



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-15**

**PRESCRIBING THE MINIMUM WAGE AND SETTING THE PRODUCTIVITY BASED  
PAY WITH CONDITIONAL PRODUCTIVITY ALLOWANCE IN THE INTERIM  
FOR PRIVATE ESTABLISHMENTS IN REGION – IVA (CALABARZON)**

**WHEREAS**, the Regional Tripartite Wages and Productivity Board – IVA (RTWPB - IVA) under R. A. 6727 "The Wage Rationalization Act", is mandated to determine the applicable minimum wage of workers in private establishments in the Region based on standard criteria and to promote productivity improvement and gainsharing programs;

**WHEREAS**, the Regional Board in the exercise of its functions is guided by the policy reforms issued by the National Wages and Productivity Commission of the Department of Labor and Employment aimed at enhancing labor market efficiency, ensuring competitiveness of business and industries, strengthening tripartism and social dialogue, while providing adequate social safety net to workers towards achieving inclusive growth for all;

**WHEREAS**, in promoting labor flexibility and efficiency, pay for performance and productivity, healthy labor-management relations and bipartite negotiations and ensuring protection and social inclusion of vulnerable workers, the Regional Board adopted the two-tiered wage policy in crafting this Wage Order;

**WHEREAS**, in keeping with the policy objectives of the two-tiered wage system of ensuring more effective protection to low-paid workers and reducing inequality of wages through genuine floor wage, while encouraging collective bargaining in line with productivity growth, this Wage Order sets the minimum wage and the productivity based pay applicable in the Region;

**WHEREAS**, the Regional Board recognizes public consultations and similar forum as a strategy to deploy new policy initiatives, gain support and engage the stakeholders in the Region, series of sectoral, provincial and industry level wage consultations were conducted from January 26, 2012 to March 22, 2012, specifically: 26 January 2012 in Laguna, 07 February 2012 in Cavite, 16 February 2012 in Batangas, 20 February 2012 in Rizal, 23 February 2012 in Quezon, and Region wide public hearing on 27 February 2012, industry level consultations on March 15, and 22, 2012, respectively;

**WHEREAS**, the Regional Board issues this Wage Order No. IVA-15, setting the new minimum wage rates and prescribing percentage levels of productivity and/or performance based pay for workers in private establishments in the Region, effective fifteen (15) days upon publication in a newspaper of general circulation; and

**WHEREAS**, this Wage Order applies to Region IVA -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. FLOOR WAGE (Tier 1).** Upon effectivity of this Wage Order, the floor wage is set at two hundred fifty five pesos (P255.00) per day taking into account the region's poverty threshold, average wages and region specific adjustments in consideration of the need to restore the lost purchasing power of the prevailing minimum wages, impact in the total household expenditures brought about by the increases in the price of petroleum products, fare in public utility vehicles, toll fee, and price of prime commodities, among others.

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**SECTION 2. AMOUNT OF INCREASES TO THE LEVEL OF FLOOR WAGE.** Upon effectivity of this Wage Order, workers and employees in the private sector in Region IV-A whose minimum wage rates fall below the prescribed floor wage of two hundred fifty five pesos (P255.00) shall receive an increase in their basic wage at a range of two pesos (P2.00) to ninety pesos (P90.00) per day. These adjustments in the floor wage, in affected industries (i.e. Retail/Service Establishments employing not more than ten workers, part Agriculture Plantation and Non-Plantation, and Non-Agriculture) shall be implemented in tranches over a period of five (5) years, starting from date of effectivity of this Order and yearly thereafter. The implementation schedule of the floor wage adjustments shall be as follows:

Retail & Service Establishment employing not more than 10 workers											
Areas	Minimum Wage Rate under Wage Order No. IVA-14	Amount of Increase upon Effectivity of Wage Order No. IVA-15	Minimum Wage Rate upon Effectivity of Wage Order No. IVA-15	Amount of Increase 2013	Minimum Wage Rate 2013	Amount of Increase 2014	Minimum Wage Rate 2014	Amount of Increase 2015	Minimum Wage Rate 2015	Amount of Increase 2016	Minimum Wage Rate 2016
	GCA	232	18	250	5	255					
210		18	228	18	246	9	255				
207		18	225	18	243	12	255				
EGA	190	18	208	18	226	18	244	11	255		
	177	18	195	18	213	18	231	18	249	6	255
	176	18	194	18	212	18	230	18	248	7	255
RBA	172	18	190	18	208	18	226	18	244	11	255
	165	18	183	18	201	18	219	18	237	18	255

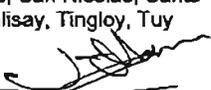
Non-Plantation							
Areas	Minimum Wage Rate under Wage Order No. IVA-14	Amount of Increase upon Effectivity of Wage Order No. IVA-15	Minimum Wage Rate upon Effectivity of Wage Order No. IVA-15	Amount of Increase 2013	Minimum Wage Rate 2013	Amount of Increase 2014	Minimum Wage Rate 2014
	EGA	246	9	255			
235		18	253	2	255		
230		18	248	7	255		
RBA	226	18	244	11	255		
	213	18	231	18	249	6	255
	<b>Non-Agriculture</b>						
	253	2	255				

Plantation				
Minimum Wage Rate under Wage Order No. IVA-14	Amount of Increase upon Effectivity of Wage Order No. IVA-15	Minimum Wage Rate upon Effectivity of Wage Order No. IVA-15	Amount of Increase 2013	Minimum Wage Rate 2013
250	5	255		
246	9	255		
233	18	251	4	255

**SECTION 3. MINIMUM WAGE.** The daily minimum wage rate of private workers and employees in Region IV-A upon effectivity of this Order shall be as follows:

AREAS	Conditional Temporary Productivity Allowance (for worker above the FW of P255.00)	Non-Agriculture	Agriculture		Retail & Service Establishment employing not more than 10 workers
			Plantation	Non-Plantation	
<b>GROWTH CORRIDOR AREA</b>					
CAVITE Bacoor, Imus	12.50	337.00	312.00	292.00	250.00
LAGUNA Binan, Laguna Techno Park, San Pedro					
RIZAL Cainta, Taytay					

AREAS	Conditional Temporary Productivity Allowance (for worker above the FW of P255.00)	Non-Agriculture	Agriculture		Retail & Service Establishment employing not more than 10 workers
			Plantation	Non-Plantation	
<del>CAVITE</del> Carmona, Cavite City, Dasmariñas, Gen. Trias, Rosario LAGUNA Cabuyao, Calamba City, Los Baños, San Pablo City, Santa Cruz, Santa Rosa RIZAL Antipolo City	12.50	315.00	290.00	270.00	228.00
CAVITE Gen. Alvarez, Kawit, Silang, Tagaytay City, Tanza, Trece Martirez BATANGAS Batangas City, Bauan, Lipa City, LIMA Technology Center, San Pascual, Santo Tomas, Tanauan City RIZAL Rodriguez, Tanay QUEZON Lucena City	12.50	310.00	285.00*	265.00	225.00
EMERGING GROWTH AREA					
BATANGAS Balayan, Calaca, Calatagan, Lemery, Mabini, Nasugbu, Rosario, San Jose RIZAL Angono, Binangonan, San Mateo QUEZON Candelaria, Sariaya	12.50	291.00	266.00	255.00	208.00
CAVITE Indang, Naic, Noveleta, Ternate LAGUNA Paete, Pakil BATANGAS San Juan RIZAL Piliia QUEZON Tiaong	12.50	280.00	255.00	253.00	195.00
BATANGAS Taysan RIZAL Teresa	12.50	275.00	255.00	248.00	194.00
RESOURCE BASED AREA					
CAVITE Alfonso, Amadeo, Gen. Aguinaldo, Magallanes, Maragondon, Mendez-Nunez LAGUNA Alaminos, Bay, Calauan, Cavinti, Famy, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Magdalena, Majayjay, Nagcarlan, Pagsanjan, Pangil, Pila, Rizal, Santa Maria, Siniloan, Victoria	12.50	271.00	255.00	244.00	190.00

AREAS	Conditional Temporary Productivity Allowance (for worker above the FW of P255.00)	Non-Agriculture	Agriculture		Retail & Service Establishment employing not more than 10 workers
			Plantation	Non-Plantation	
<b>BATANGAS</b> Agoncillo, Alitagtag, Balete, Cuenca, Ibaan, Laurel, Lian, Lobo, Malvar, Mataas na Kahoy, Padre Garcia, San Luis, San Nicolas, Santa Teresita, Taal, Talisay, Tingloy, Tuy 	12.50	271.00	255.00	244.00	190.00
<del><b>RIZAL</b></del> Baras, Cardona, Jala-Jala, Morong					
<b>QUEZON</b> Agdangan, Alabat, Atimonan, Buenavista, Burdeos, Calauag, Catanauan, Dolores, Gen. Luna, Gen. Nakar, Guinayangan, Gumaca, Infanta, Jomalig, Lopez, Lucban, Macalelon, Mauban, Mulanay, Padre Burgos, Pagbilao, Panukulan, Patnanungan, Perez, Pitogo, Plaridel, Polilio, Quezon, Real, Sampaloc, San Andres, San Antonio, San Francisco, San Narciso, Tagkawayan, Tayabas, Unisan		255.00	251.00	231.00	183.00

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

Worker and employees in the Region receiving the minimum wage rates above the floor wage shall receive a Conditional Temporary Productivity Allowance (CTPA) in the amount of twelve pesos and fifty centavos (P12.50) per day upon the effectivity of this Wage Order.

