

Republic of the Philippines  
Department of Labor and Employment  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region II

**WAGE ORDER NO. R02-04**

PROVIDING FOR THE INTEGRATION OF THE COST OF LIVING ALLOWANCE  
UNDER WAGE ORDER NO. R02-01 PLUS FOURTEEN PESOS INCREASE

WHEREAS, the Regional Tripartite Wages and Productivity Board (RTWPB) is authorized by law to rationalize and determine wage increases in the region wherever and whenever the need arises.

WHEREAS, the Board during its deliberation for wage fixing considers the macro and micro socio-economic factors affecting the cost of living of wage earners, the sustainable viability and growth of economic enterprises, the interests and welfare of both labor and management, and agreements and other inputs as a result of the consultations.

WHEREAS, the Board received three (3) petitions for wage increases from the labor sectors, to wit:

1. Petition to increase wages across-the-board by P80.00 filed on December 11, 1996 by the ISELCO II Employees Labor Union;
2. Petition to increase wages across-the-board by P80.00 filed on November 26, 1996 by the PT&T Employees Union-Associated Labor Unions-Trade Union Congress of the Philippines (ALU-TUCP); and,
3. Petition to increase wages by P50.00 over and above any legislated wage increase that may be granted by Congress of the Philippines filed on November 18, 1996 by the Trade Unions of the Philippines and Allied Services (TUPAS).

WHEREAS, the Board received likewise five (5) position papers from the management sectors opposing the amounts petitioned as wage increases, filed and presented during the public hearings and consultations by the following parties, to wit:

1. Tuguegarao Archdiocesan School Systems
2. De Leon Clinic
3. St. Louis College
4. Dalton Academy
5. Cagayan Robina Sugar Corporation

WHEREAS, to give due course to the hearing of the petitions in a most democratic manner, the Board conducted industry sectoral consultations participated by both representatives of labor and management on December 14, 15, and 16, in Tuguegarao, Cagayan;

WHEREAS, the Board in order to provide a more rationalized deliberation on issues raised in the petitions and position papers of labor and management, respectively, significant and relevant statistical data were presented by the National Economic and Development Authority (NEDA), the Department of Trade and Industry (DTI), the Department of Labor and Employment

(SGD) MELENCIO Q. BALANAG  
Board Chairman

(SGD) SINFOROSO M. BIRUNG  
Vice-Chairman

(SGD) JOSE V. HIPOLITO  
Vice-Chairman

(SGD) CONSTANCIO S. SILVA  
ANCHETA  
RB Employers' Representative

(SGD) PERFELITO V.  
RB Employers' Representative

(SGD) EMITERIO C. BALLINAN  
RB Workers' Representative

Republic of the Philippines  
Department of Labor and Employment  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region 02  
Tuguegarao, Cagayan

**RULES IMPLEMENTING WAGE ORDER NO. RO2-04**

Pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board under Section 5, Rule IV of the NWPC Revised Rules of Procedure on Minimum Wage Fixing and Section 10 of the Wage Order No. RO2-04, the following rules are hereby issued for guidance and compliance by all concerned.

Section 1. Definition of Terms –

- a) “Order” - means Wage Order No. R02-04;
- b) “Commission” - refers to the National Wages and Productivity Commission (NWPC);
- c) “Regional Board” - means the Regional Tripartite Wages and Productivity Board (RTWPB) of Region 2;
- d) “Department” - refers to the Department of Labor and Employment;
- e) “Region 02” - refers to the geographic area in Cagayan Valley covering the provinces of Nueva Vizcaya, Quirino, Isabela, Cagayan and Batanes.
- f) “Agriculture” - refers to farming in all its branches and among others, includes 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, tobacco, pineapple, aquatic or other farm products;
- g) “Plantation Agricultural Enterprises” - is one engaged in agriculture with an area of more than twenty four (24) hectares in a locality or which employs at least twenty workers. Any other agricultural enterprise shall be considered as non-plantation agricultural enterprise;
- h) “New Business Enterprise” - refers to establishments, including non-profit institutions, established within two (2) years from effectivity of this Wage Order based on the latest registration with the appropriate government agency such as SEC, DTI, CDA and Mayor’s office;
- i) “Distressed Establishment” - refers to an establishment which meets the criteria enumerated in Section 3A of the NWPC New Rules on Exemption. (NWPC Guidelines No. 01, Series of 1996);
- j) “Establishment adversely affected by calamities” - refers to an establishment which incurred losses due to earthquakes, typhoons, fire, floods and similar occurrences;
- k) “Establishment” - refers to an economic unit which engages in one or predominantly one kind of economic activity at a single fixed location;

