

Republic of the Philippines  
Department of Labor and Employment  
Regional Tripartite Wages and Productivity Board  
Regional Board No. IV

WAGE AND PRODUCTIVITY ORDER NO . IV - 03

INCREASING THE STATUTORY MINIMUM WAGE AND PROMOTING PRODUCTIVITY IN  
THE REGION

*WHEREAS*, the basic purpose of the minimum wage as a safety net is to provide bridging protection for the real wage of the low income workers specifically those belonging to the lowest range of the occupational categories in a labor surplus market;

*WHEREAS*, sustained real income protection and growth can only be realized through increasing employment opportunities, productivity gains and competitive advantage;

*WHEREAS*, in pursuit of state policy, it is necessary to balance the safety net requirement without sacrifice to the economic growth and development of the region;

*WHEREAS*, the long-term regional aspiration is to realize equitable sharing in development among the partners of production;

*WHEREAS*, this issuance is rational, consistent and progressive within the context of existing economic and social environment;

*WHEREAS*, the spatial configuration of the Region is marked by heterogeneity, with areas classified as:

a. Growth Corridor Areas or rapidly urbanizing and industrializing parts of the Region strategically located near Metro Manila; composed of the provinces of Batangas, Cavite, Laguna, & Rizal and the Cities of Batangas, Cavite, Lipa, San Pablo, Tagaytay, Trece Martirez & Lucena and the Municipalities of Tiaong, Candelaria, Sariaya in Quezon.

b. Emerging Growth Areas or areas with predominantly rural/agricultural resource potential located at/or near the rapidly urbanizing and industrializing parts of the Region and the large Metro Manila markets composed of the remaining parts of Quezon, Puerto Princesa City in Palawan, San Jose in Occidental Mindoro, Calapan in Oriental Mindoro and Sta. Cruz in Marinduque;

c. Resource Based Areas with predominantly rural/agricultural resource potential far from internal regional and Metro Manila markets; composed of the provinces of Aurora, Romblon and the rest of Occidental Mindoro, Oriental Mindoro, Palawan and Marinduque.

*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 hereby issues this Wage and Productivity Order:

*SECTION 1.* The daily statutory minimum wage rates of workers in the non-agricultural sector in Region IV shall be:

Region IV

Effective

Effective

	upon effectivity of this Order	Dec. . 1, 1994
Growth Corridor Areas	128.00	138.00
Emerging Growth Areas	119.00	128.00
Resource Based Areas	117.00	125.00

Correspondingly, the wages of workers in the agricultural and other sectors shall likewise be augmented proportionately.

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

*SECTION 2.* Exempted from provisions of this Wage order are the following :

- a. Household or domestic helpers, family drivers and persons in the personal service of another.
- b. Retail/service establishments regularly employing not more than (10) workers are likewise exempted.
- c. Upon application with and as determined by the Regional Board in accordance with applicable rules and regulations, distressed employers who have incurred losses and/or whose capital have been impaired by at least twenty-five percent (25%).

The Regional Board has the option to grant full or partial exemption as warranted.

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

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

*SECTION 3.* All wage and salary increases granted six months before the effectivity of this Wage Order shall be credited as compliance to this Order. Furthermore, all productivity programs agreed upon by both parties and implemented between January 1, 1994 to December 1, 1994 shall be credited to this Order's December 1, 1994 anticipatory proviso.

Should the wage/salary and/or productivity increases be less than the prescribed minimum wage(s) , the employer shall pay the difference.

*SECTION 4.* a. In case of private educational institutions, the share of covered workers and employees in the increase of tuition fees for school year 1993 shall be credited as compliance with the wage increase prescribed herein. Where their share is less than the wage increase provided herein, the employer shall pay the difference .

Private educational institutions shall comply with the minimum wage increase prescribed under this Wage Order as follows:

b.1 In cases where the tuition fee increase will be affected after the effectivity of this Wage Order, the minimum wage increase shall take effect simultaneous with the tuition fee increase.

b.2 Beginning school year 1994-1995, all schools shall implement the minimum wage increase regardless of whether tuition fees are increased or not.

*SECTION 5.* In case of business establishments in the export industries with at least 50% export sales, the effectivity of the minimum wage rates under this Wage Order shall be deferred but shall not be for a period of more than one year.

*SECTION 6.* Other establishments whose product pricing is subject to government regulatory control as in the case of electric cooperatives and other similarly situated establishments, the prescribed minimum wage shall be applicable upon approval of their new rates but in no case will this temporary deferment be more than one year.

*SECTION 7.* In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed minimum wage increase for 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 increase the construction/service contractor shall be jointly and severally liable with the principal or client. The applicability of the new minimum wage as well as its exemption /deferment provisions shall follow the principal or client.

