

### CBAs in 2004 . . . their profile and welfare benefits

(Second of a three-part series)

The Labor Code encourages the execution of a collective bargaining agreement (CBA) between workers and employers to promote and maintain industrial peace and stable employment relations. CBA refers to a negotiated contract between a duly recognized or certified collective bargaining representative and an employer concerning wages, hours of work and other terms and condition of employment in the appropriate bargaining unit including provision for grievance machinery. It covers all regular employees of an appropriate bargaining unit who are not excluded by law or by express provision of the CBA.

CBA usually contains clauses on economic and non-economic benefits. The economic benefits include wage increases, allowances, bonuses, longevity pay, insurance, separation pay, monetary assistance, death aid, funeral assistance, leave benefits, retirement plan, and other fringe benefits. The non-economic provisions include union security clauses, grievance procedure, labor-management cooperation schemes among others. Although the term of a CBA is five (5) years, its economic provisions can be re-negotiated on the third year after its execution

Since 1997, the Bureau of Labor and Employment Statistics (BLES) has published studies on the profile of collective bargaining agreements (CBAs) specifically on its economic and non-economic provisions. CBAs covered in this study are based on actual documents available on file at the Bureau of Labor Relations. A total of 200 CBAs were randomly selected from a total of 369 CBAs registered in 2004.

This issue is the second of a three-part series on CBAs filed in 2004. It provides general information on wage increases, leave benefits, health care benefits, terminal benefits, retirement benefits, and other monetary benefits.

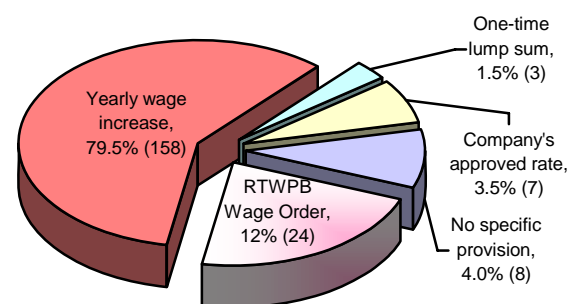
#### WAGE INCREASE

About 8 out of 10 of the CBAs filed in 2004 have provisions for yearly wage increases for the whole duration of the CBA. These wage increases may or may not be credited as partial or full compliance to any legislated wage or allowance adjustments mandated by legislation or promulgated by the Regional Tripartite Wage and Productivity Board (RTWPB).

Wage increases based on Wage Order issuances during the term of the agreement are stipulated in 24 CBAs (12.0%). Some seven CBAs have provisions for salary increments based on the company's approved rate while only three CBAs provide

a one-time/lump sum increase for the whole duration of the CBA. Eight CBAs however, have no specific provision for wage increases.

**Figure 1 - DISTRIBUTION OF CBAs BY WAGE INCREASE PROVISION, PHILIPPINES: 2004**



Source: Bureau of Labor Relations.

**TABLE 1 – Number of CBAs With Provision for Wage Increases by Amount of Wage Increase and Percent Increase in Basic Rate for the Duration of CBA and Major Industry Group, Philippines: 2004**