For purposes of determining eligibility for exemption, establishments under the same owner/s but separately registered with the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) or Cooperative Development Authority (CDA) as the case may be, irrespective of their location, shall be treated as individual and distinct establishments.

- l) “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 P1,500,000.00 regardless of previous registration with the defunct NACIDA;

- m) "Retail Establishment" - is one principally engaged in the sale of goods to end users for personal use;
- n) "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;
- o) "Establishment regularly employing not more than four (4) workers" - refers to an establishment employing not more than 4 workers, regardless of status, except the owner/s, for at least six (6) months in any calendar year;
- p) "Basic Wage" - means all remuneration or earnings paid by an employer to a worker for service rendered on normal working days and hours inclusive of living allowance and exclusive of profit sharing payments, premium payment, 13<sup>th</sup> month pay or other monetary benefits;
- q) "Minimum Wage Rates" - refer to the lowest rate that an employer can pay his workers, as fixed by the Board, which shall not be lower than the applicable 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 distinction embodied in such wage structure based on skills, length of services, or other logical bases of differentiation;
- s) "Capital" - refers to paid-up capital at the end of the last full accounting period, in the case of a corporation, and total invested capital at the beginning of the period under review in the case of a partnership or single proprietorship.

Section 2. Amount of Wage Increase - Effective January 26, 1997, all workers and employees in the private sector in Region 02, except those already receiving two hundred pesos (P200.00) or more are granted a wage increase of fourteen (P14.00) pesos per day in their basic wage after the integration of their cost-of-living-allowance (COLA) under Wage Order No. RO2-01.

- 1.1 The basic daily wage as provided under Wage Order No. RO2-03 for the province of Isabela including Santiago City shall now include the twelve peso (P12.00) COLA under Wage Order No. RO2-01.
- 1.2 The basic daily wage as provided under Wage Order No. RO2-03 for the province of Cagayan shall now include the ten peso (P10.00) COLA under Wage Order No. RO2-01.
- 1.3 The basic daily wage as provided under Wage Order No. RO2-03 for the province of Nueva Vizcaya, Quirino and Batanes shall now include the eight peso (P8.00) COLA under Wage Order No. RO2-01.

For those workers whose cost of living allowance (COLA) under Wage Order No. RO2-01 has already been integrated into their basic wage, they shall receive an increase of fourteen (P14.00) pesos. However, if the wage of the worker exceeds two hundred pesos (P200.00), the said worker is no longer entitled.

Section 3. Daily Minimum Wage Rates - The daily minimum wage rates of workers and employee and employees shall be as follows:

INDUSTRY/SECTOR	Isabela	Cagayan	Nueva Vizcaya	Quirino/ Batanes
Non-Agriculture	145.00	142.00	138.00	137.00
Agriculture				
Plantation w/ annual gross sales of P5M or more	135.00	132.00	128.00	127.00
Plantation w/ annual gross sales of less than P5M	130.00	127.00	123.00	122.00
Non-Plantation	114.50	111.50	107.50	106.50
Cottage/Handicraft	123.00	120.00	116.00	115.00
Micro Level Handicraft	121.00	118.00	114.00	113.00

