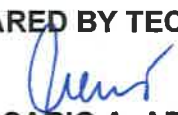




REVISED
CORPORATE OPERATING
BUDGET
CY 2022

A. PREPARED BY TECHNICAL WORKING GROUP:


ROSARIO A. ADRIANO
Acting Manager, Business Lines
Department


GUZMAN B. MELGAREJO, JR.
Acting Manager, Logistics & Property
Management Department


ANABELLE M. ERFELO
Acting Manager, Network & Transport
Department

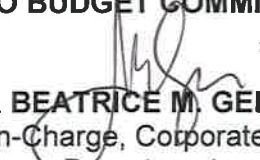

ROSEMARIE N. TUBAL
Acting Manager, Human Resources
Management Department



ENGR. ELIEZER V. ROSALES
Manager, General Service
Department


OLIVIA M. VALDERAMA
Manager Service Regulations
Department

B. RECOMMENDED FOR APPROVAL BY THE CO BUDGET COMMITTEE:

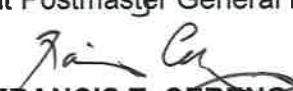

VALERIANO DELITO
Acting Manager, Management &
Information Service Department


MARA BEATRICE M. GERVACIO
Officer-in-Charge, Corporate Planning
Department


CAROLYN B. EDNALAGA
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


FRANCIS T. CERENO
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. 2022-48 was unanimously approved and adopted, as follows:

Board Resolution No. 2022 - 48

"APPROVING THE REVISED CORPORATE OPERATING BUDGET OF THE PHILIPPINE POSTAL CORPORATION FOR CALENDAR YEAR 2022 IN THE AMOUNT OF FIVE BILLION FIVE HUNDRED TEN MILLION SEVENTY-THREE THOUSAND EIGHT HUNDRED SEVENTY-EIGHT PESOS (P5,510,073,878.00) TOGETHER WITH ITS SUPPORTING DOCUMENTS SUCH AS RESULTS OF OPERATIONS (ROO) AND PROJECT PROCUREMENT MANAGEMENT PLAN (PPMP)."

WHEREAS, on April 6, 2021, the Board approved the Corporate Operating Budget of the Philippine Postal Corporation (PHLPost) for Calendar Year 2022 amounting to P5,458,778,396.00 through Board Resolution No. 2021-47;

WHEREAS, the Management Executive Committee in its Resolution No. 2022-18 dated May 26, 2022¹, recommended for approval of the Board of Directors the Revised Corporate Operating Budget of PHLPost for CY 2022, the Revised Results for

¹ EXECOM Resolution No. 2022-18 dated May 26, 2022 is attached and made an integral part of this resolution as Annex "A".




Operations, and Revised Project Procurement Management Plan due to the following considerations:

1. Addition to the Personnel Services for the salaries and benefits of employees due to the (i) increase in salary rate from SSL IV Tranche 4 to SSL V Tranche 3, (ii) increase in the terminal leave benefits due to the increase in the number of employees below 63 years old who tendered their retirement/resignation for the current year, and (iii) increase in other bonuses and allowance due to the increase in the number of regular letter carriers based on the positions which are priority to be filled up as proposed by the Areas; and
2. Increase of budget allocation for Non-Personnel Services Accounts - MOOE and Capital Expenditure in consideration of proposed priority projects.

WHEREFORE, BE IT RESOLVED as it is hereby RESOLVED to approve the Revised Corporate Operating Budget of the Philippine Postal Corporation for Calendar Year 2022 in the amount of Five Billion Five Hundred Ten Million Seventy-Three Thousand Eight Hundred Seventy-Eight Pesos (P5,510,073,878.00) 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.