The Sugar Industry under the agriculture-plantation and non-plantation industry, shall implement a single minimum wage of P285.00 per day, regardless of the area classification where the agricultural activities are undertaken in keeping with the efforts to further simplify the industry's wage structure.

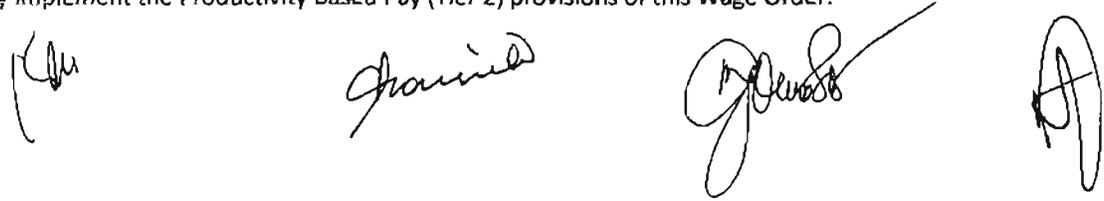
**SECTION 4. COVERAGE OF MINIMUM WAGE RATES.** The minimum wage rates prescribed under this Order shall apply to all covered workers and employees in private establishments in Region IV-A regardless of their position, designation or status of employment and payment method by which their wages are paid.

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 Certificates of Authority, pursuant to R.A. 9178.

**SECTION 5. PRODUCTIVITY BASED PAY. (Tier 2).** The Productivity Based Pay (PBP) is an adjustment in the wage rates of workers and employees in the private establishments in the Region in recognition of their productivity or performance, value of their job, cost of living, business growth, financial capacity and competitiveness of the establishment, among others. The application of the Productivity Based Pay in covered establishments is voluntary in character. Both organized and unorganized establishments shall be guided by the Advisory Guidelines in the Operationalization of the Productivity Based Pay at the establishment level provided for as Supplemental Guidelines of this Wage Order.



**SECTION 6. ESTABLISHMENT OF PRODUCTIVITY IMPROVEMENT AND INCENTIVES COMMITTEE (PIIC).** The Productivity Improvement and Incentives Committee is an organizational structure within the establishment which will serve as the implementing mechanism to operationalize Sections 5, 7 and 8 of this Wage Order. It shall be created within three (3) months from effectivity of this Wage Order in all covered establishments to effectively implement the Productivity Based Pay (Tier 2) provisions of this Wage Order.



**SECTION 7. COMPOSITION OF THE PRODUCTIVITY IMPROVEMENT AND INCENTIVES COMMITTEE (PIIC).**

The composition of the PIIC shall have an equal representation from labor and management, the number of which will depend on the total number of workers employed. The PIIC shall serve as the mechanism to determine the parameters, measurements, coverage, amount, frequency and manner of payment of productivity based pay to be given to workers.

**SECTION 8. PROVISION OF CONDITIONAL TEMPORARY PRODUCTIVITY ALLOWANCE (CTPA).** Meanwhile that the PIIC is being created in covered establishments, and in recognition of the contributions of labor in the growth of the regional economy in 2010-2011, workers and employees are provided Conditional Temporary Productivity Allowance (CTPA) upon the effectivity of this Wage Order in the amount of twelve pesos and fifty centavos (P12.50) per day. In the event the establishment has already created the Productivity Improvement and Incentives Committee (PIIC) within the prescribed period of three (3) months from the effectivity of this Wage Order, and the Productivity Based Pay due to its workers and employees had been determined, the CTPA of P12.50 per day already given to workers and employees may be credited as part compliance of the Productivity Based Pay that will be determined by the Productivity Improvement and Incentives Committee. Nothing however, will preclude establishments from providing higher productivity - based pay than what is provided for in the Supplemental Guidelines.

**SECTION 9. COVERAGE OF PRODUCTIVITY BASED PAY AND CONDITIONAL TEMPORARY PRODUCTIVITY ALLOWANCE.** The productivity based pay and conditional temporary productivity allowance set under this Order shall apply to workers and employees in private establishments of covered industries in Region IV-A regardless of their position, designation or status of employment and payment method by which their wages are paid. It shall apply to covered private establishments with or without existing and duly recognized and certified labor organization or labor-management council.

Only those establishments whose workers are receiving above the floor wage of two hundred fifty five pesos (P255.00) per day shall be covered by the productivity based pay and/or conditional temporary productivity allowance.

**SECTION 10. 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.

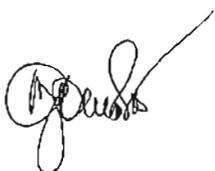
**SECTION 11. APPLICATION TO WORKERS PAID BY RESULTS.** All workers paid by result, including those who are paid on piece work, takay, pakyaw or task basis, shall receive the minimum wage for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours and are entitled to productivity based pay as may be determined and agreed upon by the establishment's Productivity Improvement and Incentives Committee.

**SECTION 12. APPLICATION TO SPECIAL GROUPS OF WORKERS.** Wages of apprentices and learners shall in no case be less than seventy-five percent (75%) of the minimum wage prescribed in this Order and are entitled to productivity based pay as may be determined and agreed upon by the establishment's Productivity Improvement and Incentives Committee.

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 provisions of this Wage Order.

All qualified handicapped workers shall receive the full amount of the minimum wage prescribed in this Order and entitles them with productivity based pay, pursuant to R.A. 7277, otherwise known as the Magna Carta for Disabled Persons.

**SECTION 13. APPLICATION TO WORKERS OF CONTRACTORS OR SUBCONTRACTORS.** All workers of legitimate contractor or subcontractor in the construction and other industries are entitled to the prescribed minimum wage, productivity based pay, conditional temporary productivity allowance as provided for under Sections 5 and 8 of this Wage Order. The prescribed wage rates and productivity based pay of covered workers shall be borne by the principal or "user enterprise" and the service agreement or contract shall be deemed amended accordingly. In the event, however, that the principal fails to pay the prescribed wages, the contractor or sub-contractor shall be jointly and severally liable with the principal or "user enterprise".



**SECTION 14. 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 minimum wage and productivity based pay determined by the Productivity Improvement and Incentives Committee 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 15. APPLICATION TO SEASONAL OR TEMPORARY WORKERS.** Seasonal, reliever, week-ender, temporary or promo jobber workers directly hired by the principal or engaged by a contractor or subcontractor shall receive the prescribed minimum wage and are entitled to productivity based pay as may be determined by the establishment's Productivity Improvement and Incentives Committee.

**SECTION 16. EXEMPTION.** No exemption from compliance with this Wage Order shall be allowed.

**SECTION 17. CREDITABLE PRODUCTIVITY BASED PAY.** For those establishments already granting Productivity Based Pay or its equivalent shall be credited as compliance but shall not include merit increases, anniversary increases or wage increases resulting from the regularization or promotion of the worker or employee.

In case the increases already given are less than the amount determined by the Productivity Improvement and Incentives Committee, the same shall be resolved by the PIIC.

**SECTION 18. FREEDOM TO BARGAIN.** This Order shall not be construed to prevent workers in particular enterprises from bargaining for higher wages with their respective employers.

**SECTION 19. TECHNICAL ASSISTANCE ON PRODUCTIVITY BASED PAY.** Upon request, the Regional Tripartite Wages and Productivity Board-IVA and/or the DOLE RO-IVA will provide the technical assistance in the development of productivity improvement programs and/or productivity based pay formula for purposes of implementing the productivity based pay (tier 2) of the minimum wage.

**SECTION 20. COMPLIANCE MONITORING.** Compliance monitoring with the provision of this Order shall be the function of the Department of Labor and Employment- Regional Office-IVA and/or its Provincial Field Offices. A tripartite monitoring body shall be constituted by the Regional Tripartite Industrial Peace Council -IVA or sub-industry tripartite bodies within the RTIPC to monitor implementation of productivity based pay in partnership with DOLE.

**SECTION 21. COMPLAINTS FOR NON-COMPLIANCE.** Complaints for non-compliance with this Order shall be filed with the Department of Labor and Employment- Regional Office-IVA (DOLE-RO IVA) or to any DOLE-Provincial Field Office in the Region, and shall be the subject of Single Entry Approach (SENA) or enforcement proceedings under Article 128 and 129 of the Labor Code, as amended without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

**SECTION 22. DISPUTES AND GRIEVANCES.** In cases of disputes, grievances, or other matters arising from the interpretation or implementation of the Productivity Based Pay, the Productivity Improvement and Incentives Committee shall meet to resolve the dispute, and may seek the assistance of the Regional Wages and Productivity Board for such purpose.

**SECTION 23. NON-DIMINUTION OF BENEFITS.** Nothing in this Order 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 of agreement between the workers and employers.