Private Hospitals	141.00	138.00	134.00	133.00
Retail/Service				
Municipalities and cities w/ population of more than 150,000				
Employing more than 10 workers	141.00	138.00	134.00	133.00
Employing not more than 10 workers	114.00	111.00	107.00	106.00
Sugar				
Mills	147.00	144.00	140.00	139.00
Agriculture				
Plantation w/ annual gross sales of P5M or more	129.50	126.50	122.50	121.50
Plantation w/ annual gross sales of less than P5M	124.50	121.50	117.50	116.50
Non-Plantation	114.50	111.50	107.50	106.50
<b>BUSINESS ENTERPRISES W/ CAPITALIZATION OF NOT MORE THAN P500,000 &amp; EMPLOYING NOT MORE THAN 20 WORKERS</b>				
Non-Agriculture	135.00	132.00	128.00	127.00
Agriculture Plantation				
Products other than sugar	125.00	122.00	118.00	117.00
Sugar	119.50	116.50	112.50	111.50
Private Hospitals	131.00	128.00	124.00	123.00
Retail/Service				
Municipalities and cities w/ population of more than 150,000				
Employing more than 10 workers	131.00	128.00	124.00	123.00
Employing not more than 10 workers	114.00	111.00	107.00	106.00

Section 4. Coverage - The Wage Order in the region applies to all covered workers and employees in the private sector as provided for under section 2 hereof, regardless of their position, designation or their status, and irrespective of the method by which their wages are paid, except household or domestic helpers and persons in the personal service of another, including family drivers.

Section 5. Exemptions - the following establishments may be exempted from complying with this Wage Order upon application with and as determined by the Regional Board in accordance with NWPC Guidelines No. 01, series of 1996 (Rules on Exemption ) which governs the processing of application for exemption.

- a. Retail and service establishments regularly employing not more than four (4) workers/employees;
- b. Distressed establishments;
- c. Establishments/firms which have been adversely affected by calamities; and
- d. New business enterprises (NBES)

Section 6. Criteria for Exemption - The following criteria shall be used to determine whether the applicant - establishment is qualified for exemption:

- A. Retail/service establishments regularly employing not more than four (4) workers/employees

Exemption may be granted to a retail/service establishment when:

1. It is engaged in the retail sale of goods and/or services to end users for personal or household use; and
2. It is regularly employing not more than four (4) workers regardless of status, except the owner/s, for at least six (6) months in any calendar year.

- B. Distressed Establishments

1. For Stock Corporation/Cooperatives

- 1.a. When deficit as of the last full accounting period or interim period, if any, immediately preceding the effectivity of the Order amounts to 20% or more of the paid-up capital for the same period; or

1.b. When an establishment registers capital deficiency, i.e., negative stockholders' equity as of the last full accounting period or interim period, if any, immediately preceding the effectivity of the order.

2. For Single Proprietorships/Partnerships

2.a. Single proprietorships/partnerships operating for at least two (2) years may be granted an exemption;

2.a.1. When the net accumulated losses for the last two (2) full accounting periods and interim period, if any, preceding the effectivity of the Order amounts to 20% or more of the total invested capital at the beginning of the period under review, or

2.a.2. When an establishment registers capital deficiency i.e., negative net worth as of the last full accounting period or interim period, if any, immediately preceding the effectivity of the Order.

2.b. Single proprietorships/partnerships operating for less than two (2) years may be granted an exemption when the net accumulated losses for the period immediately preceding the effectivity of the Order amounts to 20% or more of the total invested capital at the beginning of the period under review.

3. For Non-stock Non-profit Organizations

3.a. Non-stock non-profit organizations operating for at least two (2) years may be granted exemption:

3.a.1. When the net accumulated losses for the last two (2) full accounting periods and interim period, if any, immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period.

3.a.2. When an establishment registers capital deficiency i.e., negative fund balance/ members' contribution as of the last full accounting period or interim period, if any immediately preceding the effectivity of the Order.