*SECTION 8.* All workers paid by result, including those who are paid on piece work, takay, pakyaw or task basis, shall be entitled to received the prescribed minimum wage increase 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 9.* The Regional Board shall prepare the necessary rules and regulations to implement this Wage Order, subject to the approval of the Secretary of Labor and Employment.

*SECTION 10.* Representatives of workers and employers, in coordination with the Regional Office of the Department of Labor and Employment, are encouraged to jointly undertake programs and projects to ensure maximum compliance with this Wage Order and promote full employment.

*SECTION 11.* Any employer who refuses or fails to pay the minimum wage rates provided under this Wage Order shall be subject to the penalties under R.A 6727.

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

*SECTION 13.* This Wage Order shall take effect fifteen (15) days after its publication.

Approved this 18th day of November 1993.

(SGD) ROMEO A. YOUNG  
Chairman

RICHARD ALBERT I. OSMOND  
Vice-Chairman  
\*\*\* *on official leave*\*\*\*

(SGD) LIRIO Y. CALIXTO  
Vice-Chairman

(SGD) NICASIO S. RECTO, JR.  
Worker Representative

(SGD) DOMINADOR E. BANATIN  
Worker Representative

(SGD) MARCELINO C. PINEDA  
Employer Representative

(SGD) RENATO B. ALMEDA  
Employer Representative

Republic of the Philippines  
Department of Labor and Employment  
Regional Tripartite Wages and Productivity Board  
Regional Board No. IV

RULES IMPLEMENTING WAGE AND PRODUCTIVITY ORDER NO. IV-03

Pursuant to the authority granted to the Regional Tripartite Wage and Productivity Board under Rules of Procedure on Minimum Wage and Productivity Incentive Fixing, the following rules are hereby issued for guidance and compliance by all concerned:

CHAPTER I. DEFINITION OF TERMS

*Section I. DEFINITIONS OF TERMS.* As used in this Rules;

- (a) *Order* means Wage Order No. IV - 03;
- (b) *Board* means the Regional Tripartite Wages and Productivity Board of Region IV;
- (c) *Commission* means the National Wages and Productivity Commission;
- (d) *Department* means the Department of Labor and Employment;
- (e) *Region IV* covers the provinces of Aurora, Batangas, Cavite, Laguna, Marinduque, Occidental Mindoro, Oriental Mindoro, Palawan, Quezon, Rizal and Romblon and the cities of Batangas, Cavite, Lipa, Lucena, Puerto Princesa, San Pablo, Tagaytay and Trece Martirez;
- (f) The *Growth Corridor Areas* covers the province of Batangas, Cavite, Laguna and Rizal; the cities of Batangas, Cavite, Lipa, San Pablo, Tagaytay, Trece Martirez and Lucena; and the Municipalities of Tiaong, Candelaria, Sariaya in Quezon;
- (g) The *Emerging Growth Areas* covers the remaining parts of Quezon, Puerto Princesa City in Palawan, San Jose in Occidental Mindoro, Calapan in Oriental Mindoro and Sta. Cruz in Marinduque.
- (h) The *Resource Based Areas* covers the provinces of Aurora, Romblon and the rest of Occidental Mindoro, Oriental Mindoro, Palawan and Marinduque;
- (i) *Statutory Minimum Wage* is the lowest wage fixed by law that an employer can pay his workers;
- (j) *Minimum Wage Rates* refer to the minimum wage rates that an employer can pay his workers, as fixed by the Board, and which shall not be lower than the applicable statutory minimum wage rates;
- (k) *Productivity Program* refers to an agreement by both labor and management containing a process that will promote gainful employment, improve working conditions and result in increased productivity, including cost savings, whereby the employees are granted salary bonuses proportionate to increases in productivity;
- (l) *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;

(m) *Plantation Agricultural Enterprise* is one engaged in agriculture with an area of more than 24 hectares in a locality or which employs at least 20 workers. Any other agricultural enterprise shall be considered as " Non-Plantation Agricultural Enterprise";

(n) *Distressed Establishments* are establishments which have incurred losses and/or whose capital have been impaired by at least twenty five percent (25%);

(o) *Retail Establishment* is one principally engaged in the sale of goods to end-users for personal or household use;

(p) *Service Establishment* is one principally engaged in the sale of service to individuals for their own or household use and is generally recognized as such;

## CHAPTER II. WAGE INCREASE

*Section 1. COVERAGE.* The wage increase prescribed under the Order shall apply to all workers and employees in the private sector in Region IV who, prior to the effectivity of the Order , were receiving the applicable statutory minimum wage rates or its monthly equivalent, regardless of their position, designation or status, and irrespective of the method by which their wages are paid, except:

i) Household or domestic helpers, including family drivers and workers in the personal service of another.

ii) Workers and employees of retail/service establishments regularly employing not more than ten (10) workers when exempted from compliance with the Order for a period fixed by the Board in accordance with applicable rules and regulations used in this Order.