**SECTION 24. PENAL PROVISIONS.** Any employer who refuses or fails to pay the corresponding minimum wage rates provided under this Order shall be subject to the penalties under RA. 6727, as amended by R.A.8188.

**SECTION 25. PROHIBITION AGAINST INJUNCTION.** No preliminary injunction or temporary restraining order maybe issued by any court, tribunal or any entity against the Board, this Wage Order or any proceedings before the Regional Board.



**SECTION 26. TAX INCENTIVES.** Business establishments granting Productivity Based Pay to its workers and employees may avail of the tax incentives provided for under Republic Act 6971, the Productivity Incentives Act of 1990. Workers and employees who will be receiving the productivity based pay shall be subject to Section 1 of the Revenue Regulation No. 10-2008.

**SECTION 27. REPORTING REQUIREMENT.** All business establishments shall submit a notarized Establishment Report Form 01 S. 2012, listing the labor component and corresponding basic pay, productivity based pay provided to workers including productivity measurements and/or models used in determining and distributing productivity linked wage adjustments for the workers and frequency of distribution. The report should contain information on the composition of the Productivity Improvement and Incentives Committee and major Productivity Improvement Programs implemented to be submitted to the Regional Tripartite Wages and Productivity Board-IVA not later than January 31, 2013 and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

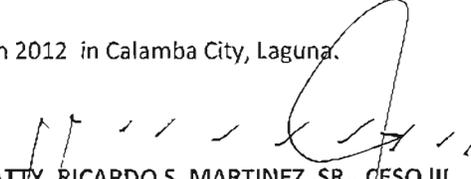
**SECTION 28. REPEALING CLAUSE.** All orders, issuances, rules and regulations, or parts thereof inconsistent with this Wage Order are hereby repealed, amended or modified accordingly.

**SECTION 29. 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.

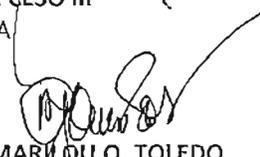
**SECTION 30. IMPLEMENTING RULES.** The Regional Board shall prepare the necessary rules and regulations to implement this Order, subject to the approval of the Secretary of Labor and Employment.

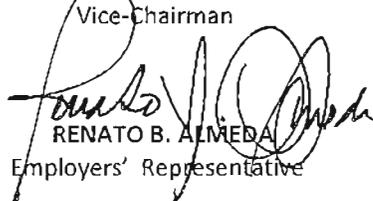
**SECTION 31. EFFECTIVITY.** This Order shall take effect fifteen (15) days upon publication in a newspaper of general circulation.

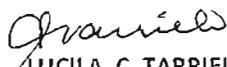
Approved this 28<sup>th</sup> day of March 2012 in Calamba City, Laguna.

  
ATTY. RICARDO S. MARTINEZ, SR., CESO III  
Regional Director, DOLE -IVA  
Chairman

  
SEVERINO C. SANTOS  
Regional Director, NEDA -IVA  
Vice-Chairman

  
MARILOU Q. TOLEDO  
Regional Director, DTI-IVA  
Vice-Chairman

  
RENATO B. ALMENDRA  
Employers' Representative

  
LUCILA C. TARRIELA  
Employers' Representative

Absent  
JUANITO S. FACUNDO  
Workers' Representative

  
JESUS B. VILLAMOR  
Workers' Representative

SUPPLEMENTAL GUIDELINES OF WAGE ORDER NO.IVA-15

**ADVISORY GUIDELINES in the OPERATIONALIZATION OF PRODUCTIVITY-BASED PAY (Tier 2)  
AT THE ESTABLISHMENT LEVEL (SECTIONS 5, 6, 7 and 8 of Wage Order No. IVA-15)**

THE PRODUCTIVITY BASED PAY (TIER 2)

A. Rationale

1. To establish a closer link between adjustments in wages and productivity to enhance the competitiveness of business and labor, promote the creation and sustainability of employment;
2. To provide a venue for the employers and workers come up with a deliberate and systematic approach for improving performance and compensation of workers, strengthen collective bargaining through bipartite mechanism;
3. To encourage business establishments to organize a Productivity Improvement and Incentives Committee to oversee the implementation of the Productivity Based Pay in the company;
4. To provide a work environment for workers to improve their skills and capabilities through participation and involvement in Productivity Improvement Programs or similar initiatives;
5. To encourage the implementation of enterprise level Productivity Improvement Program and Productivity Based Pay in private establishments;
6. To ensure workers' share in the gains from business growth, in cognizance to the principle of fairness, equity, and social justice;

B. Concepts and Definition of Terms

**Productivity Based Pay (PBP)**- refers to pay increases linked to individual, group or organizational productivity, performance or a combination of criteria that will be determined and agreed upon by both labor and management at the establishment level. It is an adjustment in the minimum wage rates due to workers attributed to workers' and employees' productivity or performance, value of the job, cost of living, business growth, financial capacity and competitiveness of the enterprise. The Productivity Based Pay is voluntary in nature and its application.

**Productivity Improvement and Incentives Committee (PIIC)**- is an organizational structure within the establishment which will serve as the implementing mechanism to operationalize Sections 4, 5 and 6 of this Wage Order.

The composition of the Productivity Improvement and Incentives Committee shall have an equal representation from labor and management, the number of which will depend on the total number of workers employed. The PIIC shall serve as the mechanism to determine the parameters, measurements, coverage, amount and frequency of productivity based pay to be given to workers.

Existing labor-management structures at the enterprise level, whose functions are primarily to enable continuous improvement in output, inputs, systems and supply chain of the enterprise, with equal representation from both labor and management such as: Total Quality Management System, Work Improvement Teams, 5S Committee, Quality Circle, Labor-Management Committee, among others, may be credited as the Productivity Improvement and Incentives Committee for purposes of initiating, monitoring and reviewing the improvement programs and schemes in determining productivity and/or performance based pay adjustments for the workers and employees.

**Labor productivity** - is the ratio between a volume measure of output (i.e. gross domestic product or gross value added) and a measure or input use (i.e. the total employment).

C. Basic Parameters and Formula:

- Average Growth Rate in Labor Productivity (for Wage and Salary Workers)
- Labor Market Conditions
- Business Expectations/Economic Forecasts
- Industry-Specific Recommendations

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**Productivity Based Pay (Percentage Increase) = X (labor productivity growth rate of wage and salary workers j) + Y (changes in labor market condition j) + Z (Industry's actual and predicted growth j)**

**D- Productivity Based Pay Range of Increases by Major Industry**

The Productivity Based Pay percentage increases applicable in the Region ranges from 5.6 percent to 10.9 percent of the applicable basic wage of the workers or employee, depending on the industry classification of the establishment. The nature of the **core business** of the establishment determines its industry classification. Specifically, the PBP range of **increases** by major industry classification is as follows:

Industry Classification	Percent Range
Agriculture	6.3-10.9
Industry	5.6-10.2
Service	5.9-10.5

**Operational Guidelines for Establishment Level Implementation of Section 5, 6, and 8 of Wage Order No. IVA-15**

1. Productivity Based Pay (PBP) is a human resource management strategy to recognize and pay the monetary value of workers' productivity/performance contribution in the overall business profitability and growth.
2. In the implementation of PBP, creation of a Productivity Improvement and Incentives Committee within the company is essential, such should be duly recognized by both labor and management to ensure fair and equitable provision of PBP increases. The composition of the PIIC shall have an equal representation from labor and management, the number of which will depend on the total number of workers employed in the company. For the organized establishments the recognized Union shall be the labor representative in the PIIC. For the unorganized establishments however, the representatives shall be determined by the workers among themselves representing the majority to be properly communicated to the management. The PIIC functions are, but not limited to the following:
  - a. Establishment of the PBP formula, criteria, performance targets and measurements, standards and cap, period covered and other relevant factors.
  - b. Development of a system for PBP increases operated along with the appraisal system to measure performance of workers, scope and coverage, frequency, manner and method of payment, including fund source.
  - c. Provision of enabling work environment for the initiation and implementation of Productivity Improvement Programs, involving everyone in the organization, regardless of the status of their employment. The focus may be: reduction of costs, improvement of quality, development of new product/service, improvement of processes, six sigma analysis, suggestion scheme, reduction in process cycle time, increase productivity, increase profit, increase customer satisfaction, increase market share, improvement of supplier-customer relationship, etc.
  - d. Monitor, review and recommend action on matters relating to it for the successful implementation of the PBP.
3. PBP increases shall be company-wide in its application. Workers of legitimate contractor or subcontractor in the principal or "user enterprise" are covered by the principal PBP system.
4. Existing productivity or performance related pay schemes of the company may be credited as compliance to the PBP, unless it is so stated in the CBA.
5. Pay increases like merit increases, or increases arising from promotion, regularization of the worker cannot be converted as PBP consideration.

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6. The implementation of PBP is voluntary, subject to compliance monitoring by the Department of Labor and Employment- Regional Office-IVA and/or its Provincial Field Offices. A tripartite monitoring body shall be constituted by the DOLE Regional Office IVA and the Regional Tripartite Industrial Peace Council –IVA whose members will be represented by the Tripartite Industrial Peace Council or sub-industry tripartite bodies within the RTIPC-IVA.