3.b. Non-stock non-profit organizations operating for less than two (2) years may be exempted when the net accumulated losses for the period immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period under review.

4. For Banks and Quasi-banks

4.a. Under receivership/liquidation

Exemption may be granted to a bank or quasi-bank under receivership or liquidation when there is a certification from the Banko Sentral ng Pilipinas that it is under receivership or liquidation as provided in Section 30 of RA 7653, otherwise known as the New Central Bank Act.

4.b Under controllership/conservatorship

A bank or quasi-bank under controllership/conservatorship may apply for exemption as a distressed establishment under Section 3A of the New Rules on Exemption.

C. Establishment Adversely Affected by Calamities

1. The establishment must be located in an area declared by a competent authority as under a state of calamity.

2. The calamities, such as earthquakes, typhoons, fire, floods and similar occurrences, must have occurred within 6 months prior to the effectivity of the Wage Order.
3. Losses suffered by the establishment as a result of the calamity that exceed the insurance coverage should amount to 20% or more of the stockholders' equity as of the last full accounting period in the case of corporations and cooperatives, total invested capital in the case of partnerships and single proprietorships and fund balance/members' contribution in the case of non-stock non-profit organizations.

Only losses or damage to properties directly resulting from the calamity and not incurred as a result of normal business operations shall be considered.

4. Where necessary, the Board or its duly-authorized representative shall conduct an ocular inspection of the establishment or engage the services of experts to validate the extent of damages suffered.

D. New Business Enterprises (NBEs)

Exemption may be granted to New Business Enterprises (NBEs) established outside Export Processing Zones (EPZs) within two (2) years from effectivity of the Order classified under any of the following:

1. Agricultural establishments whether plantation or non-plantation;
2. Establishments with total assets after financing of five million (P5,000,000.00) and below.

Section 7. Documents Required - The following supporting documents shall be submitted together with the application:

FOR ALL CATEGORIES OF EXEMPTION:

Proof of notice of filing of the application to the President of the union/contracting party if one is organized in the establishment, or if there is no union, a copy of a circular giving general notice of the filing of the application to all the workers in the establishment. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the application with all the supporting documents. The notice shall be posted in conspicuous place in the establishment.

A. For Retail/Service Establishments employing not more than four (4) workers:

1. Affidavit from employer stating the following:
  - a. It is a retail/service establishment;
  - b. It is regularly employing not more than four (4) workers for at least six months in any calendar year.
2. Business Permit for the current year from the appropriate government agency.

B. For Distressed Establishments

1. For corporations, cooperatives, single proprietorship, partnership, non-stock organizations.
  - a. Audited financial statements (together with the Auditor's opinion and the notes thereto) for the last two (2) full accounting periods preceding the effectivity of the Order filed with and stamped "received" by the appropriate government agency.
  - b. Audited interim quarterly financial statements (together with the Auditor's opinion and the notes thereto) for the period immediately preceding the effectivity of the Order.

Submission of audited interim financial statements shall be in accordance with the following schedule:

EFFECTIVITY DATE OF WAGE ORDER	INTERIM STATEMENTS REQUIRED
First Quarter of year	No interim statements required; only the audited statements for the last two (2) full accounting periods
Second Quarter of year	
Month 1	None; same as first quarter
Month 2	None; same as first quarter
Month 3	First Quarter audited statement
Third Quarter of year	
Month 1	First Quarter audited statement
Month 2	First Quarter audited statement
Month 3	First & Second Quarters audited statements
Fourth Quarter of year	
Month 1	Second Quarter audited statement
Month 2	Second Quarter audited statement
Month 3	Quarters audited statement

C. For Establishment Adversely Affected by Natural Calamities.

1. Affidavit from the General Manager or Chief Executive Officer of the Establishment regarding the following:
  - a. Date and type of calamity;
  - b. Amount of losses/damages suffered as a direct result of the calamity;
  - c. List of properties damaged/lost together with estimated valuation
  - d. For properties that are not insured, a statement that the same are not covered by insurance
2. Copies of insurance policy contracts covering the properties damaged, if any.
3. Adjuster's report for insured properties.
4. Audited financial statement for the last full accounting period preceding the effectivity of the Order stamped "received" by the appropriate government agency.

