



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Regional Office No. XII
Regional Tripartite Wages and Productivity Board XII
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**ADVISORY ON THE IMPLEMENTATION OF
PRODUCTIVITY-BASED SCHEMES FOR ITC PLANTATION
[NUMBER RBXII-01, SERIES OF 2013]**

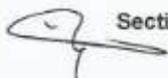
By virtue of the power and authority vested under Republic Act No. 6727, otherwise known as the Wage Rationalization Act of 1989, the RTWPB-XII hereby issues this Productivity-Based Advisory for the ITC Plantation that initially covers the Rubber, Abaca, Oil Palm, Banana and Pineapple Industries:

Section I. Purpose



This Productivity-Based Advisory is being issued in accordance to the NWPC Guidelines on the Two-Tiered Wage System [TTWS] and after the series of public consultations last March 11, 2013 at Tacurong City, Sultan Kudarat Province and on March 12, 2013 in General Santos City with industry stakeholders on the concept of the TTWS as a reform in wage setting. Follow-up Consultations with ITC Academe on June 11, 2013; June 19, 2013 for ITC Fishing and Allied Services; and, ITC Plantation last June 19, 2013 resulted with common agreement to submit list of existing productivity incentive schemes and bonus programs based on voluntary agreement between workers and management to be shared and agreed as parameters and models for the issuance of advisories for all covered industries in the region. In the case of ITC Plantation, other agricultural plantations not mentioned are encouraged to join the said Council for recognition and membership.

Section II. Economic Trends and Business/Industry Outlook



The economy of Region XII posted an accelerated growth of 8.1 percent from modest growths of 2.0 percent in 2010 and 4.0 percent in 2011 - an economic growth higher than the national average of 6.8 percent. It is also one of the few regions in the country which posted accelerated growths from 2010 to 2013.

The region posted total export earnings of around US\$242.954 Million in the fourth quarter of 2012, or an increase of 20 percent. Leading export products of the region were canned tuna, canned pineapple, frozen whole tuna, fresh pineapple, crude coconut oil, Fresh/Frozen/Pouched Tuna, Crude Palm Oil, Milkfish, Copra Expeller cake/meal, Pouched Mackerel, Steel Scrap, Smoked fish and Dried Fruits.



Section III. Basis for Productivity Based Incentives and Models

As cited in Section II of this Advisory, the contribution of the workers in the region as reflected in the Productivity data and robust economic growth or GRDP from 2.0 percent to 8.1 percent deserves a full consideration to grant productivity incentives to them. Add to it is the latest data from the Philippine Standard Industry Classification [PSIC] that shows an increase of 5.7 percent for Labor Productivity [LP] covering all major industry groups in Region XII.



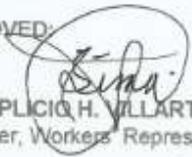
Section IV. Productivity Based Program Models and Tax Incentives

The following models for the Second Tier of the Two Tiered Wage System that provides Productivity Incentive Pay and Bonuses for the workers are based from the existing Productivity Incentives Program of Dole Philippines which the companies in the Plantation Industry may chose to adopt.

1. **QUALITY ACCOMPLISHMENT PAY** based on the Performance of the worker based on the Standard Efficiencies set and computed using the applicable Basic Wage of the workers.
2. **QUALITY INCENTIVE PAY (QIP)** based on the different Standard Quality Parameters set by the management and the workers and addresses the Incentive Pay of the workers which will be based on the Quality Parameter Readings.
3. **BOTTOM-LINE BONUS (BLB)** based on the identified areas/parameters which are monitored periodically and is computed at the end of the year to see if goals are met.
4. **10-DAYS PRODUCTIVITY BONUS** is given annually as a "cash gift" together with the 13th-Month Pay that considers the employees attendance for the year.

Companies with other existing productivity incentives program are also encouraged to enrol them to RTWPB-12 for monitoring purposes and to nearest Bureau of Internal Revenue [BIR] District Office as tax deduction from gross income all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on or which are directly attributable to the development, management, operation and/or conduct of trade, business or exercise of a profession, including a reasonable allowances for salaries, wages, and other forms of compensation for personal services actually rendered under the National Internal Revenue Code of 1997, as amended.

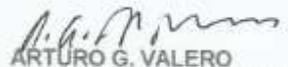
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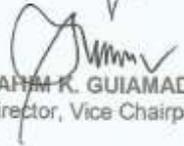

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ATTACHMENT 'A' : LIST OF INCENTIVE CONCEPTS AND SCHEMES

1. QUALITY ACCOMPLISHMENT PAY PROGRAM [QAP]

- Performance of the worker is based on the agreed Standard Efficiencies set.
- Addresses the BASIC WAGE of the worker.
- Incentive is given if ACCOMPLISHMENT is above standard efficiencies set.
- If worker does not meet the required standard, they will not qualify for QWP and will only be paid their DAILY BASIC WAGE.

FORMULA:

	Total Stds Hrs
QAP = Individual Basic Wage x % Accomplishment x	-----
	Total Actual Hrs

2. QUALITY INCENTIVE PAY [QIP]

- Based on the different Standard Quality Parameters set by the management.
- Addresses the Incentive Pay of the worker which will be based on the Quality Parameter Readings.
- Has different Quality Levels with corresponding Quality Rating and Incentive Level.

QIP Level	Quality Rating	Incentives
Excellent	97-100%	20%
Very Good	90-96%	13%
Good	76-89%	8%
Average	75%	0%

FORMULA:

	Total Stds Hrs
QIP = QIP Pay x % Accomplishment x	-----
	Total Actual Hrs.

3. HEALTH AND WELLNESS INCENTIVE

- There are 2 general ideas/measurements in evaluating improvement and qualifying for an incentive:
 - Test results are normal (within range).
 - If the test results are not normal, there must be significant improvement in terms of the standards of each health parameter:

MANAGEMENT STAFF	RANK AND FILE
BMI [Body Mass Index]	BMI [Body Mass Index]
Blood Sugar Level [Haemoglobin A1C]	Waistline [Waist Hip Ratio]
Total Blood Cholesterol Level	
o LDL	
o TRIGLYCERIDES	
o HDL	
Waistline [Waist Hip Ratio]	
⁴ 5 out of 7 Health Parameters	⁴ Both Health Parameters

- PASS = 1 WEEK Pay