*Section 2. EFFECTIVITY.* The compensatory proviso of this Order will take effect December 6, 1993 while the anticipatory proviso takes effect December 1, 1994.

### *Section 3. AMOUNT OF MINIMUM WAGE INCREASE*

The daily minimum wage rates of workers in the non-agricultural sector in Region IV shall be:

Region IV	effective upon effectivity of this	effective Dec. 1, 1994
Order		
Growth Corridors Areas	P 128.00	P 138.00
Emerging Growth Areas	119.00	128.00
Resource Based Areas	117.00	125.00

Correspondingly, the wages of workers in the agricultural and other sectors shall likewise be augmented proportionately in accordance with Annexes A (Dec. 6, 1993) and B (Dec.1, 1994).

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

For workers receiving a daily minimum wage higher than that prescribed under Wage Order IV-02 but not higher than the daily minimum wage prescribed in this Order said wage rates shall be adjusted to at least the new daily minimum wage level.

*Section 4. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS.* The share covered workers and employees in the increase of tuition fees for school year 1993 shall be credited as compliance with the wage increase prescribed herein. Where their share is less than the wage increase provided in this Order, the employer shall pay the difference. Such difference shall be paid upon a subsequent tuition fee increase.

Private educational institutions shall comply with the minimum wage increase prescribed in this Order as follows:

- a) Where the tuition fee increase was effected after the effectivity of this Wage Order, the amount of increase shall take effect simultaneous with the tuition fee increase.
- b) Beginning school year 1994-1995, all private schools shall implement the minimum wage increase whether or not they actually increase tuition fees.

*Section 5. APPLICATION TO EXPORTERS.* In case of business establishments in the export industry with at least 50% export sales in the immediately preceding year whose product pricing is covered by forward contracts prior to the effectivity of this order, the effectivity of the minimum wage rates under the compensatory proviso of this Order shall be upon completion of the current contract but not later than December 6, 1994 .

Covered establishment in the export industry shall be required to submit an authenticated forward contract substantiated by a letter of credit for their forward commitments in 1993, audited financial statements as of fiscal year 1992 to establish exporter status and export license.

This section has no automatic application but subject to compliance based on the foregoing. Deferment applications should be filed not later than 60 days from issuance of these Rules.

*Section 6. APPLICATION TO CONTRACTORS.* In case of contracts for construction projects and for security, janitorial and similar service, the prescribed minimum wage increase for covered workers shall be borne by the principals or clients of 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 minimum wage increase, the construction/service contractor shall be jointly and severally liable with his principal or client .

*Section 7. APPLICATION TO ESTABLISHMENTS SUBJECT TO GOVERNMENT REGULATORY CONTROL .* In case of establishments whose product pricing is subject to government regulatory control as in the case of electric cooperatives and other similarly situated establishments, the prescribed minimum wage shall be applicable upon approval of their new rates but in no case will this temporary deferment be more than one year .

*Section 8. WORKERS PAID BY RESULTS.* All workers paid by results, including those who are paid on piece work, takay, pakyaw or task basis shall be entitled to receive the prescribed minimum wage increase for the normal working hours which shall not exceed eight (8) hours of work per day, or portion thereof for working less than the normal working hours.

Wage rates of workers who are paid by results shall continue to be established in accordance with Article 101 of the Labor Code as amended and its implementing regulations.

*Section 9. WAGES OF SPECIAL GROUPS OF WORKERS .* Wages of apprentices and learners shall in no case be less seventy five percent (75%) of the applicable minimum wage rates.

All recognized learnership and apprenticeship agreements entered into before 06 December 1993 shall be considered as automatically modified in so far as their wage clauses are concerned to reflect the increase prescribed under this Order .

*Section 10. CREDITABLE WAGE INCREASE .*

(a) *Compensatory Proviso .* All wage and salary increases, except merit increase and adjustments resulting from regularization or promotion, given to workers between June 5, 1993 to December 5, 1993 shall be credited as compliance to the increase prescribed in this Order unless otherwise specified in the creditability provisions of the Collective Bargaining Agreement.

(b) *Anticipatory Proviso.* All productivity increases given to workers from January 1, 1994 to November 30, 1994 shall be credited as compliance to the minimum wage increase prescribed in this Order. Should the productivity program be part of a Collective Bargaining Agreement, if any, will prevail.

For the creditability of productivity programs/ agreements to apply, the following conditions must be met:

- i. It should be written;
- ii. It should be announced as evidence by due receipt of employees;
- iii. Measures of productivity should be known; and
- iv. Amount of productivity grant must be specified.

Disputes arising from the implementation of this provision are non-strikeable.

