

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

WAGE ORDER NO. RB 1-03  
INCREASING THE STATUTORY MINIMUM WAGE RATES

WHEREAS, the last adjustment in the minimum wage rates of workers of covered private business establishments in the Region took effect on 11 June 1991 by virtue of Wage Order No. RB 1-02;

WHEREAS, the Board had not received any petition for wage increase from the organized/unorganized labor since the date of effectivity of Wage Order No. RB 1-02;

WHEREAS, during the Regional Tripartite Consultation on Wages held at San Fernando, La Union on 20 November 1992, the representatives from labor, management and government sectors have agreed for a moratorium in the wage adjustment for a period of one year which will expire on 20 November 1993;

WHEREAS, the Board in the exercise of its wage fixing function and in order to get inputs from the concerned sectors had conducted series of public consultations in the four (4) provinces of the region;

WHEREAS, notwithstanding the aforementioned moratorium and the absence of a petition for wage increase, the Board recognizes the need to adjust the statutory minimum wage rates by industry to enable the workers in the private sector to cope with the rising costs of living as indicated by increases in the consumer price index and the inflation rate;

WHEREAS, the Board had taken into consideration the growth trends as well as significant indicators like employment size, capitalization, gross sales and location of various industries in the Region in fixing the wage increases by industry in order not to impair the viability of business and industry.

NOW, therefore, by virtue of the power and authority vested upon the Board, this Wage Order is hereby issued.

Section 1. Upon the effectivity of this Wage Order, the statutory daily minimum wage rate applicable to workers and employees in the private sector shall be increased as follows:

I. NON-AGRICULTURE ENTERPRISES

1. Mining and Quarrying	P	14.00
2. Manufacturing		15.00
3. Electricity, Gas & Water		15.00
4. Construction Industry		14.00
5. Wholesale Services		15.00
6. Transportation, Storage and Communication		15.00
7. Financing, Insurance and Real Estate		15.00
8. Private Educational Institutions		
a. Tertiary (Colleges and Universities), including Science High Schools, other similar Secondary Schools and Special Elementary Schools charging Tuition Fees of P3,000.00 or more per student/pupil in one school term	15.00	
b. Private Secondary and Elementary Schools		14.00
9. Security, Janitorial and Messengerial Services		14.00
10. Hospitals/Clinics		15.00
11. Other Services		
a. Amusement/Recreational		14.00
b. Retail		14.00

12. Hotels, Inns, Resorts and Restaurants	
14.00	
13. Cooperatives duly registered with the Cooperatives Development Authority	13.00
14. Cottage Industry	13.00
II. AGRICULTURAL ENTERPRISES	
1. Plantation Agriculture	11.00
2. Non-Plantation Agriculture	10.00

Provided, that those already receiving salaries above the daily minimum wage rates up to one hundred forty five pesos (P145.00) shall also receive the applicable wage increase herein granted.

Section 2. Private educational institutions which increased their tuition fees or were given subsidy under Republic Act No. 6728 for school year 1993-1994 and which have correspondingly distributed the 70% proceeds of such tuition fee increase or subsidy shall apply the distributed share as partial or full compliance to the applicable wage increase: Provided, that the 70% proceeds of the tuition fee increase or subsidy were distributed not earlier than 01 June 1993 and provided further that where the distributed share is less than the mandated wage increase, the school shall pay the difference effective at the start of school year 1994-1995 regardless of whether or not they were granted authority to increase tuition fee or were granted subsidy for that particular school year.

Private educational institutions which did not increase tuition fees or were not granted subsidy for school year 1993-1994 will not be covered by this Wage Order: Provided, that for school year 1994-1995 they shall be mandated to give the applicable wage increase whether or not they have increased tuition fees or were 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 regularly employing not more than ten (10) workers and Countryside and Barangay Business Enterprises (CBBEs) duly registered as such not later than June 30, 1993 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.

New business enterprises granted exemption under Wage Order No. RB 1-02 will continue to enjoy the same privileges: Provided, that such period of exemption shall in no case exceed more than three years from start of operations.

New business enterprises that may have been established in the region not later than 30 June 1993, whose operation or investment need initial assistance may be exempted for not more than three years from start of operations, subject to guidelines that maybe issued by the Secretary of the Department of Labor and Employment.

Distressed employers may be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations.

In the event that the application for exemptions are not granted, covered workers and employees shall receive the appropriate compensation and/or wage increase 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 applicable minimum wage increase for the normal working hours which shall not exceed eight (8) hours a day, or a proportion thereof for working less than the normal 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 01 June 1993 but not later than the effectivity of this Wage Order shall be credited as compliance with the minimum wage increases 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 increases 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 be subject to review within a period of twelve (12) months from the date of effectivity should supervening conditions so warrant.