| Major Industry   | Amount of Increases in Peso (₱) |       |       |       |            |       |        |       | Percent Increase in Wages (%) |     |     |     |
|--|---------------------------------|-------|-------|-------|------------|-------|--------|-------|-------------------------------|-----|-----|-----|
|  | Monthly Wage                    |       |       |       | Daily Wage |       |        |       | Total CBAs                    | Min | Max | Ave |
|  | Total CBAs                      | Min   | Max   | Ave   | Total CBAs | Min   | Max    | Ave   |                               |     |     |     |
| All Industries   | 40                              | 200   | 8,300 | 3,219 | 109        | 2.50  | 150.00 | 31.95 | 13                            | 4   | 37  | 23  |
| Agriculture, Hunting and Forestry                        | -                               | -     | -     | -     | 5          | 2.50  | 62.00  | 24.70 | -                             | -   | -   | -   |
| Manufacturing  | 17                              | 1,300 | 6,600 | 3,614 | 74         | 3.00  | 150.00 | 35.33 | 3                             | 13  | 37  | 24  |
| Electricity, Gas and Water Supply                        | 2                               | 2,250 | 7,550 | 4,900 | -          | -     | -      | -     | 1                             | 40  | 40  | 40  |
| Construction   | 2                               | 1,200 | 1,500 | 1,350 | 2          | 4.00  | 35.00  | 19.50 | 1                             | 56  | 56  | 56  |
| Wholesale and Retail Trade                               | 2                               | 230   | 1,300 | 765   | 9          | 5.00  | 42.00  | 17.33 | -                             | -   | -   | -   |
| Hotel and Restaurants                                    | 1                               | 1,050 | 1,050 | 1,050 | 6          | 18.00 | 80.00  | 43.17 | -                             | -   | -   | -   |
| Transport, Storage and Communications                    | 5                               | 200   | 4,355 | 2,671 | 8          | 6.00  | 55.00  | 21.58 | 4                             | 4   | 30  | 14  |
| Financial Intermediation                                 | 4                               | 2,700 | 6,600 | 3,950 | -          | -     | -      | -     | 1                             | 25  | 25  | 25  |
| Real Estate, Renting and Business Activities             | 1                               | 4,000 | 4,000 | 4,000 | 2          | 18.00 | 45.00  | 31.50 | -                             | -   | -   | -   |
| Education  | 2                               | 350   | 2,432 | 1,391 | 1          | 10.00 | 10.00  | 10.00 | 3                             | 5   | 30  | 19  |
| Health and Social Work                                   | 1                               | 1,700 | 1,700 | 1,700 | -          | -     | -      | -     | -                             | -   | -   | -   |
| Other Community, Social and Personal Services Activities | 3                               | 1,950 | 8,300 | 4,870 | 2          | 17.00 | 28.00  | 22.50 | -                             | -   | -   | -   |

Source: Bureau of Labor Relations.

Provisions in majority of the CBAs include specific amount of wage increases for monthly and/or daily paid employees. A very small proportion (7.4% or 12 CBAs) provide wage increases in basic pay rate in terms of percent.

### ***Increase in Monthly Wage***

Some 40 CBAs provide an increment in the monthly wage of ₱200 to ₱8,300 or an average annual wage increase of ₱3,219 for the whole duration of the CBA.

The ₱200 wage increase is provided in CBA contracted in transportation, storage and communications while an increase of ₱8,300 is stipulated in CBA forged in other community, social and personal services activities specifically television broadcasting industry. However, the highest average increment of ₱4,900 in the monthly wage for the whole CBA duration is provided in the CBA of electricity, gas and water supply.

### ***Increase in Daily Wage***

Wage increments in daily wage are stipulated in 109 CBAs. These CBAs provide for a minimum increase of ₱2.50 (agriculture, and a maximum of ₱150.00 (manufacturing) in the daily wage or an average increase of

₱31.95 during the term of the agreement.

A CBA in the hotel and restaurant industry provides for the highest average increase at ₱43.17 followed by manufacturing (₱35.33) and real estate, renting and business activities (₱31.50).

### ***Increase in Terms of Percent***

Wage increases expressed in percent of basic rate for the duration of the contract are provided in 13 CBAs. The average increase in the monthly basic rate for all industries is computed at 23.0 percent of the basic pay rate of covered employees. CBA in electricity, gas and water supply has the highest average increase of 40.0 percent followed by the construction industry with 11.0 percent. The rest of the sectors provide a 14 to 56 percent increase in the monthly pay.

### ***LEAVE BENEFITS***

In the provision of paid leaves, protection against loss of income due to illness, injury, birth of child, death, and calamity are made available to workers. Paid leaves refer to time-off from work, normally in terms of days or weeks and are usually paid based on the workers' normal hourly rate or salary.

**Vacation/Sick Leave**

The number of paid vacation/sick leave may vary based on the employees' length of service with the company or on the fixed number of days granted by the employer per year. Usually, it starts after a required period of service.