D. For New Business Enterprises

1. Affidavit from employer regarding the following:
  - a. Principal economic activity;
  - b. Date of registration with appropriate government agency;
  - c. Amount of total assets
2. Certificate of registration from the appropriate government agency

The Board may require the submission of other pertinent documents to support the application for exemption.

Section 8. Filing for Application for Wage Exemption - An application in three (3) typewritten copies may be filed with the appropriate Board by the owner/manager or duly authorized representative of an establishment, in person or by registered mail. Application shall be filed not later than sixty (60) days from date of publication of the approved Implementing Rules of the Order. In the case of new business enterprises, application shall be filed not later than sixty (60) from date of registration. The date of mailing shall be deemed as the date of filing. The application shall be under oath and accompanied by complete supporting documents.

Whenever an application for exemption has been duly filed with the Regional Board, action on any complaint for non-compliance with the Order shall be deferred pending resolution of the petition for exemption by the Regional Board.

In the event that application for exemption is not approved, covered workers and employees shall be paid the mandated wage increase/allowance as provided for under the Order retroactive to the date of the effectivity of the Order plus simple interest of one percent (1%) per month.

#### Section 9. Workers Paid by Results

a. All workers paid by results, including those who are paid on piecework, takay, pakyaw, or task basis shall receive not less than the applicable wage rates as 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 less than the normal working hours.

The new applicable minimum wage rate for workers paid by results shall be computed in accordance with the following steps.

1. Amount of increase in Average Monthly Wage (AMW) / Previous Average Monthly Wage x 100 = % increase;
2. Existing rate/piece x % increase = increase in rate/piece
3. Existing rate/piece + increase in rate/piece = adjusted rate/piece

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

Section 10. Wages of Special Group of Workers - Wages of apprentices, learners and handicapped workers shall in no case be less than 75% of the applicable minimum wage rates provided in the Order.

All recognized learnership and apprenticeship agreements entered into before January 26, 1997 shall be considered as automatically modified in so far as their wage clauses are concerned to reflect the increase prescribed under the Order.

Section 11. Application to Contractors - In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed wage increase shall be borne by the principals or clients of the construction /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 rates, the construction/service contractors shall be jointly and severally liable with the principal or client.

Section 12. Mobile and Branch Workers - The minimum wage rate of workers, who by nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

Section 13. Transfer of personnel - The transfer of personnel from one province to another shall not be a valid ground for the reduction of the wage rate being enjoyed by the worker prior to such transfer. However, upon transfer of personnel to another place with higher minimum rate he shall enjoy the corresponding/applicable minimum wage.

Section 14. Basis of Increase in Wage Rates - the increase in wage rates per day prescribed under the Order shall be for the normal working hours, which shall not exceed eight (8) hours work per day.

Section 15. Application to Private Educational Institutions - All employees and workers of private educational institutions are covered by the Order, except that its effectivity and implementation shall take effect on June 1, 1997. Provided, however, that any distribution of the employees share in the incremental tuition fee increases as required under Republic Act 6728 equivalent to or higher than the increase herein provided, shall be credited as compliance. Provided finally, that where the distribution of the employees share in the incremental tuition fee increase is lower than the wage increase provided under this Wage Order, the employer shall pay he difference.