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


ATTY. LINDEZA R. ROGERO-GAVINO
Corporate Secretary

POST OFFICE EXECOM RESOLUTION 2022-18
26 May 2022

Subject : Revised Corporate Operating Budget (COB) for CY 2022

WHEREAS, the Corporate Operating Budget (COB) for CY 2022 was approved on 16 June 2020 through Board Resolution No. 2020-25 and was amended on 22 July 2020 under Board Resolution 2020-40;

WHEREAS, the Department of Budget and Management (DBM) informed the Post Office that the COB for CY 2022 can still be revised and shall be submitted not later than 30 June 2022. Below is the summary of the revised COB:

1. Revenue Budget	
Mail Services	Php 2,905,248,794
Express Mail Service	1,341,125,910
Logistics	61,513,527
Payment & Retail Services	419,925,192
Other Income	<u>200,424,156</u>
Sub-total Net of VAT	Php 4,928,237,578
Less: Provision for Discount	<u>7,917,081</u>
Revenue Budget (Net of Discount and VAT)	4,920,320,497
Reimbursement from NG	515,256,000
Subsidy from Non-Stakeholders	75,000,000
TOTAL	<u>Php 5,510,576,497</u>
2. Expenditure Budget	
Operating Expenses	Php 3,451,484,140
Administrative & Financial Expenses	1,378,946,838
Capital Expenditures	<u>679,642,900</u>
TOTAL	<u>Php 5,510,073,878</u>

WHEREAS, two years since the pandemic disrupted operations, the Post Office installed mitigation programs to adjust to the requirements for operations. The PhilSys ID is expected to provide significant addition to the revenue and expense accounts. The Post Office have also implemented its digitalization initiatives with the Enterprise Resource Planning, the establishment of the Command Center, and upgrades in equipment to enhance postal services nationwide. There is also the need to re-evaluate/recalibrate priority projects of the Corporation and its operations;

WHEREAS, taking into consideration the macroeconomic assumptions, the approved COB for CY 2022 will have to be revised and/or modified as it was prepared in 2020. Moreover, the following plans, activities, and/or projects (PAPs) require significant revision of the COB for CY 2022 as approved, to wit:

- The Post Office entered into contract with the Philippine Statistics Authority (PSA) for the delivery of the Philippine Identification Card (Philippine ID), under the



Philippine Identification System (PhilSys) of the Philippine Government. The additional estimated expenses in the processing and delivery of Philippine ID will be included in the proposed revision of the COB FY 2022.

- b. The Post Office entered into contract with the National Printing Office (NPO) for the printing of New Postal ID (PID) with Financial Functionality. The revenue to be generated as well as the estimated expenses in the capturing and printing of the New PID with Financial Functionality will be included in the proposed revision of the COB FY 2022.
- c. 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.
- d. The Personal Services (PS) budget will be adjusted to include the Hazard Pay of personnel that physically reported for duty during the ECQ and Modified ECQ (ECQ).
- e. The Personal Services (PS) budget will be adjusted from the existing Salary standardization Law (SSL) IV tranche 4 to SSL V Tranche 3 while waiting for the GCG's instruction to implement the Compensation and Position Classification System (CPCS) under Executive Order No. 150.
- f. Reduction, increase and/or realignment of approved Budget allocated for Non-PS accounts of Maintenance and Other Operating Expenses (MOOE) and Capital Expenditure (CAPEX).

HERETO, RESOLVED, that the Post Office Executive Committee recommends to the Post Office Board of Directors the approval of the Revised Corporate Operating Budget for CY 2022, the Revised Results of Operations and the Revised Project Procurement Plan;

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

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EXECUTIVE SUMMARY

The CY 2022 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) informed the Post Office that the CY 2022 COB can still be revised and shall be submitted not later than 30 June 2022. Below is the summary of the proposed revised COB:

1. Revenue Budget	
Mail Services	Php 2,897,331,713
Express Mail Service	1,341,125,910
Logistics	61,513,527
Payment & Retail Services	419,925,192
Other Income	200,424,156
Revenue Budget (Net of Discount and VAT)	4,920,320,497
Reimbursement from NG	515,256,000
Subsidy from Non-Stakeholders	75,000,000
TOTAL	Php 5,510,576,497
2. Expenditure Budget	
Operating Expenses	Php 3,451,484,140
Administrative & Financial Expenses	1,378,946,838
Capital Expenditures	679,642,900
TOTAL	Php 5,510,073,878

At the time of the preparation of the COB, external and internal environmental factors affecting the operations of the Corporation have been taken into consideration. Administrative Orders and other issuances for the payment of increase in salaries, bonuses, COVID19 initiatives, and other benefits as well as the proposed plans, activities and projects as of 31 December 2021 were the bases in the preparation.