- A total of 185 CBAs have provisions for vacation leave benefits. Of these, 60.5 percent (112) grant fixed paid leaves. Provisions on the number of paid leaves in 63 CBAs (39.5%) however, differ based on length of service of worker in the company. Paid vacation leaves vary from 3 days to 30 days among CBAs.
- A fixed number of sick leave with pay is provided in 114 CBAs (66.3%) while one-third (33.7%) grant paid sick leaves depending on the employees' length of service. A minimum of 2 days while a maximum of 40 days paid sick leaves are granted in the CBAs.

**TABLE 2 – Number of CBAs with Leave Benefit Provisions by Number of Paid Leave Days, Philippines: 2004**

| Paid Leave Benefits                             | No. of CBAs | Paid Leave Days |     |     |
|---|-------------|-----------------|-----|-----|
|   |             | Min             | Max | Ave |
| Vacation Leave<br>Fixed number of days annually | 112         | 3               | 30  | 13  |
| Sick Leave<br>Fixed paid leave days annually    | 114         | 2               | 40  | 13  |
| Maternity Leave<br>Normal                       | 171         | 60              | 67  | 60  |
| Caesarean section                               | 169         | 72              | 84  | 75  |
| Paternity Leave                                 | 191         | 5               | 10  | 7   |
| Union Leave                                     | 137         | 2               | 60  | 16  |
| Emergency Leave                                 | 83          | 2               | 10  | 5   |
| Burial Leave                                    | 70          | 2               | 12  | 5   |

Source: Bureau of Labor Relations.

**Maternity Leave**

- Maternity leave for normal childbirth or miscarriage is provided in 171 CBAs (85.5%). Some 169 (84.5%) CBAs likewise have provision for caesarian section delivery.

- Paid maternity leave is usually 100 percent of basic wage or its equivalent for the monthly paid multiplied by the specified number of days of entitlement. The number of days of maternity leave varies accordingly, 60-67 days for normal delivery; and 72-84 days for caesarian section delivery. The average days paid is 60 days and 75 days for normal and caesarian section deliveries, respectively.

**Paternity Leave**

- Every married male employee is entitled to a paternity leave with full pay for the first four deliveries of his legitimate spouse. The provision is stipulated in 191 CBAs (95.5%). The minimum number of paternity leave benefits granted is 5 days to a maximum of 10 days or an average of 7 days as provided by law.

**Union Leave**

- Time-off from work without loss of pay or fringe benefits for attending union meetings, training courses, seminars and conferences are benefits enjoyed by union officers/members in 137 CBAs. Union leave ranged from a minimum of 2 days to a maximum of 60 days per year. The average is 16 days annually.

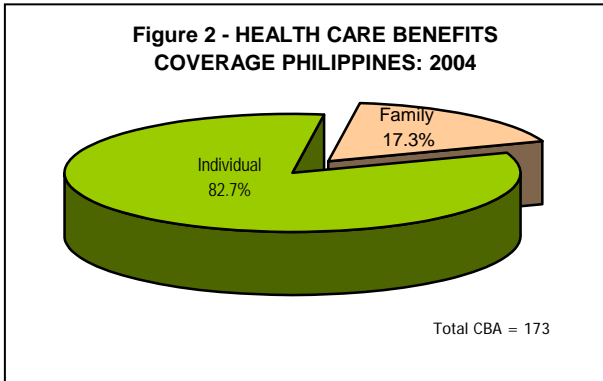
**Emergency/Burial Leave**

- Some CBAs provide emergency (83 or 41.5%) and burial leave (70 or 35%) benefits (2 days, each) to covered workers. The maximum allowable number of days is 10 days for emergency leave and 12 days for burial leave. The average paid days for both type of leave is 5 days, each.

**HEALTH CARE BENEFITS**

Provisions on health care benefits are commonly negotiated in CBAs. The benefit may include initial expenses incurred for medical, dental and vision care and/or in cases where the basic coverage limit is exceeded, the excess amount is shouldered initially by the employer but to be paid by the worker on a salary deduction basis.

- Medical services including x-ray/laboratory, check-up, consultation and other clinical services are provided in 173 CBAs (86.5%). Of these, 143 CBAs grant medical services to covered employees only. The rest (30 or 17.3%) stipulated the inclusion of family members.



Source: Bureau of Labor Relations.

