

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 1-02
INCREASING THE STATUTORY MINIMUM WAGE RATES

WHEREAS, the December 5 and 6, 1990 average increase of P 2.89 per liter in the prices of petroleum products have contributed to substantial increases in transportation fares and prices of basic goods and services;

WHEREAS, the Board received a petition filed by the Associated Labor Unions - Trade Union Congress of the Philippines (ALU-TUCP) on December 18, 1990 seeking for an increase in the daily statutory minimum wage of P 30.00 for all employees and workers in the region;

WHEREAS, the Middle East crisis has brought about worldwide disruption in the supply and price of crude oil and has affected the living conditions of the Filipinos;

WHEREAS, the average monthly increase in the consumer price index and the inflation rate in the region makes it imperative to provide workers and their families immediate relief measures to enable them to cope with the rising cost of living, without impairing the viability of business and industry.

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 shall be increased by eight pesos (P 8.00) for non-agricultural workers, seven pesos (P 7.00) for the plantation agricultural workers and six pesos (P6.00) for non-plantation agricultural workers per day. Provided, that those already receiving above the daily minimum wage rates up to one hundred thirty-seven pesos (P 137.00) shall also receive the increase provided for.

Section 2. Private educational institutions which increased their tuition fees or were given subsidy under Republic Act No. 6728 for school year 1991-1992 shall first apply the proceeds of the 70% increase in tuition fees or subsidy to the P 12.00 increase mandated under Wage Order No. RB 1-01; provided, however, that where the increase granted is more than P 12.00, the excess thereof shall be credited as compliance to this Wage Order; provided further, that the difference shall be given in school year 1992-1993 regardless of whether or not they were granted authority to increase tuition fees or granted subsidy.

Private educational institutions which did not increase their tuition fees or were not granted subsidy for school year 1991-1992 under RA 6728 will not be covered by this Wage Order; provided, for school year 1992-1993 they shall be mandated to give the increase under this Wage Order whether or not they have increased tuition fees or granted subsidy.

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 and those 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 the 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 piece work, "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 construction, 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 December 5, 1990 but not later than the effectivity of this Wage Order 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 establishment, 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.

22 May 1991.

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

(SGD) MARTIN P. POSADAS
Employers Representative

(SGD) SEGUNDINA G. VELASCO
Workers Representative

EDUARDO C. ALCANTARA
Employers Representative
(On Leave)

(SGD) ARMANDO P. GALIMBA
Vice-Chairman

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

(SGD) TERESITA R. MANZALA
Chairman

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

RULES IMPLEMENTING WAGE ORDER NO. RB-1-02

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-1-02, the following rules are hereby issued for strict compliance by all concerned in Region I:

Chapter I - Definition of Terms. As used in this Rules --

(a)"Order" means Wage Order No. RB-1-02;

(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.

Section 2. 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 14 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 14 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 the Order and Section 14 of this Rules;

(e) Workers and employees receiving a basic wage of more than P137.00 per day.

Section 3. Effectivity. - The Order takes effect on 11 June 1991, 15 days following its complete publication in one newspaper of general circulation on 27 May 1991, pursuant to Section 12 thereof.

Section 4. Amount of Minimum Wage Increase. - Effective 11 June 1991, the daily statutory minimum wage rates of covered workers in Region I shall be increased by EIGHT PESOS (P8.00) for non-agricultural workers, SEVEN PESOS (P7.00) for plantation agricultural workers and SIX PESOS (P6.00) for non-plantation agricultural workers per day.

Section 5. When Wage Increase Due Other Workers. -

- a) All workers and employees who, prior to 11 June 1991, were already receiving a basic wage above the statutory minimum wage rates provided under Republic Act No. 6727 but not over P137.00 per day shall receive the prescribed increase.
- b) Those receiving not more than the following monthly basic wage rates prior to 11 June 1991 shall be deemed covered by the preceding subsection:
 - (i) P4,462.77 - where the workers and employees work everyday, including premium payments for Sundays or rest days, special days and regular holidays.
 - (ii) P4,167.08 - where the workers and employees do not work but considered paid on rest days, special days and regular holidays.
 - (iii) P3,584.83 - where the workers and employees do not work and are not considered paid on Sundays or rest days.
 - (iv) P 2,991.16 - 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 11 June 1991, were receiving a basic wage of more than P137.00 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 17 of this Rules.

