the National Government</p> <p>1. Dividends Payable for:</p> <p>a. CY 2023</p> <p>b. Arrears for prior years</p> <p>2. Balance of the amount granted for the payment of incentive of retired employees under EO 366</p>	<p>81,162,536</p> <p>7,985,615</p> <p>73,176,921</p>

Table 26 Cash Budget Assumptions, CY2023

Table 27 shows the Cash Budget Operating Fund for CY 2023.

PARTICULARS	AMOUNT
Cash Balance, beginning, January 1 2023	892,563,017
ADD: Collections	
Revenue cash collections	4,109,871,060
Accounts receivable collections	1,096,485,508
Reimbursement of franked mails	544,836,823
Subsidy Income from Non-Shareholders	75,000,000
Total Cash Collections	5,826,193,390
Total Cash Available	6,718,756,407

LESS; Disbursements	
Current Operating Expenses	4,676,107,896
Accounts Payable	911,494,380
Due to the National Government	81,162,536
Loan Payment	88,958,545
Total Disbursements	5,757,723,357
Cash Balance, Ending December 31 2023	961,033,050

Table 27 Cash Budget for Operating Fund, CY2023

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 2023.

Particulars	Amount
Accountable Items	277,207,143
Supplies & Materials	290,491,199
Semi-expendable Machinery & Equipment	28,117,259
Semi-expendable Furniture & Fixtures	11,582,261
Gasoline, Oil & Lubricant	98,830,364
Repair and Maintenance	41,974,479
Rental of Real Property & Equipment	27,133,799
Mail Conveyance	328,349,013
Security Services	49,827,298
Janitorial Services	15,428,467
Internet Connectivity	49,117,880
Advertising & Marketing	30,000,000
Consultancy / Professional Services	63,862,698
Subscription	39,303,668
Other MOOE	125,170,564
Total	1,476,396,092

Table 28 Project Procurement Management Plan - Maintenance and Other Operating Expenses (MOOE), CY2023

The table below summarizes the amount of Project Procurement Management Plan for Capital Expenditures for 2023.

Particulars	Total
IT Equipment	77,664,645
Software & Sytems	76,887,848
Other Equipment & Machineries	257,477,595
Furniture & Fixtures	16,215,107
Vehicle (Rehab, Rental, New)	131,115,960
Infrastructure/ Buildings	119,520,000
Other CAPEX (unforeseen items)	5,000,000
Total CAPEX	683,881,155

Table 29 Project Procurement Management Plan - Capital Expenditures (CAPEX), CY2023

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	77,664,645	56,793,392	1,539,572	6,018,412	9,045,633	466,322	633,289	1,357,800	488,767	814,769	506,688
Software & Sytems	76,887,848	76,887,848	-	-	-	-	-	-	-	-	-
Other Equipment & Machineries	257,477,595	252,340,490	355,844	177,922	2,869,050	218,486	-	566,101	666,262	133,440	150,000
Furniture & Fixtures	16,215,107	15,137,441	164,114	-	590,282	25,000	-	-	76,605	48,086	173,579
Vehicle (Rehab, Rental, New)	131,115,960	131,115,960	-	-	-	-	-	-	-	-	-
Infrastructure/ Buildings	119,520,000	80,840,000	4,000,000	4,000,000	15,000,000	-	5,500,000	-	2,000,000	8,000,000	180,000
Other CAPEX (unforeseen items)	5,000,000	5,000,000	-	-	-	-	-	-	-	-	-
Total CAPEX	683,881,155	618,115,130	6,059,530	10,196,335	27,504,965	709,809	6,133,289	1,923,901	3,231,634	8,996,295	1,010,267

Table 30 Project Procurement Management Plan - CAPEX Per Operating Unit, CY2023