

Republic of the Philippines  
National Wages and Productivity Commission  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region I  
San Fernando, La Union

WAGE ORDER NO. RB 1-01  
INCREASING THE STATUTORY MINIMUM WAGE RATES

WHEREAS, the Gulf crisis has resulted in the loss of supply from the world market of oil coming from Iraq and Kuwait and despite increased production from other producers the oil supply continues to be uncertain, thus raising oil prices;

WHEREAS, the effect of this crisis and the adjustment in the value of the Philippine peso vis-à-vis the US dollar have made it imperative to increase the prices of domestic petroleum products by an average of P1.42 per liter on 21 September 1990;

WHEREAS, the foregoing difficulties have been compounded by the July 16, 1990 killer-quake which wrought extensive damages to lives, properties and businesses in Region I;

WHEREAS, such adjustments and devastation have contributed to substantial increases in transportation fares and prices of basic goods and services;

WHEREAS, in addition to the efforts of government to hold down prices of basic goods, it is necessary to provide workers and their families with immediate relief measures to enable them to cope with the rising cost of living;

WHEREAS, there is an urgent need to balance the level of wage adjustment with the requisites of business operations without impairing their viability;

NOW, therefore, by virtue of the power and authority vested under Republic Act No. 6727, known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board of Region I hereby issues this Wage Order:

Section 1. Upon the effectivity of this Wage Order, the statutory minimum wage rates applicable to workers and employees in the private sector in Region I, whether agricultural or non-agricultural, shall be increased by twelve pesos (P12.00) per day. Provided, that those already receiving above the daily minimum wage rates up to one hundred twenty-five pesos (P125.00) shall also receive an increase of twelve pesos (P12.00).

Section 2. The increase of twelve pesos (P12.00) prescribed in the preceding section shall apply to all workers and employees in private educational institutions as soon as they have increased or are granted authority to increase their tuition fees during the school year 1991-1992 or as soon as they are granted subsidy under RA 6728 intended for that same school year.

Section 3. Exempted from the provisions of this Wage Order are household or domestic helpers and persons in the personal service of another, including family drivers.

Retail/service establishments and small or parochial schools regularly employing not more than ten (10) workers and Countryside and Barangay Business Enterprises (CBBEs) duly registered pursuant to RA 6810 shall be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with the applicable rules and regulations.

Distressed employers whose capital has been impaired by at least twenty-five percent (25%) during the preceding year and those that have been adversely affected by the recent earthquake may be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations.

New industries granted exemption under RA 6727 will continue to enjoy the same privileges and for the specified period as provided for under the said Act;

In the event that application for exemptions are not granted, covered workers and employees shall receive the appropriate compensation due them as provided for in this Wage Order plus interest of one percent (1%) per month retroactive to the effectivity of this Wage Order.

Section 4. All workers paid by result, including those who are paid on piecework, "pakyaw" or task basis, shall be entitled to receive the prescribed minimum wage increase for the normal working hours

which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

Section 5. In the case of contracts for security, janitorial and similar services, the prescribed wage increase for covered workers and employees shall be borne by the principals or clients of the service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed increase, the service contractor shall be jointly and severally liable with the principal or client.

Section 6. Wages of learners, apprentices, and handicapped workers shall in no case start below seventy-five percent (75%) of the applicable minimum wage rates.

Section 7. Wage increases granted by an employer not earlier than May 1, 1990 but not later than November 15, 1990 shall be credited as compliance with the minimum wage increase prescribed under this Wage Order, provided that, where such increases are less than the prescribed adjustment, the employer shall pay the difference. Such increases shall not include anniversary wage increases, merit wage increases and those resulting from the regularization or promotion of employees.

Section 8. Where the application of the minimum wage increase prescribed under this Wage Order results in distortions of the wage structure in any establishments, such distortions shall be corrected using the procedure as specified under Article 124 of the Labor Code as amended.

Section 9. The Board shall prepare the necessary rules and regulations to implement this Wage Order, subject to approval of the Secretary of Labor and Employment.

Section 10. Any employer who refuses or fails to pay the minimum wage increase provided under this Wage Order shall be subject to the penalties specified under RA 6727.

Section 11. If any provision or part of this Wage Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid. Nothing in this Wage Order shall be construed to reduce any existing wage rate, allowance or other benefits under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employers.