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

Approved.

19 November 1993.

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

(SGD) MARTIN P. POSADAS  
Employers' Representative

(SGD) SEGUNDINA G. VELASCO  
Workers' Representative

(SGD) CARLOS S. REYES  
Employers' Representative

(SGD) FLORANTE O. LEAL  
Vice Chairman

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

(SGD) GUERRERO N. CIRILO, CESO II  
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-1-03

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 - 03, 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-1-03;
- (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) "Mining and Quarrying" includes the extraction, dressing and beneficiating of mineral occurring naturally; solids, such as coal and ores; liquids, such as liquid petroleum; and gases, such as natural gas. Mining includes underground and surface mines, quarries and wells and all supplemental activities for dressing and beneficiating ores and other crude materials such as crushing, screening, washing, cleaning, grading, milling, flotation, melting, pelleting, topping, and other preparations needed to render the material marketable. The development and preparation of mineral properties and sites for extraction and the prospecting for minerals are also included if such activities are performed by the mining establishments.

Excluded, however, are works performed on a contract or fee basis in the development and preparation of mineral properties and sites which are classified under major division 5 (Construction) of the Philippine Standard Industrial Classification, or prospecting for minerals which is under group 8513 (Engineering, architectural and technical services);

- (f) "Manufacturing" means the mechanical or chemical transformation of inorganic or organic substances into new products whether the work is performed by power-driven machines or by hand, whether it is done in a factory or in the worker's home, and whether the products are sold at wholesale or retail;
- i) (1) "Electricity" refers to the generation, transmission and distribution of electric energy by electric energy power plants which sell a significant amount of electricity to others as well as produce electricity for their parent enterprise and which can be reported separately from the other units of the parent enterprises;
- (2) "Gas and Steam" include the manufacture of gas in gas works and the distribution of manufactured or natural gas through a system of mains to household, industrial or commercial users. Cooking ovens located in gas works are included;
- (3) "Waterworks and supply" means the collection, purification and distribution of waters to household, industrial and commercial users;

~~b)~~ "Construction" includes general and special trade contractor primarily engaged in contract construction. Also included are units of enterprises engaged in contract construction. Also included are units of enterprises engaged primarily in construction work for the parent enterprise, which can be reported separately. Further included are construction, alteration, repair and demolition of buildings, highways, streets and culverts; construction of such projects as sewers and water, gas and electricity mains; railways, roadbeds, railroads, piers, tunnels, elevated highways, bridges, viaducts; dams, drainage projects, aqueducts,

irrigation and flood control projects, sanitation projects, hydroelectric plants, water power projects, pipelines, marine construction such as dredging, underwater rock removal; pile driving, land reclamation; construction of harbors and waterways; water wells; airports and parking areas; athletic fields, golf courses, swimming pools, and tennis courts; communication systems such as telephone and telegraph lines and all other construction whether undertaken by private bodies or governmental authorities. Special trade contractors in the field of construction such as carpenters, plumbers, plasterers and electricians are also included in this group;

e)k) "Wholesale Services" means the resale (sale without transformation) of new and used goods to retailers; to industrial, commercial institutions or professional users; to other wholesalers; and to the government, wholesale merchants, industrial distributors, exporters and importers; separate sales offices maintained by manufacturing enterprises and their agents; commodity exchanges; petroleum bulk stations; assemblers, buyers and cooperative marketing associations for the selling of farm products at wholesale price. Wholesalers who physically assemble, sort and grade goods in large lots, break, bulk, repack and bottle (except in airtight containers) and re-distribute in smaller lots; store, refrigerate, deliver and install goods; and engage in sales promotion for customers. Scrap metal, waste and junk dealers and yards are included.

e)l) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;

e)m) "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;

e)n) (1) "Transportation services" includes railway transport or companies furnishing transportation by inter-provincial and suburban railroads; and services allied to railway transportation such as railway freight transport.

Also included are other services such as the overhaul and repair of railway rolling stock and construction and maintenance of railway right-of-way and buildings by railway companies, if these activities cannot be reported separately. Further included are bus line operators providing transportation by bus either on scheduled or unscheduled in Region I.

