

LETTER OF INSTRUCTIONS NO. 174, March 06, 1974

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TO: The Secretary of Labor

In order to implement in the private sector the policy enunciated in Presidential Decree No. 390 granting emergency allowances to government employees, you are hereby directed to take such measures as may be necessary to ensure orderly and effective response by employers in the private sector consistent with the following guidelines:

- Employers Covered.— All employers in the private sector, including non-profit institutions and organizations, such as schools and other institutions of learning, hospitals, and charitable and religious organizations, should be urged to grant monthly emergency allowances to their employees.
- Concept of Emergency Allowances.— The monthly allowance contemplated by the Decree is the additional monetary benefit given by an employer to his employees to answer, at least partly, for the increase in everyday expenses of the latter, it is sometimes referred to or designated in collective bargaining agreements as cost-of-living allowances.

The emergency allowance given by an employer pursuant to the Decree need not be considered as part of the employee's regular or basic wage for purposes of determining overtime and premium pay, fringe benefits, as well as premium contributions to social security, Medicare and private welfare plans. However, employers may, at their option, grant wage increases in lieu of an emergency allowance.

- Determination of Amount of Allowances.—In the spirit of Presidential Decree No. 390 granting allowances to government employees receiving less than P600.00 monthly, employers are urged to give top priority to their lowest paid workers without prejudice, however, to extending similar assistance to higher grades of their personnel.

For purposes of construing the minimum guidelines for the private sector, the following scales are recommended:

For large-scale and medium-scale enterprises capitalized at P1 million to P4 million or more, P50.00 or higher;

For small scale enterprises capitalized at P100,000 to P1 million, P30 or higher;

For enterprises lower than these categories, P15 or higher ;

- Non-arbitrability of Allowance Disputes.—Allowances granted in accordance with the above scales may not be questioned and shall not be subject to compulsory arbitration under Presidential Decree 21.
- Social Obligation of Employers.—In any case, employers are enjoined to share their profits with their workers and employees especially in the form of emergency allowances, bonuses, social amelioration schemes, commissaries, and other similar benefits in the spirit of social justice particularly in the light of Section 9, Article II, of the new Constitution of the Philippines.
- Effective Date of Allowance.—in consonance with the spirit and intent of the Decree, employers are enjoined to

grant emergency allowances effective 18 February 1974 or earlier.

- Creditable Payments.—The following benefits given or to be given by employers to their employees may be credited as emergency allowances in the contemplation of the Decree, provided that they substantially conform with the guidelines set forth in this issuance:

(a)

All allowances, bonuses, wage adjustments and other monetary benefits that have been given to the employees in response to the appeal of the President in his speech on January 4, 1974 at the inauguration of the Central Bank Building.

(b)

All allowances, bonuses, wage adjustments and other monetary benefits that may hereafter be given by the employer, provided that their payment is retroactive to 18 February 1974, or earlier.

All allowances and wage adjustments given by an employer in accordance with Presidential Decree No. 390 and these guidelines may be credited as part of any future statutory minimum wage adjustments.

- Reporting Requirements.—To enable the Government to assess the response of private employers to my appeal to grant allowances to their employees, all employers are enjoined to make a report of emergency allowances granted pursuant to Presidential Decree No. 390 and this Letter of Instructions to the Labor Statistics Service, Department of Labor, furnishing a copy thereof to the Regional Labor Office having jurisdiction over their businesses and undertakings in the form prescribed for the purpose by the Department of Labor, within one (1) month from the publication of this issuance in a newspaper of general circulation.

Done in the City of Manila, this 6th day of March, 1974.

(Sgd.) FERDINAND E. MARCOS

President

Republic of the Philippines

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