



**WAGE ORDER NO. RTWPB-II-16**

**PRESCRIBING THE MINIMUM WAGE IN THE RETAIL AND SERVICE PRIVATE ESTABLISHMENTS IN REGION II EMPLOYING NOT MORE THAN TEN (10) WORKERS**

**WHEREAS** the Regional Tripartite Wages and Productivity Board – Region 02 (RTWPB-RO2) is mandated under Republic Act No. 6727 (The Wage Rationalization Act) to periodically assess existing wage rates and to regularly undertake studies and reviews in the determination and fixing of minimum wage rates applicable in the region;

**WHEREAS** the Board is guided by policy reforms set forth by the National Wages and Productivity Commission aimed to improve the coverage of minimum wages and promote worker and enterprise productivity;

**WHEREAS** the Board adheres to the Two-Tiered Wage System (TTWS) policy reform in wage setting to provide a more effective protection to low-paid workers by setting an appropriate minimum wage as well as to encourage enterprise bargaining in line with productivity growth;

**WHEREAS** the first tier of the Two-Tiered Wage System sets a mandatory minimum wage not lower than the region's poverty threshold, as determined by concerned government agencies to cover the basic needs of workers and their families;

**WHEREAS** among minimum wage earners in the region, employees working in the retail and service establishments employing not more than ten (10) workers receive wages falling below the poverty threshold;

**WHEREAS**, in the absence of any petition filed since the effectivity Wage Order No. RTWPB- II-15 on May 16, 2012, the Board, *motu proprio*, decided to review the existing minimum wage rates of the region;

**WHEREAS** in view of the implementation of the first tier of the Two-Tiered Wage System, the Board conducted employers' and employees' consultations on July 10 and July 11, 2013, respectively, in Cauayan City, Province of Isabela; and a public hearing on September 20, 2013 in Santiago City, Province of Isabela, to determine the propriety of issuing a new wage order;

**WHEREAS**, during the National Area-Based Consultation held in Tagaytay City on August 2, 2013 participated by Board members from

Luzon, the Board laid down specific commitments to increase employability and competitiveness of workers and enterprises in the region;

**WHEREAS**, as a result of a series of consultations and public hearing and based on the existing socio-economic conditions of the region, the Board deemed it necessary to provide workers receiving wages below the poverty threshold with immediate relief 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, the REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD-Region II hereby issues this Wage Order.

**SECTION 1. AMOUNT OF INCREASE.** Upon the effectivity of this Wage Order, the minimum wages of workers in the private retail and service establishments in Region II employing not more than ten (10) workers shall be adjusted for a period of two (2) years, as follows:

Province	Minimum Wage under WO No. RTWPB-II-15	Amount of increase upon effectivity of WO No. RTWPB-II-16 (1 <sup>st</sup> Tranche-January 2014)	Total Amount of Adjusted Wage	Amount of increase (2 <sup>nd</sup> Tranche-January 2015)	Total Amount of Adjusted Wage
Isabela	220	3	223	6	229
Cagayan	217	5	222	7	229
Nueva Vizcaya	213	6	219	10	229
Quirino	212	7	219	10	229
Batanes	212	7	219	10	229

**SECTION 2. COVERAGE.** This Wage Order shall not apply to household or domestic helpers, persons in the personal service of another including family drivers, and workers of registered Barangay Micro-Business Enterprises (BMBEs) with Certificates of Authority.

**SECTION 3. BASIS OF WAGE INCREASE.** The wage increase prescribed under this Wage Order shall be for the normal working hours which shall not exceed eight (8) hours of work a day.

**SECTION 4. WAGES OF SPECIAL GROUPS OF WORKERS.** Apprentices and learners shall receive not less than seventy five (75%) of the wage increase prescribed in this Wage Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Wage Order shall be considered automatically modified in accordance with this Wage Order.

All qualified handicapped workers shall receive the full amount of wage increase prescribed herein pursuant to R.A. 7277.

**SECTION 5. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS.** In order to sustain rising levels of wages and enhance competitiveness, labor and management as partners in businesses are encouraged to adopt productivity improvement schemes that will improve the quality of workers and in turn enable them to produce more and earn more, such as time and motion studies, good housekeeping, quality circles, labor-management cooperation, as well as implement gainsharing programs and other performance incentive programs. Accordingly, the Regional Board shall provide the necessary studies and technical assistance to these firms.