(2) "Storage" means the operation of storage facilities and warehouses (including bonded and refrigerated warehouses) for hire by the general public for storage of such items as farm products, food, furniture, and other household goods, automobile dead-storage, grains, whiskey, textile and lumber, when such storage is offered as an independent service;

(3) "Communication" refers to companies engaged in rendering communication services to the public whether by post, wire or radio and whether intended to be received audibly or visibly. Services for the exchange or recording of messages are also included;

e)o) (1) "Financing" includes corporations, companies or associations which are engaged in the lending of funds obtained from the public through the receipt of deposits; the sale of bonds, securities or obligations of any kind;

(2) "Insurance" refers to insurance carriers of all kinds such as life, fire, marine, accident, health, title, financial obligation, casualty, fidelity and surety; insurance agents and brokers' organizations servicing insurance carriers; consultants for policy holders; adjusting agencies; independently organized pension (superannuation) funds;

(3) "Real Estate" refers to the letting and operating real estate such as non-residential buildings, apartment buildings and dwellings; developing and subdividing real estate into lots, including the development and sale of cemetery lots and residential development on own account; lessors of real estate property; real estate agents, brokers and managers engaged in renting, buying, selling managing and appraising real estate on a contract or fee basis;

e)p) "Countryside and Barangay Business Enterprise" (CBBE) refers to an establishment duly registered pursuant to RA 6810;

e)q) "Distressed Establishments" refer to establishments which meet the criteria enumerated in Sec. 3 of NWPC Revised Guidelines on Exemption, series of 1992.

e)r) "New Industries" refer to firms established under Republic Act No. 6810 after July 1, 1989 which were granted exemptions under RA 6727;

~~k)s~~) "Cottage/Handicraft Establishment" is one which meets the qualifications of micro, cottage, small and medium enterprise as defined under SMED Council Resolution No. 1, Series of 1992 to wit: "Small and medium enterprise should be defined as any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories;

Micro	P100,00 and below		
Cottage	above P 100,000	-	P 1,000,000
Small	above P 1,000,000	-	P10,000,000
Medium	above P10,000,000	-	P40,000,000

~~h)t~~) "Department" refers to the Department of Labor and Employment;

~~m)u~~) "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;

~~n)v~~) "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;

~~o)w~~) "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;

~~p)x~~) "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 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 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 including those which were granted exemption under Wage Order No. 1-02 will continue to enjoy exemption: Provided, that such exemption shall in no case exceed more than three (3) years from start of operations;
- (e) New business enterprises that may have been established in the region not later than 30 June 1993, whose operation or investment need initial assistance which were granted exemption under Section 3 of the Order and Section 14 of this Rules;
- (f) Workers and employees receiving a basic wage of more than P145.00 per day.

Section 3. Effectivity. - The Order takes effect on 24 December 1993, 15 days following its complete publication in one newspaper of general circulation on 09 December 1993, pursuant to Section 13 thereof.

Section 4. Amount of Minimum Wage Increase. - Effective 24 December 1993, the daily statutory minimum wage rates of covered workers in Region I shall be increased, as follows:

#### I. NON-AGRICULTURAL ENTERPRISES

1. Mining and Quarrying	P	14.00
2. Manufacturing		15.00
3. Electricity, Gas and Water		15.00
4. Construction Industry		14.00
5. Wholesale Services		15.00
6. Transportation, Storage and Communication		15.00
7. Financing, Insurance, Real Estate and Business Services		15.00
8. Private Educational Institutions		
a. Tertiary (Colleges and Universities), including Science High Schools, other similar Secondary Schools and Special Elementary Schools charging Tuition Fees of P3,000.00 or more per student/pupil in one school term		15.00
b. Private Secondary and Elementary School		14.00
9. Security, Janitorial and Messengerial Services (Hired Through Private Service Contractors)		14.00
10. Hospitals/Clinics		15.00
11. Other Services		
a. Amusement/Recreational		14.00
b. Retail		14.00
12. Hotels, Inns, Resorts and Restaurants		14.00
13. Cooperatives duly registered with the Cooperatives Development Authority		13.00
14. Cottage Industry		13.00

Provided: That where an establishment/industry is engaged in business activities that cut across more than one industry classification, the wage increase applicable to the main industry or business activity to which it is principally engaged shall be paid to all its employees, including those employed in its business operations which are considered secondary to its main operations and Provided further, that in cases of security guards, janitors and messengers hired directly by establishments they shall receive the wage increase applicable to the industry to which the hiring employer belongs;

#### II. AGRICULTURAL ENTERPRISES

1. Plantation Agriculture	P	11.00
2. Non-Plantation Agriculture		10.00

Section 5. When Wage Increase Due Other Workers. -

- a) All workers and employees who prior to 24 December 1993, were already receiving a basic wage above the statutory minimum wage rates provided under Wage Order No RB 1-02 but not over P145.00 per day shall receive the prescribed increase.
- b) Those receiving not more than the following monthly basic wage rates prior to 24 December 1993 shall be deemed covered by the preceding section:
  - (i) P4,723.37 - where the workers and employees work everyday, including premium payments for Sundays or rest days, Special days and regular holidays.
  - (ii) P4,410.42 - where the workers and employees do not work but considered paid on rest days, special days and regular holidays.
  - (iii) P3,794.17 - where the workers and employees do not work and are not considered paid on Sundays or rest days.

