

Republic of the Philippines  
Department Of Labor And Employment  
National Wages and Productivity Commission  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region V, Legaspi City

WAGE ORDER NO. RB05-03

Providing for a Cost of Living Allowance (COLA) to the Workers in the Private Sector

WHEREAS; Pursuant to its mandate to periodically review the prevailing regional minimum wage levels, the Regional Tripartite Wages and Productivity Board of Region V held a dialogue with labor, management and government sectors in March 1993, and came out with the Resolution: Bicol Labor Management Covenant for Peace;

WHEREAS; Said Covenant provides for a strike-free and minimum wage freeze, among others, for at least one (1) year complemented by avoidance of retrenchment and putting in more investments in the region by management through government initiatives;

WHEREAS; Recognizing the diminishing and eroding purchasing power of the peso, a series of provincial consultations on wages were held culminating in the regional consultation last October 25, 1993 at Legaspi City;

WHEREAS; Based on the consultations conducted, a felt need of restoring such purchasing power through the adjustment of the workers compensation, as one of the factors in wage determination, to cope with the rising cost of living was unanimously expressed;

WHEREAS; Consistent with the Covenant vis-a-vis the objectives of the government to generate employment opportunities, promote human resources development, to enhance the viability of business and industry and adhering to the spirit of tripartism and mutual respect, the Board acted by consensus on the matter of wage adjustment;

NOW, THEREFORE, by virtue of the power and authority vested under RA 6727 known as the Wage Rationalization Act of 1990, the Regional Tripartite Wages and Productivity Board of Region V hereby issues this Wage Order.

SECTION 1. A daily Cost of Living Allowance (COLA) shall be provided to all workers and employees in the private sector, who have rendered service for at least three (3) months before the effectivity of this Wage Order, and for the same period hereafter, in the following categories: SEVENTEEN PESOS AND FIFTY CENTAVOS (P 17.50) in the cities of Naga and Legaspi; FIFTEEN PESOS AND FIFTY CENTAVOS (P 15.50) in the municipalities of Tabaco, Daraga, Pili and the city of Iriga; and TEN PESOS (P 10.00) for all other areas in the Bicol Region. This Wage Order shall become effective on December 1, 1993 until November 30, 1994, subject to a review upon the expiration of the Covenant for Peace in March 1994, should the need arises.

SECTION 2. In the case of private educational institutions the share of the covered workers and employees in the increase of the tuition fees within the preceding six (6) months prior to the effectivity of this Order shall be credited as compliance with this Wage Order. For all other establishments which granted similar benefits to workers and/or employees the crediting period is three (3) months. Where their share is less than the amounts provided herein, the employer shall pay the difference.

SECTION 3. Exempted from the provisions of this Wage Order are household or domestic helpers and persons in the personal service of another, including family drivers.

The following establishments may be exempted from the applicability of this Wage Order upon application with the Board, in accordance with the applicable rules and regulations, to wit:

1. Retail/Service establishments regularly employing not more than ten (10) workers;
2. Distressed establishments with at least 25% capital impairment during the preceding year;
3. New business enterprises referred to and governed by Paragraph 2 Section 15, Chapter I of the Implementing Rules of RA 6727.

The Board has the option to grant full or partial exemption to such establishments, the allowed maximum period of exemption being one (1) year.

Whenever an application for exemption has been duly filed with the Regional Board, action 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 the application for exemption is not granted, the employees in such establishment shall be paid the appropriate compensation or amount 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 4. In the case of contracts for construction projects, security, janitorial and similar services allowable by the Labor Code, as amended, the prescribed COLA shall be borne by the principals or clients or the construction/service and the contracts shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed amounts, the construction/service contractor shall be jointly and severally liable with the principal or client.

SECTION 5. All workers paid by result, including those who are paid in piece work, takay, pakyaw or task basis, shall be entitled to receive the prescribed COLA per eight (8) hours work a day, or a proportion thereof for working less than eight (8) hour.

SECTION 6. Where the application of the prescribed COLA under this Wage Order results in distortions of the wage structure within an establishment, such distortions shall be corrected using the procedure as specified under article 124 of the Labor Code of the Philippines as amended.