Section 12. This Wage Order shall take effect fifteen (15) days after its publication in at least one (1) newspaper of general circulation.

Approved.

30 October 1990.

(SGD) DEMETRIO E. RUIZ, JR.  
Workers Representative

(SGD) MARTIN P. POSADAS  
Employers Representative

(SGD) SEGUNDINA G. VELASCO  
Workers Representative

(SGD) EDUARDO C. ALCANTARA  
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(SGD) ARMANDO P. GALIMBA  
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(SGD) TERESITA R. MANZALA  
Chairman

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RULES IMPLEMENTING WAGE ORDER NO. RB-1-01

Pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board under Section 5, Rule IV of the NWPC Rules of Procedure on Minimum Wage Fixing and Section 9 of Wage Order No. RB-1-01, the following rules are hereby issued for strict compliance by all concerned:

Chapter I - Definition of Terms

- (a) "Order" means Wage Order No. RB-1-01;
- (b) "Commission" means the National Wages and Productivity Commission;
- (c) "Board" means the Regional Tripartite Wages and Productivity Board in Region I;
- (d) "Region I" covers the provinces of Ilocos Norte, Ilocos Sur, La Union and Pangasinan and the cities of Dagupan, Laoag and San Carlos;
- (e) "Agriculture" refers to farming in all its branches and includes among others, the cultivation and tillage of the soil, production, cultivation, growing and harvesting of any agricultural or horticultural commodities, dairying, raising of livestock or poultry, the culture of fish and other aquatic products in farms or ponds, and any activities performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, but does not include the manufacturing and/or processing of sugar, coconut, abaca, pineapple, aquatic or other farm products;
- (f) "Plantation Agricultural Enterprise" is one engaged in agriculture with an area of more than 24 hectares in a locality and/or which employs at least 20 workers. Any other agricultural enterprise shall be considered as "Non-Plantation Agricultural Enterprises";
- (g) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;
- (h) "Service Establishment" is one principally engaged in the sale of service to individuals for their own or household use and is generally recognized as such;
- (i) "Countryside and Barangay Business Enterprise" (CBBE) refers to an establishment duly registered pursuant to RA 6810;
- (j) "Small or Parochial Schools" refer to private schools duly accredited by the Department of Education, Culture and Sports and primarily depend on donations to the extent of not less than 75% from outside sources for their operation and maintenance;
- (k) "Distressed Establishments" refer to establishments whose capital have been impaired by at least twenty-five percent (25%) during the preceding year and those that have been adversely affected by the July 16, 1990 earthquake;
- (l) "New Industries" refer to firms established under Republic Act No. 6810 after July 1, 1989 which were granted exemptions under RA 6727;
- (m) "Cottage/Handicraft Establishment" is one engaged in an economic endeavor in which the products are primarily done in the home or such other places for profit which requires manual dexterity and craftsmanship and/or whose capitalization does not exceed P500,000.00 regardless of previous registration with the defunct NACIDA;
- (n) "Department" refers to the Department of Labor and Employment;
- (o) "Basic Wage" means all remuneration or earnings paid by an employer to a worker for services rendered on normal working days and hours but does not include cost of living allowance, profit sharing payments, premium payments, 13th month pay or other monetary benefits which are not considered as part of or integrated into the regular salary of the worker on the date the Wage Order became effective;

- (p) "Statutory Minimum Wage" is the lowest wage rate fixed by the law that an employer can pay his workers;
- (q) "Minimum Wage Rates" refer to the lowest wage rates that an employer can pay his workers, as fixed by the Board, and which shall not be lower than the applicable statutory minimum wage rates;
- (r) "Wage Distortion" means a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation;
- (s) "Capitalization" means paid-up capital, in the case of a corporation, and total invested capital, in the case of a partnership or single proprietorship.

