

Republic of the Philippines
Department of Labor and Employment
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD #3
San Fernando, Pampanga

WAGE ORDER NO. RB III-02
INCREASING THE STATUTORY MINIMUM WAGE RATES

WHEREAS, it has been the policy of the State to protect the workers against the ill effects of inflation, ensure increased productivity, maintain the viability of business and industry, encourage entrepreneurship and countryside development;

WHEREAS, considering the peculiarities of Region III where industrial and commercial operations are composed mostly of small and medium scale industries and retail/service establishments;

WHEREAS, the Regional Board acted motu proprio on the matter of wage adjustment and in adhering to the spirit of tripartism and mutual respect towards achieving industrial peace within the region;

NOW, THEREFORE, by virtue of the power and authority vested under Republic Act 6727, known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board of Region III hereby issues this Wage Order:

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

1. Nine pesos (P9.00) per day for workers who are receiving not more than P135.00 per day for all industries/ sectors;
2. Seven pesos (P7.00) per day for workers who are receiving not more than P125.00 per day for establishments employing 20 workers and below.

Section 2. In the case of private educational institutions, the share of the covered workers and employees in the increase of tuition fees for school year 1991 shall be credited as compliance with the wage increase prescribed herein. Where their share is less than the wage increase provided herein, the employer shall pay the difference.

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.

The following establishments may also be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations:

1. Retail/service establishments regularly employing not more than ten (10) workers;
2. Distressed employers whose capital has been impaired by at least twenty-five percent (25%) during the preceding year;

The Regional Board has the option to grant full or partial exemption to such establishments, the allowed maximum period of exemption being one (1) year.

Whenever an application for exemption has been filed with the Regional Board, action by the Regional Office of the Department of Labor and Employment on any complaint for alleged non-compliance with this Wage Order shall be deferred pending resolution of the application for exemption by the Regional Board.

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

Section 4. In the case of contractuels for construction projects and for security, janitorial and similar services, the prescribed wage increase for covered workers and employees shall be borne by

the principals or clients of the 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 increase the construction/service contractor shall be jointly and severally liable with the principal or client.

Section 5. All workers paid by result, including those who are paid on piecework, "takay", "pakyaw" or task basis, shall be entitled to receive the prescribed minimum wage increase for the normal working hours which shall not exceed eight (8) hours a work a day, or a proportion thereof for working less than the normal working hours.

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

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Wages Order shall be considered automatically amended as far as their wage clauses are concerned.

Section 7. Wage increases granted by an employer not earlier than ninety (90) days and not later than ninety (90) days upon effectivity of this Order shall be credited as compliance with the minimum wage increase prescribed under this Wage Order, provided that, where such increases are less than the prescribed adjustment, the employer shall pay the difference. Such increases shall not include merit wage increases and those resulting from the regularization or promotion of employees.

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

Section 9. All covered employers shall report their compliance with this Wage Order on or before January 31, 1992 when they submit an itemized listing of their labor component as required under RA 6727.

Section 10. The Board shall prepare the necessary rules and regulations to implement this Wage Order, subject to approval of the Secretary of Labor and Employment.

Section 11. Any employer who refuses or fails to pay the minimum wage increase provided under this Wage Order shall be subject to the penalties specified under RA 6727.

Section 12. If any provision or part of this Wage Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid. Nothing in this Wage Order shall be construed to reduce any existing wage rate, allowance or other benefits under existing laws, decrees, issuances, executive orders and/or under contract or agreement between workers and employers.

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

Approved, 06 June 1991.