7. The RTWPB and the DOLE-RO may at the request of the establishment provide technical assistance to establishments in the implementation of this Advisory Guidelines of Wage Order No. IVA-15

8. Suggested Formula and Illustrative Computation in the Determination of the Productivity Based Pay Increase are provided for reference. These are only suggested formula, nothing will prevent concerned parties from agreeing on other formulas best suited to the establishments.

**E. ADVISORY FORMULA IN DETERMINING THE PRODUCTIVITY BASED PAY**

**1. Attendance and Performance-Based**

Criteria:

Attendance (A), number of days worked within the working days in a month  
 Tardiness (T), number of tardiness/undertime incurred within the working days in a mo.  
 Performance Rating (PR), Individual Performance Rating for the month, not below average

Productivity Based Pay Amount (PBP), equivalent table matrix supplied

Formula:

$$\% AT = (\%A + \%T) / 2$$

Performance (Efficiency) Rating, (should not be below average)

Illustrative Computation:

Assumptions:

Applicable Minimum Wage Rate – P315.00 per day  
 Industry Sector –using the lower range of 5.6%

Employee	Attendance	Tardiness	% AT (%A+%T)/2	Performance Rating	PBP Amount of Increase
A -Absences (1 day) -Tardiness (1 day) -PR ( average )	<u>25 days present</u> 26 working days *100 = 96.2%	<u>25 days not tardy</u> 26 working days *100 = 96.2%	$(96.2\% + 96.2\%) / 2$ = 96.2%	average	Php 16.00/day
B -Absences (3 days) -Tardiness (none) -PR (average)	<u>23 days present</u> 26 working days *100 = 88.5%	<u>26 days not tardy</u> 26 working days *100 = 100%	$(88.5\% + 100\%) / 2$ = 94.25%	average	Php 15.00/day
C -Absences (none) -Tardiness (none) -PR (average)	<u>26 days present</u> 26 working days *100 = 100%	<u>26 days not tardy</u> 26 working days *100 = 100%	$(100\% + 100\%) / 2$ = 100%	average	Php 18.00/day

Productivity Based Pay Equivalent Matrix

Performance Rating	Ave. Attendance & Tardiness Rating	PBP Amount based on Industry PBP Range of Increase
At least average PR based on the applicable criteria and nature of work	90 - 91.99	13.00
	92 - 93.99	14.00
	94 - 95.99	15.00
	96 - 97.99	16.00
	98 - 99.99	17.00
	100	P315*5.6%=18.00

*Shanuel*

**2. Profit and Performance-Based**

Criteria:

- Net Profit Before Tax or Return on Sales (Profit Margin generated per Peso Sales)
- Productivity Increase (using company level measurements)
- Performance Rating (PR) Individual Performance Rating

Illustrative Computation:

Assumptions:

- Applicable Wage Rates P315.00 -P600 per day
- Establishment belongs to Service Industry using the lower range of 5.9%

Net Profit Before Tax (for the month)	P	50,000.00
Amount for Distribution $41,607.00 * 5.9\%$		2,455.00
Total Labor Cost or Payroll (for the month)	P	41,607.00

Employee	Daily Basic Pay	Number of working days Present	Monthly Basic Pay
A	Php 315	23 days	Php 7,245
B	337	26 days	8,762
C	400	25 days	10,000
D	600	26 days	15,600
<b>Total Payroll</b>			<b>41,607</b>

Employee	Monthly Basic Pay	Performance Rating	Multiplier	Credited Work Days		Weighted Points 1/	Total PBP for Sharing	PBP Increase per month	PBP Increase per day
A	Php7,245	85	0.1741	23/26	0.1309	0.1512	Php2,455	Php371.20	Php16.14
B	8,762	90	0.2040	26/26	0.1836	0.2121	2,455	520.71	20.02
C	10,000	88.5	0.2403	25/26	0.2045	0.2362	2,455	579.87	23.19
D	15,600	92.5	0.3749	26/26	0.3468	0.4006	2,455	983.47	37.83
<b>Totals</b>	<b>41,607</b>				<b>0.8658</b>			<b>2,455.00</b>	

1/Weighted Points =  $PR * Multiplier / 100 * Credited Work Days$

Distribution is based on the employees' group/individual performance using the Performance Rating (PR), salary level, and credited work days. Performance Rating may include criteria such as efficiency, capability, attitude, attendance, Administrative violations and offenses, etc.

Note: PBP Increase is given only if the NPBT or PM exceeded a pre-determined or threshold level.

*Francisco*

*[Signature]*

**3. Productivity-Based Pay Increase for Piece Rate Workers**

Target Efficiency: 85%, Anything beyond 85% target will be considered increase in labor productivity

Formula: PBP Increase per Day = Increase in Output/Day x Piece Rate/Day

Basic Requirement: Piece Rate and Production Standard Order issued by RTWPB-IVA

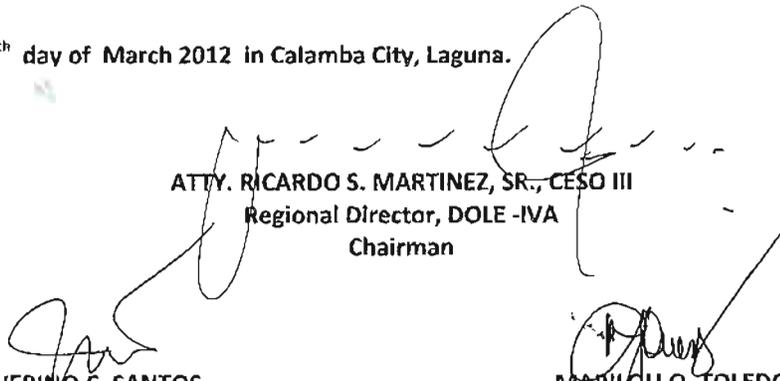
Illustrative Computation:

Assumptions:

Applicable Wage Rate P315.00 per day  
 Company Standard Efficiency Level 85%

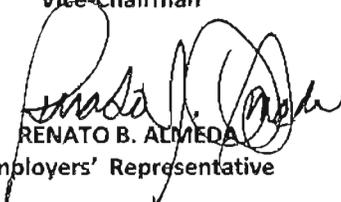
Employee	Minimum Wage Rate per Day	Piece Rate per Day	Standard Quota/Output per Day at 100%	Standard Quota/Output per Day at 85%	Actual Quota/Output per Day		Increase in Output/Day subject to PBP Increase	PBP Increase per Day
					Quantity	Efficiency Rate		
	a	b	c	d	e	f	g	h
							(e - d)	(g x b)
A	Php315.00	Php3.71	100	85	86	86%	1	Php 3.71
B	315.00	3.71	100	85	90	90%	5	18.55
C	315.00	3.71	100	85	95	95%	10	37.10
D	315.00	3.71	100	85	98	98%	13	48.23
E	315.00	3.71	100	85	100	100%	15	55.65

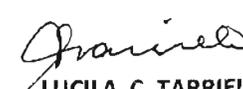
Issued this 28<sup>th</sup> day of March 2012 in Calamba City, Laguna.

  
**ATTY. RICARDO S. MARTINEZ, SR., CESO III**  
 Regional Director, DOLE -IVA  
 Chairman

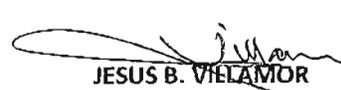
  
**SEVERINO C. SANTOS**  
 Regional Director, NEDA -IVA  
 Vice-Chairman

  
**MARILOU Q. TOLEDO**  
 Regional Director, DTI-IVA  
 Vice-Chairman

  
**RENATO B. ALMEDA**  
 Employers' Representative

  
**LUCILA C. TARRIELA**  
 Employers' Representative

Absent  
**JUANITO S. FACUNDO**  
 Workers' Representative

  
**JESUS B. VIELAMOR**  
 Workers' Representative

## ADVISORY FORMULA in MANAGING WAGE DISTORTION

Where the application of the wage increase, conditional temporary productivity allowance prescribed under this Wage Order results in distortion in the wage structure within the establishments, it shall be left to the parties concerned to address the issue in accordance with the procedure under Article 124 of the Labor Code, as amended.