**SECTION 6. PENAL PROVISION.** Any person, corporation, trust or firm, partnership, association or entity which refuses or fails to pay the prescribed wage increase in this Wage Order, shall be subject to the penal provisions under R.A. 6727, as amended by R.A. 8188.

**SECTION 7. PROHIBITION AGAINST INJUNCTION.** No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Board.

**SECTION 8. FREEDOM TO BARGAIN.** This Wage Order shall not be construed to prevent workers in particular firms or enterprises or industries from bargaining for higher wages with their respective employers.

**SECTION 9. APPEAL TO THE COMMISSION.** Any party aggrieved by this Wage Order may file a verified appeal with the Commission through the Board within ten (10) calendar days from the publication of this Wage Order.

The filing of the appeal does not operate to stay the Wage Order unless the party appealing such Wage Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding increase to employees affected by the Wage Order in the event such Wage Order is affirmed.

**SECTION 10. REPORTING REQUIREMENT.** Any person, company, corporation, partnership or any entity engaged in business shall submit a verified itemized listing of their labor component to the RTWPB II not later than January 31, 2014 and every year thereafter in accordance with the form prescribed by the Commission.

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**SECTION 11. SEPARABILITY CLAUSE.** If, for any reason, any section or provision of this Wage Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.

**SECTION 12. REPEALING CLAUSE.** All orders, issuances, rules and regulations, or parts thereof inconsistent with the provision of this Wage Order are hereby repealed, amended or modified accordingly.

**SECTION 13. IMPLEMENTING RULES.** The Board shall prepare the implementing rules of this Wage Order subject to the approval of the Secretary of Labor and Employment.

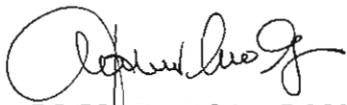
**SECTION 14. ADVISORY ON PRODUCTIVITY-BASED PAY.** Pursuant to the Two-Tiered Wage System, the Board shall issue corresponding advisories on the second tier or the productivity based pay which shall serve as guidelines for private establishments on the range of productivity bonuses and incentives that an enterprise may provide based on agreement between workers and management.

**SECTION 15. EFFECTIVITY.** This Wage Order takes effect fifteen (15) days after its publication in a newspaper of general circulation.

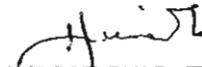
APPROVED this 29<sup>th</sup> of November 2013 in Tuguegarao City, Cagayan.



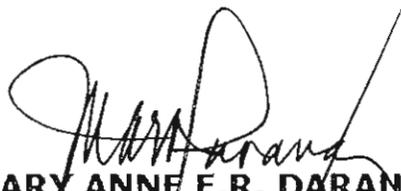
**CECILIA LA MADRID DY**  
Employers' Representative



**JOSE D. BALAGAN**  
Employees' Representative



**ERNESTO FUECONCILLO**  
Employees' Representative



**MARY ANNE E.R. DARANAY**  
Vice Chairperson



**MA. ESPERANZA C. BAÑARES**  
Vice Chairperson



**SIXTO T. RODRIGUEZ, JR.**  
Chairperson



Republic of the Philippines  
Department Of Labor and Employment  
National Wages and Productivity Commission  
**REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD**  
Region II  
Tuguegarao City

**RULES IMPLEMENTING WAGE ORDER NO. RTWPB-II-16**

Pursuant to Section 6, Rule IV of the Amended Rules of Procedure on Minimum Wage Fixing and Section 13 of Wage Order No. RTWPB-II-16, the following rules are hereby issued for the guidance and compliance by all concerned:

**Rule I**

**DEFINITION OF TERMS**

**Section 1. DEFINITION OF TERMS.** As used in this rules,

- a. **“Basic Wage”** means all the remuneration or earnings paid by an employer to a worker for service rendered on normal working days and hours exclusive of living allowance and profit sharing payments, premium payment, 13<sup>th</sup> month pay or other monetary benefits.
- b. **“Commission”** means the National Wages and Productivity Commission.
- c. **“Department”** refers to the Department of Labor and Employment.
- d. **“Establishments Regularly Employing Not More Than Ten (10) Workers”** refer to establishments employing not more than ten (10) workers regardless of status except the owner/s, for at least six (6) months in any calendar year.
- e. **“Establishments”** refer to economic units which engage in one or predominantly one kind of economic activity at a single fixed location.
- f. **“Minimum Wage Rates”** refer to the lowest wage rate consisting of basic wage and cost of living allowance, if there is any, that an employer should pay his workers as fixed by the Regional Board.
- g. **“Poverty Threshold”** refers to the minimum income/expenditure for a family/individual to meet the basic food and non-food requirements.
- h. **“Productivity”** refers to the relation of output to input in physical and/or real monetary terms.
- i. **“Productivity-Based Pay (PBP) Tier II”** refers to pay increases linked to individual, group or organizational productivity, performance or a combination of criteria that will be determined by the Productivity Improvement and Incentives Committee (PIIC) in the establishment. It is an adjustment in the wage rates of workers attributed to their



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productivity or performance, value of the job, cost of living, business gross, financial capacity and competitiveness of the enterprise.

- j. **“Region II”** covers the Cities of Tuguegarao, Cauayan and Santiago and the Provinces of Cagayan, Isabela, Quirino, Nueva Vizcaya and Batanes.
- k. **“Regional Board”** means the Regional Tripartite Wages and Productivity Board of Region II.
- l. **“Retail Establishment”** refers to an entity principally engaged in the sale of goods to end users for personal or household use. A retail establishment that regularly engages in wholesale activities loses its retail character.
- m. **“Service Establishment”** refers to an entity principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such.
- n. **“Wage Order”** means Wage Order No. RTWPB-II-16 promulgated by this Regional Board pursuant to its wage fixing authority.

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**Rule II**

**THE NEW MINIMUM WAGE RATES**

**SECTION 1. AMOUNT OF INCREASE IN THE DAILY MINIMUM WAGE.** Upon the effectivity of this Wage Order, the wages of all employees of service and retail establishments employing not more than ten (10) workers shall be adjusted as follows:

Province	Minimum Wage under WO No. RTWPB-II-15	Amount of increase upon effectivity of WO No. RTWPB-II-16 (1 <sup>st</sup> Tranche- January 2014)	Total Amount of Adjusted Wage	Amount of increase (2 <sup>nd</sup> Tranche- January 2015)	Total Amount of Adjusted Wage
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**Section 2. COVERAGE.** The wage increase prescribed under this Wage Order shall apply to all employees of service and retail establishments employing not more than ten (10) workers, regardless of their position, designation or status of employment and irrespective of the method by which their wages are paid.

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This Wage Order shall not apply to household or domestic workers, persons in the personal service of another including family drivers, and workers of registered Barangay Micro-Business Enterprises (BMBEs) with Certificates of Authority.

**Section 3. BASIS OF MINIMUM WAGE RATES.** The daily minimum wage rates prescribed under this Wage Order shall be 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.

**Section 4. BRANCH WORKERS.** The minimum wage of workers working in branches or agencies of establishments within the region shall be those applicable in the place where they are stationed.

**Section 5. TRANSFER OF PERSONNEL.** The transfer of personnel to areas with lower minimum wage rates shall in no case be a valid ground for the reduction of the higher wage rate being enjoyed by the worker prior to such transfer. However, where the worker is transferred to an area with higher wage rate, he shall be entitled to the higher wage rate therein.

**Rule III**

**PRODUCTIVITY-BASED PAY ADVISORY**

**SECTION 1. ADVISORY ON PRODUCTIVITY-BASED PAY.** Pursuant to the Two-Tiered Wage System, the Board shall issue corresponding advisories on the second tier or the productivity based pay which shall serve as guidelines for private establishments on the range of productivity bonuses and incentives that an enterprise may provide based on agreement between workers and management.

**Rule IV**

**APPEAL**

**Section 1. APPEAL TO THE COMMISSION.** Any party aggrieved by the Wage Order may file a verified appeal to the Commission through the Regional Board within ten (10) calendar days from the publication of the Wage Order. The Commission shall decide the appeal within sixty (60) days from the date of filing.

