

Republic of the Philippines
Department of Labor and Employment
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Regional Board No. IV

WAGE ORDER NO. IV - 06
SETTING THE NEW MINIMUM WAGE IN THE REGION

WHEREAS, the basic purpose of the minimum wage as a safety net is to advance the living standards of low income workers who are unable to keep up or adjust their income on their own given the erosion of said income due to inflation;

WHEREAS, while the safety net requirement as a “core” standard is needed to influence market outcomes and protect vulnerable workers, it should at the same time succeed in taking advantage of new market opportunities and not impede the inflow of capital nor the competitive management of the changing environment;

WHEREAS, the long-term regional aspiration is to put in place a framework for a wage policy that complements informal and rural labor markets, support an effective system of industrial relations, provide safeguard for the vulnerable, avoid biases that favor the relatively well-off worker and obviate obstacles to facilitate the transition to a more market-based and internationally integrated pattern of development;

WHEREAS, given the growing trend of urban dispersal, it is clear that Metro Manila now extends beyond its traditional boundaries to form an Extended Metropolitan Region which includes portions of the Region’s Growth Corridor Area specifically the provinces of Cavite, Laguna and Rizal;

WHEREAS, the rate of development and cost of living requirements in some areas in the Region require the redefinition of the regions’ spatial classification to be based on the area’s income class, level of urbanization and ratio of number of establishments to population;

WHEREAS, the spatial configuration of the Region is classified in accordance with the following and detailed in Annex “A1” and Annex “A2” of this Wage Order:

- a. Extended Metropolitan Area or highly urbanized and industrialized areas in the Region geographically contiguous to Metro Manila and whose development approximates that of the National Capital Region;
- b. Growth Corridor Areas or rapidly urbanizing and industrializing parts of the Region strategically located near Metro Manila;
- c. 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; and
- d. Resource Based Areas with predominantly rural/agricultural resource potential far from regional and Metro Manila markets;

WHEREAS, this redefinition is not intended to reduce already operative minimum wages; and to allow for a smooth changeover, transitional minimum wages for affected areas are hereby also set in Annex “B” of this Order until such time these transitional wages could be completely aligned ;

WHEREAS, given the volatility in the economic milieu, the need to make the business environment more predictable warrants the inclusion of an anticipatory proviso in the Wage Order;

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

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 Order:

SECTION 1. AMOUNT OF MINIMUM WAGE. The daily minimum wage(s) of workers in the Region shall be:

SECTOR	EFFECTIVE MAY 1, 1998			
	EXTENDED METROPOLITAN GROWTH AREA	GROWTH CORRIDOR AREA	EMERGING GROWTH AREA	RESOURCE BASED AREA
NON-AGRICULTURE	188.00	185.00	165.00	153.00
AGRICULTURE PLANTATION	163.00	160.00	145.00	138.00
AGRICULTURE NON-PLANTATION	143.00	140.00	125.00	118.00
COTTAGE & MICRO ENTERPRISES	151.00	148.00	133.00	126.00
RETAIL & SERVICE <i>Employing not more than 10 workers</i>	89.00	87.00	79.00	78.00

SECTOR	EFFECTIVE MAY 1, 1999			
	EXTENDED METROPOLITAN GROWTH AREA	GROWTH CORRIDOR AREA	EMERGING GROWTH AREA	RESOURCE BASED AREA
NON-AGRICULTURE	200.00	195.00	173.00	159.00
AGRICULTURE PLANTATION	175.00	170.00	153.00	144.00
AGRICULTURE NON-PLANTATION	155.00	150.00	133.00	124.00
COTTAGE & MICRO ENTERPRISES	163.00	158.00	141.00	132.00
RETAIL & SERVICE <i>Employing not more than 10 workers</i>	95.00	92.00	83.00	81.00

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

SECTION 2. ON COVERAGE. The minimum wage rates prescribed under this Order shall apply to all covered employees in the private sector in the Region regardless of their position, designation or status and irrespective of the method by which their wages are paid, except household or domestic helpers, family drivers and persons in the personal service of another.

