

NWPC GUIDELINES NO. 1
(series 2012)

**OPERATIONAL GUIDELINES ON DEPARTMENT ORDER NO. 118-12 "RULES
AND REGULATIONS GOVERNING THE EMPLOYMENT AND WORKING
CONDITIONS OF DRIVERS AND CONDUCTORS IN THE PUBLIC UTILITY BUS
TRANSPORT INDUSTRY"**

Pursuant to Section 3 of Rule III of Department Order No. 118-12 "Rules and Regulations Governing the Employment and Working Conditions of Drivers and Conductors in the Public Utility Bus Transport Industry, the following operational guidelines on the adoption of a part-fixed, part-performance based compensation scheme is hereby issued:

RULE I
COVERAGE AND DEFINITION OF TERMS

SECTION 1. Coverage. – This Guidelines shall apply to all public utility bus owners and/or operators employing drivers and conductors. Owners/operators of coaches, school, tourist and similar buses who are holders of Certificates of Public Convenience (CPC) issued by the Land Transportation Franchising and Regulatory Board (LTFRB), however, are not covered by the provisions of this Guidelines.

SECTION 2. Definition of Terms. – As used herein, the following terms shall mean:

- a) "**NWPC**" refers to the National Wages and Productivity Commission.
- b) "**RTWPB**" refers to the Regional Tripartite Wage and Productivity Board.
- c) "**DOLE-RO**" refers to the Department of Labor and Employment- Regional Office.
- d) "**Minimum Wage**" refers to the lowest wage rate that an employer should pay his/her worker as fixed by the appropriate RTWPB.
- e) "**Fixed and Performance-Based Compensation Scheme**" refers to the compensation scheme for bus drivers and conductors wherein the fixed component shall be based on an amount mutually agreed upon by the owner/operator and the driver/conductor, which shall in no case be lower than the applicable minimum wage. The performance based component shall be based on business performance, safety performance and other related parameters.
- f) "**Public utility bus driver**" refers to a professional-licensed driver hired and paid to drive a public utility bus.
- g) "**Public utility bus conductor**" refers to a person hired and paid to serve as conductor in a public utility bus.
- h) "**Public utility bus operator**" refers to a person issued a Certificate of Public Convenience to operate a public utility bus by the LTFRB.

- i) "Ridership" refers to the number of persons who ride the public utility bus transport system.

RULE II COMPENSATION

SECTION 1. *Part- Fixed, Part- Performance Based Compensation Scheme.*

- a) Bus owners and/or operators shall adopt a mutually-agreed upon "part-fixed, part-performance" based compensation scheme for bus drivers and conductors. It shall take into consideration revenue, ridership, safety, specific conditions of routes and other relevant parameters. (*Annex A – Sample Computation*)

SECTION 2. *Fixed Wage Component.*

- a) The fixed wage component shall be an amount mutually agreed upon by the owner/operator and the driver/conductor and shall be paid in legal tender. It shall in no case be lower than the applicable minimum wage (basic wage + COLA) for work performed during normal hours/days. It shall include wage related benefits such as overtime pay, nightshift differential, service incentive leave and premium pay among others. The payment of 13th month pay, holiday and service incentive leave may be integrated into the daily wage of drivers and conductors, upon agreement of both owners/operators and drivers and conductors.
- b) The fixed wage may be based on a time unit of work (e.g. hourly, daily or monthly). It may also be based on a per trip or per kilometer basis where the drivers/conductors and operators may consider the minimum number of trips or kilometers/distance travelled within an 8-hour period, as basis for determining regular/normal workload for an 8-hour period. The fixed wage may be computed as follows:

Fixed Wage (Time Rate)= (Basic Wage + Wage-Related Benefits)

OR

Fixed Wage (Trip Basis)= Rate per Trip x No. of Trips per Day

SECTION 3. *Performance- Based Wage Component.*

- a) The performance-based wage component shall be based on business performance, safety performance and other relevant parameters. Business performance shall consider revenue/ridership. Safety performance shall consider safety records such as the incidence of road accident and traffic violation. The performance-based wage may be computed as follows:

Reference Amount of Performance Incentive = (Current Average Daily Earnings – Fixed Wage) x Y%

Where:

- i. Current average daily earnings shall be estimated based on average daily earnings for 2011 and/or prior years, as may be agreed upon.

ii. Y – range of values (in percent) that correspond to various levels of safety performance, such that:

- The lower the incidence of traffic violations and road accidents, the higher will be the value of Y and the performance incentive
- The higher the incidence of traffic violations and road accidents, the lower will be the value of Y and the performance incentive

b) Bus operators/owners and drivers/conductors may modify or use other formula for their compensation scheme provided it is in accordance with the part-fixed part- performance based compensation scheme as provided herein.

SECTION 4. *Technical Assistance.* – The NWPC and the RTWPBs shall provide technical assistance to public utility bus companies in the formulation of its part-fixed, part-performance based compensation scheme.

SECTION 5. *Time and Motion Study.* – Bus companies that will adopt results or output based compensation schemes may request the NWPC or RTWPB for the conduct of Time and Motion Study (Work Improvement and Measurement Study) for the determination of fair and reasonable wage rates.

SECTION 6. *Facility Evaluation.* – Bus companies that customarily furnish their employees board, lodging and other facilities shall file an application to the concerned RTWPB for the conduct of facilities evaluation as basis for determining the fair and reasonable value of such facilities if there is mutual agreement between bus owners/operators and drivers and conductors to consider such facilities as part of wages.

