

## A CLOSER LOOK AT SELECTED CBA RENEWALS (Focus on Welfare Benefit Provisions)

Since 1996, the Bureau of Labor and Employment Statistics (BLES) has been conducting studies on the profile and benefit provisions of collective bargaining agreements. This year, a new study was undertaken focusing on the profile and welfare benefit provisions of renewed CBAs. The objective is to compare the benefits provided by original CBAs to that of the two succeeding renewals (2<sup>nd</sup> and 3<sup>rd</sup> cycle) - whether the economic provisions have changed or remained unchanged.

According to the Philippine Labor Code the term of a CBA shall be for a period of five (5) years and can be renegotiated on the third year after its execution. Exempted are the CBAs negotiated by the shipping industry where CBAs are renewable annually or per contract.

All data relevant to this study were culled from the documents filed at the Bureau of Labor Relations of the Department of Labor and Employment. Only 78 CBAs originally filed at DOLE Regional Offices sometime in 1989 to 1990 and have undergone two renewals were covered in this study. These CBAs are currently existing and expiring between January 2002 to December 2005. A contract cycle runs from the effectivity date of the agreement to the expiration date.

### PROFILE

- ❖ More than three - fifths (62.8% or 49) of the CBAs originated from the manufacturing sector. Wholesale and retail trade ranked second with a total of 16 (20.5%) establishments. Transportation, storage and communication accounted for 6.4 percent (5) while other sectors took a share of less than three percent each.

SELECTED INDUSTRY	No.	%
<b>Total</b>	<b>78</b>	<b>100.0</b>
Agriculture, Hunting and Forestry	2	2.6
Mining and Quarrying	1	1.3
<b>Manufacturing</b>	<b>49</b>	<b>62.8</b>
Electricity, Gas and Water Supply	1	1.3
Wholesale and Retail Trade	16	20.5
Hotels and Restaurants	1	1.3
Transport, Storage and Communication	5	6.4
<b>Health and Social Work</b>	<b>1</b>	<b>1.3</b>
Other Community, Social and Personal Service Activities	2	2.6

- ❖ CBAs covered mostly rank and file employees (77 out of 78). Only one had supervisors as their bargaining unit.

Type of Bargaining Unit	No.	%
<b>Total</b>	<b>78</b>	<b>100.0</b>
Rank and File	77	98.7
Supervisors	1	1.3

- ❖ For the three cycles, majority of CBA renewals were negotiated by affiliated unions. However, figures show that negotiations contracted by these unions tend to decrease in each cycle as some opted to become independent.

The most recently concluded CBA (3<sup>rd</sup> cycle) posted a decline of 7.7 percent from the original CBA (1<sup>st</sup> cycle) and 5.1 percent from the 2<sup>nd</sup> cycle (1<sup>st</sup> renewal). This brought about a corresponding increase in the number of CBA renewals negotiated by independent unions in every cycle.

- ❖ Original CBAs covered a total of 6,446 workers. The number went up to 8,477 in the 1<sup>st</sup> renewal (2<sup>nd</sup> cycle) and almost doubled the original coverage (11,284) in the 2<sup>nd</sup> renewal (3<sup>rd</sup> cycle).

Males comprised more than half of the total workers covered by CBA renewals. However, an increasing trend in both male and female coverage was noted. From the 1<sup>st</sup> cycle with 4,011 male coverage, it rose to 5,386 in the 2<sup>nd</sup> cycle and 7,044 in the 3<sup>rd</sup> cycle. Likewise, females showed an increase coverage from 1,404 (1<sup>st</sup> cycle) to 2,386 (2<sup>nd</sup> cycle) and finally 3,284 (3<sup>rd</sup> cycle). The sex composition of around 10.0 percent of the total workers covered by renewed CBAs was not reported as shown below.