### 1. Exponential Method

~~$$DA = CTPA \times \left( \frac{DMW}{DCW} \right)^n$$~~

where:

- DA = Distortion Adjustment
- CTPA = Conditional Temporary Productivity Allowance (WO No. IVA-15)
- DMW = Daily Minimum Wage (WO No. IVA-14)
- DCW = Daily Current Wage
- n = Distortion Exponent Factor where n varies from 0  $\longrightarrow$   $\infty$

#### Sample Computation:

$$DA = 12.50 \times \left( \frac{337.00}{342.00} \right)^5$$

$$DA = 12.50 \times (0.98538)^5$$

$$DA = 11.61$$

Assuming values for n given DMWA, DMW, DCW, the Distortion Adjustment or DA is determined as follows:

CTPA	DMW	DCW	DISTORTION ADJUSTMENT/S					
			Exponent Factor					
			0	1	2	3	5	$\infty$
12.50	337	337	12.50	12.50	12.50	12.50	12.50	
12.50	337	338	12.50	12.46	12.43	12.39	12.32	
12.50	337	339	12.50	12.43	12.35	12.28	12.14	
12.50	337	340	12.50	12.39	12.28	12.17	11.96	
12.50	337	341	12.50	12.35	12.21	12.07	11.78	
12.50	337	342	12.50	12.32	12.14	11.96	11.61	
12.50	337	343	12.50	12.28	12.07	11.86	11.44	
12.50	337	344	12.50	12.25	12.00	11.75	11.28	
12.50	337	345	12.50	12.21	11.93	11.65	11.12	
12.50	337	350	12.50	12.04	11.59	11.16	10.34	
12.50	337	355	12.50	11.87	11.26	10.69	9.64	
12.50	337	360	12.50	11.70	10.95	10.25	8.99	
12.50	337	370	12.50	11.39	10.37	9.44	7.84	
12.50	337	380	12.50	11.09	9.83	8.72	6.86	
12.50	337	390	12.50	10.80	9.33	8.07	6.02	
12.50	337	400	12.50	10.53	8.87	7.48	5.31	

*Grounded*

*Gruber*

*A*

2. Cut-Off Method

$$DA = CTPA - \left\{ \left[ \frac{DCW - DMW}{CO - DMW} \right] \times CTPA \right\}$$

where:

- DA = Distortion Adjustment
- CTPA = Conditional Temporary Productivity Allowance (WO No. IVA-15)
- DMW = Daily Minimum Wage (WO No. IVA-14)
- DCW = Daily Current Wage
- CO = Cut-Off Amount

Sample Computation:

$$DA = 12.50 - \left\{ \left[ \frac{342.00 - 337.00}{800.00 - 337.00} \right] \times 12.50 \right\}$$

$$DA = 12.50 - \left\{ \left[ \frac{5.00}{463.00} \right] \times 12.50 \right\}$$

DA = 12.37

Assuming values for CO given, DMWA, DMW,DCW, the Distortion Adjustment or DA is determined as follows:

CTPA	DMW	DCW	DISTORTION ADJUSTMENT/S				
			Cut -Off Amount				
			400	600	800	900	1200
12.50	337	337	12.50	12.50	12.50	12.50	12.50
12.50	337	338	12.30	12.45	12.47	12.48	12.49
12.50	337	339	12.10	12.40	12.45	12.46	12.47
12.50	337	340	11.90	12.36	12.42	12.43	12.46
12.50	337	341	11.71	12.31	12.39	12.41	12.44
12.50	337	342	11.51	12.26	12.37	12.39	12.43
12.50	337	343	11.31	12.21	12.34	12.37	12.41
12.50	337	344	11.11	12.17	12.31	12.34	12.40
12.50	337	345	10.91	12.12	12.28	12.32	12.38
12.50	337	350	9.92	11.88	12.15	12.21	12.31
12.50	337	355	8.93	11.64	12.01	12.10	12.24
12.50	337	360	7.94	11.41	11.88	11.99	12.17
12.50	337	370	5.95	10.93	11.61	11.77	12.02
12.50	337	380	3.97	10.46	11.34	11.55	11.88
12.50	337	390	1.98	9.98	11.07	11.32	11.73
12.50	337	400	-	9.51	10.80	11.10	11.59

*Frankie*

*[Signature]*

*[Signature]*



2015

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

**RULES IMPLEMENTING WAGE ORDER NO. IVA – 15**

Pursuant to Section 6, Rule IV of the NWPC Amended Rules of Procedure on Minimum Wage Fixing and Section 31 of Wage Order No. IV-A-15, the following rules are hereby issued for the guidance and compliance by all concerned:

**RULE I - GENERAL PROVISIONS**

**SECTION 1. TITLE.** This Rules shall be known as "Rules Implementing Wage Order No. IV A-15".

**SECTION 2. DEFINITION OF TERMS.** As used in this Rules,

- (a) "Order" means Wage Order No. IVA – 15;
- (b) "Board" means the Regional Tripartite Wages and Productivity Board of Region IVA;
- (c) "Commission" means the National Wages and Productivity Commission;
- (d) "Department" means the Department of Labor and Employment;
- (e) "Region IVA" or CALABARZON covers the Provinces of Cavite, Laguna, Batangas, Rizal, Quezon, and the Cities of Cavite, Tagaytay, Trece Martires, Calamba, San Pablo, Batangas, Lipa, Tanauan, Antipolo and Lucena, per Executive Order 103 issued on 17 May 2002;
- (f) "Growth Corridor Area" or areas rapidly urbanizing and industrializing parts of the Region, covering the Cities and Municipalities of Bacoor, Carmona, Cavite City, Dasmariñas City, Gen. Mariano Alvarez, Gen. Trias, Imus, Kawit, Rosario, Silang, Tagaytay City, Tanza and Trece Martires City in Cavite; Biñan City, San Pedro, Cabuyao, Calamba City, Los Baños, San Pablo City, Sta Cruz and Sta. Rosa City in Laguna, Batangas City, Bauan, Lipa City, , San Pascual, Sto. Tomas and Tanauan City in Batangas; Antipolo City, Cainta, Rodriguez, Tanay and Taytay, in Rizal; Lucena City in Quezon ; and Export Processing Zones Laguna Techno Park and LIMA Technology Center by virtue of their location in two adjacent localities;
- (g) "Emerging Growth Area" or areas with rural and agricultural resource potential located at/or near the rapidly urbanizing and industrializing parts of the Region, covering the Municipalities of Indang, Naic, Noveleta and Ternate in Cavite; Paete and Pakil, in Laguna; Balayan, Calaca, Calatagan, Lemery, Mabini, Nasugbu, Rosario, San Jose, San Juan and Taysan in Batangas; Angono, Binangonan, Piliia, San Mateo and Teresa in Rizal; and Candelaria, Sariaya and Tiaong in Quezon;
- (h) "Resource Based Area" or areas with predominantly rural and agricultural resource potential far from regional and Metro Manila markets, covering the Municipalities of Alfonso, Amadeo, Gen Aguineldo, Magallanes, Maragondon and Mendez, in Cavite; Alaminos, Bay, Calauan, Cavinti, Famy, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Magdalena, Majayjay, Nagecarlan, Pagsanjan, Pangil, Pila, Rizal, Sta. Maria, Siniloan and Victoria in Laguna; Agoncillo, Alitagtag, Balete, Cuenca, Ibaan, Laurel, Lian, Lobo, Malvar, Mataas na Kahoy, Padre Garcia, San Luis, San Nicolas, Sta Teresita, Taal, Talisay, Tingloy and Tuy in Batangas; Baras, Cardona, Jala-Jala and Morong in Rizal; Agdangan, Alabat, Atimonan, Buenavista, Burdeos, Calauag, Catanauan, Dolores, Gen. Luna, Gen. Nakar, Guinayangan, Gumaca, Infanta, Jomalig, Lopez, Lucban, Macalelon, Mauban, Mulanay, Padre Burgos, Pagbilao, Panukulan, Patnanungan, Perez, Pitogo, Plaridel, Polilio, Quezon, Real, Sampaloc, San Andres, San Antonio, San Francisco, San Narciso, Tagkawayan, Tayabas (City) and Unisan in Quezon;
- (i) "Non-Agriculture" refers to establishments and industries other than agriculture and retail or service, regardless of employment size;
- (j) "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 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;

- 
- (k) "Plantation Agricultural Enterprise" is one engaged in agriculture with an area of more than twenty four (24) hectares in a locality or which employs at least twenty (20) workers. Any other agricultural enterprise shall be considered as "Non-Plantation Agricultural Enterprise";
- (l) "Retail Establishment" refers to an entity principally engaged in the sale of goods to end users for, personal or household use. A retail establishment that regularly engages in wholesale activities loses its retail character. For purposes of this Implementing Rules, retail establishments must be regularly employing not more than 10 workers;
- (m) "Service Establishment" refers to an entity principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such. For purposes of this Implementing Rules, service establishments must be regularly employing not more than 10 workers;
- (n) "Barangay Micro Business Enterprise" refers to any business entity or enterprise granted a Certificate of Authority under Republic Act No. 9178 otherwise known as the Barangay Micro Business Enterprises (BMBE's) Act of 2002;
- (o) "Minimum Wage Rates" refer to the lowest wage rate(s), as fixed by the Board, that an employer is obliged to pay his workers;
- (p) "Two-Tier Wage System" refers to a two pronged regional wage structure consists of the floor wage (the mandatory component) and the productivity based pay (the voluntary component), the amount to be determined and reviewed by the Board on a regular basis;
- (q) "Floor Wage" (Tier 1) refers to the lower limit wage level established by the Regional Tripartite Wages and Productivity Board, with reference to the poverty threshold, average wage levels and wage-related parameters peculiar in the region, including but not limited to socio-economic situation affecting the standards of living of the workers;
- (r) "Conditional Temporary Productivity Allowance (CTPA)" refers to the twelve pesos and fifty centavos (P12.50) per day allowance provided to minimum wage earners in the Region. The allowance is a transition adjustment in the minimum wage, applicable for workers and employees receiving above the floor wage of P255.00 per day, pending the creation of the Productivity Improvement and Incentives Committee (PIIC). The PIIC is tasked to determine the fair amount of productivity based pay applicable for its workers and employees, and will be guided by this Implementing Rules and Supplemental Guidelines of Wage Order No. IVA-15;
- (s) "Productivity Based Pay (PBP)" (Tier 2) refers to pay increases linked to individual, group or organizational productivity, performance or a combination of criteria that will be determined by the Productivity Improvement and Incentives Committee in the establishment. It is an adjustment in the wage rates of workers attributed to their productivity or performance, value of the job, cost of living, business growth, financial capacity and competitiveness of the enterprise.