(SGD) PEPITO M. GALANG
Worker Representative

(SGD) ATTY. JOSE T. DE LEON
Employer Representative

I dissent Section 7
(SGD) SABINO C. MENDIOLA
Worker Representative

(SGD) JONES B. ALABANZA
Employer Representative

(SGD) MARIO RIVERA
(Acting Regional Director, DTI)
Vice Chairman

(SGD) NESTOR R. MIJARES IV
Vice Chairman

(SGD) ALEX E. MARAAN
Chairman

Republic of the Philippines
Department of Labor and Employment
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD NO. 3
San Fernando, Pampanga

WAGE ORDER NO. RB III - 02A
AMENDING WAGE ORDER NO RB III-02
INCREASING THE MINIMUM WAGE RATES

WHEREAS, Wage Order RB III-02 issued on June 6, 1991 primarily to protect the workers against the ill effects of inflation, ensure increased productivity, maintain the viability of business and industry, encourage entrepreneurship and countryside development, provided for increase in wages in the private sector of Region III, effective July 2, 1991;

WHEREAS, on June 15, 1991, several days after the issuance of the Order, Mount Pinatubo erupted and devastated some places in Region III;

WHEREAS, as a result of this eruption workers and employers incurred substantial losses and unless helped initially they may suffer serious difficulties;

WHEREAS, a need arises to extend immediate relief to workers and business enterprises who are Mount Pinatubo disaster victims;

WHEREAS, to cushion the impact of the calamity, the Board decided to expand the exemption provision of Wage Order No. RB III-02 to include establishments severely affected by the Mount Pinatubo eruption.

NOW, THEREFORE, by virtue of the power and authority vested under Republic Act 6727, known as the Wage Rationalization Act, the RTWPB of Region III hereby issue this amendment to Wage Order No. RB III-02:

SECTION 1. Section 3 of Wage Order No. RB III-02 is amended to read as follows:

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

The following establishments may also be exempted from this Wage Order upon application with as determined by the Regional Board in accordance with applicable rules and regulations:

1. Retail/service establishments regularly employing not more than ten (10) workers;
2. Distressed employers whose capital has been impaired by at least twenty-five (25%) during the preceding year;
3. Establishments severely affected by the June 15, 1991 Mount Pinatubo eruption.

The Regional Board has the option to grant full or partial exemption to such establishments, the allowed maximum period of exemption being one (1) year.

Whenever an application for exemption has been filed with the Regional Board, action by the Regional Office of the Department of Labor and Employment on any complaint for alleged non-compliance with this Wage Order shall be deferred pending resolution of the application for exemption by the Regional Board.

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

SECTION 2. Implementation of this Order shall be governed by the Provisions of Wage Order RB III-02, whenever applicable.

SECTION 3. The Regional Tripartite Wages and Productivity Board No. 3 shall promulgate rules and regulations to implement this Order.

SECTION 4. This Order shall take effect on July 2, 1991.

APPROVED, July 4, 1991.

(SGD) PEPITO M. GALANG
Worker Representative

(SGD) ATTY. JOSE T. DE LEON
Employer Representative

(SGD) SABINO C. MENDIOLA
Worker Representative

(SGD) JONES B. ALABANZA
Employer Representative

OLIVER B. BUTALID
Vice-Chairman

(SGD) NESTOR R. MIJARES, IV
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(SGD) ALEX E. MARAAN
Chairman

Republic of the Philippines
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San Fernando, Pampanga

RULES IMPLEMENTING WAGE ORDER NO. RB III-02
AND RBIII-02 A

Pursuant to the authority vested in the Regional Tripartite Wages and Productivity Board #3 under Section 5, Rule IV of the NWPC Rules of Procedure on Minimum Wage Fixing, and Section 10 of Wage Order No. RB III-02 and Section 3 of Wage Order No. RB III-02A, the following rules are hereby issued for strict compliance by all concerned:

CHAPTER I - DEFINITION OF TERMS

Definition of Terms. As used in this Rules.