## Chapter II - Wage Increases

Section 1. Coverage. - The wage increase prescribed under the Order shall apply to all workers and employees in the private sector regardless of their position, designation or status, and irrespective of the method by which their wages are paid except:

- (a) Household or domestic helpers, including family drivers and workers in the personal service of another;
- (b) Workers and employees in retail/service establishments and small or parochial schools regularly employing not more than ten (10) workers and those of the CBBEs registered under RA 6810, when exempted from compliance with the Order, for a period fixed by the Board in accordance with Section 3 of the Order and Section 13, Chapter II of this Rules;
- (c) Workers and employees of distressed employers and of those employers who were adversely affected by the July 16, 1990 earthquake when exempted from compliance with the Order, for a period fixed by the Board in accordance with Section 3 of the Order and Section 13, Chapter II of this Rules;
- (d) Workers and employees in new business enterprises which were granted exemptions under RA 6727 when exempted in accordance with section 3 of this Order and Section 13, Chapter II of this Rules;
- (e) Workers and employees receiving a basic wage of more than P125.00 per day.

Section 2. Effectivity. - The Order takes effect on 18 November 1990, 15 days following its complete publication in one newspaper of general circulation on 03 November 1990, pursuant to Section 12 thereof.

Section 3. Amount of Minimum Wage Increase. - Effective 18 November 1990, the daily statutory minimum wage rates of covered workers in Region I shall be increased by Twelve Pesos (P12.00).

Section 4. When Wage Increase Due Other Workers. -

- a) All workers and employees who, prior to 18 November 1990, were already receiving a basic wage above the statutory minimum wage rates provided under Republic Act No. 6727 but not over P125.00 per day shall receive a wage increase of P12.00 per day.
- b) Those receiving not more than the following monthly basic wage rates prior to 17 November 1990 shall be deemed covered by the preceding subsection:
  - (i) P4,071.87 - where the workers and employees work everyday, including premium payments for Sundays or rest days, special days and regular holidays.
  - (ii) P3,802.08 - where the workers and employees do not work but considered paid on rest days, special days and regular holidays.
  - (iii) P3,270.83 - where the workers and employees do not work and are not considered paid on Sundays or rest days.

(iv) P 2,729.16 - where the workers and employees do not work and are not considered paid on Saturdays and Sundays or rest days.

c) Workers and employees who, prior to 18 November 1990, were receiving a basic wage of more than P125.00 per day or its monthly equivalent, are not by law entitled to the wage increase provided under the Order. They may, however, receive wage increases through the correction of wage distortions in accordance with Section 16, Chapter II of this Rules.

Section 5. a) Daily Minimum Wage Rates. - The daily minimum wage rates of workers and employees shall be as follows:

Sector/Industry	Under RA 6727 (Effective July 1, 1989)	Under W.O. RB-1-01 (Effective Nov. 18, 1990)
Non-Agriculture	P 89.00	P 101.00
Agriculture		
Plantation with annual gross Sales of P5M or more	79.00	91.00
Plantation with annual gross Sales of less than P5M	74.00	86.00
Non-Plantation	58.50	70.50
Cottage/Handicraft		
Employing more than 30 workers	67.00	79.00
Employing not more than 30 Workers	65.00	77.00
Private Hospitals	85.00	97.00
Retail/Service		
Cities with population of more than 150,000	89.00	101.00
Employing more than 15 workers	85.00	97.00
Employing 11 to 15 workers	58.00	70.00
Employing not more than 10 workers		
Municipalities and Cities with Population of not more than 150,000	85.00	97.00
Employing more than 10 workers	58.00	70.00
Employing not more than 10 workers	91.00	103.00
Sugar Mills		
Agriculture	73.50	85.50
Plantation with annual gross sales of P5M or more	68.50	80.50
Plantation with annual gross sales of less than P5M	58.50	70.50
Non-Plantation		
Business Enterprises with Capitalization of not more than		

P500,000 and employing not more than 20 workers	79.00	91.00
Non-Agriculture	69.00	81.00
Agriculture Plantation	63.50	75.00
Products other than Sugar Sugar	75.00	87.00
Private Hospitals	79.00	91.00
Retail/Service	75.00	87.00
Cities with population of more than 150,000		
Employing more than 15 workers		
Employing 11 to 15 workers	75.00	87.00
Municipalities and Cities with Population of not more than 150,000		
Employing more than 10 workers		

- b) Without prejudice to existing company practices, policies or agreements, the suggested formula herein attached as Annex "A" may be used as guides in determining the equivalent monthly minimum wage rates.

Section 6. Basis of Minimum Wage Rates. - The statutory minimum wage rates prescribed under the Order shall be for the normal working hours, which shall not exceed eight hours.