Should the creditable increases as set by these Rules and/or the Collective Bargaining Agreement be less than the prescribed minimum wages, the employer shall pay the difference.

*Section 11. WAGE DISTORTION/COMPRESSION IN THE WAGE STRUCTURE WITHIN AN ESTABLISHMENT.* Distortion in the wage structure within an establishment arising from the application of this wage increase provided under this Order may be adjusted using this formula:

a) Distortion/Compression Adjustment under Compensatory Proviso

$$= \frac{\text{Minimum Wage under WO IV-02}}{\text{Present Employee Salary}} \times \begin{matrix} \text{Min. Wage Adj.} \\ \text{under WO IV-03} \\ \text{Compensatory} \\ \text{Proviso} \end{matrix} \quad \text{-- Creditable Increase}$$

b) Distortion / Compression Adjustment under Anticipatory Proviso:

$$= \frac{\text{Min. Wage under WO IV-03}}{\text{Present Employee Salary}} \times \frac{\text{Compensatory Proviso}}{\text{Anticipatory Proviso}} \quad \text{-- Creditable Increase}$$

Disputes which may arise as a result of wage distortion/ compression shall be resolved in accordance with Art. 124 of the Labor Code as amended.

Nothing in this Wage Order is intended to prevent all parties from agreeing to other forms or means of correcting wage distortion/ compression provided that the adjustment result is not less than the formula in this section.

The pendency of a dispute arising from a wage distortion/compression shall not in any way delay the applicability of any wage increase prescribed under this Order.

Any issue involving wage distortion/compression shall not be a ground for strikes or lockouts.

*Section 12. EXEMPTION.* The following establishments may be exempted from compliance with the wage increase prescribed under this Order upon application with and as determined by the Board in accordance with applicable rules and regulations:

*(a) Compensatory Proviso*

- a.1). Retail /Service establishments regularly employing not more than 10 workers shall be required to submit a copy of the mayor`s permit and a joint affidavit of employer and employee/s indicating the total number of workers;
- a.2) Distressed establishment which have incurred losses and/or whose capital have been impaired by at least twenty five percent (25%) shall be required to submit its Financial statement for two accounting period preceeding Dec. 6, 1993.

*(b) Anticipatory Proviso*

- b.1) Retail/Service establishments regularly employing not more than 10 workers shall be required to submit a copy of the Mayor`s permit and joint affidavit of employer and employee/s indicating the total number of workers;
- b.2) Distressed establishment which have incurred losses and /or whose capital has been impaired by at least twenty five percent (25%) shall be required preceeding Dec. 1, 1994.

The Board has the option to grant full or partial exemption for a period not exceeding one year(1) from the effectivity of this Order.

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

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

*Section 13. COMPLAINTS FOR NON-COMPLIANCE.* Complaints for non- compliance with the wage increase provided in the Order shall be filed with Regional Office of the Department in Region IV and shall be subject to enforcement proceedings under Article 128 and 129 of the Labor Code as amended.

*Section 14. NON-DIMINUTION OF BENEFITS.* Nothing in the Order and these Rules shall be construed as authorizing the reduction of any wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between the workers and employers or employer practices or policies.

*Section 15. PENAL PROVISIONS.* Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed increases under this Order shall be punished by a fine not exceeding twenty five thousand pesos (25,000) and/or imprisonment of not less than one (1) year nor more than two(2) years. Provided that any person convicted under the Order shall not be entitled to the benefits provided for under the Probation Law.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers, including, but not limited to, the president, vice-president, chief executive officer, general manager, managing director or partner.

*Section 16. EFFECTS ON OTHER ISSUANCES.* The provisions of existing laws and decrees on wages and their implementing rules and regulations and issuances not otherwise repealed, modified or inconsistent with the Order and its Rules shall continue to have full force and effect.

*Section 17. PROHIBITION AGAINST INJUNCTION.* No preliminary or permanent injunction or temporary restraining order maybe issued by any court, tribunal or other entities against any proceeding before the Board.

*Section 18. EFFECTIVITY .* These rules shall take effect on December 6, 1993.

Done in Quezon City, Republic of the Philippines.

14 December 1993.

(SGD) ROMEO A. YOUNG  
Chairman

(SGD) RICHARD ALBERT I. OSMOND  
Vice-Chairman

(SGD) LIRIO Y. CALIXTO  
Vice-Chairman

(SGD) NICASIO S. RECTO  
Worker Representative

(SGD) DOMINADOR E. BANATIN  
Worker Representative

(SGD) MARCELINO C. PINEDA  
Employer Representative

(SGD) RENATO B. ALMEDA  
Employer Representative

APPROVED December 29, 1993.

(SGD) NIEVES R. CONFESSOR  
Secretary  
Department of Labor and Employment

*This Rules is issued pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board under the Rules of Procedure on Minimum Wage Fixing.*