SECTION 3. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS, ELECTRIC COOPERATIVES, PORT SERVICES AND LOCAL WATER DISTRICTS SUBJECT TO GOVERNMENT REGULATORY CONTROL. For private educational institutions and other establishments as enumerated whose fees/product or service pricing are subject to government regulatory control, the prescribed minimum wage shall be applicable upon approval of their application for increase in fees/rates by the government agency concerned, but in no case will this temporary deferment be more than one year.

SECTION 4. APPLICATION TO CONTRACTORS. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed minimum wage rates 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 minimum wage rates, the construction/service contractor shall be jointly and severally liable with the principal or client.

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

SECTION 6. APPLICATION TO EXPORTERS .For establishments in the Export Industry which earn at least fifty percent (50%) of its normal operating revenues from export sales and whose product pricing is

computed using labor costs based on previous mandated minimum wage rates, the effectivity of minimum wage rates under this Order shall be deferred but shall not be for a period of more than one year.

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

In the case of establishments eligible for deferment, a written internal agreement on the manner of deferment as agreed between employers and employees shall take precedence over any guidelines specified in the Order and its Implementing Rules provided said agreed deferment does not exceed one year.

This deferment proviso shall apply only to the compensatory proviso of the Order.

SECTION 7. APPLICATION TO TRANSFERS , MOBILE OR MULTISITE EMPLOYEES . In cases where the establishment may have branches or multiple sites in different parts of the region or where its headquarters is outside the region , the applicable rate is the rate of the particular city / municipality where the employee is based . In cases of mobile employees, the home base rate shall apply . In cases of transfer from a high rate city/ municipality to a lower rate city / municipality, the higher rate shall continue to be applied.

SECTION 8. CREDITABILITY PROVISIO. All forms of basic wage and/or salary increases, regardless of nature, provided they bring the actual wage and/or salary to the new minimum wage rates and provided further the resultant are equal to or greater than the minimum wage rates established under this Order are deemed creditable .

Future wage and/or salary increases up to three (3) months from the effectivity of this Wage Order may be accelerated and shall be deemed creditable as compliance to this Wage Order provided the resultant is equal to or greater than the minimum wage rates established under this Order .

Where said increases are less than the prescribed minimum wage rates in the Order, the employer shall pay the difference.

SECTION 9. EXEMPTION. Upon application with and as determined by the Regional Board in accordance with the applicable rules and regulations, distressed establishments as defined in the NWPC Guidelines No.01, Series of 1996 (Rules on Exemption) may be exempted.

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

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

SECTION 10. EFFECTS ON EXISTING WAGE STRUCTURE. Wage/salary distortions and/or severe compression that may result as a consequence of this Order shall be addressed through mutual agreement by the employer and its employees or their representative unions .

Advisory formulae to correct distortions or severe compression are annexed to this Order as possible alternatives for the parties to consider. (Annex C).d

The annexed formulae are neither compulsory nor mandatory in nature and any other agreement the parties may adopt shall take precedence to these formulae.

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

Disputes that may arise as a result of this Order shall be resolved in accordance with Article 124 of the Labor Code as amended.

SECTION 11. PENAL PROVISIONS Any employer who refuses or fails to pay the corresponding rates provided under this Order shall be subject to the penalties under R.A 6727 as amended by R.A. 8188 issued June 1996.

SECTION 12. PROHIBITION AGAINST INJUNCTION. No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceeding before the Board

SECTION 13. 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 14. REPEALING /SEPARABILITY CLAUSE. If any provision or part of this 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 15. EFFECTIVITY. This Order shall take effect May 1, 1998.

Approved this 13th day of April 1998 in Quezon City, Philippines .

(SGD) ALEX E. MARAAN
Chairman

(SGD) DITA M. MARALIT
Vice-Chairman

(SGD) OSCAR D. BALBASTRO
Vice-Chairman

(SGD) BENJAMIN P. BASQUINAS, JR.
Worker Representative

(SGD) OSCAR M. ACERON
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

**WAGE ORDER NO. IV- 06-A
SUPPLEMENTING WAGE ORDER NO. IV-06 AND
AMENDING ANNEX A1 AND CONSEQUENTLY ANNEX A2 THEREOF**

WHEREAS, on April 19, 1998, the Regional Tripartite Wages and Productivity Board issued Wage Order No. IV-06 pursuant to its mandate under Republic Act No. 6727;