INDICATOR	CBA CYCLE					
	1 <sup>st</sup> Cycle		2 <sup>nd</sup> Cycle		3 <sup>rd</sup> Cycle	
	No.	%	No.	%	No.	%
<b>TOTAL</b>	<b>78</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>
<b>Status</b>						
Independent	28	35.9	30	38.5	34	43.6
Affiliated	50	64.1	48	61.5	44	56.4
<b>Workers Covered</b>	<b>6,446</b>	<b>100.0</b>	<b>8,477</b>	<b>100.0</b>	<b>11,284</b>	<b>100.0</b>
Male	4,011	62.2	5,386	63.5	7,044	62.4
Female	1,404	21.8	2,386	28.2	3,284	29.1
Not Stated	1,031	16.0	705	8.3	956	8.5

## WELFARE BENEFIT PROVISIONS

This portion provides information on the changes in both the monetary and non-monetary benefits in the covered CBA renewals.

### A. Wage Increases

- ❖ The provisions for wage increases are expressed either in terms of across the board increases of specified amount (in pesos) or a percentage increase in basic pay of workers (*See Table 1*).
- ❖ Such provision may or may not be credited against any law or decree increasing the statutory minimum wage. It may be distinct or separate from all legislations, decrees and government policies increasing the minimum wage.
- ❖ A total of 65 CBAs in the 1<sup>st</sup> cycle and 66 CBAs in the 2<sup>nd</sup> cycle provided for the granting of minimum wage increases. The decline in the 3<sup>rd</sup> cycle (from 66 in the 2<sup>nd</sup> cycle to 65 in the 3<sup>rd</sup> cycle) was brought about by one CBA provision which opted to give incentive package to members in lieu of salary increase.
- ❖ A very small portion of the covered CBAs (16.7% in the 1<sup>st</sup> & 3<sup>rd</sup> cycle and 15.4% in the 2<sup>nd</sup> cycle) had stipulated to comply with any wage issuances during the term of the agreement.

#### ❖ *Daily – Paid*

In the 1<sup>st</sup> cycle, 51 CBAs provided wage increases to daily-paid workers. A slight increase in number (53 CBAs) incorporated the same in the 2<sup>nd</sup> cycle. This however, decreased to 50 CBAs in the 3<sup>rd</sup> cycle.

Majority of these CBAs, (45 in the 1<sup>st</sup> cycle; 39 in the 2<sup>nd</sup> cycle and 27 in the 3<sup>rd</sup> cycle) granted an annual average increase of below P5.00. Some CBAs (6 in the 1<sup>st</sup> cycle; 12 in the 2<sup>nd</sup> cycle and 21 in the 3<sup>rd</sup> cycle) provided for an annual average increase of more than P5.00 but less than P15.00. An annual average increase of P15.00 to less than P25.00 was noted in the 2<sup>nd</sup> and 3<sup>rd</sup> cycle of 2 CBAs, respectively.

❖ *Monthly – Paid*

Some 14 CBAs granted wage increases for monthly-paid workers in the 1<sup>st</sup> cycle; 11 in the 2<sup>nd</sup> cycle and 10 in the 3<sup>rd</sup> cycle. Majority of these CBAs (71.4% in the 1<sup>st</sup> cycle; 63.6% in the 2<sup>nd</sup> cycle and 50.0% in the 3<sup>rd</sup> cycle) provided for an annual average increase of less than P500. Few CBAs granted an increase of more than P500 but less than P2000 (4 in the 1<sup>st</sup> cycle and 2<sup>nd</sup> cycle and 5 in the 3<sup>rd</sup> cycle).

❖ *Percent Increase*

Of the CBAs with provision for wage increases only a small portion (3 in the 1<sup>st</sup> cycle; 5 in the 2<sup>nd</sup> cycle and 6 in the 3<sup>rd</sup> cycle) provided for a percentage increase in the basic pay of workers. Mostly all CBAs provided for an annual average increase of less than 10.0 percent in all cycles except for 2 CBAs which opted to grant an annual average increase of 10.0 to 19.0 percent in the 2<sup>nd</sup> cycle. (See Table 1)

## **B. Other Welfare Benefits**

- ❖ Generally, no significant changes were noted in welfare benefit provisions of renewed CBAs. Most of the benefits granted in the 1<sup>st</sup> CBAs are included in succeeding contracts. Some got better terms with the addition of other welfare provisions. (See Table 2)
- ❖ Medical services included x-ray/laboratory, check-up, consultation, free medicines and other clinical services.