SECTION 7. *Submission of Proposed Compensation Scheme.* – All public utility bus owners and/or operators shall submit their proposed compensation scheme, mutually agreed upon with their drivers/conductors, to the RTWPB having jurisdiction over the principal place of business of the public utility bus operator, within sixty (60) days after the effectivity of the Guidelines using the attached Proposed Compensation Form (*Annex B*). This form shall be accomplished in duplicate (2) and shall be accompanied by a duly signed employment agreement between the bus owner/operator and bus driver and between the bus owner/operator and bus conductor.

Upon submission, the concerned RTWPB shall review the compensation scheme for conformity with Rule II of the Guidelines. If found not in conformance with the Guidelines, the RTWPB shall provide technical assistance to the concerned bus owner/operator to correct the non-conformance. The RTWPB shall thereafter furnish the DOLE-RO a copy of the compensation scheme and the agreements.

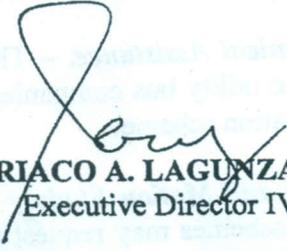
RULE III MISCELLANEOUS PROVISIONS

SECTION 1. *Enforcement and Monitoring.* – The Labor Inspectorate of the DOLE-ROs shall be responsible for the monitoring and enforcement of the provisions of the Guidelines.

SECTION 2. Non-diminution of Benefits. – Nothing herein shall be construed to authorize diminution or reduction of existing wages and benefits being enjoyed by the bus drivers and conductors.

SECTION 3. Effectivity. – This Guidelines shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Manila, Philippines, 27 February 2012 .



CIRIACO A. LAGUNZAD III
Executive Director IV

**SAMPLE COMPUTATION OF PART-FIXED PART-PERFORMANCE BASED
COMPENSATION SCHEME**

The following illustration may be used and/or modified as deemed appropriate. The performance based component shall adopt business and safety performance indicators.

Business indicators may refer to:

- Drivers'/conductors' attendance and/or tardiness
- Revenue in excess of quota

Safety indicators may refer to:

- Incidence of traffic violation (in consideration of frequency and severity in terms of damage to property and/or loss of life)
- Incidence of road accident (in consideration of frequency and severity in terms of damage to property and/or loss of life)
- Savings on costs associated to incidence of traffic violations and/or road accidents (*e.g. bus repair, fees/penalties to LTO, MMDA, LGU and other concerned government agencies*)

Fixed Wage = Minimum Wage + Wage Related Benefits

Performance Based Wage = Current Average Daily Earnings - Fixed Wage

Assuming:

- Current average daily earnings range from P1,200 to P1,400
- Working hours and days: 12 hours per day for 5 days per week

Sample Computation:

$$\begin{aligned}
 1. \text{ Fixed Wage} &= \text{Minimum Wage} + 4 \text{ hours of Overtime Work} \\
 &= \text{P}426 + \text{P}252.50 \\
 &= \text{P}678.50
 \end{aligned}$$

2. Reference Amount for Performance Incentive if current average daily earnings is P1,200 and P1,400.

$$\begin{aligned}
 \text{Performance Based}_1 &= \text{Current Average Daily Earnings} - \text{Fixed Wage} \\
 &= \text{P}1,200 - \text{P}678.50 \\
 &= \text{P}521.50
 \end{aligned}$$

$$\begin{aligned}
 \text{Performance Based}_2 &= \text{Current Average Daily Earnings} - \text{Fixed Wage} \\
 &= \text{P}1,400 - \text{P}678.50 \\
 &= \text{P}721.50
 \end{aligned}$$

3. **Performance standard and corresponding incentive**

Safety Requirement	If Current Average Daily Earnings is P1,200	If Current Average Daily Earnings is P1,400
Current Average Daily Earnings	1,200	1,400
Less: Fixed Wage	678.50	678.50
Reference Amount for Performance Incentive	521.50	721.50
Option 1: Schedule of Incentives as Percent of Reference Amount for Performance Incentive		
Zero Accident and Traffic Violation	100% of 522	100% of 722
1 to 2 Accidents and Traffic Violations	75% of 522	75% of 722
3 to 4 Accidents and Traffic Violations	50% of 522	50% of 722
5 or more Accidents and Traffic Violations	Less than 50% of 522 or zero	Less than 50% of 722 or zero
Option 2: Schedule of Incentives in Pesos		
Zero Accident and Traffic Violation	522 or higher	722 or higher
1 to 2 Accidents and Traffic Violations	300	500
3 to 4 Accidents and Traffic Violations	100	300
5 or more Accidents and Traffic Violations	Less than 100 or zero	Less than 300 or zero

NOTE: This does not yet include severity of incidence of traffic violations and road accidents which may be considered by PUBs in the design of their compensation schemes.

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
National Wages and Productivity Commission
RTWPB _____

PROPOSED COMPENSATION SCHEME

A. GENERAL INFORMATION

1. Name of Bus Company:			
2. Name of Operator/Manager:			
3. Address of Main Office:			
4. Address of Terminal/Garage:			
5. Telephone Nos.:		6. Fax No.	
7. Total No. of Drivers		8. Total No. of Conductors	

B. COMPENSATION SCHEME FOR DRIVERS

1. Formula for Fixed Component			
2. Formula for Performance Based Component			

C. COMPENSATION SCHEME FOR CONDUCTORS

1. Formula for Fixed Component			
2. Formula for Performance Based Component			

D. ATTACHMENTS:

	Sample Employment Agreement Between Operator/Owner and Drivers
	Sample Employment Agreement Between Operator/Owner and Conductors

E. SUBMITTED BY:

Name:	Tel. No.
Signature:	Date

F. CONFORME:

Name of Driver:	Tel. No.
Signature:	Date

G. CONFORME:

Name of Conductor:	Tel. No.
Signature:	Date