2 years since the pandemic disrupted operations, the Post Office instilled mitigation programs to adjust to the requirements for operations. The "PhilSys ID", currently being served is expected to provide significant addition to the revenue and expense accounts. The Post Office has also implemented its digitalization initiatives with the Enterprise Resource Planning, the establishment of the Command Centre, and upgrades in equipment to enhance postal services nationwide. There is also the need to re-evaluate/re-calibrate priority projects as the corporation and its operations settle in the so called "new normal", hence, the need to revise the approved COB.

RATIONALE

Taking into considerations the macroeconomic assumptions, the approved Corporate Operating Budget (COB) for Fiscal Year 2022 (Approved COB FY 2022) of the Philippine Postal Corporation (Post Office) will have to be revised and/or modified as it was prepared in 2020, nearly two (2) years ago. Moreover, the following plans, activities and/or projects (PAPs) require significant revision of the COB FY 2022 as approved, viz.:

- The Post Office entered into contract with the Philippine Statistics Authority (PSA) for the delivery of the Philippine Identification Card (Philippine ID), under the Philippine Identification System (PhilSys) of the Philippine Government. The additional estimated

expenses in the processing and delivery of Philippine ID will be included in the proposed revision of the COB FY 2022.

- b. The Post Office entered into contract with the National Printing Office (NPO) for the printing of New Postal ID(PID) with Financial Functionality. The revenue to be generated as well as the estimated expenses in the capturing and printing of the New PID with Financial Functionality will be included in the proposed revision of the COB FY 2022.
- c. 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.
- d. The Personal Services (PS) budget will be adjusted to include the Hazard Pay of personnel that physically reported for duty during the ECQ and Modified ECQ (ECQ).
- e. The Personal Services (PS) budget will be adjusted from the existing Salary Standardization Law (SSL) IV tranche 4 to SSL V Trance 3 while waiting for the GCG's instruction to implement the Compensation and Position Classification System (CPCS) under Executive Order No. 150.
- f. Reduction, increase and/or realignment of approved Budget allocated for Non-PS accounts of Maintenance and Other Operating Expenses (MOOE) and Capital Expenditure (CAPEX).

REVENUE PROJECTION

The Corporate Revenue Target for FY 2022 is also the same as the approved COB FY 2022 amounted to PhP**4,920,320,497**.

The revenue target for Mail Services is revised to PHP2,897,331,713, to be reduced by Php188,276,786 or 6.10% against the approved target for said business lines. The decrease in the Mail Services revenue target will be from the reduced volume of Philippine ID being forwarded for delivery.

Revenue target for Logistics & Warehousing is reduced to Php61,513,527 or 23.32% reduction against the approved target. The reduction come from the on-going negotiations with prospective clients which were put on-hold pending the result of the procurement of new vehicles (wing vans) as required by clients.

There was an increase of 52.52% or Php144,595,275 under Payment and Retail Services due to increase in the volume of Postal ID. With the introduction of the New PID with financial functionality, the Post Office expects to generate more revenues from this product.

Also, the revenue generated from the Biometrics Data Service Facilities Joint Venture Agreement (BDSF JVA) is recognized in the revised Revenue Target amounting to Php 62,388,613. The revenue is from the Post Office share from the service contracts under the BDSF JVA, as extended.

Below is Table 1 showing the details of the proposed revision of revenue target per business lines.

Table 1 Revenue Target, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2022

BUSINESS LINES	APPROVED BUDGET	INCREASE/(DECREASE)	PROPOSED REVISED BUDGET
Mail Services	3,085,608,498	(188,276,786)	2,897,331,713
Express Mail Services	1,341,125,910	-0-	1,341,125,910
Logistics & Warehousing	80,220,630	(18,707,103)	61,513,527
Payment & Retail Services	275,329,917	144,595,275	419,925,192
Other Income	138,035,542	62,388,613	200,424,156
Total	4,920,320,497	-	4,920,320,497

EXPENDITURE ASSUMPTION

PERSONNEL SERVICES

The revised PS budget for FY 2022 is proposed to be increased by PHP76,028,974 or 3.27% from the approved COB FY 2022. The following PS accounts are to be increased significantly against the approved COB FY 2022, viz.:

1. Terminal Leave Benefits – PHP184,702,256, an increase of PHP24,192,050 or 15% 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 2022 the retirement of those regular personnel ageing 63 years and above are only considered.
2. Other Bonuses and Allowances – PHP18,599,900, an additional budget of PHP1,153,540 or 6.61% from the approved budget to provide for the increase in the number of regular Letter Carriers which are priority to be filled up as proposed by the Area Offices.
3. Salaries and Wages, Contractual, Year-End Bonus and Employer's Contribution– from PHP1,813,309,449, an additional budget of PHP70,325,536 or 3.88% from the approved budget to provide for the increase in salary rate from SSL IV tranche 4 to SSL V tranche 3.
4. Reduction in the budget of other accounts was due to the assumption that vacant positions shall be filled up based on the priority positions by Area Offices, computation of RATA rates in accordance with GAA guidelines and the deletion of budget for overtime pay for the reason that this shall be charged to the unutilized budget, if any.

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 2022

PARTICULARS	APPROVED BUDGET	INCREASE/ (DECREASE)	PROPOSED REVISED BUDGET
PERSONNEL SERVICES (Labor cost)			
Salaries and Wages - Regular	1,369,406,322	35,063,254	1,404,469,576
Salaries and Wages- Casual/Contractual	18,713,316	6,977,832	25,691,148
Personnel Economic Relief Allowance (PERA)	133,416,000	(5,064,000)	128,352,000
Representation Allowance (RA)	7,908,000	(270,000)	7,638,000
Transportation Allowance (TA)	7,908,000	(270,000)	7,638,000
Clothing/Uniform allowance	33,354,000	(1,254,000)	32,100,000
Productivity Incentive Allowance	27,795,000	(1,045,000)	26,750,000
Other Bonuses And Allowances - PBB	50,000,000	-	50,000,000
Honoraria	2,232,787	(820,181)	1,412,607
Hazard Pay	5,410,350	-	5,410,350
Longevity Pay	2,070,000	(60,000)	2,010,000
Cash Gift	27,795,000	(1,045,000)	26,750,000
Mid Year Bonus	115,676,637	10,539,522	126,216,159
Year-End Bonus	115,676,637	10,539,522	126,216,159
Overtime And Night Pay	11,834,721	(8,229,231)	3,605,490
Other Bonuses And Allowances - Special Counsel Allowance	270,000	-	270,000
Other Bonuses And Allowances - Lc's Allowance	17,446,360	1,153,540	18,599,900
Retirement and Life Insurance Premium	166,612,412	5,006,875	171,619,287
Pag-Ibig Contributions	10,006,200	(3,588,600)	6,417,600
Philhealth Contributions	27,224,125	2,198,530	29,422,655
Employees Compensation Insurance Premium(ECC)	6,670,800	(253,200)	6,417,600
Per Diems	4,104,000	-	4,104,000
Terminal Leave Benefits	160,510,206	26,449,110	186,959,316
Total PS	2,322,040,873	76,028,974	2,398,069,847

NON-PERSONNEL SERVICES (MOOE)

The revised Non-PS budget for FY 2022 is proposed to be reduced by PHP74,305,019 or 2.96% from the Approved COB FY 2022.

Significant increases are from the following Non-PS accounts:

1. Accountable Forms – From PHP163,105,887 to PHP234,310,065 an increase of PHP71,204,179 or 43.65% of the approved budget. Of the net increase, PHP74,477,770

is for the increase in estimated volume and unit cost of Postal Identification card (PID) from PHP222 to PHP350 per card while a reduction of PHP172,751 was for the reduction of volume of accountable forms such as official receipts, sales invoice and others.

