

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-03
PROVIDING FOR NEW MINIMUM WAGE RATES

WHEREAS, it is 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, there are increases in the prices of goods and services affecting the purchasing power of the wage earners necessitating a review of the existing minimum wages in the Region ;

WHEREAS, there being no official petition for wage increase filed by the labor sector, the Board desires to act motu proprio on the matter of wage adjustment;

WHEREAS, it is necessary to encourage new investments in the Region in order to address the high unemployment rates prevailing particularly in areas affected by the Mt. Pinatubo calamity;

WHEREAS, it is necessary to simplify and streamline the wage structure adopted in Wage Order Nos. 1 and 2 in order to be more effective in monitoring and enforcing Wage Order No. 3;

WHEREAS, it is the policy of the Board to encourage wage setting through Collective Bargaining Agreements;

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. Daily Minimum Wage Rates. Upon the effectivity of this Order, the daily minimum wage rates applicable to workers and employees in the private sector in Region III shall be as follows:

1. For Non-Agricultural Workers in Areas Not Affected by the Mt. Pinatubo Calamity -
 - 1.a P115.00 for those employed in establishments with less than 20 employees or with total assets of less than P5 million;
 - 1.b P120.00 for those employed in establishments with 20 or more employees or with total assets of less than P10 million; and
 - 1..c P127.00 for those employed in establishments with 30 or more employees or with total assets of P10 million or more.
2. For Non-Agricultural Workers in Areas Affected by the Mt. Pinatubo Calamity -
 - 2.a P110.00 for those employed in establishments with less than 20 employees; and
 - 2.b P112.00 for those employed in establishments with 20 or more employees.
3. For Agricultural Workers in All Areas -
 - 3.a P 90.00 for non-plantation workers; and
 - 3.b P105.00 for plantation workers.
4. For Retail/Service/Hospital Workers in Areas Not Affected by the Mt. Pinatubo Calamity -
 - 4.a P108.00 for those employed in establishments with less than 16 employees; and
 - 4.b P117.00 for those employed in establishments with 16 or more employees.
5. For Retail/Service/Private Hospital Workers in Areas Affected by the Mt. Pinatubo Calamity
 - 5.a P106.00 for those employed in establishments with less than 16 employees; and
 - 5.b P112.00 for those employed in establishments with 16 or more employees.
6. For Cottage/Handicraft Workers in all areas, regardless of the number of workers - P90.00.

Section 2. Private Educational Institutions. In the case of private educational institutions, the share of the workers and employees covered in the increase of tuition fees for school year 1993-1994 shall be credited as compliance with the minimum wage prescribed herein. Where the share of the workers and employees is less than the minimum wage provided herein, the employer shall pay the difference.

Section 3. Exemptions. Establishments exempted from wage adjustments under this Order are:

1. All businesses established outside the Pinatubo affected areas from January 1, 1993 or new companies that may be established after the effectivity of this Order before June 30, 1994 shall be exempted from this Order provided that this exemption shall not extend beyond December 31, 1994 and provided, however, that the exemption covers only those workers employed on or before June 30, 1994.
2. All businesses established within the Pinatubo affected areas from January 1, 1993 or new companies that may be established after the effectivity of this Order shall be exempted provided that this exemption shall not extend beyond December 31, 1995.
3. Those establishments with existing and valid Collective Bargaining Agreements registered and filed with the Department of Labor and Employment.
4. Manufacturing enterprises in all areas within Central Luzon with capitalization of not more than P500,000 and employing not more than 20 workers.
5. Retail/Service/Private Hospitals in all areas within Central Luzon with less than 10 employees.

Section 4. Exemptions for Distressed Business Establishments. Distressed employers whose capital has been impaired by at least twenty five percent (25%) may also be exempted from this Order upon submission of proper application on or before April 30, 1994 and as determined by the Board in accordance with applicable rules and regulations.

The Board has the option to grant exemption to such establishments provided, however, that exemptions exceeding one (1) year shall be evaluated by the Board on a case to case basis.

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

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

Section 5. Service Contractors and Other Contractors. In the case of contractual workers for construction projects and for security, janitorial and similar services, the prescribed minimum wage for workers and employees under this category shall be paid 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 minimum wage, the construction/service contractor and the principal or client shall be jointly and severally liable.

