

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
National Wages and Productivity Commission
Regional Tripartite Wages and Productivity Board No. IV-A
City of Calamba, Laguna

WAGE ORDER NO. IVA-10
SETTING THE MINIMUM WAGE FOR CALABARZON AREA

WHEREAS, under R. A. 6727, Regional Tripartite Wages and Productivity Board -IVA (RTWPB-IVA) is mandated to rationalize minimum wage fixing in the Region considering the prevailing socio-economic condition affecting the cost of living of wage earners, the generation of new jobs and preservation of existing employment, the capacity to pay and sustainable viability and competitiveness of business and industry, and the interest of both labor and management;

WHEREAS, the Board issued Wage Order No. IVA-09, as amended granting wage increases to all covered private sector workers in the Region effective 01 November 2004;

WHEREAS, the Board in anticipation of the wage issue convened on 13 April 2005 to discuss and formulate action plan/s to resolve the issue;

WHEREAS, the Board guided by the instruction of President Gloria Macapagal-Arroyo on Labor Day (May 1, 2005) for the Regional Boards to resolve the wage issue within thirty (30) days initiated assessment of the socio-economic situation of the Region and conducted sectoral consultations and public hearing on the wage issue;

WHEREAS, the Board conducted series of wage consultations with employers sector locating in industrial parks/economic zones in the Provinces/Municipalities of Sto. Tomas, Batangas on 26 April 2005, Dasmariñas, Cavite on 18 May 2005, Biñan, Laguna on 19 and 24 May 2005, and Carlubang, Laguna on 23 May 2005. Also, industry wage consultations were conducted with the Garments Industry in Tanay, Rizal on 28 April 2005, Semiconductor and Electronics Industry on 27 April 2005 and 23 May 2005. Region wide labor sector wage consultation was held in Calamba, Laguna on 16 May 2005 and with tripartite sectors in Tagaytay City on 12 May 2005. Region wide public hearing on the wage issue was conducted on 25 May 2005.

WHEREAS, the Board simultaneous with the wage consultations, conducted continuous assessment of the socio-economic condition of Region IV-A and on its 19 May 2005 board meeting declared the existence of a supervening condition, which was subsequently confirmed by the National Wages and Productivity Commission. Such supervening condition is indicated by the unusual increases in the inflation rate, prices of petroleum products, manufactured goods, which evidently eroded the purchasing power of the peso (PPP), the impending fare and power hikes and anticipated impact of VAT which is expected to further diminish the purchasing power of the minimum wage earners;

WHEREAS, the Board recognizes the need to adjust the minimum wage of workers in the Region to compensate for the impact brought about by current economic reversals without impairing the productivity and viability of business and industry;

WHEREAS, consistent with the government's policy of achieving higher levels of productivity to promote economic growth and generate employment, and to augment the income of workers, there is need to build the capacity of business enterprises to be competitive through productivity improvement and gainsharing programs;

WHEREAS, this Wage Order applies to CALABARZON Area, (as defined under Executive Order 103 Series of 2002) which covers the provinces of Cavite, Laguna, Batangas, Rizal and Quezon.

NOW, THEREFORE, by virtue of the power and authority vested under Republic Act No. 6727, known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board of Region IV-A hereby issues this Wage Order:

SECTION 1. AMOUNT OF INCREASE. Upon the effectivity of this Wage Order, all minimum wage workers and employees in the private sector in Region IV-A shall receive a basic wage increase in the amount as follows:

| CALABARZON AREAS | SECTOR | | | | | | | | | |
|--|---------------------|-----------------|---------------------|-----------------|------------------|-----------------|------------------|-----------------|--|----------------|
| | Non- Agriculture | | Agriculture | | | | Cottage | | RETAIL & SERVICE ESTABLISHMENT Employing not more than 10 workers | |
| | | | Plantation | | Non-Plantation | | | | | |
| | June 20, 2005 | Jan. 1, 2006 | June 20, 2005 | Jan. 1, 2006 | June 20, 2005 | Jan. 1, 2006 | June 20, 2005 | Jan. 1, 2006 | June 20, 2005 | Jan.1, 2006 |
| EXTENDED METROPOLITAN AREA | 265.00 | 277.00 | 240.00 | 252.00 | 220.00 | 232.00 | 228.00 | 240.00 | 160.00 | 172.00 |
| <u>CAVITE</u> - Bacoor, Imus <u>RIZAL</u> - Cainta, Taytay <u>LAGUNA</u> - Binan, San Pedro | | | | | | | | | | |
| GROWTH CORRIDOR AREA /1 | | | | | | | | | | |
| CATEGORY I | 259.00 | 266.00 | 234.00 | 241.00 | 214.00 | 221.00 | 222.00 | 229.00 | 154.00 | 161.00 |
| CATEGORY II | 247.00 | 254.00 | 222.00 | 229.00 | 202.00 | 209.00 | 221.00 | 217.00 | 142.00 | 149.00 |
| <u>CAVITE</u> - Cavite City, Carmona, Dasmariñas, Rosario, Gen. Trias <u>RIZAL</u> - Antipolo City <u>LAGUNA</u> - Cabuyao, Calamba City, Los Baños, San Pablo City, Sta. Cruz, Sta. Rosa City | | | | | | | | | | |
| GROWTH CORRIDOR AREA | 242.00 | 249.00 | 217.00 | 224.00 | 197.00 | 204.00 | 205.00 | 212.00 | 139.00 | 146.00 |
| <u>CAVITE</u> - Kawit, Tagaytay City, Tanza <u>BATANGAS</u> - Batangas City, Bauan, Lipa City, San Pascual, Sto. Tomas, Tanauan City <u>QUEZON</u> - Lucena City | | | | | | | | | | |
| EMERGING GROWTH AREA /2 | | | | | | | | | | |
| CATEGORY I | 255.00 | 260.00 | 230.00 | 235.00 | 210.00 | 215.00 | 218.00 | 223.00 | 150.00 | 155.00 |
| CATEGORY II | 247.00 | 252.00 | 222.00 | 227.00 | 202.00 | 207.00 | 210.00 | 215.00 | 142.00 | 147.00 |
| <u>CAVITE</u> - GMA <u>RIZAL</u> - Rodriguez, Tanay | | | | | | | | | | |
| EMERGING GROWTH AREA /3 | | | | | | | | | | |
| CATEGORY I | 238.00 | 243.00 | 213.00 | 218.00 | 193.00 | 198.00 | 201.00 | 206.00 | 135.00 | 140.00 |
| CATEGORY II | 232.00 | 237.00 | 207.00 | 212.00 | 187.00 | 192.00 | 195.00 | 200.00 | 131.00 | 136.00 |

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | | | | | | | | | |
| EMERGING GROWTH AREA | 232.00 | 237.00 | 207.00 | 212.00 | 187.00 | 192.00 | 195.00 | 200.00 | 131.00 | 136.00 |
| <u>BATANGAS</u> - Calatagan, Mabini, Rosario, San Jose | | | | | | | | | | |
| RESOURCE BASED AREA /4 | | | | | | | | | | |
| CATEGORY I | 235.00 | 238.00 | 210.00 | 213.00 | 190.00 | 193.00 | 198.00 | 201.00 | 132.00 | 135.00 |
| CATEGORY II | 230.00 | 233.00 | 205.00 | 208.00 | 185.00 | 188.00 | 193.00 | 196.00 | 127.00 | 130.00 |
| <u>CAVITE</u> - Indang, Naic, Noveleta , Ternate <u>RIZAL</u> - Pililia <u>LAGUNA</u> - Paete, Pakil <u>BATANGAS</u> - San Juan <u>QUEZON</u> - Tiaong | | | | | | | | | | |
| RESOURCE BASED AREA /5 | | | | | | | | | | |
| CATEGORY I | 229.00 | 232.00 | 204.00 | 207.00 | 184.00 | 187.00 | 192.00 | 195.00 | 128.00 | 131.00 |
| CATEGORY II | 225.00 | 228.00 | 200.00 | 203.00 | 180.00 | 183.00 | 188.00 | 191.00 | 126.00 | 129.00 |
| <u>CAVITE</u> - Alfonso <u>RIZAL</u> - Cardona, Morong, Teresa <u>LAGUNA</u> - Alaminos, Bay, Calauan, Cavinti, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Majayjay, Nagcarlan, Pagsanjan, Pangil, Pila, Rizal, Siniloan, Sta Maria, Victoria <u>BATANGAS</u> - Cuenca, Ibaan, Lian, Padre Garcia, Taal,Taysan, Tingloy, Tuy | | | | | | | | | | |
| <u>QUEZON</u> | | | | | | | | | | |
| CATEGORY I | 211.00 | 214.00 | 191.00 | 194.00 | 171.00 | 174.00 | 179.00 | 182.00 | 121.00 | 124.00 |
| CATEGORY II | 207.00 | 210.00 | 187.00 | 190.00 | 167.00 | 170.00 | 175.00 | 178.00 | 119.00 | 122.00 |
| Atimonan, Calauag, Guinayangan, Gumaca, Infanta, Lopez, Lucban, Mauban, Mulanay, Pagbilao, Real, Tagkawayan, Tayabas, | | | | | | | | | | |
| RESOURCE BASED AREA | 225.00 | 228.00 | 200.00 | 203.00 | 180.00 | 183.00 | 188.00 | 191.00 | 126.00 | 129.00 |
| <u>CAVITE</u> - Amadeo, Gen. Aguinaldo, Magallanes, Maragondon, Mendez-Nunez <u>RIZAL</u> - Baras, Jala-Jala <u>LAGUNA</u> - Famy, Magdalena <u>BATANGAS</u> - Agoncillo, Alitagtag, Balete, Laurel, Lobo, Malvar, Mataas na Kahoy, San Luis, San Nicolas, Sta. Teresita, Talisay | | | | | | | | | | |
| <u>QUEZON</u> | 207.00 | 210.00 | 187.00 | 190.00 | 167.00 | 170.00 | 175.00 | 178.00 | 119.00 | 122.00 |