SECTION 7. Any employer who refuses or fails to pay the COLA prescribed under this Wage Order shall be subject to the penalties under RA 6727.

SECTION 8. If any provision or part of this Wage Order is declared unconstitutional or illegal, the other provisions or parts thereof shall remain valid and existing.

SECTION 9. Nothing in this Wage Order shall be construed to reduce any existing wage rates, allowance or other benefits under existing laws, decrees, issuances, executive orders and/or under any contract and agreement between workers and employers.

SECTION 10. The Regional Board shall promulgate the necessary rules and regulations to implement the provisions of this Wage Order.

SECTION 11. This Wage Order shall take effect on December 1, 1993, that it shall still be published in a newspaper of general circulation in the region.

APPROVED: 18 November, 1993, Legaspi City.

(SGD) BENJAMIN B. BASQUIÑAS  
Workers Representative

(SGD) LIONSON L. CRIBE  
Employers Representative

(SGD) EDUARDO B. ALAMARES  
Worker Representative

(SGD) ADOLFO L. OLIVAN  
Employers Representative

(SGD) MANUEL G. IMPERIAL  
Vice Chairman

(SGD) MARLENE CA. P. RODRIGUEZ  
Vice Chairman

(SGD) ATTY. RICARDO S. MARTINEZ, SR.  
Chairman

Republic of the Philippines  
Department of Labor and Employment  
National Wages and Productivity Commission  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region V, Legaspi City

RULES IMPLEMENTING WAGE ORDER NO. RB 05-03

Pursuant to Section 5, Rule IV of the NWPC Rules of Procedure on Minimum Wage Fixing and Section 10 of Wage Order No. RB05-03, the following rules are hereby issued for guidance and compliance by all concerned:

CHAPTER I - DEFINITION OF TERMS

Section 1. Definition of Terms. As used in this Rules:

- a) "Order" means Wage Order No. RB 05-03;
- b) "Commission" refers to the National Wages and Productivity Commission;
- c) "Board" refers to the Regional Tripartite Wages and Productivity Board in Region V;
- d) "Region V " covers the provinces of Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, Sorsogon and the cities of Legaspi, Iriga and Naga;
- e) "COLA" refers to Cost of Living Allowance;
- f) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;
- g) "Service Establishment" is one principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such;
- h) "Distressed Establishments" refer to establishments with capital impairment in the preceding year as may be determined by the Board;
- i) "New Business Enterprises" refer to enterprises, including non-profit institutions, newly registered with the appropriate government agency such as SEC, DTI, CDA and Mayor's Office registered on July 1, 1993;
- j) "CBBE" refers to countryside Barangay Business Enterprise as defined and duly registered under the provisions of RA 6810;
- k) "Department" refers to the Department of Labor and Employment;
- l) "Capitalization" means paid-up capital, in the case of a corporation and invested capital, in the case of a partnership or single proprietorship.

CHAPTER II - COST OF LIVING ALLOWANCE

Section 1. Coverage. The COLA prescribe under this Wage Order shall apply to all workers and employees in the private sector in Region V regardless of their position, designation or status, and

irrespective of the method by which their wages are paid, except, household and domestic helpers and persons in the personal service of another, including family drivers. Provided, however that they should have rendered service for at least 3 months prior to December 1, 1993 or for a similar period thereafter.

Workers in the establishments defined and enumerated in Section 9 thereof may also be exempted from this Order upon application with and as may be determined by the Board in accordance with applicable rules and regulations.

Section 2. Effectivity. This Order takes effect on December 1, 1993 after its publication in a newspaper of general circulation in Region V.

Section 3. Amount of COLA.

a) Effective December 1, 1993, all covered workers and employees in Region V shall be provided a COLA in the following categories:

- P 17.50 - in the cities of Naga and Legaspi
- P 15.50 - in the municipalities of Tabaco, Daraga, Pili and the city of Iriga
- P 10.00 - in all other areas in the Bicol Region

b) The allowance prescribed under this Order shall be granted for days actually worked and shall not be considered as part of the regular wage of the workers for purposes of computing wage related benefits, such as 13th month pay, overtime and premium pay and night shift differential pay as well as premium contribution to the State Insurance Fund, SSS, Medicare and others.

c) Any covered worker who is on leave of absence is not entitled to the prescribed allowance.

d) Services rendered for less than the regular eight (8) hours worked per day, shall entitle the worker/employee to the COLA proportionate to the number of actual hours work rendered. Provided, however, that when a worker or employee is required to work during holidays or rest days, he shall be entitled to the full COLA granted under this Order regardless of the number of hours worked.