Section 6. Workers paid by Result. All workers paid by result, including those who are paid on piecework or task basis, shall be entitled to receive the wages proportional to the equivalent of the minimum wage for a regular working day.

Section 7. Learners and Apprentices. Learners and apprentices shall be paid wages not less than seventy-five percent (75%) of the minimum wage under this Order.

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

Section 8. Crediting. Wage increases granted by an employer before the effectivity of this Order and wage adjustments committed to be implemented within ninety (90) days after the effectivity of this Order shall be credited as compliance with the minimum wage prescribed herein, provided that, where such increases result in a wage level that is less than the minimum wage prescribed in this Order, the employer shall pay the difference. Such increases shall not include merit increases granted before the effectivity of this Order.

Section 9. Wage Distortion. The employers and workers shall correct the wage distortion arising from a severe contraction of quantitative differences in salary rates between and among employees and workers. This shall be settled through employers initiative, grievance procedure, voluntary arbitration, through the National Conciliation and Mediation Board, or through the National Labor Relations Commission, whichever is applicable.

Section 10. Reportorial Requirements. All employers, whether covered or exempted, shall submit a duly prescribed report on their compliance with this Order on or before March 31, 1994. For new establishments, they will be required to submit within 90 days from the start of their operations.

Section 11. Implementing Rules. The Board shall prepare the necessary rules and regulations to implement this Order, subject to approval of the Secretary of Labor and Employment.

Section 12. Applicability. If any provisions or part of this Wage Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid. Nothing in this 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.

For establishments not covered under this Order, the relevant provisions of Wage Order No. 2 will continue to apply provided, however, that provisions of previous wage orders not consistent and contrary to this Order are hereby repealed.

Section 13. Penalties. Any employer who fails to comply with this Order shall be subject to the penalties prescribed by existing laws or sanctions that may be imposed by the Board.

Section 14. Effectivity. This Order shall take effect January 1, 1994.

Approved, November 25, 1993.

SABINO C. MENDIOLA
Workers Representative

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

RAUL C. REMODO
Workers Representative

(SGD) JONES B. ALABANZA
Employers Representative

(SGD) NESTOR R. MIJARES, IV
Vice Chairman

(SGD) OLIVER B. BUTALID
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-REGION III
San Fernando, Pampanga

RULES IMPLEMENTING WAGE ORDER NO. RB III-03

Pursuant to the authority vested in the Regional Tripartite Wages and Productivity Board No. 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-03, 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" refers to Wage Order No. RB III-03;
- b) "Board" refers to the Regional Tripartite Wages and Productivity Board in Region III;
- c) "Commission" refers the National Wages and Productivity Commission;
- d) "Department" refers to the Department of Labor and Employment;
- e) "Secretary" refers to the Secretary of Labor and Employment;
- f) "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;
- g) "Minimum Wage" is the lowest wage rate fixed by law that an employer can pay his workers;
- h) "Areas Affected by the Mt. Pinatubo Calamity" refer to the cities and municipalities in the provinces of Region III which were affected by the eruptions of Mt. Pinatubo, as identified by the Mt. Pinatubo Commission. The Mt. Pinatubo affected areas include the city of Angeles, the municipalities of Bacolor, Floridablanca, Guagua, Lubao, Mabalacat, Magalang, Mexico, Minalin, Porac, Sta. Ana, and Sta. Rita in the province of Pampanga; the municipalities of Bamban, Camiling, Capas, Concepcion, Moncada, Paniqui, and Tarlac in the province of Tarlac; the municipalities of Botolan, Cabangan, Castillejos, San Antonio, San Felipe, San Marcelino, and San Narciso in the province of Zambales; and the municipality of San Antonio in the province of Nueva Ecija. All other areas of Region III not mentioned thereof shall constitute the "Areas Not Affected by the Mt. Pinatubo Calamity";
- i) "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 connection with such farming operations. This does not include the manufacturing and/or processing of sugar, coconut, abaca, tobacco, pineapple, aquatic or other farm products;
- j) "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";
- k) "Cottage/Handicraft Establishment" is one engaged in an economic endeavor which requires manual dexterity and craftsmanship;
- l) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;

- m) "Service Establishment" is one principally engaged in the sale of service to individuals for their own and household use and generally recognized as such;
- n) "Distressed Employer" refers to employers/establishments who have suffered losses/currently incurring losses as may be determined by the Board;
- o) "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;
- p) "Severe Contraction" as defined in Section 124 of the Labor Code;
- 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;
- r) "Total Assets" refers to all kinds of properties, real or personal, owned by the firm and used for the conduct of its business;
- s) "Establishment of Business" refers to the date of the first issuance of the permit to operate of an establishment;

CHAPTER II - WAGE RATES

Section 1. Coverage.