- Dental services such as cleaning, annual check-up and tooth extraction are provided in 4 out of 5 CBAs.
- Hospitalization plan such as room and board, check-up/consultation, surgical and physicians services are included in 58.5 percent of the CBAs
- Other health care benefits also granted are medical/hospitalization assistance (25.0%), medicine allowance (13.5%) and optical assistance (8.0%).

### **SEPARATION/RETIREMENT BENEFITS**

CBA provisions likewise include paid benefits for separated employees due to retrenchment, retirement, disability, redundancy, closure of company, voluntary resignation or death.

Retirement benefits are provided in 7 out of 10 CBAs while legally required separation pay is included in 44.5 percent. Only a small proportion of the CBAs have provisions on gratuity pay (29.0 %) and death benefit (24.0%).

Option for retirement can be classified in two categories: compulsory retirement and optional retirement. The normal or compulsory retirement is the age at which an employee may retire and receive all accrued benefits. Early retirement (optional) is the age or a combination of age and services at which an employee may opt to retire before reaching the normal retirement age and receive all the accrued benefits.

There are two methods being applied in computing retirement benefits of workers wherein the employee's retirement age, length of service and pre-retirement earnings are considered.

One method is the use of *percent of earning formula*. In this formula, benefits are based on a pre-determined percentage of the average monthly earnings received for a specified number of years or on the highest earnings received by the employee, multiplied by the number of years of service (e.g., 80% of the average earnings for the last three years multiplied by years of service).

Another formula being applied is the *peso amount formula* wherein benefits are based on the latest salary received of retiring employee multiplied by the number of years of service (e.g., one month pay for every year of service).

The peso amount formula is adopted by majority of the CBAs in the computation of retirement benefits for the optional (83.3%) and compulsory (90.9%) retirement. Very few (16.7% and 9.1%, respectively) have based the computation on percent of earnings formula.

**OTHER MONETARY BENEFITS**

The following are some of the other monetary benefits provided in CBAs and the corresponding amount of entitlements:

| Supplemental Benefits                       | Total Number of CBAs | Amount of Benefits (₱) |           |         |
|---|----------------------|------------------------|-----------|---------|
|   |                      | Minimum                | Maximum   | Average |
| <b>TOTAL</b>                                | <b>200</b>           |                        |           |         |
| Burial Assistance                           |                      |                        |           |         |
| Death of employee                           | 143                  | 500                    | 100,000   | 10,000  |
| Death of employee's immediate family member | 109                  | 300                    | 125,000   | 3,000   |
| Medical Assistance                          | 50                   | 200                    | 100,000   | 6,000   |
| Rice Allowance (annually)                   | 19                   | 1,000                  | 36,000    | 9,600   |
| Educational Fund                            | 33                   | 1,000                  | 200,000   | 5,000   |
| Educational Loan                            | 29                   | 500                    | 25,000    | 10,000  |
| Salary Loan                                 | 13                   | 1,500                  | 150,000   | 5,000   |
| Emergency Loan                              | 48                   | 1,000                  | 75,000    | 4,000   |
| Housing Loan                                | 12                   | 5,000                  | 1,200,000 | 50,000  |
| Cooperative Fund                            | 22                   | 10,000                 | 240,000   | 50,000  |
| Maternity Assistance                        | 18                   | 300                    | 15,000    | 5,000   |
| Uniform Allowance                           | 16                   | 250                    | 10,000    | 3,500   |

*Note: Details may not add up to totals due to multiple response.  
Source: Bureau of Labor Relations.*

**FOR INQUIRIES:**

Regarding this report contact **LABOR RELATIONS STATISTICS DIVISION** at 527-30-00 local 319  
 Regarding other statistics and technical services contact **BLES DATABANK** at 527-30-00 local 317  
 Or Write to BLES c/o **Databank, 3/F DOLE Bldg. Gen. Luna St., Intramuros, Manila, 1002**  
 Fax **527-55-06** E mail: [lrsd@manila-online.net](mailto:lrsd@manila-online.net) or [bleslrsd@bles.dole.gov.ph](mailto:bleslrsd@bles.dole.gov.ph)  
 Website at <http://www.manila-online.net/bles> or <http://www.bles.dole.gov.ph>