Section 4. Creditable Period.

a) Any wage increase, allowances and/or similar benefits granted by an employer as a result of a collective bargaining agreement which became effective 1 September 1993 or thereafter, shall be credited as compliance under this Order. Where the wage increase granted is less than the prescribed adjustment under this Order, the employer shall pay the difference.

b) In the case of private educational institutions, the share of the covered workers and employees in the increase of tuition fees for six (6) months or specifically after June 1, 1993, and the three (3) months or September 1, 1993 in the case of all other establishments prior to the effectivity of this Wage Order shall be credited as compliance with this Wage Order. In either case, where the share of the workers and employees is less than the prescribed COLA herein, the employers, as the case maybe, shall pay the difference.

c) Anniversary wage increases provided for in collective bargaining agreements, merit increases and those resulting from the regularization or promotion of employees shall not be credited as compliance thereto.

Section 5. Workers Paid by Result. a) All workers paid by results, including those who are paid on piecework, "takay", "pakyaw", or task basis, shall receive the amount prescribed under this Order for the normal working hours which shall not exceed eight (8) hours a day, or a proportion thereof for work of less than the normal working hours.

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

Section 6. Application for Contractors. In the case of contracts of construction projects and for security, janitorial and similar services, the prescribed COLA shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed as amended accordingly. In the event, however, that the principal or client fails to pay the prescribed COLA, the construction/service contractor shall be jointly and severally liable with the principal or client.

Section 7. Mobile and Branch Workers. The COLA received by workers, who by the nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

Section 8. Exemption.

a) The following establishments may be exempted from compliance with the COLA prescribed under this Order upon application with and as determined by the Board in accordance with applicable rules and regulations:

- 1) Retail/Service establishments regularly employing not more than ten (10) workers;
- 2) Distressed employers whose capital has been impaired by at least twenty-five percent (25%) during the preceding year;
- 3) New business enterprises referred to and governed by Paragraph 2, Section 15, Chapter I of the Implementing Rules of the Republic Act No. 6727;
- 4) Countryside Barangay Business Enterprises (CBBEs) duly registered to RA 6810.

b) The Regional Board has the option to grant full or partial exemption to such establishments, the allowed maximum period for exemption being one (1) year except in the case of a New Business Enterprise which has a maximum period of exemption of three (3) years from start of operation.

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

d) 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 9. Non-Diminution of Benefits. Nothing in this Order and in the implementing rules shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, Executive Orders, and/or under any contract or agreement between the workers and employees.

Section 10. Complaints for Non-Compliance. Complaints for non-compliance with the COLA prescribed under the Wage Order shall be filed with the Regional Office of the Department and shall be subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

Section 11. Conduct of Inspection by the Department. The Department shall conduct inspection of establishments as often as necessary to determine whether the workers are paid the prescribed COLA and other benefits granted by law or any Wage Order. In the conduct of inspection in unionized companies, Department Inspectors shall always be accompanied by the President or of any interested unit. In the case of non-unionized establishments the worker representing the workers in said company shall accompany the Inspector.

The Workers representative shall have the right to submit his own findings to the Department and to testify on the same if he does not concur with the findings of the Labor Inspector.

Section 12. Report of Compliance. All covered employers shall report their compliance with the Order and this Rules in the manner and form prescribed under PD No. 851 on or before January 31, 1994 when they submit an itemized listings of their labor component as required under RA 6727.

Section 13. Prohibition Against Injunction. No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Board.

Section 14. Penal Provision. Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increase or adjustment in the wage rates in accordance with the Order shall be subject to the penalties specified under RA 6727.

Section 15. Repealing Clause. If any provision or part of the Order and this Rules is declared unconstitutional or illegal, the other provisions or parts shall remain valid. 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 this Rules shall continue to have full force and effect.