The minimum wage rates 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 those employed in the following:

- a) All businesses established outside the Pinatubo affected areas from January 1, 1993 or new companies that may be established after the effectivity of the Order before June 30, 1994 shall be exempted from the Order provided that this exemption shall not extend beyond December 31, 1994 and provided, however, that the exemption covers only those workers employed on or before June 30, 1994.
- b) All businesses established within the Pinatubo affected areas from January 1, 1993 or new companies that may be established after the effectivity of the Order shall be exempted provided that this exemption shall not extend beyond December 31, 1995;
- c) Those establishments with existing and valid Collective Bargaining Agreements registered and filed with the Department of Labor and Employment;
- d) Manufacturing enterprises in all areas within Central Luzon with capitalization of not more than P500,000.00 and employing not more than 20 workers;
- e) Retail/Service/Private Hospitals in all areas within Central Luzon with less than 10 employees.

Workers in distressed business establishments as mentioned in Section 12 may also be exempted from the Order upon application with and as may be determined by the Board in accordance with applicable rules and regulations.

Section 2. Effectivity. The Order takes effect January 1, 1994.

Section 3. Daily Minimum Wage Rates. Effective January 1, 1994, the Daily Minimum Wage Rates of workers and employees in Region III shall be as follows:

	In Areas Not Affected By the Mt. Pinatubo Calamity	In Areas Affected By the Mt. Pinatubo Calamity
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NON-AGRICULTURE		
Establishments with less than 20 employees or with total assets of less than P5 million	P115.00	P110.00
Establishments with 20 or more employees or with total assets of less than P10 million	120.00	112.00
Establishments with 30 or more employees or with total assets of P10 million or more	127.00	112.00
AGRICULTURE		
Non-Plantation	90.00	90.00
Plantation	105.00	105.00
RETAIL/SERVICE/PRIVATE HOSPITALS		
Establishments with less than 16 employees	108.00	106.00
Establishments with 16 or more employees	117.00	112.00
COTTAGE/HANDICRAFT	90.00	90.00

Section 4. Basis of Minimum Wage Rates. The minimum wage rates prescribed under the Order shall be for the normal working hours, which shall not exceed eight (8) hours of work a day.

Section 5. Crediting.

- a) Wage increase granted by employer before and adjustments committed to be implemented within 90 days after the effectivity of the Order can be credited as compliance with the prescribed minimum wage under the Order if such increases are integrated in the basic pay and/or expressly provided under Collective Bargaining Agreements (CBAs). Where such increases granted or to be granted result in a wage level which is less than the minimum wage prescribed under the Order, the employer shall pay the difference.
- b) Merit wage increase shall not be credited as compliance thereto;
- c) Where such creditable increase were to be granted after the date of effectivity of the Order, the same shall be made effective on the date of effectivity of the Order. If such creditable increases will result to a wage level which is more than the prescribed minimum wage in the Order, the employer may maintain the original date of effectivity for the difference.

Section 6. Workers Paid by Result. All workers paid by result, including those who are paid by piecework or task basis, shall receive wages proportional to the equivalent of the minimum wage for a regular working day.

The adjusted minimum wage rates for workers paid by result 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) 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 established in accordance with Article 101 of the Labor Code, as amended and its implementing regulations.

Section 7. Wages of Learners and Apprentices. Wages of apprentices and learners shall in no case be less than seventy-five percent (75%) of the minimum wage rates under the Order.

All valid learnership and apprenticeship agreements entered into before January 1, 1994 shall be considered as automatically modified insofar as their wage clauses are concerned.