The appeal, with proof of notice to concerned party, shall be accompanied with a memorandum of appeal which shall state the date the appellant received the decision, the grounds relied upon and the arguments in support of the appeal. An appeal may be filed on the following grounds:

- a. Non-conformity with the prescribed guidelines and/or procedures;
- b. Prima facie evidence of grave abuse of discretion on the part of the Board; or
- c. Questions of law.

**Section 2. EFFECT OF THE APPEAL.** The filing of the appeal does not operate to stay the Wage Order unless the appellant shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding wage increase to employees affected by the Wage Order, in the event the Wage Order is affirmed.

Rule V

SPECIAL PROVISIONS

**Section 1. CREDITABLE WAGE INCREASES.** Wage increases granted by an employer in an organized establishment within three (3) months prior to the effectivity of the Wage Order shall be credited as compliance with the prescribed increase set forth therein, provided that an agreement to this effect has been forged between the parties or a provision in the Collective Bargaining Agreement (CBA) allowing creditability exists. In the absence of such an agreement or provision in the CBA, any increase granted by the employer shall not be credited as compliance with the increase prescribed in this Wage Order.

In unorganized establishments, wage increases granted by the employer within three (3) months prior to the effectivity of the Wage Order shall be credited as compliance.

In case the increases given are less than the prescribed increase, the employer shall pay the difference. Such increases shall not include anniversary increases, merit wage increases and those resulting from the regularization of employees.

**Section 2. COMPLAINTS FOR NON-COMPLIANCE.** Complaints for non-compliance with the Wage Order shall be filed with the Regional Office of the Department and shall be subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

**Section 3. PENAL PROVISION.** Pursuant to the provisions of Section 12 of RA 6727, as amended by RA 8188, any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed wage increase in the Wage Order shall be punished by a fine of not less than Twenty Five Thousand Pesos (P25,000.00) nor more than One Hundred Thousand Pesos (P100,000.00) or imprisonment of not less than two (2) years nor more than four (4) years or both such fine and imprisonment at the discretion of the court. Provided, that any person convicted under the Wage Order shall not be entitled to the benefits provided for under the Probation Law.

The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees provided that payment of indemnity shall not absolve the employer from criminal liability imposable under this Act.

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 4. PROHIBITION AGAINST INJUNCTION.** No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Board.

**Section 5. FREEDOM TO BARGAIN.** The Wage Order shall not be construed to prevent workers in particular firms or enterprises of industries from bargaining for higher wages with their respective employers.

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**Section 6. REPEALING CLAUSE.** All orders, issuances, rules and regulations on wages, or parts thereof inconsistent with the provisions of the Wage Order and this Rules are hereby repealed, amended or modified accordingly.

**Section 7. SEPARABILITY CLAUSE.** If any provision or part of the Wage Order and this Rules, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of the Wage Order and this Rules or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

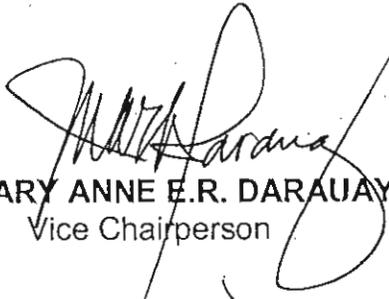
**Section 8. EFFECTIVITY OF THE RULES.** This Rules Implementing Wage Order No. RTWPB-II-16 takes effect on January 5, 2014.

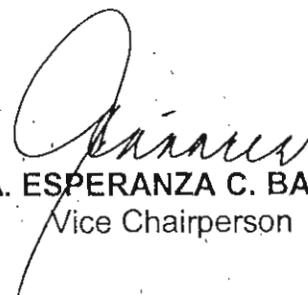
Tuguegarao City, Cagayan, December 20, 2013.

  
**CECILIA LA MADRID DY**  
Employers' Representative

  
**JOSE D. BALAGAN**  
Employees' Representative

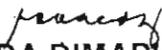
  
**ERNESTO J. FUECONCILLO**  
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**MARY ANNE E.R. DARAUAY**  
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**MA. ESPERANZA C. BAÑARES**  
Vice Chairperson

  
**SIXTO T. RODRIGUEZ, JR.**  
Board Chairperson

Approved this 28th day of January, 2014

  
**ROSALINDA DIMAPILIS-BALDOZ**  
Secretary  
Department of Labor and Employment