Section 16. Effectivity. This Rules shall take effect on December 1, 1993.

Done in the City of Legaspi, Province of Albay, Republic of the Philippines this 1st day of December, 1993.

(SGD) BENJAMIN B. BASQUIÑAS  
Workers Representative

(SGD) ADOLFO L. OLIVAN  
Employers Representative

(SGD) EDUARDO B. ALAMARES  
Workers Representative

(SGD) LIONSON L. CRIBE  
Employers Representative

(SGD) MANUEL G. IMPERIAL  
Vice Chairman

(SGD) MARLENE CA. P. RODRIGUEZ  
Vice Chairman

(SGD) RICARDO S. MARTINEZ, SR  
Chairman

APPROVED: January 21, 1994

(SGD) MA. NIEVES R. CONFESOR  
Secretary, DOLE and  
Chairman, NWPC

1. *Under Section 3, item b), delete the phrase as well as premium contribution to the State Insurance Fund, SSS, Medicare and others.”*
2. *Section 8, item a) 2) shall be revised as follows: “Distressed establishments as defined in the Revised Guidelines on Exemption.”*
3. *Section 8, item a) 4) shall be deleted as the same is not provided in the Wage Order.*

Republic of the Philippines  
Department of Labor and Employment  
National Wages and Productivity Commission  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Region V, Legaspi City

SUPPLEMENT TO THE RULES IMPLEMENTING WAGE ORDER NO. RB 05-03

Pursuant to Section 5, Rule IV of the NWPC Rules of Procedure on Minimum Wage Fixing and Section 10 of Wage Order No. RB05-03 and Section 3 of Wage Order No. RB05-03-A, the following rules are hereby issued for guidance and compliance by all concerned:

CHAPTER I - DEFINITION OF TERMS

Section 1. Definition of Terms. As used in this Rules:

- a) "Order" means Wage Order No. RB 05-03;
- b) "Supplemental Order" means Wage Order No. RB 05-03-A;
- c) "Commission" refers to the National Wages and Productivity Commission;
- d) "Board" refers to the Regional Tripartite Wages and Productivity Board in Region V;
- e) "Region V " covers the provinces of Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate, Sorsogon and the cities of Legaspi, Iriga and Naga;
- f) "COLA" refers to Cost of Living Allowance;
- g) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;
- h) "Service Establishment" is one principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such;
- i) "Distressed Establishments" refer to establishments with capital impairment in the preceding year as may be determined by the Board;
- j) "New Business Enterprises" refer to enterprises, including non-profit institutions, newly registered with the appropriate government agency such as SEC, DTI, CDA and Mayor's Office registered on July 1, 1993;
- k) "Department" refers to the Department of Labor and Employment;
- l) "Capitalization" means paid-up capital, in the case of a corporation and invested capital, in the case of a partnership or single proprietorship.

CHAPTER II - COST OF LIVING ALLOWANCE

Section 1. Coverage. The COLA prescribe under this Wage Order No. RB05-03 and under this supplemental Wage Order shall apply to all workers and employess in the private sector in Region V regardless of their position, designation or status, and irrespective of the method by which their

wages are paid, except household and domestic helpers and persons in the personal service of another, including family drivers.

Workers in the establishments defined and enumerated in Section 7 thereof may also be exempted from this Order upon application with and as may be determined by the Board in accordance with applicable rules and regulations.

Section 2. Amount of COLA. a) Effective December 1, 1994, all covered workers and employees in Region V shall continue to receive a daily Cost of Living Allowance as follows:

P 17.50 - in the cities of Legaspi and Naga

P 15.50 - in the municipalities of Daraga, Tabaco, Pili and city of Iriga

P 10.00 - in all other areas in the Bicol Region

b) The allowance prescribed under the Order and the Supplemental Order shall be granted for days actually worked and shall not be considered as part of the regular wage of the workers for purposes of computing wage related benefits, such as 13th month pay, overtime and premium pay and night shift differential pay.

c) Any covered worker who is on leave of absence is not entitled to the prescribed allowance.

d) Services rendered for more or less than the regular eight (8) hours worked per day, shall entitle the worker/employee to the COLA proportionate to the number of actual hours work rendered. Provided, however, that when a worker or employee is required to work during holidays or rest days, he shall be entitled to the full COLA granted under the Order and the Supplemental Order regardless of the number of hours worked.