2. Training – From PHP6,993,774 an increase of PHP6,006,226 or 85.88% of the approved budget based on the training programs on the competency requirements of critical positions.
3. Labor and Wages – From PHP344,813,829 an increase of PHP30,908,345 or 8.96% 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.
4. Semi-Expandable Expenses – From PHP61,232,275 wherein budget is to be increased by PHP34,345,907 or 56% 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.
5. Fuel, Oil and Lubricants Expenses – From PHP59,758,572 an increase of PHP28,826,459 or 48.24% of the approved budget to include the increase in prevailing price per liter of diesel and gasoline.
6. Rent/Lease Expenses – From PHP64,540,349 an increase of PHP13,024,218 or 20.18% of the approved budget to include the additional motorcycle rental expenses for additional letter carriers, regular and COS.
7. Subscription Expenses – From PHP12,523,034 an increase of PHP21,004,714 or 168% of the approved budget to include the UPU quarterly subscription to Post net, IPS, CDS and the like and also for ERP requirement for cyber security and data privacy.
8. Professional Services – From PHP39,185,241 an increase of PHP23,167,481 or 59.12% of the approved budget to include the current rate of the auditing services by COA, consultancy for right-sizing and Enterprise Risk Management.
9. Transportation and Delivery Expense – International – From Php194,060,277 an increase of PHP25,939,723 or 13.37% to include the increase in rate per kilogram per destination based on the prevailing market rates.
10. Other MOOE – From PHP113,424,745 an increase of PHP20,111,828 or 17.73% based on prior year actual utilization, provision for joint venture expenses and COVID-related expenses.

There are also be reductions in five (5) Non – Personnel Services accounts (MOOE). The most are (1) Transportation and Delivery Expenses – Foreign Postal Administration from PHP610,438,315 a reduction of budget by PHP250,438,315 or 41.02% of the approved budget caused by significant decline in the actual volume of outbound mails for all classes (2) Communication Expense - from PHP100,356,618 a reduction of the budget by PHP46,165,938 or 46% of the approved amount (3) Transportation and Delivery Expenses – Domestic from PHP 86,114,622 a reduction of budget by PHP23,180,720 or 26.92% brought about by the decrease in air conveyance due to alternative modes such as land mail runs and sea conveyance (4) Advertising, Promotional and Marketing Expenses – PHP45,302,400 a decrease of PHP18,402,400 or 40.62% of the approved budget (5) Office

Supplies – from PHP270,141,051 a decrease of PHP16,609,233 for some office supplies that have been procured and delivered in 2021.

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

Table 3 Non-Personnel Services, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2022

PARTICULARS	APPROVED BUDGET	INCREASE/ (DECREASE)	PROPOSED REVISED BUDGET
NON PS			
Accountable Forms	163,105,887	71,204,179	234,310,065
Travelling Expenses - Local	55,890,198	1,304,751	57,194,949
Travelling Expenses - Foreign	7,227,871	(1,304,751)	5,923,120
Training	6,993,774	6,006,226	13,000,000
Office Supplies Expenses	270,141,051	(16,609,233)	253,531,818
Semi-Expendable Expenses	61,232,275	34,345,907	95,578,182
Fuel, Oil and Lubricants Expenses	59,758,572	28,826,459	88,585,032
Water Expenses	14,494,996	25,035	14,520,031
Electricity Expenses	44,086,396	1,001,963	45,088,359
Telephone Expenses - Landline	7,022,598	56,168	7,078,767
Telephone Expenses - Mobile	1,021,980	(109,200)	912,780
Internet Subscription Expenses	92,312,040	(46,112,907)	46,199,133
Membership Dues and Contributions to Organizations	10,493,944	-	10,493,944
Rent/Lease Expenses	64,540,349	13,024,218	77,564,567
Advertising, Promotional and Marketing Expenses	45,302,400	(18,402,400)	26,900,000
Labor And Wages	344,813,829	30,908,345	375,722,174
Subscription	12,523,034	21,004,714	33,527,748
Auditing Services	20,729,241	27,243,481	47,972,721
Consultancy Services	18,456,000	(4,076,000)	14,380,000
Other General Services	69,058,924	(5,882,130)	63,176,794
Janitorial Services	14,871,754	(327,976)	14,543,778
Security Services	46,595,858	4,047,980	50,643,839
Indemnities	1,188,251	-	1,188,251
Transportation and Delivery Expenses - Domestic Conveyance	86,114,622	(23,180,720)	62,933,902
Transportation and Delivery Expenses - International Conveyance	194,060,277	25,939,723	220,000,000
Transportation and Delivery Expenses - FPA	610,438,315	(250,438,315)	360,000,000