Section 16. Creditable Wage Increase -

a. For Organized Establishment

If expressly provided for and agreed upon in the collective bargaining agreements, all increases in the daily basic wage rates granted by the employer three (3) months prior to the effectivity of the Order shall be credited as compliance with the increases in the wage rates prescribed increase in the wage rates under the Wage Order, the employer shall pay the difference. Provided further, that anniversary wage increases, merit wage increase, as well as increases resulting from the regularization or the promotion of the employees are not considered increases for purposes of applying the crediting provision of this section.

b. For Unorganized Establishment

Increases in the daily basic wage granted by unorganized establishments three (3) months prior to the effectivity of this Wage Order shall be credited as compliance and shall be treated similar as that of an organized establishment.

Section 17. Wage Distortion - Where the application of the increase in the Wage Order results in distortions of the wage structure within an establishment, the employer and the union shall negotiate to correct the distortions. Any dispute arising from wage distortions shall be resolved through the grievance procedure under their 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) days from the time said dispute was referred to voluntary arbitration.

In cases where there are no collective agreements or recognized labor unions, the employers and workers shall endeavor to correct such distortions. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board (NCMB) and, if it remains unresolved after ten (10) calendar days of conciliation, shall be referred to the appropriate branch of the National Labor Relations Commission (NLRC). It shall be mandatory for the NLRC to conduct continuous hearings and decide the dispute within twenty (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 the applicability of the increase prescribed in the Order.

Section 18. Complaints for Non-Compliance - Complaints for non-compliance with the wage increase prescribed under the Order shall be filed with the DOLE Regional Office and shall be the subject of enforcement proceedings under Article 128 and 129 of the Labor Code, as amended.

Section 19. Conduct of Inspection by the Department - the DOLE Regional Office shall conduct inspections of establishments as often as necessary, to determine whether the workers are paid the prescribed wage rates and other benefits granted by law or the Order. In the conduct of inspection in unionized companies, the DOLE inspectors shall always be accompanied by the president or other responsible officer of the recognized bargaining unit or of any interested union member. In the case of non-unionized establishments, a worker representing the workers in the said company shall accompany the inspector.

The workers' representative shall have the right to submit his own findings to the DOLE and to testify on the same if he does not concur with the findings of the labor inspector.

Section 20. Registration/Reporting Requirement - Any person, company, corporation, partnership or any other entity engaged in business shall submit on or before January 31, 1998 and every year thereafter a verified itemized listing of their labor component to the Regional Board and the National Statistics Office in accordance with the form to be prescribed by the Commission. The listing shall specify the names, salaries and wages of their workers and employees below the managerial level including learners, apprentices and disabled/handicapped workers.

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 of Twenty Five Thousand Pesos (P25,000.00) to One Hundred Thousand Pesos (P100,000.00) and/or imprisonment of not less than two (2) years nor more than four (4) years. Provided, that any person convicted under the 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, 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. Appeal - Any party aggrieved by this Wage Order may file an appeal with the Commission through the Board within ten (10) calendar days from its publication. The Commission shall decide the appeal within sixty (60) calendar days from the filing of the appeal.

The filing of the appeal shall not suspend the effectivity of the Order unless the person or entity appealing files with the Commission an undertaking with a surety in such amount as may be fixed by the Commission for the payment to the employees affected by the wage increase in the event such Wage Order is affirmed.

Section 23. 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 Regional Board.

Section 24. Non-Diminution of Benefits - Nothing in this Wage Order and the implementing guidelines shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form

under existing laws, decrees, issuances, executive orders, and/or under any contract of agreements between the workers and employer practices or policies.

Section 25. Prohibition on Other Issuances - The provisions of existing laws and decrees on wages, and their corresponding implementing rules and regulations, and issuances not otherwise repealed, modified or found inconsistent with this Order and this Rules shall continue to have full force and effect.

Section 26. Separability Clause - If any provision or part of this Rules is declared unconstitutional or illegal, the other provisions or parts thereof shall remain valid.

Section 27. Effectivity - This Rules shall take effect on January 26, 1997.

Done in Tuguegarao, Cagayan this 6th day of May, 1997.