Section 6. a) Daily Minimum Wage Rates. - The daily minimum wage rates of workers and employees shall be as follows:

| Sector/Industry | Under W.O.RB-1-01 (Effective 18 Nov 1990) | Under W.O. RB 1-02 (Effective 11 June 1991) |
|---|--|--|
| Agriculture | | |
| Plantation with annual gross sales of P5M or more | 91.00 | 98.00 |
| Plantation with annual gross sales of less than P5M | 86.00 | 93.00 |
| Non-Plantation | 70.50 | 76.50 |
| Non-Agriculture | P 101.00 | P 109.00 |

| | | |
|---|--------|--------|
| Cottage/Handicraft | | |
| Employing more than 30 workers | 79.00 | 87.00 |
| Employing not more than 30 workers | 77.00 | 85.00 |
| Private Hospitals | 97.00 | 105.00 |
| Retail/Service | | |
| Cities with population of more than 150,000 | | |
| Employing more than 15 workers | 101.00 | 109.00 |
| Employing 11- 15 workers | 97.00 | 105.00 |
| Employing not more than 10 workers | 70.00 | 78.00 |
| Municipalities and Cities with Population of not more than 150,000 | | |
| Employing more than 10 workers | 97.00 | 105.00 |
| Employing not more than 10 workers | 70.00 | 78.00 |
| Sugar Mills | 103.00 | 111.00 |
| Agriculture | | |
| Plantation with annual gross sales of P5M or more | 85.50 | 92.50 |
| Plantation with annual gross sales of less than P5M | 80.50 | 87.50 |
| Non-Plantation | 70.50 | 76.50 |
| Business Enterprises with Capitalization of not more than P500,000 and employing not more than 20 workers | | |
| Agriculture Plantation | | |
| Products other than Sugar | 81.00 | 88.00 |
| Sugar | 75.50 | 82.50 |
| Non-Agriculture | 91.00 | 99.00 |
| Private Hospitals | 87.00 | 95.00 |
| Retail/Service | | |

| | | |
|--|-------|-------|
| Cities with population of more than 150,000 | | |
| Employing more than 15 workers | 91.00 | 99.00 |
| Employing 11 to 15 workers | 87.00 | 95.00 |
| Municipalities and Cities with Population of not more than 150,000 | | |
| Employing more than 10 workers | 87.00 | 95.00 |

- 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 7. Basis for 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 8. Application to Private Educational Institutions. - The prescribed increase shall apply to workers and employees of private educational institutions effective as follows:

- (a) In cases where the wage increase under Wage Order No. RB 1-01 has been granted and the school increased their tuition fee or was granted subsidy for school year 1991-1992, the P8.00 wage increase per day shall take effect on 11 June 1991;
- (b) In cases where the P12.00 wage increase prescribed under Wage Order No. RB-1-01 has yet to be effected and where the school increased tuition fees or is granted subsidy under Republic Act No. 6728 for school year 1991-1992, the school shall first apply the proceeds of the 70% increase in tuition fees or subsidy to the P12.00 wage increase mandated under Wage Order No. RB 1-01. In cases, however, where the increase granted is more than P12.00, the excess thereof shall be credited as compliance to Wage Order No. RB 1-02; provided that, the difference shall be given in school year 1992-1993 regardless of whether or not they were granted authority to increase tuition fees or granted subsidy.

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 when fully implemented.

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 9. 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 work of 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 10. 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 the 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 June 11, 1991 and thereafter, within thirty (30) days from the effectivity of said service contract.

Section 11. 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 12. 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 June 11, 1991 shall be considered as automatically modified in so far as their wage clauses are concerned to reflect the increase prescribed under the Order.

Section 13. Creditable Wage Increase. -

- a) Wage increases granted not earlier than December 5, 1990 but not later than June 11, 1991 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 14. 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 two (2) 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 |

3. Distressed employers 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;
4. New industries which were granted exemption under RA 6727.
 - 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 June 11, 1991.

Section 15. 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 as follows:

| Sector/Industry 1-02 | Under W.O.RB-1-01 (Effective Nov. 18, 1990) | Under W.O. RB- 1-02 (Effective June 11, 1991) |
|--|--|--|
| Non-Agriculture | P 91.00 | P 99.00 |
| Cottage/Handicraft | 77.00 | 85.00 |
| Agriculture Plantation (employing 20 workers) | | |
| Sugar | 75.50 | 82.50 |
| Other crops | 81.00 | 88.00 |
| Agriculture Non-Plantation (employing less than 20 workers) | 70.50 | 77.50 |

Section 16. 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 17. 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 the 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 arbitrators within ten (10) calendar days from the time said dispute was referred to voluntary arbitration.