Section 3. Creditable Period. a) Any allowances and/or similar benefits granted by an employer as a result of a collective bargaining agreement from September 1993 up to the effectivity of the Order and the Supplemental Order shall be credited as compliance of the COLA prescribed therein. Where the allowance and/or benefit granted is less than the prescribed adjustment under the Order and the Supplemental Order, the employer shall pay the difference.

b) In the case of private educational institutions, the share of the covered workers and employees in the increase of tuition fees for six (6) months or specifically after June 1, 1993, shall be credited as compliance with the Order and the Supplemental Order. Where the share of the workers or employees is less than the prescribed COLA, the employers shall pay difference.

Section 4. Workers Paid by Result. a) All workers paid by results, including those who are paid on piecework, "takay", "pakyaw", or task basis, shall receive the amount prescribed under the Order and the Supplemental Order for the normal working hours which shall not exceed eight (8) hours a day, or a proportion thereof for work of less than the normal working hours.

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

Section 5. Application for Contractors. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed COLA 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 increase, the construction/service contractor shall be jointly and severally liable with the principal or client.

Section 6. Mobile and Branch Workers. The COLA received by workers, who by the nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

Section 7. Exemption. a) The following establishments may be exempted from compliance with the COLA prescribed under the Order and the Supplemental Order upon application with and as determined by the Board in accordance with the applicable rules and regulations:

- 1) Retail/Service establishments regularly employing not more than ten (10) workers;
- 2) Distressed establishments as defined in the Revised Guidelines on Exemption.;
- 3) New business enterprises as herein defined.

b) The Regional Board has the option to grant full or partial exemption to such establishments, the allowed maximum period for exemption being one (1) year except in the case of a New Business Enterprise which has a maximum period of three (3) years from start of operation.

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

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

Section 8. Non-Diminution of Benefits. Nothing in the Order, Supplemental Order and in the implementing rules shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, Executive Orders, and/or under any contract or agreement between the workers and employees.

Section 9. Complaints for Non-Compliance. Complaints for non-compliance with the COLA prescribed under the Order and the Supplemental Order shall be filed with the Regional Office of the Department and shall be subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

Section 10. Conduct of Inspection by the Department. The Department shall conduct inspection of establishments as often as necessary to determine whether the workers are paid the prescribed COLA and other benefits granted by law or any Wage Order. In the conduct of inspection in unionized companies, Department Inspectors shall always be accompanied by the President or by any authorized representative of the union. In the case of non-unionized establishments, the worker's representative in said company shall accompany the inspector.

The workers representative shall have the right to submit his own findings to the Department and to testify on the same if he does not concur with the findings of the Labor Inspector.

Section 11. Report of Compliance. All covered employers shall report their compliance with the Order and the Rules in the manner and form prescribed under PD No. 851 on or before January 31, 1994 when they submit an itemized listing of their labor component as required under RA 6727.

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 proceedings before the Board.

Section 13. Penal Provision. Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increase or adjustment in the wage rates in accordance with the Order shall be subject to the penalties specified under RA 6727.

Section 14. Repealing Clause. If any provision or part of the Order and this Rules is declared unconstitutional or illegal, the other provisions or parts shall remain valid. 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 this Rules shall continue to have full force and effect.

Section 15. Effectivity. This Rules shall take effect on December 1, 1994.

APPROVED : Legaspi City, 16 February 1995.

(SGD) BENJAMIN B. BASQUIÑAS  
Workers Representative

(SGD) LIONSON L. CRIBE  
Employers Representative

(SGD) EDUARDO B. ALAMARES  
Workers Representative

(SGD) ADOLFO L. OLIVAN  
Employers Representative

(SGD) MARLENE CA. P. RODRIGUEZ  
Vice Chairman

(SGD) MONINA LILY A. CLAVERIA  
Vice Chairman

(SGD) PEDRO P. CAÑO  
Chairman