WHEREAS, it is necessary to supplement the Wage Order to reflect the Board's proper intent, specifically as it applies to special groups of workers and non-diminution of workers' benefits ;

WHEREAS, to reflect the most current level of spatial development, the revised spatial configuration as it pertains to the Province of Cavite will need to be modified;

NOW THEREFORE, in view of the foregoing, the Board resolves, as it hereby resolves to augment Wage Order No. IV-06 and amend Annex A1 and consequently Annex A2 to read as follows:

Section 1. APPLICATION TO SPECIAL GROUP OF WORKERS. Wage rates of apprentices, learners and handicapped workers shall in no case be less than seventy-five (75%) of the applicable minimum wage rates.

All recognized learnership and apprenticeship agreements entered into before May 1, 1998 and/or May 1, 1999 shall be automatically modified insofar as their wage clauses are concerned to reflect the increase prescribed in the Order.

Section 2. NON-DIMINUTION OF BENEFITS. Nothing in the Order shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or any contract or agreement between workers and employers.

Section 3. The modification of Annex A1 On the Revised Spatial Classification and consequently Annex A2 for the Province of Cavite shall be:

Municipal	Present Classification as per WO-IV 06	Amended Spatial Configuration
Carmona	Growth Corridor Area	Extended Metropolitan Area
General Trias	Emerging Growth Area	Extended Metropolitan Area
Tanza	Emerging Growth Area	Growth Corridor Area
Ternate	Emerging Growth Area	Growth Corridor Area

The effectivity of this Supplemental Order shall retroact to 1 May 1998, concurrent with the effectivity of the Order of which it is part of.

Done this 29th day of May 1998.

(SGD) ALEX E. MARAAN
Chairman

(SGD) DITA M. MARALIT
Vice-Chairman

(SGD) OSKAR D. BALBASTRO
Vice-Chairman

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

(SGD) OSCAR M. ACERON
Worker Representative

(SGD) MARCELINO C. PINEDA
Employer Representative

(SGD) RENATO B. ALMEDA
Employer Representative

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Department of Labor and Employment
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Regional Board No. IV

RULES IMPLEMENTING WAGE ORDER NO. IV-06 & IV-06-A

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

RULE 1
GENERAL PROVISIONS

SECTION 1. TITLE. This Rules shall be known as the “ Rules Implementing Wage Order No. IV-06”;