PARTICULARS	APPROVED BUDGET	INCREASE/ (DECREASE)	PROPOSED REVISED BUDGET
Repairs and Maintenance-Buildings and Other Structures	9,841,600	6,565,729	16,407,329
Repairs and Maintenance-Leased Assets Improvements	3,000,000	(242,990)	2,757,010
Repairs and Maintenance-Machinery and Equipment	4,080,895	1,281,580	5,362,475
Repairs and Maintenance-Furniture and Fixtures	1,500,000	(55,392)	1,444,608
Repairs and Maintenance-Other Property, Plant and Equipment	15,297,619	(2,297,619)	13,000,000
Repairs and Maintenance-Transportation Equipment	11,042,362	(2,489,502)	8,552,860
Extraordinary Expenses	758,400	-	758,400
Miscellaneous Expenses	1,260,000	-	1,260,000
Taxes, Duties And Licenses	2,682,592	3,628,851	6,311,443
Fidelity Bond Premiums	2,501,182	20,202	2,521,384
Insurance Expenses	16,042,366	(24,511)	16,017,855
Documentary Stamps Expenses	111,240	550,000	661,240
Other Mooe - Gender and Development	6,648,840	(2,960,000)	3,688,840
Other Mooe - BOD Reimbursements	1,584,000	-	1,584,000
Other Mooe - Meetings/Dialogues	15,226,430	1,774,760	17,001,190
Other Mooe - Philpost Anniversary Celebration	2,135,456	865,456	3,000,912
Other Mooe - Philpost Christmas Celebration	500,000	(190,000)	310,000
Other Mooe - Appraisal	8,231,696	(8,117,196)	114,500
Other Mooe - Gratuity pay	9,384,000	576,000	9,960,000
Other Mooe - Others	69,714,323	28,162,808	97,877,131
Sub-total	2,504,017,438	(74,456,307)	2,429,561,131
FINANCIAL EXPENSES			
Bank Charges	148,712	151,288	300,000
Interest Expense	2,500,000	-	2,500,000
Sub-total	2,648,712	151,288	2,800,000
TOTAL NON-PS	2,506,666,150	(74,305,019)	2,432,361,131

CAPITAL EXPENDITURE

The revised CAPEX budget for FY 2022 of PHP630,031,373 is proposed to be increased by PHP49,571,527 or 7.87% from the approved COB FY 2022.

Four (4) CAPEX accounts are proposed to be increased:

1. Other Equipment and Machineries – from PHP185,362,526, an increase of PHP43,378,625 or 23.40% of the approved budget based on the increase in the prevailing price of the Flat Sorting Machine and the procurement of generator set for all Area Offices and Central Office.
2. Motor Vehicles – from PHP83,656,350 an increase of PHP31,343,650 or 37.47% of the approved budget to include motor vehicles awarded in 2021 but for delivery in 2022 amounting to PHP43M and additional motor vehicles proposed to be procured in 2022 amounted to 67M.
3. Infrastructure – from PHP75,300,000, approved budget to be increased by PHP12,218,557 or 16.22% for the building improvement/network rehabilitation.
4. Leasehold Improvement – from PHP3,600,000 an increase of PHP261,374.

Also, the approved budget of three (3) CAPEX accounts are proposed to be decreased: (1) IT Equipment and Software – from PHP263,242,089 a decrease of PHP33,008,976 or 12.54% of the approved budget due to the prioritized IT requirements aligned to ERP Project (2) Furniture and Fixtures from PHP15,210,408 a decrease of PHP3,621,703 or 23.81% of the approved budget (3) Provision for unforeseen CAPEX from PHP3,700,000 a decreased of PHP1,000,000 or 27.03% of the approved budget.

