NATIONAL ADMINISTRATIVE REGISTER · MAY 12, 2008

REVISED SALARY SCALE FOR ELECTRIC COOPERATIVE EMPLOYEES

NEA MEMORANDUM NO. 2008-009, May 12, 2008

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I. PURPOSE

To upgrade the Salary Scale of employees of Electric Cooperatives in order to provide (hem with a competitive package for their services to keep them abreast with the prevailing compensation level in the industry, and help ECs maintain a high level of responsibility and accountability

The prevailing poverty threshold level as determined by the country's economic managers which, in part account for the minimum wages adopted by the Regional Wage Boards, plus three more prospective wage orders were considered as indices in the preparation of this package. Hence, this new issuance will bring about an upgraded pay scale for a majority of employees, particularly of ECs that meet the pre-requisites.

The promulgation of this memorandum shall provide any organization, government or private, and interested groups with an overall appreciation and mechanisms on how ECs determine their compensation scale. This is part as well that ensures full transparency of EC operations to the general public.

II. POLICY

It shall be the policy of this Office to establish a salary guide for EC Employees which l serve as a basis in providing just and equitable wages according to the cooperatives' classification and financial standing. In no case, however, shall the salaries of employees be lower than the minimum wage/salary provided by the Labor Code and/or set by the apartment of Labor and Employment (DOLE) Regional Wage Boards.

III. MECHANICS OF IMPLEMENTATION

- Upon recommendation of management and after proper deliberation, the Board of Directors shall adopt through a Board Resolution, a revised salary schedule using the prescribed salary guide.

- The Board Resolution together with the Plantilla of Personnel containing the existing and proposed salaries and a three-year projected cash flow shall be submitted to this Office for review and evaluation as to the EC's financial capability to implement and sustain the salary adjustments. The same should be submitted by the first semester of the year in compliance with NEA Memorandum No. 2006-023 dated 27 July 2006 "Submission on Required Documents That Need Explicit Approval."

- Should the proposal merit a favorable endorsement, the Institutional Development Department, shall forward the recommendation to the Deputy Administrator for Electric Distribution Utilities who shall be endorsed the same to the Administrator. The final action and/or approval shall be subsequently communicated to the concerned EC a copy shall also be available at the NEA Financial Planning and Control Division, Finance Department. Expect NEA's action, upon EC's full compliance of requirements, within the second semester of the same year the proposal had been submitted.

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- If a new wage order results in a monthly basic rate that is higher than what is set for employees holding rank one (1) positions in the adopted and approved salary scale for EC employees, the EC management is mandated to automatically incorporate the difference as mandated in the Wage Orders using the Retail/Service Group category. However, if after adoption and explicit approval by the NEA of the salary scale, and the latest issuance of a Regional Wage Order would not affect the salaries and employees at Rank one (1) and that management would still want to incorporate the Wage Order, the NEA should be informed accordingly.

- This new salary guide shall not be construed, in any way whatsoever, as a mandated benefit/compensation that the employees shall automatically be entitled to on top of any approved salary increases provided in the Collective Bargaining Agreement, as this may impair the financial viability of the EC.

- To avert the possible distortion of salaries, the EC management is enjoined to maintain the NEA approved job ranks.

- In the event that an EC intends to follow a modified salary scale, the same should be submitted to NEA for final approval.

IV. GENERAL PROVISIONS

- Adoption of a salary scale shall be suspended/deferred in the following cases:

- if the coop posted a cumulative net loss on its past six (6) consecutive months o operations ending the month proceeding the evaluation;

- if the coop's performance based on the Key Performance Indicators shows marked downtrend from the previous year's figures; and

- if the coop retrogresses in its categorization as of evaluation date.

- Upgrading of salary scale of employees shall be consequential to increased revenue or improved operations; and in no case must the EC increase its power rate accommodate the additional cash outlay.

- A revised Salary Scale resulting from salary upgrading, is subject to NEA explicit approval since salaries of employees do not form part of the liberalized cash operating budget.

- After the new scale has been approved by NEA, the EC management can implement yearly salary step increases, based on merit in order to reward employees who exceeded their targeted performance plans.

- Salary increases based on merit and utilizing the step increments in the approved salary scale do not need any NEA approval but have to be submitted to the NEA Finance Department for budgetary purposes.

- Since across-the-board salary increase has been found to be counter-productive, the same cannot be allowed.

V. AMENDATORY CLAUSE

This supersedes Memorandum on the Revised Salary Guide for Electric Cooperative Employees dated 11 September 2003.

VI. EFFECTIVITY

These guidelines shall take effect fifteen (15) days upon submission of copies to the University of the Philippines Law Center as required by Executive Order No. 292.

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Adopted: 12 May 2008

(SGD.) EDITA S. BUENO
Administrator

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