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

- (a) “ *Order*” means Wage Order No. IV - 06;
- (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, Trece Martirez, Antipolo and Calapan;
- (f) “ *Extended Metropolitan Growth Area*” covers the municipalities of, Bacoor, Dasmaringas, GMA, Imus, Rosario Gen. Trias, Carmona, and Cavite City in Cavite; municipalities of Cainta, Rodriguez, Tanay, Taytay and Antipolo City in Rizal; municipalities of Binan, Cabuyao, Calamba, Los Banos, San Pedro, Sta. Cruz, Sta. Rosa and San Pablo City in Laguna;
- (g) “ *Growth Corridor Area*” covers the municipalities of, Indang, Kawit, Naic, Noveleta, Silang, *Tanza*, *Ternate*, Trese Martires and Tagaytay City in Cavite; the municipalities of Angono, Binangonan, Pililia and San Mateo in Rizal; the municipalities of Paete and Pakil in Laguna; the municipalities of Balayan, Bauan, Calaca, Lemery, Nasugbu, San Juan, San Pascual, Sto. Tomas, Tanuan and the cities of Batangas and Lipa in Batangas; the municipalities of Candelaria, Sariaya, Tiaong and Lucena City in Quezon;
- (h) “ *Emerging Growth Area*” covers the municipalities of: Alfonso in Cavite; Cardona, Morong and Teresa in Rizal; Alaminos, Bay, Calauan, Cavinti, Kalayaan, Liliw, Luisiana, Lumban, Mabitac, Majayjay, Nagcarlan, Pagsanjan, Pangil, Pila, Rizal, Siniloan, Sta. Maria and Victoria in Laguna; Calatagan, Cuenca, Ibaan, Lian, Mabini, Padre Garcia, Rosario, Taal, Tingloy, Tuy, San Jose and Taysan in Batangas; Atimonan, Calauag, Guinayangan, Gumaca, Infanta, Lukban, Mauban, Mulanay, Pagbilao, Real, Tagkawayan, Tayabas and Lopez in Quezon; Sta. Cruz in Marinduque; San Jose in Occ. Mindoro; City of Calapan in Or. Mindoro; and the City of Puerto Princesa in Palawan;
- (i) “ *Resource Based Area*” covers the provinces of Aurora, Romblon and the municipalities of: Amadeo, Gen. Emilio Aguinaldo, Magallanes, Maragondon and Mendez-Nunez in Cavite; Baras and Jala-Jala in Rizal; Famy and Magdalena in Laguna; Agoncillo, Alitagtag, Balete, Laurel, Lobo, Malvar, Mataas na Kahoy, San Luis, San Nicolaas, Sta. Teresita and Talisay in Batangas; Agdangan, Alabat, Buenavista, Burdeos, Catanuan, Dolores, Gen. Luna, Gen. Nakar, Jomalig, Macalelon, Padre Burgos, Panukulan, Patnanongan, Perez, Pitogo, Plaridel, Polilio, Quezon, Sampaloc, San Andres, San Antonio, San Francisco, San Narciso and Unisan in Quezon; Buenavista, Boac, Gasan, Mogpog and Torrijos in Marinduque; Calintaan, Looc, Lubang, Magsaysay, Paluan, Rizal, Sablayan, Abra de Ilog, Mamburao and Sta. Cruz in Occ. Mindoro; Baco, Gloria, Mansalay, Pola, Puerto Galera, Roxas, San Teodoro, Socorro, Victoria, Bansud, Bongabong, Bulalacao, Naujan and Pinamalayan in Or. Mindoro; Aborlan, Agutaya, Araceli, Balabac, Busuanga, Cagayancillo, Culion, Cuyo, Dumaran, El Nido, G. Abordo (Linapacan), Magsaysay, Narra, Quezon, Rizal, Roxas, San Vicente, Taytay, Bataraza, Brooke’s Point and Coron in Palawan;

- (j) “*Minimum Wage Rates*” refer to the minimum wage rate(s), as fixed by the Board, that an employer is obliged to pay his workers.
- (k) “*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;
- (l) “*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”;
- (m) “*Cottage and Micro Enterprises*” refer to business activities or enterprises engaged in industry, agribusiness and/or services whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, must have value of above P150,000.00 to P1,500,00.00 for Cottage Enterprises and P150,000.00 and below for Micro Enterprises;
- (n) “*Retail Establishment*” is one principally engaged in the sale of goods to end-users for personal or household use;
- (o) “*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;
- (p) “*Exporter*” means any person, natural or juridical, licensed to do business in the Philippines, engaged directly or indirectly in the manufacture or trade of products or services which earn at least fifty percent (50%) of its normal operating revenues from the sale of its products or services abroad for foreign currency. In the case of indirect exporters, the requirement that products or services be sold “abroad for foreign currency” shall not apply as, by the very nature of their business, the sale of their products or services takes place in the Philippines and such indirect exporters are usually paid in Philippines currency.
- (q) “*Transfers*” refer to those workers or employees affected by the movement of personnel from the head office to a branch office or from one branch office to another in an equivalent rank or level without break in service;
- (r) “*Temporary Transfers*” refer to those transfers that do not exceed a continuous six month period;
- (s) “*Mobile or multisite employees*” refer to those employees who, by the nature of their work, have to travel from one branch or another and regularly perform their duties away from the principal place of business of the employer.

RULE 2
NEW MINIMUM WAGE RATES

SECTION 1. COVERAGE. The minimum wage rates prescribed under the Order shall apply to all employees in the private sector in the Region regardless of their position, designation or status, and irrespective of the method by which their wages are paid, except household or domestic helpers, including family drivers and workers in the personal service of another.