Section 7. Application to Private Educational Institutions. - The P12.00 per day salary increase shall apply to workers and employees of private educational institutions effective as follows:

- (a) In cases where tuition fee increase takes effect at the beginning of school year 1991-1992, the wage increase shall take effect not later than the date the school actually charged the increase or not later than the date the school is granted authority to increase tuition fee whichever comes earlier;
- (b) In cases where the school is granted subsidy for school year 1991-1992 under Republic Act No. 6728, the wage increase shall take effect not later than the date the grant is extended to the school.

Where the 70% incremental proceeds of the tuition fee increase or the subsidy is not sufficient to cover the required wage increase under the Order, the school shall pay the difference.

Should there be an approved tuition fee increase or in the event that a subsidy is granted during the middle of the school year 1990-1991, the school granted such authority or subsidy shall implement the wage increase effective upon the date of such approval of tuition fee increase or grant of subsidy.

Beginning school year 1992-1993, all schools shall implement the wage increase regardless of whether or not they have actually increased tuition fees or were granted subsidy.

Section 8. Workers Paid by Results. - a) All workers paid by results, including those who are paid on piece work, pakyaw or task basis, shall receive not less than the applicable minimum wage rates prescribed under the Order for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

The adjusted minimum wage rates for workers paid by results shall be computed in accordance with the steps provided in Annex "B" hereof.

- b) The wage rates of workers who are paid by results shall continue to be established in accordance with Article 101 of the Labor Code, as amended and its implementing regulations.

Section 9. Application to Contractors. - In the case of contracts for construction, security, janitorial and other similar services, the prescribed wage increases for covered workers and employees shall be

borne by the principals or clients of the service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed wage increase, the service contractor shall be jointly and severally liable with his principal or client.

For purposes of monitoring compliance with the aforementioned requirement, the principal/client or the service contractor shall submit to the Board copy of the service contract entered by and between them covering the period November 18, 1990 and thereafter, within thirty (30) days from the effectivity of said service contract.

Section 10. Mobile and Branch Workers. - The statutory minimum wage rates of workers, who by the nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

Section 11. Wages for Special Groups of Workers. - Wages of apprentices, learners and handicapped workers shall in no case be less than seventy-five percent (75%) of the applicable wage rates.

All recognized learnership and apprenticeship agreements entered into before November 18, 1990 shall be considered as automatically modified in so far as their wage clauses are concerned to reflect the increase prescribed under the Order.

Section 12. Creditable Wage Increase. -

- a) Wage increases granted not earlier than May 1, 1990 but not later than November 18, 1990 shall be credited as compliance with the increase prescribed under the Order; provided, that where the wage increase is less than the prescribed increase, the employer shall pay the difference; provided finally, that non-chargeable wage increases provided under collective bargaining agreements shall not be credited as partial or full compliance with the increase prescribed under the Order.
- b) Anniversary wage increase provided in collective agreements, merit wage increase, and those resulting from regularization or promotion of employees shall not be credited as compliance thereto.

Section 13. Exemptions. -

a) The following establishments may be exempted from compliance with the wage increase prescribed under the Order upon application with and as determined by the Board in accordance with applicable rules and regulations:

- 1. Retail/Service establishments and small or parochial schools employing not more than ten (10) workers;
- 2. (a) CBBEs established within the period 1 July 1989 to 30 June 1993 for a period of three (3) years from the start of their operations;
- (b) Where exempted by the Board, the daily statutory minimum wage applicable to the employees of such new CBBEs shall be provided in Section 2 of Department Order No. 22 issued by the Secretary of Labor and Employment on 04 September 1990, as follows:

Non-Agriculture	P	64.00
Cottage/Handicraft		50.00
Agriculture Plantation (employing 20 workers)		
Sugar		48.50
Other crops		54.00
Agriculture Non-Plantation (Employing less than 20 workers)		43.00

- c) Whenever an application for exemption has been duly filed with the Board, action by the Regional Office of the Department in Region I on any complaint for alleged non-compliance with the Order shall be deferred pending resolution of the said application.
  - d) In the event that the application for exemption is not granted, the workers and employees shall receive the appropriate compensation due them as provided for under the Order plus interest of one percent (1%) per month retroactive to November 18, 1990.
- 1. Distressed employers whose capital has been impaired by at least twenty-five percent (25%) during the preceding year and those that have been adversely affected by the July 16, 1990 earthquake;
  - 2. New industries which were granted exemption under RA 6727.