- a) "Order" means Wage Order No. RB III-02 and RB III-02A;
- b) "Board" means the Regional Tripartite Wages and Productivity Board Region III;
- c) "Commission" means the National Wages and Productivity Commission;
- d) "Agriculture" refers to farming in all its branches including 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. This does not include the manufacturing and or processing of sugar, coconut, abaca, tobacco, pineapple, aquatic or other farm products;
- e) "Plantation Agricultural Enterprise" is one engaged in agriculture with an area of more than 24 hectares in a locality or which employs at least twenty (20) workers. Any other agricultural enterprise shall be considered as "Non-Plantation Agricultural Enterprises";
- f) "Cottage/Handicraft Establishment" is one engaged in an economic endeavor in which the products are primarily done in the home or such other places for profit which requires manual dexterity and craftsmanship and/or whose capitalization does not exceed P500,000.00;
- g) "Household or Domestic Helpers" shall mean workers who administer strictly to the personal needs of their employer. This includes family drivers;
- h) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;
- i) "Service Establishment" is one principally engaged in the sale of service to individuals for their own and household use and generally recognized as such;
- j) "Distressed Employers" refers to employers/establishments who have suffered losses/currently incurring losses as may be determined by the Board;
- k) "Establishments severely affected by the eruptions of Mt. Pinatubo" refers to establishments who were heavily damaged by the June 15, 1991 eruption and succeeding eruptions of Mount Pinatubo;
- l) "Region III" covers the provinces of Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac and Zambales and the cities of Angeles, Cabanatuan, Olongapo, Palayan and San Jose;
- m) "Department" refers to the Department of Labor and Employment;
- n) "Secretary" means the Secretary of Labor and Employment;
- o) "Minimum Wage" is the lowest wage rate fixed by law that an employer can pay his workers;

- p) "Wage Distortion" means the situation where an increase in the prescribed wage rates results in the elimination or severe contraction of intentional quantitative difference 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;
- q) "Capitalization" means paid-up capital, in the case of a corporation, and total invested capital, in the case of a partnership or single proprietorship.

CHAPTER II - WAGE INCREASE

Section 1. Coverage - The wage increase prescribed under this Wage 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 household or domestic helpers and persons in the personal service of another, including family drivers.

Workers in the establishments defined/enumerated in Section 13 may also be exempted from this Order upon application with and as may be determined by the Board in accordance with applicable rules and regulations.

Section 2. Effectivity. This Order takes effect on July 2, 1991, fifteen (15) days after its publication in at least one (1) newspaper of general circulation in the Region on June 17, 1991.

Section 3. Amount of Minimum Wage Increase. Effective July 2, 1991, the Daily Minimum Wage Rates of covered workers and employees in Region III shall be increased as follows:

- a) P9.00 per day for workers who are paid not more than P135.00 per day in establishments employing more than 20 workers;
- b) P7.00 per day for workers who are paid not more than P125.00 per day in establishments employing 20 workers or less.

Section 4. Daily Minimum Wage Rates. The Daily Minimum Wage Rates of workers and employees in Region III shall be as follows:

SECTOR/INDUSTRY	Under W.O. RB III-01 Effective Nov. 8, 1990	Under W.O. RB III-02 Effective July 2, 1991 For Establishments with 20 workers more and below 20 workers	
Non-Agriculture	P103.00	P110.00	P112.00
Agriculture			
Plantation with annual gross sales of P5M or more	93.00	100.00	102.00
Plantation with annual gross sales of less than P5M	88.00	95.00	97.00
Non-Plantation	72.50	79.50	81.50
Cottage/Handicraft			
Employing more than 30 workers	81.00	-	90.00
Employing 21-30 workers	79.00	-	88.00
Employing not more than 20 workers	79.00	86.00	-
Private Hospitals	99.00	106.00	108.00
Retail/Service			
Cities with population of more than 150,000			
Employing more than 20 workers	103.00	-	112.00
Employing 16-20 workers	103.00	110.00	-

Employing 11-15 workers	99.00	106.00	-
Employing not more than 10 workers *	72.00	79.00	-
Municipalities and Cities with population of not more than 150,000			
Employing more than 20 workers	99.00	-	108.00
Employing 11-20 workers	99.00	106.00	-
Employing not more than 10 workers *	72.00	79.00	-
Sugar Mills	105.00	112.00	114.00
Agriculture			
Plantation with annual gross sales of P5M or more	87.50	94.50	96.50
Plantation with annual gross sales of less than P5M	82.50	89.50	91.50
Non-Plantation	72.50	79.50	81.50

* May be exempted from the increase under the Order upon application with and as determined by the Board.