SECTION 2. AMOUNT OF MINIMUM WAGE. In line with the rationalization of wages between and among particular groups of workers eliminating marginal differences between wage categories and setting transitional minimum wages for affected areas under the revised spatial classification, the daily minimum wage rates of workers in the Region upon effectivity of the Order shall be as follows:

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

SECTION 3. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS, ELECTRIC COOPERATIVES, PORT SERVICES AND LOCAL WATER DISTRICTS SUBJECT TO GOVERNMENT REGULATORY CONTROL. For private educational institutions and other establishments as enumerated whose fees/product or service pricing are subject to government regulatory control, the prescribed minimum wage shall be applicable upon approval of their application for increase in fees/rates by the government agency concerned, but in no case will this temporary deferment be more than one year.

Requirements of a deferment application are as follows:

1. Application letter under oath with attendant information on the firm's principal economic activity, amount of total assets, date of start of operation, the regular number and names of workers with their corresponding salaries and wages and dates of employment.
2. Proof of notice of filing of application to the President of the union/contracting party if one is organized in the establishment, or if there is no union, a copy of the circular giving general notice of the filing of application to all workers in the establishment. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the application with all the supporting documents. The notice shall be posted in a conspicuous place.
3. Acknowledgement Receipt duly notarized from President of Union and/or Workers' Representative of the Proof of Notice of filing of application.
4. Certified True Copy from approving government regulatory agency that application for tuition/service fee increase in process and that no tuition/service fee increase is to be effected for the period of deferment applied for.

This deferment proviso shall apply to both compensatory and anticipatory proviso of the Order, that is, that which takes effect May 1, 1998 and May 1, 1999 respectively.

Deferment applications under the Compensatory Proviso of the Order shall be filed not later than sixty (60) days from the publication of this Rules. Deferment applications under the Anticipatory Proviso of the Order shall be filed not later than May 1, 1999. The date of mailing shall be the date of filing.

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

In the event that an application for deferment is not granted or is not fully granted, covered workers and employees shall receive the appropriate compensation due them as provided for in the Order plus interest of one percent (1%) per month retroactive to the effectivity of the said Order or from the period not covered by the grant of deferment, whichever is applicable.

SECTION 4. APPLICATION TO CONTRACTORS. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed wage increases shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed wage rates, the construction/service contractor shall be jointly and severally liable with his principal or client.

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

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 6. APPLICATION TO EXPORTERS. Establishments in the export industry which earn at least fifty percent (50%) of its normal operating revenues from export sales and whose product pricing is computed using

labor costs based on previous mandated rates, the effectivity of the minimum wage rates under the Order shall be deferred but shall not be for a period of more than one year.

These conditions shall be verified based on predominant and accepted documents used in the industry that should show applicant entered into contracts before May 1, 1998, but that these contracts shall be concluded, that is, produced and delivered, and consequently paid for between the periods May 1, 1998 to May 1, 1999.

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

In the case of establishments eligible for deferment, a written internal agreement on the manner of deferment as agreed between employers and employees shall take precedence over any guidelines specified in the Order and this Implementing Rules provided said agreed deferment does not exceed one year.

For purposes of representation, the incumbent bargaining union in the case of organized enterprises or the representatives of choice of the employees in the case of non-unionized enterprises shall represent the employees in the said agreement. This internal agreement, however, has no automatic application but subject to the basic requirements of a deferment application.

Requirements of a deferment application are as follows:

1. Application letter under oath with attendant information on the firm's principal economic activity, amount of total assets, date of start of operation, the regular number and names of workers with their corresponding salaries and wages and dates of employment.
2. Proof of notice of filing of application to the President of the union/contracting party if one is organized in the establishment, or if there is no union, a copy of the circular giving general notice of the filing of application to all workers in the establishment. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the application with all the supporting documents. The notice shall be posted in a conspicuous place.
3. Acknowledgment Receipt duly notarized from the President of the Union and/or Workers' Representative of Proof of Notice of Filing of Application.
4. Supporting Documents as follows:
 - 4.1 For Direct Exporters
 - a. Proof of 50% Export Sales Status
 - b. Contracts with Foreign Buyers/s entered into before May 1, 1998, but for production, delivery and subsequent payment between the periods May 1, 1998 to May 1, 1999.
 - c. Invoices, Bills of Lading, Confirmed Inward Letters of Credit, Lading Certificate and other Commercial documents with reference to the contracts described in 4.1b.
 - 4.2 For Indirect Exporters
 - a. Certification from Consignee/s that export products consigned were in fact sold by consignee/s.
 - b. Proof of 50% *Export Sale* Status of Consignee/s
 - c. Contracts with Consignee/s entered into before May 1, 1998, but for production, delivery and subsequent payment between the period May 1, 1998 to May 1, 1999.
 - d. Purchase Orders, Invoices, Receipts and other Commercial Documents with reference to contracts described in 4.2c.
 - 4.3 For Exporters (Direct or Indirect) and Workers who decide to agree on the length of deferment.

