



NWPC Guidelines No. 01

Series of 2019

**REVISED OPERATIONAL GUIDELINES ON THE ADOPTION OF PART FIXED,
PART PERFORMANCE-BASED COMPENSATION SCHEME
IN THE PUBLIC BUS TRANSPORT INDUSTRY**

Pursuant to Section 3 of Rule III of Department Order No. 118, Series of 2012, otherwise known as the 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 and/or operators of coaches, school, tourist, and similar buses who are holders of a Certificate of Public Convenience (CPC) issued by the Land Transportation Franchising and Regulatory Board (LTFRB), employing drivers and conductors, are not covered by the provisions of this Guidelines.

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

- a. **DOLE-RO** refers to the Regional Office of the Department of Labor and Employment.
- b. **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 and/or operator and the driver and 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.
- c. **Minimum Wage** refers to the lowest wage rate fixed by the appropriate RTWPB that an employer can pay his workers.
- d. **NWPC** refers to the National Wages and Productivity Commission.
- e. **Public utility bus driver** refers to a professional-licensed driver hired and paid to drive a public utility bus.
- f. **Public utility bus conductor** refers to a person hired and paid to serve as conductor in a public utility bus.

- g. **Public utility bus owner and/or operator** refers to a person issued a Certificate of Public Convenience by the LTFRB to operate a public utility bus.
- h. **Ridership** refers to the number of persons who ride the public utility bus transport system.
- i. **RTWPB** refers to the Regional Tripartite Wages and Productivity Board.

RULE II COMPENSATION

SECTION 1. Part-Fixed, Part-Performance Based Compensation Scheme. – The public utility 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. – The fixed wage component shall be an amount mutually agreed upon by the public utility bus owners and/or operators 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, if any) for work performed during normal hours/days. It shall include wage-related benefits such as overtime pay, nightshift differential, service incentive leave, 13th month pay, and holiday and premium pay, among others.

Whenever, there is a new Wage Order, the fixed wage component shall be automatically adjusted in proportion to the prescribed minimum wage rate increase therein.

SECTION 3. Performance-Based Wage Component. – The performance-based wage component shall be based on business performance, safety performance, and other parameters consistent with the policy intent of Department Order No. 118, Series of 2012.

- a. The performance-based wage may be computed as follows:

$$\text{Reference Amount of Performance Incentive} = \text{(Current Average Daily Earnings – Fixed Wage)}$$

where the current average daily earnings shall be estimated based on the agreed average daily earnings in the last two years

- b. Business performance may consider, among others, revenue/ridership.
- c. Safety performance shall consider safety records based on traffic violations and expenses for payment of government fines/charges, among others. For this purpose, the Safety and Health Committee shall discuss the safety performance component to ensure compliance with the Occupational Safety and Health Standards.
- d. The public utility bus owners and/or operators 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 RTWPBs shall provide technical assistance to public utility bus companies and/or operators in the formulation of its part fixed, part performance-based compensation scheme.

SECTION 5. Submission and Evaluation of Part Fixed, Part Performance-Based Compensation Scheme. – Within sixty (60) days prior to the scheduled confirmation of a bus unit, 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 their principal place of business. It shall attach two copies of duly notarized employment contract between the public utility bus owners and/or operators and bus driver and between the public utility bus owners and/or operators and bus conductor.

Section 6. Compliant Compensation Scheme. – Within ten (10) days from receipt of the proposed compensation scheme, the RTWPB Secretariat shall check compliance of the proposed compensation scheme with this Guidelines. If found compliant, the RTWPB Secretariat, shall endorse the submitted proposed compensation scheme, together with its findings that the proposed compensation scheme is compliant with this Revised Guidelines, to the DOLE Regional Director of DOLE-RO for his/her information and approval and as one of the basis for the issuance of a Certificate of No Pending Case. (*Annex B*)

Section 7. Non-Compliant Compensation Scheme. – If the proposed compensation scheme is not compliant with this Revised Guidelines, the concerned RTWPB Secretariat shall return the proposed compensation scheme with a directive to the public utility bus owners and/or operators to adjust and revise the same based on the comments of the RTWPB. (*Annex B*)

Section 8. Posting. – The approved compensation scheme shall be conspicuously posted at the place of work of drivers and conductors and at the websites of the concerned RTWPB.

RULE III MISCELLANEOUS PROVISIONS

SECTION 1. Enforcement and Monitoring. – The Labor Inspectors of the DOLE-ROs shall be responsible for the monitoring of compliance of public utility bus owners and/or operators with the provisions of this Guidelines, the Occupational Safety and Health Standards, and other related laws, rules, and regulations, through conduct of inspection pursuant to Department Order No. 183, Series of 2017.

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. Transitory Provisions. – Public utility bus owners and/or operators with previously approved compensation scheme are required to re-submit the same to the RTWPB to ascertain its compliance with this revised Guidelines.