The PBP, whether conditional or regularly given, shall be considered as de minimis benefits and, therefore, not subject to income tax, withholding tax on compensation income as well as fringe benefits tax;

- 
- (t) "Productivity Improvement and Incentives Committee (PIIC)" is an organizational structure within the establishment which will serve as the implementing mechanism to operationalize Sections 5 and 8 of this Wage Order. The composition of the PIIC shall have an equal representation from labor and management, the number of which will depend on the total number of workers employed and whose functions include: determination of PBP scheme, parameters, measurements, coverage, amount and frequency of productivity based pay to be given to workers, monitor, and enable the work environment for continuous productivity improvement program and provision of productivity based pay, among others;
- (u) "Productivity Improvement Program (PIP)" refers to any intervention or scientific process designed to involve everyone in the organization in improving productivity through more efficient use/optimization of resources, on time production and delivery of quality goods and services that satisfy the requirements of the customer, such as: good housekeeping, quality circles, cost reduction, work simplification/process improvement, management control system, among others. It focuses on five (5) major areas of.

concern: a) product and service quality improvement; b) competitive pricing; c) on time delivery; d) value addition; and e) safe and healthy work environment, etc.;

(v) "Productivity Based Pay Scheme" refers to a system defining the manner or arrangement by which employees and company/employers share the financial gains arising from Improved productivity and profitability based on predetermined set of policies, criteria and formula that governs both labor and management in implementing the Productivity Based Pay.

**RULE II - PRESCRIBING THE FLOOR WAGE (Tier 1)**

**SECTION 1. FLOOR WAGE.** Upon effectivity of this Wage Order, the floor wage is set at two hundred fifty five pesos (P255.00) per day taking into account the region's poverty threshold, average wages and region specific adjustments in consideration of the need to restore the lost purchasing power of the prevailing minimum wages, impact in the total household expenditures brought about by the increases in the price of petroleum products, fare in public utility vehicles, toll fee, and price of prime commodities, among others.

**SECTION 2. AMOUNT OF INCREASES TO THE LEVEL OF FLOOR WAGE.** Upon effectivity of this Wage Order, workers and employees in the private sector in Region IV-A whose minimum wage rates fall below the prescribed floor wage of two hundred fifty five pesos (P255.00) shall receive a daily increase in their basic wage upon effectivity of the Wage Order as follows:

- 2.1 P2.00 per day for Non- agriculture Industry
- 2.2 P5.00-18.00 per day for Agriculture-Plantation
- 2.3 P9.00-18.00 per day for Agriculture-Non Plantation
- 2.4 P18.00 per day for Retail/Service establishments employing not more than 10 workers

**SECTION 3. NEW MINIMUM WAGE RATES ADJUSTED PARTIALLY TO THE LEVEL OF FLOOR WAGE.** The daily minimum wage rate of private workers and employees in Non-Agriculture, Agriculture Plantation and Non-Plantation, and Retail/Service Establishments employing not more than ten workers in Region IV-A effective May 15, 2012 shall be as follows:

AREAS	Non-Agriculture	Agriculture		Retail & Service Establishment employing not more than 10 workers
		Plantation	Non-Plantation	
<b>GROWTH CORRIDOR AREA</b>				
CAVITE Bacoor, Imus	-	-	-	250.00
LAGUNA Binan City, Laguna Techno Park, San Pedro				
RIZAL Cainta, Taytay				
CAVITE Carmona, Cavite City, Dasmarinas City, Gen. Trias, Rosario	-	-	-	228.00
LAGUNA Cabuyao, Calamba City, Los Baños, San Pablo City, Santa Cruz, Santa Rosa City				
RIZAL Antipolo City				
CAVITE Gen. Alvarez, Kawit, Silang, Tagaytay City, Tanza, Trece Martires City	-	-	-	225.00
BATANGAS Batangas City, Bauan, Lipa City, LIMA Technology Center, San Pascual, Santo Tomas, Tanauan City				
RIZAL Rodriguez, Tanay				
QUEZON Lucena City				

AREAS	Non-Agriculture	Agriculture		Retail & Service Establishment employing not more than 10 workers
		Plantation	Non-Plantation	
<b>EMERGING GROWTH AREA</b>				
<b>BATANGAS</b> Balayan, Calaca, Calatagan, Lemery, Mabini, Nasugbu, Rosario, San Jose	-	-	255.00	208.00
<b>RIZAL</b> Angono, Binangonan, San Mateo				
<b>QUEZON</b> Candelaria, Sariaya				
<b>CAVITE</b> Indang, Naic, Noveleta, Ternate	-	255.00	253.00	195.00
<b>LAGUNA</b> Paete, Pakil				
<b>BATANGAS</b> San Juan				
<b>RIZAL</b> Pililia				
<b>QUEZON</b> Tiaong				
<b>BATANGAS</b> Taysan	-	255.00	248.00	194.00
<b>RIZAL</b> Teresa				
<b>RESOURCE BASED AREA</b>				
<b>CAVITE</b> Alfonso, Amadeo, Gen. Aguinaldo, Magallanes, Maragondon, Mendez	-	255.00	244.00	190.00
<b>LAGUNA</b> Alaminos, Bay, Calauan, Cavinti, Famy, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Magdalena, Majayjay, Nagcarlan, Pagsanjan, Pangil, Pila, Rizal, Santa Maria, Siniloan, Victoria				
<b>BATANGAS</b> Agoncillo, Alitagtag, Balete, Cuenca, Ibaan, Laurel, Lian, Lobo, Malvar, Mataas na Kahoy, Padre Garcia, San Luis, San Nicolas, Santa Teresita, Taal, Talisay, Tingloy, Tuy	-	255.00	244.00	190.00
<b>RIZAL</b> Baras, Cardona, Jala-Jala, Morong				
<b>QUEZON</b> Agdangan, Alabat, Alimonan, Buenavista, Burdeos, Calauag, Catanauan, Dolores, Gen. Luna, Gen. Nakar, Guinayangan, Gumaca, Infanta, Jomalig, Lopez, Lucban, Macalelon, Mauban, Mulanay, Padre Burgos, Pagbilao, Panukulan, Patnanungan, Perez, Pitogo, Plaridel, Polilio, Quezon, Real, Sampaloc, San Andres, San Antonio, San Francisco, San Narciso, Tagkawayan, Tayabas City, Unisan	255.00	251.00	231.00	183.00

All workers covered by the adjustment to the level of floor wage receiving wage rates less than the prescribed floor wage shall be adjusted at least to the new minimum wage rates prescribed herein.



AREAS	NON-AGRICULTURE			AGRICULTURE Plantation			AGRICULTURE Non-Plantation		
	Minimum Wage Rate under WO No. IVA-14	Condi tional Tempo rary Produc tivity Allow ance	New Minimum Wage Rate	Minimum Wage Rate under WO No. IVA-14	Condi tional Tempo rary Produc tivity Allow ance	New Minimum Wage Rate	Minimum Wage Rate under WO No. IVA-14	Condi tional Tempo rary Produc tivity Allow ance	New Minimum Wage Rate
<b>CAVITE</b> Carmona, Cavite City, Dasmariñas City, Gen. Trias, Rosario  <b>LAGUNA</b> Cabuyao, Calamba City, Los Baños, San Pablo City, Santa Cruz, Santa Rosa City  <b>RIZAL</b> Antipolo City	315.00	12.50	327.50	290.00	12.50	302.50	270.00	12.50	282.50
<b>CAVITE</b> Gen. Alvarez, Kawit, Silang, Tagaytay City, Tanza, Trece Martires City  <b>BATANGAS</b> Batangas City, Bauan, Lipa City, LIMA Technology Center, San Pascual, Santo Tomas, Tanauan City  <b>RIZAL</b> Rodriguez, Tanay  <b>QUEZON</b> Lucena City	310.00	12.50	322.50	285.00*	12.50	297.50	265.00	12.50	277.50
<b>EMERGING GROWTH AREA</b>									
<b>BATANGAS</b> Balayan, Calaca, Calatagan, Lemery, Mabini, Nasugbu, Rosario, San Jose  <b>RIZAL</b> Angono, Binangonan, San Mateo  <b>QUEZON</b> Candelaria, Sariaya	291.00	12.50	303.50	266.00	12.50	278.50	-	-	-
<b>CAVITE</b> Indang, Naic, Noveleta, Ternate  <b>LAGUNA</b> Paete, Pakil  <b>BATANGAS</b> San Juan  <b>RIZAL</b> Piliñia  <b>QUEZON</b> Tiaong	280.00	12.50	292.50	-	-	-	-	-	-
<b>BATANGAS</b> Taysan  <b>RIZAL</b> Teresa	275.00	12.50	287.50	-	-	-	-	-	-