(SGD) MELENCIO Q. BALANAG  
Regional Director, DOLE -RO2  
Board Chairman - RTWPB RO2

(SGD) SINFOROSO M. BIRUNG  
Regional Director  
NEDA - Region 02  
Vice Chairman, RTWPB - RO2

(SGD) JOSE V. HIPOLITO  
Regional Director  
DTI - Region 02  
Vice Chairman, RTWPB RO2

(SGD) CONSTANCIO S. SILVA  
RB Employers' Representative

(SGD) PERFELITO V. ANCHETA  
RB Employers' Representative

(SGD) EMITERIO C. BALLINAN  
RB Workers' Representative

Approved this 16<sup>th</sup> day of June, 1997, subject to the notations on page 15, hereof.

(SGD) CRESENCIANO B. TRAJANO  
Acting Secretary

## Suggested Formula in Determining the Equivalent Monthly Regional Minimum Wage Rates.

Without prejudice to existing company practices, agreements or policies, the following formula may be used as guides 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 holidays:

$$\text{Equivalent Monthly Rate (EMR)} = \frac{\text{Applicable daily wage rate (ADR)} \times 391.50 \text{ days}}{12}$$

Where 391.50 days =

302 days	-	Ordinary working days
18.00 days	-	9 regular holidays x 200 %
2.6 days	-	1 regular holiday falling on last Sunday of August x 200% + (30% of 200%)
66.30 days	-	51 rest days x 130%
<u>2.60 days</u>	-	2 special days (Nov. 1 & Dec. 31) x 130%
391.50 days	-	Total equivalent number of days

- 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 days</u>	-	Special days (Nov. 1 & Dec. 31)
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
<u>2 days</u>	-	Special days - Nov. 1 & Dec. 31 (if considered paid; this is equivalent to 2.6 days if actually worked)
314 days	-	Total equivalent number of days

- 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 holiday
<u>2 days</u>	-	Special days (if considered paid; this is equivalent to 2.6 days if actually worked)
262 days	-	Total equivalent number of days

Note: The formula for determining the Equivalent Monthly Rate (EMR) includes premiums for holidays, special days and rest days.

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 (10) 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 year.

Republic of the Philippines  
Department of Labor and Employment  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region II

**WAGE ORDER NO. R02-04-A**

WAGE ORDER AMENDING CERTAIN PROVISION OF  
WAGE ORDER NO. R02-04

WHEREAS, there issued in Region 2 effective January 26, 1997, Wage Order No. R02-04 mandating the integration of the Cost-of-Living Allowance (COLA) into the basic wage of workers plus fourteen peso increase;

WHEREAS, the proviso under Section 8 of the said Wage Order has been found out to be contrary to existing policy that any wage increase maybe creditable if same is expressly provided for in the collective bargaining agreement (CBA);

WHEREAS, the Regional Board sees the need to amend second sentence, paragraph 1 of Section 8 to clarify its intention under this proviso;

NOW, THEREFORE, by virtue of the power vested under Republic Act No. 6727, known as the "Wage Rationalization Act", the Regional Tripartite Wages and Productivity Board (RTWPB) of Region 2 hereby amends Section 8 of Wage Order No. R02-04 to read as follows:

"Section 8. If expressly provided for and agreed upon in the collective bargaining agreements (CBAs), all increases in the daily basic wage rates granted by the employers three (3) months prior to the effectivity of this Wage Order shall be credited as compliance with the increases prescribed herein, provided that, where such increases are less than the prescribed increase in the wage rate under Wage Order No. R02-04, the employer shall pay the difference."

Approved this 25<sup>th</sup> day of June, 1997, Tuguegarao, Cagayan.