Agdangan, Alabat, Buenavista, Burdeos, Catanauan, Dolores, Gen. Luna, Gen. Nakar, Jomalig, Macalelon, Padre Burgos, Panulukan, Patnanungan, Perez, Pitogo, Plaridel, Polilio, Quezon, Sampaloc, San Andres, San Antonio, San Francisco, San Narciso, Unisan

- 1/ Reclassified Extended Metropolitan Area to Growth Corridor Area under W.O.IVA-09
- 2/ Reclassified Extended Metropolitan Area to Emerging Growth Area under W.O.IVA-09
- 3/ Reclassified Growth Corridor Area to Emerging Growth Area under W.O.IVA-09
- 4/ Reclassified Growth Corridor Area to Resource Based Area under W.O.IVA-09
- 5/ Reclassified Emerging Growth Area to Resource Based Area under W.O.IVA-09

Category 1 Employees - refer to those private workers and employees employed before November 1, 2004.

Category 2 Employees - refer to those private workers and employees employed on or after November 1, 2004.

All workers covered by this Wage Order receiving less than the prescribed minimum wage(s) shall be adjusted at least to the new daily minimum wage rates prescribed herein.

SECTION 3. COVERAGE. The minimum wage rates prescribed under this Order shall apply to all covered workers and employees in all private establishments in Region IV-A regardless of their position, designation or status of employment and irrespective of the method by which their wages are paid. Not covered by this Wage Order are household or domestic helpers, persons employed in the personal service of another, including family drivers and workers of Barangay Micro Business Enterprises (BMBEs) with Certificate of Authority, pursuant to R.A. 9178.

SECTION 4. BASIS OF MINIMUM WAGE. The minimum wage prescribed under this Order shall be for the normal working hours, which shall not exceed eight (8) hours work a day.

SECTION 5. APPLICATION TO WORKERS PAID BY RESULTS. All workers paid by result, including those who are paid on piece work, takay, pakyaw or task basis, shall be entitled to receive the prescribed minimum wage rates for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

SECTION 6. PRODUCTIVITY BASED WAGES. In order to sustain rising levels of wages and enhance competitiveness, business are encouraged to adopt productivity improvement schemes such as time and motion studies, good housekeeping, quality circles, labor management cooperation as well as implement gain sharing programs. Accordingly, the Board shall provide the necessary studies and technical assistance pursuant to Republic Act No. 6971 or the Productivity Incentives Act of 1990.

SECTION 7. APPLICATION TO SPECIAL GROUPS OF WORKERS. Wages of apprentices and learners shall in no case be less than seventy-five percent (75%) of the applicable minimum wage rates prescribed in this Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Order shall be considered automatically modified insofar as their wage clauses are concerned to reflect the new prescribed minimum wage.

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

SECTION 8. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS. In the case of private educational institutions, the share of covered workers in the increase in tuition fee for SY 2005-2006 shall be considered as compliance with the increase prescribed herein. However, payment of any short fall shall be covered starting SY 2006-2007. Those which have not increased their tuition fees for SY 2005-2006 may defer compliance with the provision of the Wage Order until the beginning of SY 2006-2007. In any event, all private educational institutions shall implement the minimum wage rate prescribed herein starting SY 2006-2007.

SECTION 9. APPLICATION TO CONTRACTORS. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed increase in the wage rate of covered workers shall be borne by the principals or clients of the construction/service contractor 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 contractor shall be jointly and severally liable with the principal or client.

SECTION 10. APPLICATION TO TRANSFER, BRANCH AND MOBILE EMPLOYEES. In cases where the establishment may have branches in different parts of the region or where its headquarters is outside the region, the applicable rate is the rate of the particular city/municipality where the employee is based. In cases of mobile employees, the home base rate shall apply. In cases of transfer from a high rate city/municipality to a lower rate city/municipality, the higher rate shall continue to be applied.