Section 14. Application to CBBEs Established Prior to 1 July 1989. - The daily statutory minimum wage of CBBEs that started operations prior to the effectivity of RA 6727 on 1 July 1989 shall be increased by P12.00, as follows:

Sector/Industry	Under RA 6727 (Effective July 1, 1989)		Under W.O. RB-1-01 (Effective Nov. 18, 1990)	
Non-Agriculture	P	79.00	P	91.00
Cottage/Handicraft		65.00		77.00
Agriculture Plantation (employing 20 workers)				
Sugar		63.50		75.50
Other crops		69.00		81.00
Agriculture Non-Plantation (Employing less than 20 workers)		58.50		70.50

Section 15. Facilities Deductible from Wages. -- Where the establishments or the employers customarily furnish facilities to their workers, such as meals and housing, the fair and reasonable value of such facilities may be deducted from the workers' wages, on the condition that their acceptance thereof is voluntary or done in consultation with the union if any. The evaluation of such facilities can be made by the DOLE Regional Office upon the request of such establishments.

Subsidized meals and snacks may be furnished by the establishments or the employers provided that the subsidy shall not be less than 30% of the fair and reasonable value of such facilities. In such case, the employer may deduct from the wages of employees not more 70% of the value of meals and snacks actually enjoyed by the employees, provided that such deductions are with the written authorization of the employees concerned.

Section 16. Wage Distortion. - Where the application of the wage increase provided under the Order results in distortions in the wage structure within an establishment, the employer and the union shall negotiate to correct the distortions. Any dispute arising from wage distortion shall be resolved through the grievance procedure under collective bargaining agreement and, if it remains unresolved, through voluntary arbitration. Unless otherwise agreed by the parties in writing, such dispute shall be decided by the voluntary arbitrator or panel of voluntary arbitration within ten (10) calendar days from the time said dispute was referred to voluntary arbitration.

In cases where there are no collective bargaining agreements or recognized labor unions, the employers and the workers shall endeavor to correct the wage distortion. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board and, if it remains unresolved after ten (10) calendar days of conciliation, it shall be referred to the appropriate branch of the National Labor Relations Commission (NLRC). The NLRC shall conduct continuous hearings and decide the dispute within 20 calendar days from the time said dispute is submitted for compulsory arbitration.

The pendency of a dispute arising from a wage distortion shall not in any way delay applicability of any wage increase prescribed under the Order.

Section 17. Complaints for Non-Compliance.- Complaints for non compliance with the wage increase provided in the Order shall be filed with the Regional Office of the Department in Region I and shall be the subject of enforcement proceedings in accordance with Articles 128 and 129 of the Labor Code, as amended.

Section 18. Non-Diminution of Benefits. - Nothing in the Wage Order and this Rules shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employers or employer practices and policies.

Section 19. Penal Provision. - Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed increase under the Order shall be punished by a fine not exceeding P25,000.00 and/or imprisonment of not less than one year nor more than two years. Provided, that any person convicted under the Order shall not be entitled to the benefits provided for under the Probation Law.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers including, but not limited to the president, vice-president, chief executive officer, general manager, managing director, or partner.

Section 20. Prohibition Against Injunction. - No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceeding before the Board.

Section 21. Effects on Other Issuances. - The provisions of existing laws and decrees on wages and their implementing rules and regulations and issuances not otherwise repealed, modified or inconsistent with the Order and this Rules shall continue to have full force and effect.

Section 21. Effectivity. - This Rules shall take effect on 18 November 1990.

Done in San Fernando, La Union, Republic of the Philippines this 12th day of November 1990.

(SGD) DEMETRIO E. RUIZ, JR.  
Workers Representative

(SGD) MARTIN P. POSADAS  
Employers Representative

(SGD) SEGUNDINA G. VELASCO  
Workers Representative

(SGD) EDUARDO C. ALCANTARA  
Employers Representative

(SGD) ARMANDO P. GALIMBA  
Vice-Chairman

(SGD) LEONARDO N. QUITOS, JR.  
Vice-Chairman

(SGD) TERESITA R. MANZALA  
Chairman

Approved this 1st day of December 1990.

(SGD) RUBEN D. TORRES  
Secretary