SECTOR/INDUSTRY	Under W.O.RB III-01 Effective Nov. 8, 1990	Under W.O.RB III-02 Effective July 2, 1991 For Establishments with 20 workers and below	more 20 workers
Business enterprises with capitalization of not more than P500,000.00 and employing not more than 20 workers			
Non-agriculture	93.00	100.00	-
Agri. Plantation			
Products other than sugar	83.00	90.00	-
Sugar	77.50	84.50	-
Private Hospitals	89.00	96.00	-
Retail/Service			
Cities with population of more than 150,000			
Employing 16-20 workers	93.00	100.00	-
Employing 11-15 workers	89.00	96.00	-
Municipalities and cities with population of not more than 150,000			
Employing 11-20 workers	89.00	96.00	-
Employing not more than 10 workers	89.00	96.00	-

Section 5. Basis of Minimum Wage Rates. The Minimum Wage Rates prescribed under this Order shall be for the normal working hours, which shall not exceed eight (8) hours of work a day.

Section 6. Creditable Wage Increase.

a) No wage increase shall be credited as compliance with the increases prescribed under this Order unless such increase is integrated in the basic pay and/or expressly provided under Collective Bargaining Agreements (CBAs); and such wage increase is granted not earlier than 90 days and not later than 90 days upon effectivity of this Order. Where the wage increase granted or

to be granted is less than the prescribed increase under the Order, the employer shall pay the difference.

b) Merit wage increase and those resulting from regularization or promotion of employees shall not be credited as compliance thereto.

c) Where such creditable increase were to be granted after the date of effectivity of this Wage Order, the same shall be made effective on the date of effectivity of this Wage Order. If such creditable increases are more than the prescribed minimum wage adjustment, the employer may maintain the original date of effectivity for the difference.

Section 7. 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 minimum wage rates prescribed under the Order for the normal working hours which shall not exceed eight (8) hours 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 following steps:

$$1) \frac{\text{Amount of increase in AMW}^*}{\text{Previous AMW}} \times 100 = \% \text{ increase}$$

*Where AMW is the Applicable Minimum Wage Rate

$$2) \text{ Existing rate/piece} \times \% \text{ increase} = \text{Increase in rate/piece}$$

$$3) \text{ Existing rate/piece} + \text{Increase in rate/piece} = \text{adjusted rate/piece}$$

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 8. Wages of Special Groups of Workers. Wages of apprentices, learners and handicapped workers shall in no case be less than 75 percent of the applicable minimum wage rates.

All recognized learnership and apprenticeship agreements entered into before July 2, 1991 shall be considered as automatically modified insofar as their wage clauses are concerned to reflect the increases prescribed under the Order.

Section 9. Application to Contractors. In the case of contracts of 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 as amended accordingly. In the event, however, that the principal or client fails to pay the prescribed increase, the construction/service contractor shall be jointly and severally liable with the principal or client.

Section 10. Application to Private Educational Institutions. In the case of private educational institutions, the share of the covered workers and employees in the increase of tuition fees for school year 1991 shall be credited as compliance with the wage increase prescribed herein, where their share is less than the prescribed wage increase, the employer shall pay the difference.

In cases where the tuition fee increase was effected on or after the effectivity of the Order, the wage increase shall take effect not later than the date the school actually increased tuition fees but in the latter cases such wage increase may not be retroactive to July 2, 1991.

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

Section 11. Mobile and Branch Workers. The minimum wage rates of the workers working in branches or agencies of establishments in or outside the Region shall be those applicable in the place where they are stationed.