This type of benefit is provided for in the 1<sup>st</sup> cycle of 64 CBAs or 82.1 percent of the total CBAs covered. A closer look at the data show that 2 CBAs have stipulated this provision only in their first renewal (2<sup>nd</sup> cycle). Most of the CBAs (60 out of 64) maintained this benefit granted on the original CBAs but without any increase in entitlement or coverage. Only four (6.2%) have increased their medicine allotments. On the 3<sup>rd</sup> cycle, significant changes in entitlement were noted in 8 CBAs. Some provided for health fund while others offered cash advances for medical expenses payable through salary deduction.

- ❖ Dental services such as cleaning, annual check-up and tooth extraction were mentioned in 67.9 percent of the original CBAs. Another 2 CBAs provided for such benefits in their 1<sup>st</sup> renewal while a small portion (6 or 11.3%) have increased their dental services benefit in terms of cost to be shouldered by the employer. For the 2<sup>nd</sup> renewal, 51 CBAs have maintained existing benefits and only three opted to increase coverage and/or share of employer.
- ❖ Other forms of health care benefits granted to workers in most of the CBAs include hospital allowance (46 CBAs). This is a cash allowance given by the employer for a specified period of time until the limit amount is reached. Of the CBAs with provision for hospital allowance, more than half (33 in the 2<sup>nd</sup> cycle and 35 in the 3<sup>rd</sup> cycle) granted the same provisions in two succeeding contracts. Very few CBAs (12 and 10, respectively) increased their benefits through provision of plans that were funded entirely or partially by the employer. In some cases, hospitalization expenses were shouldered by employer but payable on a salary deduction basis.

- ❖ Burial assistance is usually a cash benefit given in case of death of an employee or his/ her immediate family members. The amount of the benefit differed significantly among the CBAs. Burial assistance was stipulated in 42 or 53.8 percent of the covered CBAs in the 1<sup>st</sup> cycle. Three CBAs included such benefit in their renewed agreements. The benefit provision remained unchanged in some 13 CBAs in the 2<sup>nd</sup> cycle and 15 CBAs in the 3<sup>rd</sup> cycle. Almost half (26) got substantial increases in cash benefits in the next two renewed contracts.
- ❖ Workers' well-being and the promotion of health programs were also considered in some CBAs. The most common benefits and their corresponding percentage share to total CBAs covered were as follows: family planning services (82.1%); recreational activities (70.5%) and workers education (67.9%). The employers usually subsidize these programs.
- ❖ Terminal pay given to separated employees due to retirement and resignation were also among the important benefits included. In the 1<sup>st</sup> cycle, more than half of the CBAs (46) provided for retirement benefits while only 35 granted severance pay. Data revealed that majority of the renewed agreements with retirement (40 in 2<sup>nd</sup> cycle and 45 in 3<sup>rd</sup> cycle) and severance pay benefits (31 in both renewals) stipulated no increase in succeeding contracts. Increased retirement benefits however, were noted in first (6) and second (5) CBA renewals based on formula: peso amount times years of service.

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FOR INQUIRIES:

Regarding this report contact **LABOR RELATIONS STATISTICS DIVISION** at 527-3578 AND 527-9310

Regarding other statistics and technical services contact **BLES Databank** at 527-3577 and 527-9309

Or write to BLES c/o **Databank, 3 / F DOLE Bldg., Gen. Luna St., Intramuros, Manila 1002**

FAX 527-3579, E-mail: [lrsd@manila-online.net](mailto:lrsd@manila-online.net) or [bleslrsd@bles.dole.gov.ph](mailto:bleslrsd@bles.dole.gov.ph)

Or visit our website at <http://www.manila-online.net/bles> or <http://www.bles.dole.gov.ph> for other statistical information.