AREAS	NON-AGRICULTURE			AGRICULTURE			AGRICULTURE		
	Minimum Wage Rate under WO No. IVA-14	Conditional Temporary Productivity Allowance	New Minimum Wage Rate	Plantation			Non-Plantation		
	Minimum Wage Rate under WO No. IVA-14	Conditional Temporary Productivity Allowance	New Minimum Wage Rate	Minimum Wage Rate under WO No. IVA-14	Conditional Temporary Productivity Allowance	New Minimum Wage Rate	Minimum Wage Rate under WO No. IVA-14	Conditional Temporary Productivity Allowance	New Minimum Wage Rate
<b>RESOURCE BASED AREA</b>									
<b>CAVITE</b> Alfonso, Amadeo, Gen. Aguinaldo, Magallanes, Maragondon, Mendez	271.00	12.50	283.50	-	-	-	-	-	-
<b>LAGUNA</b> Aminas, Bay, Calauan, Cavinti, Famy, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Magdalena, Majayjay, Nagcarlan, Pagsanjan, Pangil, Pila, Rizal, Santa Maria, Siniloan, Victoria									
<b>BATANGAS</b> Agoncillo, Alitagtag, Balate, Cuenca, Ibaan, Laurel, Lian, Lobo, Malvar, Mataas na Kahoy, Padre Garcia, San Luis, San Nicolas, Santa Teresita, Taal, Talisay, Tingloy, Tuy									
<b>RIZAL</b> Baras, Cardona, Jala-Jala, Morong									

**SECTION 2. AMOUNT OF CONDITIONAL TEMPORARY PRODUCTIVITY ALLOWANCE.** Upon effectivity of this Wage Order, all minimum wage workers and employees in the private sector in Region IVA receiving a minimum wage rate above the floor wage of P255.00 per day shall receive a Conditional Temporary Productivity Allowance (CTPA) in the amount of twelve pesos and fifty centavos (P12.50) per day. The amount shall form part of the minimum wage rates applicable in the Region.

**SECTION 3. RATIONALIZATION OF THE WAGE STRUCTURE.** The Sugar Industry shall implement a single minimum wage of P285.00 per day plus conditional temporary productivity allowance of P12.50 per day, regardless of the industry category or area classification where the agricultural activities are undertaken, in keeping with the efforts to further simplify the industry's wage structure.

**SECTION 4. COVERED WORKERS AND EMPLOYEES.** The minimum wage rates prescribed under this Order shall apply to all workers and employees in private establishments in Region IV-A regardless of their position, designation or status of employment and payment 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 Certificates of Authority, pursuant to R.A. 9178.

**RULE IV - PRODUCTIVITY BASED PAY (Tier 2)**

**SECTION 1. PRODUCTIVITY BASED PAY (PBP).** The Productivity Based Pay is an adjustment in the wage rates of workers and employees in the private establishments in the Region in recognition of their productivity or performance, value of their job, cost of living, business growth, financial capacity and competitiveness of the establishment, among others. The PBP is voluntary in nature and its application.

**SECTION 2. CONDITIONAL TEMPORARY PRODUCTIVITY ALLOWANCE (CTPA).** The amount of twelve pesos and fifty centavos (P12.50) per day Conditional Temporary Productivity Allowance (CTPA) is provided to minimum wage earners upon the effectivity of Wage Order No. IVA-15, as a transitory Productivity Based Pay increases as specified in Rule III Section 1. The CTPA is a daily allowance and forms part of the daily minimum wage of workers and employees in private establishments in the Region.

**SECTION 3. CREATION OF PRODUCTIVITY IMPROVEMENT AND INCENTIVES COMMITTEE (PIIC).** In reference to the provision of CTPA to minimum wage earners, covered establishments are given three (3) months from the effectivity of the Wage Order to organize its Productivity Improvement and Incentives Committee (PIIC).

**SECTION 4. APPLICATION OF PRODUCTIVITY BASED PAY.** The application of the Productivity Based Pay in covered establishments is voluntary in character. In the event the establishment has already created the Productivity Improvement and Incentives Committee (PIIC) within the prescribed period of three (3) months from the effectivity of the Wage Order, and the Productivity Based Pay increases due to its workers and employees had been determined by the PIIC, the CTPA of P12.50 per day already given to workers and employees upon effectivity of the Wage Order may be credited as Productivity Based Pay increase, part compliance of the Productivity Based Pay amount determined by the Productivity Improvement and Incentives Committee.

Nothing however, will preclude establishments from providing higher productivity - based pay increase than what is initially provided for as CTPA or what is provided for in the Supplemental Guidelines of Wage Order No. IVA-15.

Both organized and unorganized establishments shall be guided by the advisory guidelines in the operationalization of the productivity based pay at the establishment level as contained in the Supplemental Guidelines.

**SECTION 5. PERCENTAGES OF PRODUCTIVITY BASED PAY INCREASE.** Industry determined Productivity Based Pay percentage increase ranges from 5.6 percent to 10.9 percent of the basic wage of covered workers and employees depending on the industry classification the establishment is categorized. Where an establishment is engaged in multiple line of business, the core business of the establishment is the determinant of its industry classification. The PBP range of increases by major industry classification, per Supplemental Guidelines of Wage Order No. IVA-15 is as follows:

Industry Classification	Percent Range
Agriculture	6.3-10.9
Industry	5.6-10.2
Service	5.9-10.5

**SECTION 6. COVERAGE OF CONDITIONAL TEMPORARY AND PRODUCTIVITY ALLOWANCE PRODUCTIVITY BASED PAY.** The conditional temporary productivity allowance and/or productivity based pay as set under this Wage Order shall apply to minimum wage workers and employees in private establishments of covered industries in Region, receiving above the floor wage of two hundred fifty five pesos (P255.00) per day, regardless of their position, designation or status of employment and payment method by which their wages are paid.

It shall apply to covered private establishments with or without existing and duly recognized and certified labor organization or labor-management council.

**SECTION 7. BASIS OF MINIMUM WAGE AND PRODUCTIVITY BASED PAY.** The minimum wage and productivity based pay prescribed under this Order shall be for the normal working hours, which shall not exceed eight (8) hours work a day.

**SECTION 8. CREDITABLE PRODUCTIVITY BASED PAY.** For those establishments already granting Productivity Based Pay or its equivalent shall be credited as compliance but shall not include merit increases, anniversary increases or wage increases resulting from the regularization or promotion of the worker or employee.

In case the increases already given are less than the amount determined by the Productivity Improvement and Incentives Committee (PIIC), the same shall be resolved by the PIIC.

#### **RULE V - PRODUCTIVITY IMPROVEMENT AND INCENTIVES COMMITTEE**

**SECTION 1. PRODUCTIVITY IMPROVEMENT AND INCENTIVES COMMITTEE (PIIC).** The Productivity Improvement and Incentives Committee is an organizational structure within the establishment which will serve as the implementing mechanism to operationalize Sections 5, 7 and 8 of Wage Order No. IVA-15. It shall be created within three (3) months from effectivity of the Wage Order in all covered establishments to effectively implement the Productivity Based Pay (Tier 2) provisions of said Wage Order.

The PIIC is a management system within the establishment and shall function as the organization tasked to determine the Productivity Based Pay applicable to workers and employees, the amount, coverage, frequency and manner of payment based on company initiated productivity improvement programs, productivity/performance measurements, parameters and criteria, among others.

For those establishments with existing organizational structure whose composition is equally represented by labor and management and whose functions are basically to determine productivity based pay for its workers and employees, initiate plan-do-check-act on productivity improvement programs, set criteria and measurements of workers' and business' productivity/performance, among others, the same may be recognized as the Productivity Improvement and Incentives Committee (PIIC) in said establishment.

**SECTION 2. COMPOSITION OF THE PRODUCTIVITY IMPROVEMENT AND INCENTIVES COMMITTEE (PIIC).** The composition of the PIIC shall have an equal representation from labor and management, the number of which will depend on the total number of workers employed. For establishments with less than one hundred (100) to two hundred (200) workers, it shall have at least six (6) members, the Manager or his/her authorized representative, as the Chairman. For establishments with over two hundred (200) workers, it shall have at least eight (8) members, the company President or his/her authorized representative who must be a top operating officer.

For the organized establishments the recognized Union officers and members shall be the labor representative in the PIIC. For the unorganized establishments, the workers' representatives shall be selected by a simple majority votes among the workers and the same will have to be properly communicated to the management.