The 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 18. Complaints for Non-Compliance.- Complaints for non compliance with the wage increase provided under 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 19. Conduct of Inspection by the DOLE - Pursuant to section 9 of RA 6727, the Department of Labor and Employment - Regional Office No. I shall conduct inspections as often as possible within its manpower constraint of the payroll and other financial records kept by the company or business to determine whether the workers are paid the prescribed wage rates and other benefits granted by law or any Wage Order. In unionized companies, the Department of Labor and Employment - Regional Office No. 1 inspectors shall always be accompanied by the president or any responsible officer of the recognized bargaining unit of any interested union in the conduct of the inspection. In non-unionized companies, establishments or businesses, the inspection shall be carried out in the presence of a worker representing the workers in the said company. The worker's representative shall have the right to submit his own findings to the Department of Labor and Employment - Regional Office No. I and to testify on the same if he cannot concur with the findings of the labor inspector.

The Department of Labor and Employment - Regional Office No. 1 shall submit to the Board monthly reports regarding compliance of establishments to the Order.

Section 20. Non-Diminution of Benefits. - Nothing in the Order and this Rules shall be construed as authorizing the reduction of 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 21. 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 22. 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 23. 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 24. Effectivity. - This Rules shall take effect on 11 June 1991.

Done in San Fernando, La Union, Republic of the Philippines this 4th day of July 1991.

(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 26th of August 1991.

(SGD) RUBEN D. TORRES
Secretary of Labor and Employment

ANNEX "A"

SUGGESTED FORMULA IN DETERMINING THE EQUIVALENT MONTHLY
MINIMUM WAGE RATES

- a) For those who are required to work everyday including Sundays or rest days, special days and regular days:

$$\begin{array}{l} \text{Equivalent} \\ \text{Monthly} \\ \text{Rate (EMR)} \end{array} = \frac{\text{ADR} \times 390.90 \text{ days}}{12} \times \frac{1}{12}$$

| | | | |
|-------|-------------|-------------|------------------------------------|
| Where | 390.90 | days = | |
| | 302 | days | - Ordinary working days |
| | 20 | days | - 10 regular holidays x 200% |
| | 66.30 | days | - 51 rest days x 130% |
| | <u>2.60</u> | <u>days</u> | - 2 special days 2/ x 130% |
| | 390.90 | days | - Total equivalent number of days. |

* ADR - Applicable daily wage rate

- b) For those who do not work but considered paid on rest days, special days and regular holidays:

$$\text{EMR} = \frac{\text{ADR} \times 365 \text{ days}}{12}$$

| | | | |
|-------|-----|--------|-------------------------|
| Where | 365 | days = | |
| | 302 | days | - Ordinary working days |
| | 51 | days | - Rest days |

| | | | |
|----------|-------------|---|---------------------------------|
| 10 | days | - | Regular holidays |
| <u>2</u> | <u>days</u> | - | Special days 2/ |
| 365 | days | - | Total equivalent number of days |

c) For those who do not work and are not considered paid on Sundays or rest days:

$$\text{EMR} = \frac{\text{ADR} \times 314 \text{ days}}{12}$$

| | | | |
|---------|------------|-------------|--|
| Where | 314 | days = | |
| | 302 | days | - Ordinary working days |
| | 10 | days | - Regular holidays |
| | 2 | days | - Special days 2/ (if considered paid; if actually |
| worked, | | | |
| | <u>314</u> | <u>days</u> | - this is equivalent to 2.6 days) |
| | | | - Total equivalent number of days |

1/ *Includes premium for holidays, special days and rest days.*

2/ *November 1 and December 31 under Executive Order No. 203 dated June 30, 1987.*

d) For those who do not work and are not considered paid on Saturdays and Sundays or rest days:

$$\text{EMR} = \frac{\text{ADR} \times 262 \text{ days}}{12}$$

| | | | |
|---------|------------|-------------|--|
| Where | 262 | days = | |
| | 250 | days | - Ordinary working days |
| | 10 | days | - Regular holidays |
| | 2 | days | - Special days 1/ (if considered paid; if actually |
| worked, | | | |
| | <u>262</u> | <u>days</u> | - this is equivalent to 2.6 days) |
| | | | - Total equivalent number of days |

Note: For workers whose rest days fall on Sundays, the number of rest days in a year is reduced from 52 to 51 days, the last Sunday of August being a regular holiday under Executive Order No. 203. For purposes of computation, said holiday, although still a rest day for them, is included in the ten regular holidays. For workers whose rest days do not fall on Sundays, the number of rest days is 52 days, as there are 52 weeks in a year.