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**TABLE 1 - Number of CBAs by Annual Average  
Wage Increase Provision By Cycle, Philippines: 1989 - 2005**

ANNUAL AVERAGE WAGE INCREASE PROVISION	1st Cycle		2nd Cycle		3rd Cycle	
	No.	%	No.	%	No.	%
<b>TOTAL</b>	<b>78</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>	<b>78</b>	<b>100.0</b>
<b>Total CBAs Without Provision for Wage Increases *</b>	<b>13</b>	<b>16.7</b>	<b>12</b>	<b>15.4</b>	<b>13</b>	<b>16.7</b>
<b>Total CBAs With Provision for Wage Increases</b>	<b>65</b>	<b>83.3</b>	<b>66</b>	<b>84.6</b>	<b>65</b>	<b>83.3</b>
<b>With Wage Increases in Peso Terms ( ₱ )</b>	<b>62</b>		<b>61</b>		<b>59</b>	
<b>Daily - Paid</b>	<b>51</b>	<b>100.0</b>	<b>53</b>	<b>100.0</b>	<b>50</b>	<b>100.0</b>
< 5.00	45	88.2	39	73.6	27	54.0
5.00 - 9.99	5	9.8	8	15.1	16	32.0
10.00 - 14.99	1	2.0	4	7.5	5	10.0
15.00 - 19.99	-	-	1	1.9	2	4.0
20.00 - 24.99	-	-	1	1.9	-	-
<b>Monthly - Paid</b>	<b>14</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>
< 500	10	71.4	7	63.6	5	50.0
500 - 999	2	14.3	3	27.3	2	20.0
1,000 - 1,499	1	7.1	1	9.1	2	20.0
1,500 - 1,999	1	7.1	-	-	1	10.0
<b>With Wage Increases in Percent (%)</b>	<b>3</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>
< 10	3	100.0	3	60.0	6	100.0
10 - 19	-	-	2	40.0	-	-

\* Stipulated to comply with any wage issuance during the term of agreement.  
Sources of data: Bureau of Labor Relations, Collective Bargaining Agreements.  
Bureau of Labor and Employment Statistics.

**TABLE 2 - Number of CBAs by Type of Common Welfare Benefit Provision  
Philippines: 1989- 2005**

COMMON WELFARE BENEFIT PROVISION	1 <sup>st</sup> Cycle		2 <sup>nd</sup> Cycle				3 <sup>rd</sup> Cycle			
	No.	%	New Benefit <sup>1</sup>	Same Benefit <sup>2</sup>	Increased Benefit <sup>3</sup>	Others <sup>4</sup>	New Benefit <sup>1</sup>	Same Benefit <sup>2</sup>	Increased Benefit <sup>3</sup>	Others <sup>4</sup>
<b>TOTAL</b>	<b>78</b>	<b>100.0</b>								
<b>Health Care Benefits</b>										
<i>Medical Services</i>	64	82.1	2	60	4	-	1	58	8	-
<i>Dental Services</i>	53	67.9	2	46	6	1	1	51	3	-
<i>Hospital Allowance</i>	46	59.0	1	33	12	1	2	35	10	1
<b>Employee Assistance</b>										
<i>Burial/Bereavement Aid</i>	42	53.8	3	13	26	3	3	15	26	1
<b>Well – Being / Health Promotion Program</b>										
<i>Recreational Activities</i>	55	70.5	2	51	3	1	3	52	4	-
<i>Workers Education</i>	53	67.9	3	46	7	-	2	49	6	1
<i>Family Planning Services</i>	64	82.1	4	63	-	1	-	64	2	1
<b>Terminal Benefits</b>										
<i>Retirement Benefits</i>	46	59.0	5	40	6	-	2	45	5	1
<i>Severance Pay</i>	35	44.9	-	31	2	2	4	31	2	-

Note: Details will not add up to total due to multiple provisions.

1 Benefit not stipulated in previous contract.

2 No change in benefit provisions.

3 Improved services or increase in entitlement / coverage.

4 Provisions not stated.

Sources of data: Bureau of Labor Relations, Collective Bargaining Agreements.

Bureau of Labor and Employment Statistics.