SECTION 4. Effectivity. – This revised Guidelines shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Manila, Philippines. 15 February 2019.


MARIA CRISELDA R. SY
Executive Director IV

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

Fixed Wage = Applicable Minimum Wage + (OT + NSD) as necessary or based on actual hours of work

Performance Based Wage = (Current Average Daily Earnings - Fixed Wage)

Assuming:

- Current average daily earnings is ₱1,500.00
- Working hours and days: 12 hours per day for 5 days per week

Sample Computation:

1. **Fixed Wage** = Minimum Wage + 4 hours of Overtime Work
 = ₱537.00 + ₱336
 = ₱873

2. **Reference Amount for Performance Incentive** if current average daily earnings is ₱1,500.00.
 = Current Average Daily Earnings – Fixed Wage
 = ₱1,500.00 – ₱873
 = ₱627

Weighted Performance Incentive: $627 = (0.5)(627) + (0.5)(627)$
where safety and revenue have equal weights

Safety indicators may refer to:

- Incidence of traffic violation
- Savings on costs associated with incidence of traffic violation and/or road accidents
(e.g. bus repair, fees/penalties to LTO, MMDA, LGU and other concerned government agencies)

Ridership or revenue-based indicators may refer to percent of revenue in excess of quota/target.

3. Sample Incentive Scheme

	If Current Average Daily Earnings is ₱1,500.00
Current Average Daily Earnings	1,500.00
Less: Fixed Wage	873.00
Reference Amount for Performance Incentive	627.00

On Safety (50%)

Safety Performance Based Incentive (50%)		Peso Value
Zero traffic violation per day	100% of 314	314.00
1 traffic violation per day	75% of 314	235.00
2 traffic violations per day	50% of 314	157.00

On Revenue (50%)

Revenue Performance Based Incentive (50%)		Peso Value
At least 10% above quota or target revenue	100% of 314	314.00
5% to 9% above quota or target	75% of 314	235.00
1% to 4% above quota or target	50% of 314	157.00

Fixed Wage	Safety Rider ship	Zero traffic violation	1 traffic violation	2 traffic violations	Take-Home Pay		
873	At least 10% above quota	627.00	549.00	471.00	1,500.00	1,422.00	1,344.00
	5% - 9% above quota	549.00	471.00	392.00	1,422.00	1,344.00	1,265.00
	1% - 4% above quota	471.00	392.00	314.00	1,344.00	1,265.00	1,187.00

Republic of the Philippines
 Department of Labor and Employment
 NATIONAL WAGES AND PRODUCTIVITY COMMISSION
 Regional Wages and Productivity Board No. ____

Reference Number

PROPOSED COMPENSATION SCHEME

A. GENERAL INFORMATION

1. Name of Bus Company:					
2. Operator/Manager:					
3. Address of Main Office:					
4. Address of Terminal/Garage:					
5. Telephone Nos.:			6. Fax No.:		
7. No. of Drivers:	8. No. of Conductors:	9. Number of Buses:			

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:

1. Notarized Employment Agreement Between Operator/Owner and Drivers
2. Notarized Employment Agreement Between Operator/Owner and Conductors

E. SUBMITTED BY:

Name:	Tel. No.
Signature:	Date

*Attached authority from the public utility bus owners and/or operators

F. CONFORME:

Name of Driver:	Tel. No.
Signature:	Date

*Attached authority from other drivers

G. CONFORME:

Name of Conductor:	Tel. No.
Signature:	Date

*Attached authority from other conductors

ACTION OF THE RTWPB:

COMPLIANT Indorse to the Regional Director of the DOLE-RO

Board Secretary

Date

NON-COMPLIANT Return to the public utility bus owners and/or operators

Findings:

Board Secretary

Date

Republic of the Philippines
 Department of Labor and Employment
 NATIONAL WAGES AND PRODUCTIVITY COMMISSION
 Regional Tripartite Wages and Productivity Board

In Re: Application for Part Fixed, Part
 Performance-Based Compensation Scheme
 of *(Name of Bus Company)*
(Address of Bus Company)

Reference Number

(Public Utility Bus Owners and/or Operators

x-----x

ORDER

After reviewing the submitted compensation scheme for drivers and conductors of *(name of bus company)*, this Office found the same compliant with Department Order No. 118, Series of 2012) and NWPC Guidelines No. 01, Series of 2019.

The following formula shall be adopted in computing the part fixed, part performance-based compensation scheme for drivers and conductors of *(name of bus company)*:

For Drivers	For Conductors
Formula for Fixed Component:	Formula for Fixed Component:
Formula for Performance-Based Component:	Formula for Performance-Based Component:

Please post this Order in a conspicuous area in the place of work of drivers and conductors. Also, please immediately inform this Office of any revisions or modifications to the said compensation scheme.

SO ORDERED.

(Name of Regional Director)
 Regional Director and
 Chairperson
 Regional Tripartite Wages and Productivity Board