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

Table 4 Capital Expenditure, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2022

PARTICULARS	APPROVED BUDGET	INCREASE/ (DECREASE)	PROPOSED REVISED BUDGET
CAPITAL EXPENDITURES			
Buildings	75,300,000	12,218,557	87,518,557
Equipment	185,362,526	43,378,625	228,741,151
Furniture and Fixtures	15,210,408	(3,621,703)	11,588,705
IT Equipment and Software	263,242,089	(33,008,976)	185,491,464
Motor Vehicles	83,656,350	31,343,650	115,000,000
Leasehold Improvement	3,600,000	261,374	3,861,374
Provision for unforeseen/emergency CAPEX	3,700,000	(1,000,000)	2,700,000
Sub-total	630,071,373	49,571,527	679,642,900

CORPORATE OPERATING BUDGET

REVENUE AND EXPENDITURE BUDGET

The Surplus in the proposed Revised Revenue and Expenditure Budget for FY 2022 (Revised REB FY 2022) was reduced to PHP502,618, a decrease of PHP25,157,164 from the approved budget. The Total Revenue in the Revised REB FY 2022 of PHP4,920,320,497 has no change compared with the approved budget. While the Total

Expenditures is PHP5,510,073,878 an increase of PHP51,295,482 or 0.94% from the approved amount.

Of the Total Revenue, the Subsidy Income from Non-Shareholders is increased by PHP27,000,000 while the Reimbursement from National Government (NG) amounting to PHP515,256,000. This is reduced by PHP861,681 or 0.17% of the approved budget.

Of the Total Expenditure, the Operating Expenses (OPEX) of PHP3,451,484,140 is a result of the reduction of PHP62,535,642 or 1.78% of the approved budget while the Administrative, Financial & Other Expenses (ADMINEX) of PHP1,378,946,838 is a result of an increase of PHP64,259,597 or 4.89% of the approved amount. The CAPEX of PHP679,642,900 is a result of an increase of PHP49,571,527 or 7.87% of the approved budget.

Table 5 shows the details of the Revised REB FY 2022.

Table 5 Revenue and Expenditure Budget, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2022

PARTICULARS		APPROVED	PROPOSED REVISED BUDGET	INCREASE/ (DECREASE)
NET REVENUE	P	4,920,320,497	4,920,320,497	-
ADD: Reimbursement from the NG		516,117,681	515,256,000	(861,681)
Subsidy Income from Non-Shareholders		48,000,000	75,000,000	27,000,000
TOTAL		5,484,438,178	5,510,576,497	26,138,319
LESS: Expenditures				
Personnel Services		2,322,040,873	2,398,069,847	76,028,974
Non-Personnel Services/MOOE		2,506,666,150	2,432,361,131	(74,305,019)
Capital Expenditures		630,071,373	679,642,900	49,571,527
TOTAL		5,458,778,396	5,510,073,878	51,295,482
SURPLUS	P	25,659,782	502,618	(25,157,164)

RESULTS OF OPERATIONS

The Net Income in the Revised Results of Operations for FY 2022 (Revised ROO FY 2022) of PHP606,131,550 is a result of an increase of PHP26,138,318 or 4.50% of the approved budget. However, Operating Income of PHP92,389,518 is decrease by PHP1,723,955 or 1.83% of the approved budget. As there is a decrease in Provision for Bad

Debts by Php1,723,955, there is no revision in the approved Other Expenses, the Earnings before Tax (EBT) of PHP22,679,357.

Below is the detailed Revised ROO FY 2022.

Table 6 Results of Operations, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2022

PARTICULARS	APPROVED	INCREASE/ (DECREASE)	PROPOSED REVISED BUDGET
REVENUE			
Mail Services	3,093,525,579	(188,276,786)	2,905,248,794
Express Mail Services	1,341,125,910	-	1,341,125,910
Logistics & Warehousing	80,220,630	(18,707,103)	61,513,527
Payment & Retail Services	275,329,917	144,595,275	419,925,192
Other Income	138,035,542	62,388,613	200,424,156
TOTAL NET OF VAT	4,928,237,578	-	4,928,237,578
LESS: Provision for Discount	7,917,081	-	7,917,081
REVENUE NET OF VAT & DISCOUNT	4,920,320,497	-	4,920,320,497
Less: Expenses			
Personnel Services	2,322,040,873	76,028,974	2,398,069,847
Non-Personnel Services/MOOE	2,504,166,150	(74,305,019)	2,429,861,131
OPERATING INCOME	94,113,473	(1,723,955)	92,389,518
Less: Other Expenses			
Interest Expense	2,500,000	-	2,500,000
Depreciation	66,999,866	-	66,999,866
Provision for Bad Debts	1,934,250	(1,723,955)	210,295
Sub-total	71,434,116	(1,723,955)	69,710,161
EBT/(LBT)	22,679,357	-	22,679,357
Less: Provision for Income Tax	6,803,807	-	6,803,807

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INCOME/(LOSS) AFTER TAX	15,875,550	-	15,875,550
Add: Reimbursement from the NG	516,117,681	(861,681)	515,256,000
Subsidy Income from Non-Shareholders	48,000,000	27,000,000	75,000,000
NET INCOME	579,993,232	26,138,318	606,131,550

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTIZATION

The Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of PHP92,179,223 has no adjustment compared to 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 2022.