SECTION 11. APPLICATION TO EXPORT ESTABLISHMENTS. Upon application with and as determined by the Board, export establishments which earn at least fifty percent (50%) of their normal operating revenues from export sales and whose product pricing is computed using labor costs based on previous mandated minimum wage rates, the effectivity of minimum wage rates under this Order shall be deferred but shall not to exceed one year.

The allowable length of period of deferment grant shall be based on the weighted value or volume of which specific contract with the time and/or expected time of receipt of payment of each specific contract in proportion to the total contract value or volume for a one- year period plus thirty days payment lag.

Deferment of the increases provided herein shall apply only for increases made effective 16 June 2005.

SECTION 12. EXEMPTION Upon application with and as determined by the Board based on the criteria and supporting documents, exemption from the applicability of this Order maybe allowed on the following categories of establishments:

a. New Business Enterprises as defined in the NWPC Guidelines No. 01 Series of 1996 whose start of operation is 01 January 2005 onwards during the effectivity of this Wage Order shall be exempted for one year.

b. Distressed Establishments as defined in the NWPC Guidelines No. 01 Series of 1996 (Rules on Exemption) and NWPC Guidelines 01 Series of 2001 may be exempted for a period of not more than one year.

SECTION 13. APPLICATION FOR EXEMPTION. All applications for exemption from this Order shall be filed within seventy five (75) days from the date of publication of the Rules Implementing this Order.

The period of exemption shall be in accordance with Section 8 of the NWPC Guidelines (Rules on Exemption) Series of 1996.

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 Order shall be deferred pending resolution of the application for exemption by the Regional Board.

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

SECTION 15. EFFECT OF FILING AN APPEAL. The filing of the appeal does not operate to stay the Order unless the party appealing such Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment to employees affected by the Order of the corresponding increase, in the event such Order is affirmed.

SECTION 16. EFFECTS ON EXISTING WAGE STRUCTURE. Where the application of the wage increase prescribed in this Order results in distortion in the wage structure within the establishments, it shall be corrected in accordance with the procedure under Article 124 of the Labor Code, as amended.

Advisory formulae to correct distortions will be contained in the Implementing Rules of this Order.

SECTION 17. COMPLAINTS FOR NON-COMPLIANCE. Complaints for non-compliance with this Order shall be filed with the Regional Office of the Department of Labor and Employment (DOLE) and shall be subject of enforcement proceedings under Article 128 of the Labor Code, as amended without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

SECTION 18. NON-DIMINUTION OF BENEFITS. Nothing in this Order shall be construed to reduce existing wage rates, allowances, and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract of agreement between the workers and employers.

SECTION 19. PENAL PROVISIONS. Any employer who refuses or fails to pay the corresponding rates provided under this Order shall be subject to the penalties under RA. 6727, as amended by R.A.8188.

SECTION 20. PROHIBITIONS AGAINST INJUNCTION. No preliminary or permanent injunction of temporary restraining order may be issued by any court, tribunal or other cities against any proceeding before the Board.

SECTION 21. FREEDOM TO BARGAIN. This Order shall not be construed to prevent workers in particular firms or enterprises from bargaining for higher wages with their respective employers.

SECTION 22. REPORTING REQUIREMENT. Any person, company, corporation, partnership or any entity engaged in business shall submit a verified itemized listing of their labor component to the Board not later than January 31, 2006 and every year thereafter in accordance with the form prescribed by the Commission.

SECTION 23. REPEALING CLAUSE. All orders, issuances, rules and regulations, or parts thereof inconsistent with this Wage Order are hereby repealed, amended or modified accordingly.

SECTION 24. SEPARABILITY CLAUSE. If for any reason, any section or provision of this Order is declared unconstitutional or invalid, the other provisions or parts shall remain valid.

SECTION 25. IMPLEMENTING RULES. The Regional Board shall prepare the necessary rules and regulations to implement this Order, subject to the approval of the Secretary of Labor and Employment.

SECTION 26. EFFECTIVITY. This Order shall take effect June 16, 2005.

Approved this 31st day of May, 2005 in Calamba City, Laguna.

(SGD.) **ATTY. MAXIMO B. LIM, CESO III**
Chairman

(SGD.) **MARILOU Q. TOLEDO**
Vice-Chairman

(SGD.) **SEVERINO C. SANTOS**
Vice-Chairman

(SGD.) **RENATO B. ALMEDA**
Employer Representative

(SGD.) **LUCILA C. TARRIELA**
Employer Representative

(SGD.) **BENJAMIN P. BASQUIÑAS, JR.**
Worker Representative

(SGD.) **JUANITO S. FACUNDO**
Worker Representative