(iv) P3,165.83 - 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 24 December 1993 were receiving a basic wage of more than P145.00 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 1-02 (Effective June 11, 1991)	Under W.O. RB 1-03 (Effective December 24, 1993)
<b><i>Agriculture</i></b>		
Plantation with annual gross sales of P5M or more	P 98.00	P 109.00
Plantation with annual gross sales of less than P5M	93.00	104.00
Non-Plantation	76.50	86.50
<b><i>Non-Agriculture</i></b>		
Mining and Quarrying	109.00	123.00
Manufacturing	109.00	124.00
Electricity, Gas and Water	109.00	124.00
Construction Industry	109.00	123.00
Wholesale Services	109.00	124.00
Transportation, Storage and Communication	109.00	124.00
Financing, Insurance, Real Estate and Business Services including Sanitary and Pest Control Services	109.00	124.00
<b><i>Private Educational Institutions</i></b>		
a. Colleges and Universities including Science High Schools, other similar Secondary Schools and Special Elementary Schools charging Tuition Fees of P3,000.00 or more per student/pupil in one school term	109.00	124.00
b. Private secondary and elementary and vocational schools and kindergarten and other pre-school educational institutions	109.00	123.00
<b><i>Security, Janitorial and Messengerial Services</i></b>	109.00	123.00
<b><i>Cooperatives duly registered with the Cooperatives Development Authority</i></b>	109.00	122.00
<b><i>Cottage/Handicraft</i></b>		
Employing more than 30 workers	87.00	100.00
Employing not more than 30 workers	85.00	98.00
<b><i>Private Hospitals/Clinics</i></b>	105.00	120.00
<b><i>Retail/Service/Hotels/Inns/Resorts and</i></b>		

<b>Restaurants and Similar Services</b>		
<b><i>Cities with population of more than 150,000</i></b>		
Employing more than 15 workers	109.00	123.00
Employing 11 to 15 workers	105.00	119.00
Employing not more than 10 workers	78.00	92.00
<b><i>Municipalities and Cities with Population of not more than 150,000</i></b>		
Employing more than 10 workers	105.00	119.00
Employing not more than 10 workers	78.00	92.00
<b><i>Stevedoring/Arrastre</i></b>	109.00	124.00
<b><i>Sugar</i></b>		
Mills	111.00	126.00
<b><i>Agriculture</i></b>		
Plantation with annual gross sales of P5M or more	92.50	103.50
Plantation with annual gross sales of less than P5M	87.50	98.50
Non-Plantation	76.50	86.50
<b>BUSINESS ENTERPRISES WITH CAPITALIZATION OF NOT MORE THAN P500,000 AND EMPLOYING NOT MORE THAN 20 WORKERS</b>		
<b><i>Agriculture Plantation</i></b>		
Products other than Sugar	88.00	99.00
Sugar	82.50	93.50
<b><i>Non-Agriculture</i></b>		
Mining and Quarrying	99.00	113.00
Manufacturing	99.00	114.00
Electricity, Gas and Water	99.00	114.00
Construction Industry	99.00	113.00
Wholesale Service	99.00	114.00
Transportation, Storage and Communication	99.00	114.00
Financing, Insurance, Real Estate and Business Services including Sanitary and Pest Control Services	99.00	114.00
Security, Janitorial and Messengerial Services	99.00	113.00
<b><i>Private Hospitals/Clinics</i></b>	95.00	110.00
<b>Retail/Service/Hotels/Inns/Resorts and Restaurants and Similar Services</b>		
<b><i>Cities with population of more than 150,000</i></b>		
Employing more than 15 workers	99.00	113.00
<b><i>Municipalities and Cities with Population of not more than 150,000</i></b>		
Employing more than 10 workers	95.00	109.00
<b><i>Stevedoring/Arrastre</i></b>	99.00	114.00