(SGD) MELENCIO Q. BALANAG  
Board Chairman

(SGD) SINFOROSO M. BIRUNG  
Vice-Chairman

(SGD) JOSE V. HIPOLITO  
Vice-Chairman

(SGD) CONSTANCIO S. SILVA  
ANCHETA  
RB Employers' Representative

(SGD) PERFELITO V.  
RB Employers' Representative

(SGD) EMITERIO C. BALLINAN  
RB Workers' Representative

Republic of the Philippines  
Department of Labor and Employment  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region II

**AMENDMENT TO RULES IMPLEMENTING WAGE ORDER NO RO2-04**

Pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board (RTWPB) under Section 5, Rule 4 of the NWPC Revised Rules of Procedure on Minimum Wage Fixing and Section 10 of the Wage Order No. RO2-04, the following amendments are hereby issued for guidance and compliance by all concerned.

**ON DEFINITION OF TERMS**

Section 1 (l) is hereby amended to read as follows:

“Section 1. (l) 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 one million five hundred thousand pesos (P1,500,000.00).”

The definition of “Micro/Handicraft Establishment” of Section 1 (m) is hereby deleted.

**ON COVERED WORKERS**

Section 4 is hereby amended to read as follows:

“Section 4. Coverage - The Wage Order in the region applies to all covered workers and employees in the private sector as provided for under Section 2, hereof, regardless of their position, designation or their status, and irrespective of the method by which their wages are paid, except household or domestic helpers and persons in the personal service of another, including family drivers.”

**ON EXEMPTION OF NEW BUSINESS ENTERPRISES (NBEs)**

Paragraph 1, Section 6D is hereby amended to read as follows:

“Section 6D. New Business Enterprises (NBEs). Exemption may be granted to new business enterprises (NBEs) established outside export processing zones (EPZs) within two (2) years from effectivity of the Order classified under any of the following:”

**ON LEARNERSHIP AND APPRENTICESHIP AGREEMENTS**

Paragraph 2, Section 10 is hereby amended to read as follows:

“Section 10. Wage of Special Group of Workers -

Paragraph 2:

All recognized learnership and apprenticeship agreements entered into before January 26, 1997 shall be considered as automatically modified in so far as their wage clauses are concerned to reflect the increase prescribed under the Order.”

**ON CREDITABLE WAGE INCREASE**

Section 16a is hereby amended to read as follows:

“Section 16. Creditable Wage Increase -

a. For organized establishment.

If expressly provided for and agreed upon in the collective bargaining agreements, all increases in the daily basic wage rates granted by the employer three (3) months prior to the effectivity of the Order shall be credited as

compliance with the increases in the wage rates prescribed herein provided that such increases are less than the prescribed increase in the wage rates under the Wage Order, the employer shall pay the difference”.

#### ON THE PENAL PROVISION

Section 21 is hereby amended to read as follows:

“Section 21. Penal Provision - Pursuant to RA No. 6727, as amended by RA No. 8188, 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 of Twenty Five Thousand Pesos (P25,000.00) to One Hundred Thousand Pesos (P100,000.00) and/or imprisonment of not less than two (2) years nor more than four (4) years. Provided that any person convicted under the 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 employee. Provided, that payment of indemnity shall not absolve the employer from the criminal liability imposed under this Act.”

If the violation is committed by a corporation, trust, 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.”

#### ON THE TITLE OF SECTION 26

The title of Section 26 is hereby amended to read as follows:

“Section 26. Separability Clause.”

#### ON THE EFFECTIVITY OF THE RULES

Section 27 is hereby amended to read as follows:

“Section 27. Effectivity - This Rules shall take effect on January 26, 1997.”

Done in Tuguegarao, Cagayan this 25<sup>th</sup> day of June 1997.

(SGD) MELENCIO Q. BALANAG  
Board Chairman

(SGD) SINFOROSO M. BIRUNG  
RB Vice Chairman

(SGD) JOSE V. HIPOLITO  
RB Vice Chairman

(SGD) CONSTANCIO S. SILVA  
RB Employers’ Representative

(SGD) PERFELITO V. ANCHETA  
RB Employers’ Representative

EMITERIO C. BALLINAN  
RB Workers’ Representative