Section 8. Application to Service Contractors and Other Contractors. In the case of contractual workers for construction projects and for security, janitorial and similar services, the prescribed minimum wage for workers and employees under this category shall be paid 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 minimum wage, the construction/service contractor and the principal or client shall be jointly and severally liable.

Section 9. Application to Private Educational Institutions. In the case of private educational institutions, the share of the workers and employees covered in the increase of tuition fees for school year 1993-1994 shall be credited as compliance with the minimum wage prescribed in the Order. Where the share of the workers and employees is less than the minimum wage prescribed in the Order, the employer shall pay the difference.

In cases where the tuition fee increase was effected on or after January 1, 1994, the minimum wage prescribed in the Order shall take effect on the date the school actually increased tuition fees.

Beginning school year 1994-1995, all schools shall implement the minimum wage prescribed in the Order regardless of whether or not they have actually increased tuition fees starting the date aforementioned.

Section 10. 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 11. 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 12. Exemptions for Distressed Business Establishments. Distressed employers whose capital has been impaired at least twenty five percent (25%) may also be exempted from the Order upon submission of proper application on or before April 30, 1994 and as determined by the Board in accordance with applicable rules and regulations.

The Board has the option to grant full or partial exemption to such employers, the allowed maximum period of exemption being one (1) year. Exemption exceeding one year shall be evaluated by the Board on a case to case basis.

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

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

Section 13. Wage Distortion. Where the application of the prescribed minimum wage under the Order results in wage distortion, the employers and workers in both organized and unorganized establishments shall correct the same if such arises from a severe contraction of quantitative differences in salary rates between and among employees and workers. This shall be settled through employers initiative, grievance procedure, voluntary arbitration, through the National Conciliation and Mediation Board, or through the National Labor Relations Commission, whichever is applicable.

Section 14. 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 15. Complaints for Non-Compliance.

Complaints for non-compliance with the minimum wage prescribed under the 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 16. 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 17. 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 18. Reportorial Requirements. All employers whether covered or exempted shall submit a duly prescribed report on their compliance with the Order on or before March 31, 1994. For new establishments, they will be required to submit their compliance report within ninety (90) days from the start of their operations.

Section 19. 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 20. Penalties. Any employer who fails to pay the minimum wage rates prescribed in the Order shall be subject to the penalties specified under Republic Act No. 6727 or sanctions that may be imposed by the Board.

Section 21. Applicability. If any provision or part of the 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.

For establishments not covered under the Order, the relevant provisions of Wage Order No. RB III-02 shall continue to apply provided, however, that provisions of previous wage orders not consistent and contrary to the Order are hereby repealed.

Section 22. Effectivity. This Rules shall take effect on January 1, 1994.

Done in the Municipality of San Fernando, Province of Pampanga, Republic of the Philippines this 6th day of January 1994.

SABINO C. MENDIOLA
Workers Representative

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

RAUL C. REMODO
Workers Representative

(SGD) JONES B. ALABANZA
Employers Representative

(SGD) NESTOR R. MIJARES
Vice-Chairman

(SGD) OLIVER B. BUTALID
Vice-Chairman

(SGD) ALEX E. MARAAN
Chairman

Approved this 14th day of February 1994, subject to the notations below.

(SGD) MA. NIEVES R. CONFESOR
Secretary

NOTATIONS:

1. *The definition of "Distressed Establishment" shall be revised to read as follows:*

"Distressed Establishment refers to an establishment which meets the criteria enumerated in Section 3 (3) of the NWPC Revised Guidelines on Exemption.
2. *The Rules should contain a provision that specifies that in case a CBA contains wage rates that are lower than the minimum wage rates provided in the Order, the employer shall comply with the Order*
3. *The Rules requires that only distressed establishments shall file an application for exemption. Establishments qualified for exemption under the other categories shall likewise be required to file an application for exemption with the Board.*
4. *The maximum period of exemption for distressed establishments is one year under the NWPC Revised Guidelines on Exemption.*
5. *The Board shall prescribe a cut-off date for wage increases granted before the effectivity of the Order which may be credited as compliance with the Order.*
6. *Delete the phrase "and/or expressly provided under the CBAs" under Section 5(a) to conform with the Wage Order.*
7. *The deadline for filing applications for exemption shall be 60 days from date of the approved Implementing Rules in at least one newspaper of general circulation in the region*