**SECTION 3. FUNCTIONS OF THE PRODUCTIVITY IMPROVEMENT AND INCENTIVES COMMITTEE.** The functions of the PIIC are, but not limited to the following:

- a. Establishes fair and reasonable levels of Productivity Based Pay for workers/employees based on determined formula, criteria, performance targets and measurements, standards and cap, period covered and other relevant factors.
- b. Develops a system for Productivity Based Pay increases for workers/employees operated along with the appraisal system to measure performance, scope and coverage, frequency, manner and method of payment, including fund source.
- c. Provides enabling work environment for the initiation and implementation of Productivity Improvement Programs, involving everyone in the organization, regardless of the status of their employment.
- d. Plans, initiates implementation of Productivity Improvement Programs (PIPs) and Productivity Based Pay Schemes. The focus of PIPs may be: reduction of costs, innovations on products/services, development of new product/service, improvement of processes/systems, reduction in process cycle time, improvement in quality, six sigma analysis, suggestion scheme, kaizen, increase profit, increase customer satisfaction, increase market share, improvement of supplier-customer relationship, TQM, supply chain management, etc.

- e. Monitors, reviews and recommends policy and operational actions for the successful implementation of the Productivity Based Pay system.
- f. Submits establishment report to the Regional Tripartite Wages and Productivity Board –IVA every end of the year.

#### RULE VI - APPLICATION TO SPECIFIC TYPES OF WORKERS

**SECTION 1. 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 receive the minimum wage 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 and are entitled to the conditional temporary productivity allowance, productivity based pay as may be determined and agreed upon by the establishment's Productivity Improvement and Incentives Committee.

**SECTION 2. APPLICATION TO SPECIAL GROUPS OF WORKERS.** Wages of apprentices and learners shall in no case be less than seventy-five percent (75%) of the minimum wage prescribed in this Order and are entitled to the conditional temporary productivity allowance, productivity based pay as may be determined and agreed upon by the establishment's Productivity Improvement and Incentives Committee.

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 provisions of Wage Order No. IV-A-15.

All qualified handicapped workers shall receive the full amount of the minimum wage prescribed in this Order and entitles them with the conditional temporary productivity allowance/productivity based pay, pursuant to R.A. 7277, otherwise known as the Magna Carta for Disabled Persons.

**SECTION 3. APPLICATION TO WORKERS OF CONTRACTORS OR SUBCONTRACTORS.** All workers of legitimate contractor or subcontractor in the construction and other industries are entitled to the prescribed minimum wage, conditional temporary productivity allowance, productivity based pay, as provided for under Sections 3, 5 and 8 of Wage Order No. IVA-15. The prescribed wage rates and productivity based pay of covered workers shall be borne by the principal or "user enterprise" and the service agreement or contract shall be deemed amended accordingly. In the event, however, that the principal fails to pay the prescribed wages, the contractor or sub-contractor shall be jointly and severally liable with the principal or "user enterprise".

**SECTION 4. 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 minimum wage, conditional temporary productivity allowance, productivity based pay determined by the Productivity Improvement and Incentives Committee is the rate in 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 5. APPLICATION TO SEASONAL OR TEMPORARY WORKERS.** Seasonal, reliever, week-ender, temporary or promo jobber workers directly hired by the principal or engaged by a contractor or subcontractor shall receive the prescribed minimum wage, conditional temporary productivity allowance, and may be entitled to productivity based pay as may be determined by the establishment's Productivity Improvement and Incentives Committee.

**SECTION 6. APPLICATION TO WORKERS IN THE SUGAR INDUSTRY.** All workers in the sugar industry, permanent, temporary or seasonal are entitled to the prescribed minimum wage, conditional temporary productivity allowance, productivity based pay, as provided for under Sections 3, 5 and 8 of the Wage Order No. IVA-15.

## RULE VII - WAGE ADMINISTRATION

**SECTION 1. EXEMPTION.** No exemption from compliance with this Wage Order shall be allowed.

**SECTION 2. FREEDOM TO BARGAIN.** This Order shall not be construed to prevent workers in particular enterprises from bargaining for higher wages with their respective employers.

**SECTION 3. TECHNICAL ASSISTANCE ON PRODUCTIVITY BASED PAY.** Upon request, the Regional Tripartite Wages and Productivity Board-IVA and/or the DOLE RO-IVA will provide the technical assistance in the development of productivity improvement programs and/or productivity based pay formula for purposes of implementing the productivity based pay (tier 2) of the minimum wage.

**SECTION 4. MONITORING.** Compliance monitoring with the mandatory provisions of this Order shall be the function of the Department of Labor and Employment- Regional Office-IVA and/or its Provincial Field Offices. Technical Assistance monitoring shall be delegated to a tripartite body to be constituted whose members shall come from the Regional Tripartite Industrial Peace Council -IVA or sub-industry tripartite bodies within the RTIPC-IVA to provide technical assistance monitoring in the implementation of productivity based pay in partnership with the DOLE -RO IVA.

**SECTION 5. COMPLAINTS FOR NON-COMPLIANCE.** Complaints for non-compliance with this Order shall be filed with the Department of Labor and Employment- Regional Office-IVA (DOLE-RO IVA) or to any DOLE-Provincial Field Office in the Region, and shall be the subject of Single Entry Approach (SENA) or enforcement proceedings under Article 128 and 129 of the Labor Code, as amended without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

**SECTION 6. DISPUTES AND GRIEVANCES.** In cases of disputes, grievances, or other matters arising from the interpretation of the conditional temporary productivity allowance or implementation of the Productivity Based Pay, the Productivity Improvement and Incentives Committee (PIIC) shall meet to resolve the dispute, and may seek the assistance of the Regional Wages and Productivity Board for such purpose.

**SECTION 7. NON-DIMINUTION OF BENEFITS.** Nothing in this Order 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 of agreement between the workers and employers.

**SECTION 8. TAX INCENTIVES.** Business establishments granting Productivity Based Pay to its workers and employees may avail of the tax incentives provided for under Republic Act 6971, the Productivity Incentives Act of 1990. Workers and employees who will be receiving the productivity based pay shall be subject to Section 1 of the Revenue Regulation No. 10-2008. Productivity Based Pay shall be subject to Section 1 of the Revenue Regulation No. 10-2008.

**SECTION 9. PENAL PROVISIONS.** Any employer who refuses or fails to pay the corresponding minimum wage rates, conditional temporary productivity allowance provided under this Order shall be subject to the penalties under RA. 6727, as amended by R.A.8188.

**SECTION 10. REPORTING REQUIREMENT.** All business establishments shall submit a notarized Establishment Report Form 01 S. 2012, listing the labor component and corresponding basic pay, productivity based pay provided to workers including productivity measurements and/or models used in determining and distributing productivity linked wage adjustments for the workers and frequency of distribution. The report should contain information on the composition of the Productivity Improvement and Incentives Committee and major Productivity Improvement Programs implemented to be submitted to the Regional Tripartite Wages and Productivity Board-IVA not later than January 31, 2013 and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

## RULE VIII - APPEAL

**SECTION 1. APPEAL ON THE WAGE ORDER.** Any party aggrieved by the Order may file a verified appeal with the Commission through the Regional Board within ten (10) calendar days from the publication of the Order. The Commission shall decide the appeal within sixty (60) calendar days from the date of filing. A memorandum of appeal which shall state the grounds relied upon, and the arguments in support of the appeal shall accompany the appeal.

**SECTION 2. EFFECTS OF FILING OF 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 satisfactorily to the Commission for payment of the corresponding wage adjustment to employees affected by the Order, in the event such Order is affirmed.

**RULE IX - SPECIAL PROVISIONS**

**SECTION 1. PROHIBITION AGAINST INJUNCTION.** No preliminary injunction or temporary restraining order maybe issued by any court, tribunal or any entity against the Board, this Wage Order or any proceedings before the Regional Board.

**SECTION 2. REPEALING CLAUSE.** All orders, issuances, rules and regulations, or parts thereof inconsistent with this Wage Order are hereby repealed, amended or modified accordingly.

**SECTION 3. 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 4. 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 5. EFFECTIVITY.** This Rules shall take effect on 15 May 2012.

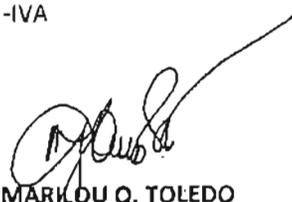
Approved this 19<sup>th</sup> day of April 2012 in Calamba City, Laguna.



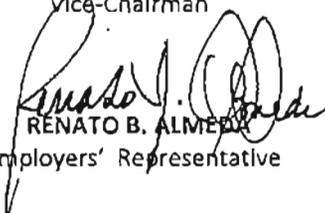
**ALEX V. AVILA**  
OIC, Regional Director, DOLE -IVA  
Chairman, RTWPB-IVA



**SEVERINO C. SANTOS**  
Regional Director, NEDA -IVA  
Vice-Chairman



**MARLOU Q. TOLEDO**  
Regional Director, DTI-IVA  
Vice-Chairman

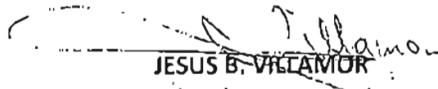


**RENATO B. ALMENDRA**  
Employers' Representative



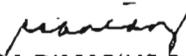
**LUCILA C. TARRUELA**  
Employers' Representative

Absent  
**JUANITO S. FACUNDO**  
Workers' Representative



**JESUS B. VILLAMOR**  
Workers' Representative

Approved this 27<sup>th</sup> day of April, 2012.



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