- 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 (8) 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 school had been given authority to increase its tuition fee or had actually charged tuition fee increase or has been granted subsidy under Republic Act No. 6728 for school year 1993 - 1994, and that the seventy percent (70%) proceeds of such tuition fee increase or subsidy have been correspondingly distributed not earlier than 01 June 1993, the workers' equitable share in said proceeds of the tuition fee increase or subsidy shall be considered partial or full compliance with the mandated wage increase under the Order; Provided, that when the distributed share of the tuition fee increase or subsidy is less than the prescribed wage increase, the school shall pay the difference effective at the start of school year 1994 - 1995 regardless of whether or not the school was granted authority to increase tuition fee or was granted subsidy for that particular school year;
- (b) In cases where the school did not increase tuition fee or was not granted subsidy for school year 1993 - 1994, the school shall pay the mandated wage increase effective at the start of school year 1994 - 1995 regardless of whether or not it increased tuition fee or was granted subsidy for that particular school year.

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 a copy of the service contract entered by and between them covering the period December 24, 1993 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.

The minimum wage rates of workers working in branches or agencies of establishments in or outside the National Capital Region (NCR) shall be those applicable in the place where they are stationed.

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 December 24, 1993 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 01 June 1993 but not later than December 24, 1993 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 employing not more than ten (10) workers;
  2. CBBEs established within the period 1 July 1989 to 30 June 1993 for a period of one (1) year from the start of their operations;
  3. Distressed establishments:
    - a) In the case of a stock corporation, partnership, single proprietorship, non-stock, non-profit organization or cooperative engaged in a business activity or charging fees for its services -
      - a.1 When accumulated loss for the last two (2) full accounting periods and interim period, if any, immediately preceding the effectivity of the Order have impaired by at least 25 percent the:
        - Paid-up Capital at the end of the last full accounting period preceding the effectivity of the Order, in the case of corporations;
        - Total invested capital at the beginning of the last full accounting period preceding the effectivity of the Order in the case of partnerships and single proprietorships.
      - a.1.1 Establishments operating for less than two (2) years may be granted exemption when the accumulated losses for said period have impaired by at least 25% the paid-up capital or total invested capital, as the case maybe.
      - a.2 When an establishment registers capital deficiency, i.e., negative net worth as of the last full accounting period preceding the effectivity of the Order.
    - b) In the case of non-stock, non-profit organizations that do charge fees for services rendered and whose revenues are derived primarily from donations and contributions -

When such revenue during the year preceding the effectivity of the Order have declined by at least 10% from previous year.

4. New Business enterprises that may have been established in the region not later than 30 June 1993 whose operation or investment need initial assistance may be granted exemption for a period of one (1) year from the start of operations, subject to the Guidelines on Exemptions that maybe issued by the Secretary of Labor and Employment.
  - a) 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.
  - b) 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 December 24, 1993.

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	Under W.O.RB-1-02 (Effective June 11, 1991)		Under W.O. RB-1-03 (Effective December 24, 1993)	
Non-Agriculture	P	99.00	P	114.00
Cottage/Handicraft		85.00		98.00
Agriculture Plantation (employing 20 workers)				
Sugar		82.50		93.50
Other crops		88.00		99.00
Agriculture Non-Plantation (Employing less than 20 workers)		77.50		88.50

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 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 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. I 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.

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 24 December, 1993.

Done in San Fernando, La Union, Republic of the Philippines this 4th day of April 1994.

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

(SGD) MARTIN P. POSADAS  
Employers Representative

(SGD) SEGUNDINA G. VELASCO  
Workers Representative

(SGD) CARLOS S. REYES  
Employers Representative

(SGD) ARMANDO P. GALIMBA  
Vice-Chairman

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

(SGD) GUERRERO N. CIRILO

Chairman

APPROVED this 18th of April 1994.

(SGD) BIENVENIDO E. LAGUESMA  
Acting Secretary

NOTATIONS TO RULES IMPLEMENTING WAGE ORDER NO. RTWPB 1-03

1. *The Board shall include the definitions of Agriculture, Plantation Agricultural Enterprise and Non-Plantation Agricultural Enterprise under Section 1, based on the definitions provided under the Rules Implementing RA 6727.*
2. *The definition of Cottage/Handicraft Establishment shall be revised to read as follows:*

*“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 whose total assets do not exceed P1,000,000.00 as per SMED Council Resolution No. 1, Series of 1992.*
3. *The Wage Order took effect on December 24, 1993. Hence, in the case of a disapproved application for exemption, the workers shall receive the appropriate compensation due them under the Order plus interest of 1% per month retroactive to December 24, 1993 under Section 14 b).*