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

Table 7 Earnings Before Interest, Taxes, Depreciation, and Amortization, Revised Corporate Operating Budget, Philippine Postal Corporation, FY 2022

COMPUTATION FOR EBITDA	APPROVED BUDGET	INCREASE / (DECREASE)	PROPOSED REVISED BUDGET
EBT/(LBT)	22,679,357	-	22,679,357
Depreciation	66,999,866	-	66,999,866
Interest Expenses	2,500,000	-	2,500,000
EBITDA	92,179,223	-	92,179,223

PROJECT PROCUREMENT MANAGEMENT PLAN

The Revised Project Procurement Management Plan for MOOE for FY 2022 (Revised MOOE PPMP FY 2022) of PHP1,443,266,408 will increase the approved budget for the account by PHP139,281,228 or 10.68 percent.

Except for the Supplies & Materials, Internet Connectivity, Advertising and Janitorial Services, all of the categories in the Revised MOOE PPMP FY 2022 will be increased.

Table 8 below is the details of the Revised MOOE PPMP FY 2022.

Table 8 Maintenance & Other Operating Expenses, Revised Project Procurement Management Plan, Philippine Postal Corporation, FY 2022

SUMMARY, MOOE	CY 2022 APPROVED PPMP	INCREASE/ (DECREASE)	CY 2022 REVISED PPMP
Accountable Forms/ Items	163,105,887	71,204,179	234,310,065

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Supplies & Materials	270,141,051	(16,609,233)	253,531,818
Semi-Expendable Items	61,232,275	34,345,907	95,578,182
Gasoline, Oil & lubricant	59,758,572	28,826,459	88,585,032
Repair & Maintenance	44,762,476	2,761,806	47,524,282
Communication (landline)	7,022,598	56,168	7,078,767
Internet-Connectivity	92,312,040	(46,112,907)	46,199,133
Advertising	45,302,400	(18,402,400)	26,900,000
Subscription	12,523,034	21,004,714	33,527,748
Mail Conveyance	280,174,899	2,759,003	282,933,902
Security Services	46,595,858	4,047,980	50,643,839
Janitorial Services	14,871,754	(327,976)	14,543,778
Other MOOE	102,456,745	19,535,828	121,992,573
Rental of real property & Equipment	64,540,349	13,024,218	77,564,567
Consultancy/Professional Services	39,185,241	23,167,481	62,352,721
TOTAL	1,303,985,180	139,281,228	1,443,266,408

The Revised Project Procurement Management Plan for CAPEX for FY 2022 (Revised CAPEX PPMP FY 2022) of PHP679,642,900 will increase the approved budget for the account by PHP49,571,527 or 7.87 percent.

Please see Table 9 on the details of the Revised CAPEX PPPMP FY 2022.

Table 9 Capital Expenditure, Revised Project Procurement Management Plan, Philippine Postal Corporation, FY 2022

SUMMARY, CAPEX	CY 2022 APPROVED PPMP	INCREASE/ (DECREASE)	CY 2022 REVISED PPMP
Buildings	75,300,000	12,218,557	87,518,557
Equipment	185,362,526	43,378,625	228,741,151
Furniture and Fixtures	15,210,408	(3,621,703)	11,588,705
IT Equipment and Software	263,242,089	(33,008,976)	230,233,114
Motor Vehicles	83,656,350	31,343,650	115,000,000
Leasehold Improvement	3,600,000	261,374	3,861,374
Provision for unforeseen/emergency CAPEX	3,700,000	(1,000,000)	2,700,000
TOTAL	630,071,373	49,571,527	679,642,900

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