- a. In the case of Direct Exporters, proof of 50% *Export Sale* Status. In the case of indirect exporters, certification from Consignee/s and proof of 50% Export Sale Status of Consignee/s.
- b. Written internal agreement under oath between the employers and employees on the length of period of deferment.

This deferment proviso shall apply to the compensatory proviso of the Order only, that is, that which takes effect on May 1, 1998.

Deferment application shall be filed not later than sixty (60) days from the publication of this Rules. The date of mailing shall be the date of filing.

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

In the event that an application for deferment is not granted or is not fully granted, covered workers and employees shall receive the appropriate compensation due them as provided for in the Order plus interest of one percent (1%) per month retroactive to the effectivity of the said Order or from the period not covered by the grant of deferment, whichever is applicable.

SECTION 7. APPLICATION TO SPECIAL GROUPS OF WORKERS. Wage rates of apprentices, learners and handicapped workers shall in no case be less than seventy-five (75%) of the applicable minimum wage rates.

All recognized learnership and apprenticeship agreements entered into before May 1, 1998 and/or May 1, 1999, shall be considered as automatically modified insofar as their wage clauses are concerned to reflect the increase prescribed under the Order.

SECTION 8. APPLICATION TO TRANSFERS, MOBILE OR MULTISITE EMPLOYEES.

The minimum wage rates of mobile or multisite workers, who by the nature of their work have to travel, shall be those applicable in the place where they are stationed or based.

In case of transfer or movement of personnel from head office to a branch office or from one branch office to another with different minimum wage rates, the following rules shall be applied:

- (a) From a High Rate City/Municipality to a Low Rate City/Municipality

Whether the transfer is permanent or temporary in nature, the worker(s) / employee(s) affected therein shall continue to receive the higher rate.

- (b) From Low Rate City/Municipality to a High Rate City/Municipality

When transfer is permanent in nature, the worker(s) / employee(s) affected therein shall receive the higher rate.

When transfer is temporary in nature, the higher rate shall be received by the worker(s) / employee(s) affected while in assignment. However, once he reverts back to his previous post, he shall receive his old rate, that is, the lower rate.

SECTION 9. CREDITABILITY PROVISIO. All forms of basic wage and/or salary increases, regardless of nature, provided they bring the actual wage and/or salary to the new minimum wage rates and provided further the resultant is equal to or greater than the minimum wage rates established under the Order and this Rules are deemed creditable.

Future wage and/or salary increases up to three (3) months from the effectivity of the Order may be accelerated and shall be deemed creditable as compliance therewith provided the resultant is equal to or greater than the minimum wage rates established under the Order and this Rules.

Where said increases are less than the prescribed minimum wage rates provided in the Order and this Rules, the employer shall pay the difference.

SECTION 10. EXEMPTION. Upon application with and as determined by the Regional Board in accordance with the applicable rules and regulations, distressed establishments as defined in the NWPC Guidelines No. 01, Series of 1996 (Rules on Exemption) may be exempted from compliance with the Order.

Requirements of exemption applications are as follows:

- a. Application letter under oath with attendant information on the firm's principal economic activity, amount of total assets, date of start of operation, the regular number and names of workers with their corresponding salaries and wages and dates of employment.
- b. Proof of notice of filing of application to the president of the union/contracting party if one is organized in the establishment, or if there is no union, a copy of the circular giving general notice of the filing of application to all workers in the establishment. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the application with all the supporting documents. The notice shall be posted in a conspicuous place.
- c. Acknowledgment receipt duly notarized from the President of the Union and/or Workers' Representative of Proof of Notice of Filing of Application.
- d. Supporting documents are as follows:
 1. Audited Financial statements together with the Auditor's Opinion and the notes thereto for the last two full accounting periods (1996-1997) filed with and stamped "received" by the Securities and Exchange Commission and the Bureau of Internal Revenue.
 2. Audited interim quarterly financial statements together with Auditor's Opinion and the notes thereto for the period immediately preceding the effectivity of the Order.