1/ *November 1 and December 31 under Executive Order No. 203 dated June 30, 1987.*

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 1-02-A
INCREASING THE COST OF LIVING ALLOWANCE

WHEREAS, the Board recognizes the adverse effects brought about by the July 16, 1990 killer earthquake;

WHEREAS, the December 5 and 6, 1990 average increase of P2.89 per liter in the prices of petroleum products have contributed to substantial increases in transportation fares and prices of basic goods and services;

WHEREAS, the Board received petitions filed by the Associated Labor Unions - Trade Union Congress of the Philippines (ALU-TUCP) and the National Federation of Labor Unions (NAFLU) seeking for an increase in the daily statutory minimum wage of P 30.00 for all employees and workers in the Cordillera Administrative Region;

WHEREAS, the Middle East crisis has brought about worldwide disruption in the supply and price of crude oil and has affected the living conditions of the Filipinos;

WHEREAS, there is an urgent need to provide workers and their families with immediate relief measures to enable them to cope with the rising cost of living without impairing the viability of business and industry.

WHEREAS, based on the situation of the three (3) economic sub-groups namely: tourists, students and mining sector, which predominate the economy in the Cordillera Administrative Region, the condition of normalcy has not been actually attained as shown by their declining trends;

WHEREAS, the decline in the average monthly consumer price index is not as yet sufficient to propose a wage increase on a more permanent basis.

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, workers and employees in the private sector in the Cordillera Administrative Region (CAR) in the provinces of Abra, Benguet, and Mt. Province and the City of Baguio presently receiving the applicable minimum wage provided for in RA 6727 and in addition to the ten pesos (P 10.00) cost of living allowance granted under Wage Order No. RB 1-01-A shall receive additional COLA of seven pesos (P 7.00) for non-agricultural workers, six pesos (P 6.00) for plantation agricultural workers and five pesos (P 5.00) for non-plantation agricultural workers per day. Provided, that those already receiving above the daily minimum wage rates up to one hundred twenty-five pesos (P 125.00) shall also receive the increase provided for.

Section 2. Private educational institutions which increased their tuition fees or were given subsidy under Republic Act No. 6728 for school year 1991-1992 shall first apply the proceeds of the 70% increase in tuition fee or subsidy to the P 10.00 COLA mandated under Wage Order No. RB 1-01-A; provided, however, that where the increase granted is more than P 10.00, the excess thereof shall be credited as compliance to this Wage Order; provided further, that the difference shall be given in school year 1992-1993 regardless of whether or not they were granted authority to increase tuition fees or granted subsidy.

Private educational institutions which did not increase their tuition fees or were not granted subsidy for school year 1991-1992 under RA 6728 will not be covered by this Wage Order; provided, for school year 1992-1993 they shall be mandated to give the increase under this Wage Order whether or not they have increased tuition fees or granted subsidy.

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 and those 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 the 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. Workers and employees of hotels, inns and other tourism oriented establishments except restaurants in the CAR in the meantime shall not be covered by the required COLA. The delay/suspension of the implementation of COLA shall remain until such time that the conditions in the tourism industry shall have normalized or until such time as may be determined by the Board.

Section 5. 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 6. In the case of contracts for construction, security, janitorial and similar services, the prescribed 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 7. Wages of learners, apprentices, and handicapped workers shall in no case start below seventy-five percent (75%) of the applicable minimum wage rates.

Section 8. Wage increases granted by an employer not earlier than December 5, 1990 but not later than the effectivity of this Wage Order 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 9. Where the application of the emergency cost of living allowance prescribed herein results in distortions of the pay structure within an establishment, such distortions shall be resolved using the procedure specified under Article 124 of the Labor Code of the Philippines, as amended.

Section 10. 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 11. Any employer who refuses or fails to pay the cost of living allowance provided under this Wage Order shall be subject to the penalties specified under RA 6727.

Section 12. 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 13. This Wage Order shall take effect fifteen (15) days after its publication in at least one (1) newspaper of general circulation.

Approved.

22 May 1991.

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

(SGD) MARTIN P. POSADAS
Employers Representative

(SGD) SEGUNDINA G. VELASCO
Workers Representative

(On Leave)
DUARDO C. ALCANTARA
Employers Representative

(SGD) ARMANDO P. GALIMBA
Vice-Chairman

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

(SGD) TERESITA R. MANZALA
Chairman