Section 12. Transfer of Personnel. The transfer of workers to areas outside the Region with lower minimum wage rate shall not be a valid ground for the reduction of the wage rates being

enjoyed by the worker prior to such transfer. The worker transferred to a Region with higher rates will be entitled to the minimum wage rates applicable therein.

Section 13. Exemption.

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

- 1) Retail/Service Establishments regularly employing not more than ten (10) workers;
- 2) Distressed employers whose capital has been impaired by at least twenty five percent (25%) during the preceding year;
- 3) Establishments severely affected by the June 15, 1991 eruption and succeeding eruptions of Mount Pinatubo;

b) The Regional Board has the option to grant full or partial exemption to such establishments, the allowed maximum period or exemption being one (1) year.

c) Whenever an application for exemption has been filed with the Regional Board, action by the Regional Office of the Department of Labor and Employment on any complaint for alleged non-compliance with the Wage Order shall be deferred pending resolution of the application for exemption by the Regional Board.

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

Section 14. Wage Distortion. Where the application of the prescribed minimum wage increase under this Wage Order results in distortions of the wage structure in any establishments, such distortions shall be resolved using the procedure specified under Article 124 of the Labor Code of the Philippines as amended.

Section 15. Non-Diminution of Benefits. Nothing in the Order and in this Rules shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, Executive Orders, and/or under any contract or agreement between the workers and employees.

Section 16. Complaints for Non-Compliance. Complaints for non-compliance with the wage increase prescribed under the Wage Order shall be filed with the Regional Office of the Department and shall be the subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

Section 17. Conduct of Inspection by the Department. The Department shall conduct inspection of establishment as often as necessary to determine whether the workers are paid the prescribed wage rates and other benefits granted by law or any Wage Order. In the conduct of inspection in unionized companies, Department Inspectors shall always be accompanied by the President or other responsible officer of the recognized bargaining unit or of any interested unit. In the case of non-unionized establishments, the 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 Department and to testify on the same if he does not concur with the findings of the Labor Inspector.

Section 18. Payment of Wages. Upon written petition of the majority of workers and employees concerned, all private establishments, companies, businesses and other entities with at least twenty five (25) workers and located within one (1) kilometer radius to a commercial, savings or rural bank, shall pay the wages and other benefits of their workers through any of said banks within the period and in the manner and form prescribed under the Labor Code, as amended.

Section 19. Report of Compliance. All covered employers shall report their compliance with the Order and this Rules in the manner and form prescribed under PD No. 851 on or before January 31, 1992 when they submit an itemized listings of their labor component as required under RA 6727.

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

Section 21. Penal Provision. Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increase or adjustments in the wage rates in accordance with the Order shall be subject to the penalties specified under RA 6727.

Section 22. Repealing Clause. If any provision or part of this Order and this Rules is declared unconstitutional or illegal, the other provisions or parts shall remain valid. Nothing in the Order and in this Rules shall be construed to reduce any existing wage rate, allowance or other benefits under existing laws, decrees, issuances, Executive Orders and/or under contract or agreement between workers and employers.

Section 23. Effectivity. This Rules shall take effect on July 2, 1991.

Done in the Municipality of San Fernando, Province of Pampanga, Republic of the Philippines this 8th day of August 1991.

(SGD) PEPITO M. GALANG
Worker Representative

(SGD) ATTY. JOSE T. DE LEON
Employer Representative

(SGD) SABINO C. MENDIOLA
Worker Representative

(SGD) JONES B. ALABANZA
Employer Representative

(SGD) NESTOR R. MIJARES
Vice-Chairman

*Dissension on Sec. 3 Ch II a and b
imposing ceiling P135 or P125*
OLIVER B. BUTALID
Vice-Chairman

(SGD) ALEX E. MARAAN
Chairman

Approved this 18th day of October 1991.

(SGD) RUBEN D. TORRES
Secretary