Application for exemption shall be filed not later than sixty (60) days from the publication of this Rules. The date of mailing shall be the date of filing.

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 the 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 the Order plus interest of one percent (1%) per month retroactive to the effectivity of the said Order.

SECTION 11. MOTION FOR RECONSIDERATION. Any party aggrieved by the decision of the Board on his application for deferment or exemption may file a motion for reconsideration of the decision within ten (10) calendar days from receipt thereof, stating the particular grounds upon which the motion is based, copy furnished the other party and the Regional Office of the Department.

No second motion for reconsideration shall be entertained in any case. The decision of the Board shall be final and executory unless otherwise appealed to the Commission.

SECTION 12. APPEAL. A party aggrieved by the decision of the Board may file an appeal to the Commission, through the Board, in two legible copies, not later than ten (10) days from the date of receipt of the decision on the following grounds:

- a. Non-conformity with the prescribed guidelines/procedures on exemption (/deferment);
- b. Prima facie evidence of grave abuse of discretion on the part of the Board; or
- c. Questions of law.

The appeal, with proof of service to the other party, shall be accompanied with a memorandum of appeal which shall state the date appellant received the decision, the grounds relied upon and the arguments in support thereof.

The appeal shall not be deemed perfected if it is filed with any office or entity other than the Board.

The appellee may file with the Board his reply or opposition to the appeal within ten (10) days from receipt of the appeal. Failure of the appellee to file his reply or opposition shall be construed as waiver on his part to file the same.

SECTION 13. EFFECTS ON EXISTING WAGE STRUCTURE. Wage/salary distortions and/or severe compression which may result as a consequence of the Order shall be addressed through mutual agreement by the employer and its employees or their representative union.

Advisory formulae to correct distortions or severe compression is annexed to the Order as possible alternative for the parties to consider.

The annexed formulae is neither compulsory nor mandatory in nature and any other agreement the parties may adopt shall take precedence to this formulae.

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

Disputes which may arise as a result of the Order shall be resolved in accordance with Article 124 of the Labor Code as amended.

SECTION 14. COMPLAINTS FOR NON-COMPLIANCE. Complaints for non-compliance with the new minimum wage rates provided in the Order shall be filed with the Regional Office of the Department of Labor and Employment and shall be subject to enforcement proceedings under Articles 128 and 129 of the Labor Code of the Philippines, as amended.

SECTION 15. PENAL PROVISION. Any employer who refuses or fails to pay the corresponding rates provided under the Order shall be subject to the penalties provided under Republic Act No. 6727, as amended by RA 8188.

SECTION 16. PROHIBITION AGAINST INJUNCTION No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceeding before the Board.

SECTION 17. REPEALING / SEPARABILITY CLAUSE If any provision or part of the Order and this Rules is declared unconstitutional or invalid, the other provisions or parts therein shall remain valid.

SECTION 18. NON-DIMUNITION OF BENEFITS Nothing in the Order and this Rules shall be construed as authorizing the reduction of any existing wage rates, allowances or other benefits under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employers or employer practices or policies.

SECTION 19. EFFECTIVITY. This Rules shall take effect concurrent with the effectivity of the Order of which it is part of.

Done this 29TH day of May, 1998 in Quezon City, Philippines.

(SGD) ALEX E. MARAAN
Chairman

(SGD) DITA M. MARALIT
Vice-Chairman

(SGD) OSKAR D. BALBASTRO
Vice-Chairman

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

(SGD) OSCAR M. ACERON
Worker Representative

(SGD) MARCELINO C. PINEDA
Employer Representative

(SGD) RENATO B. ALMEDA
Employer Representative

(SGD) CRESENCIANO B. TRAJANO
Secretary of Labor and Employment