

Republic of the Philippines
Department of Labor and Employment
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Regional Board VI
Iloilo City

WAGE ORDER NO. RB6-03

INCREASING THE MINIMUM WAGE RATES AND
GRANTING ADDITIONAL COST OF LIVING ALLOWANCE

WHEREAS, the Regional Board, *motu proprio* conducted public hearings to determine whether there is a need to issue a wage order increasing the minimum wage in the region;

WHEREAS, while in the course of its deliberations, the Regional Board received a petition from the Labor Advisory and Consultative Council, Region VI, for the integration of the cost of living allowance under Wage Order No. RO6-01, general wage increase of P30.00 a day after the integration, and increase of 40% in the "pakyaw" rates;

WHEREAS, the purchasing power of the Philippine Peso has been eroded from the time Wage Order No. RO6-01 was issued on November 27, 1990;

WHEREAS, the prevailing economic conditions in the region so demand that the workers and their families must be provided with immediate relief measures to enable them to cope with the cost of living without impairing the viability of business and industry;

WHEREAS, the sugar industry, a vital industry in the Region, has to survive; and thus needs the utmost consideration and understanding of both labor and management;

WHEREAS, the prevailing situation in small scale enterprises warrants separate and distinct solution if only to maintain/sustain the viability of these enterprises and prevent the possibility of mass unemployment.

WHEREAS, cognizant of all the above conditions, the Board has to balance the interests of all parties concerned and act accordingly but, leaving other options open when better economic conditions will prevail.

NOW, THEREFORE, on the above premises and by virtue of the power and authority vested under Republic Act No. 6727 otherwise known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board, Region VI, hereby issues this Wage Order.

Section 1. Upon the effectivity of this Wage Order, the Cost of Living Allowance (COLA) granted under Wage Order No. RO6-01 shall be integrated into the applicable basic wage rates; and in addition thereto, a Cost of Living Allowance (COLA) shall be granted for those who will be receiving a basic wage of not more than ₱ 150.00/day after integration which, unless otherwise provided for, shall likewise accrue upon the effectivity of this Wage Order, as follows:

<u>CLASSIFICATION</u>	<u>BASIC</u>	<u>COLA</u>
NON-AGRICULTURE (i.e., Industrial/Commercial)	P 102.35	P 12.00
AGRICULTURE Plantation (i.e., more than 24 hectares or employing at least 20 workers) with annual gross sales of P5 M or more	86.90	10.00
Plantation with annual gross sales of less than P5 M	81.40	9.50
Non-plantation	64.35	7.50
COTTAGE/HANDICRAFT Employing more than 30 workers	73.70	8.50
Employing not more than 30 workers	71.50	8.50
PRIVATE HOSPITALS	93.50	11.00
RETAIL/SERVICE Cities with population of more than 150,000		
Employing more than 15 workers	97.90	11.50
Employing 11-15 workers	93.50	11.00
Employing not more than 10 workers	63.80	7.50
Municipalities and Cities with population of not more than 150,000		
Employing more than 10 workers	93.50	11.00
Employing not more than 10 workers	63.80	7.50
SUGAR Mills	104.65	12.50
Agriculture Plantation with annual gross sales of P5 M or more	80.85	9.50
Plantation with annual gross sales of less than P5M	75.35	9.00 Staggered as follows: 5.00 upon effectivity of the Wage Order 4.00 not later than Sept. 1, 1994
Non-Plantation	64.35	7.50 Staggered as follows: 4.50 upon effectivity of the Wage Order 3.00 not later than Sept. 1, 1994
BUSINESS ENTERPRISES WITH CAPITALIZATION OF NOT MORE THAN P1 MILLION AND EMPLOYING NOT MORE THAN 20 WORKERS		
Non-Agriculture	86.90	10.00
Agriculture Plantation		
Products other than sugar	75.90	9.00
Sugar	69.85	8.00
Private Hospitals	82.50	9.50
Retail/Service Cities with population of more than 150,000		

Employing more than 15 workers	86.90	10.00
Employing 11-15 workers	82.50	9.50
Employing not more than 10 workers	63.80	7.50
Municipalities and Cities with Population of not more than 150,000		
Employing more than 10 workers	82.50	9.50
Employing not more than 10 workers	63.80	7.50

Section 2. The COLA granted under this Wage Order shall not be considered as part of the basic wage of the worker for purposes of computing wage related benefits such as 13th-month pay, overtime pay, premium pay, holiday pay and night differential pay.

Section 3. All qualified workers paid by result, including those who are paid on piece work, "takay", "pakyaw" or task basis, shall likewise be entitled to the integration and the prescribed Cost of Living Allowance.

Section 4. Wage increases/additional cash allowances, on top of those granted under WO-RO6-01, given on or after September 1, 1993 shall be credited as compliance with this Wage Order. These do not include increases due to promotion, merit, longevity or anniversary. Where the said wage increase/additional cash allowance is less than the wage increase and additional COLA provided herein, the employer shall pay the difference.

Section 5. The payment of the Cost of Living Allowance herein granted shall apply to all qualified workers and employees in the educational institutions as soon as the latter have increased or been granted the authority to increase tuition fee during the school year 1994-1995 retroactive to the effectivity of this Wage Order.

The share of covered workers and employees in the increase of tuition fees for school years 1993-1994 shall be credited as compliance with the Cost of Living Allowance provided herein. Where their share is less than the COLA provided herein, the employer shall pay the difference.

Section 6. Exempted from the provisions of this Wage Order are household or domestic helpers and persons in the personal services of another, including family drivers. All other exemptions shall be subject to applicable existing rules and regulations.

Section 7. In the case of contracts for construction projects and for security, janitorial and similar services, the herein prescribed benefits of covered workers and employees 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, the principal or client fails to pay the prescribed allowance, the construction/service contractor shall be jointly and severally liable with the principal or client.

Section 8. In lieu of the COLA prescribed under this Wage Order, employers may grant wage increases which shall be considered as compliance with this Wage Order, provided the amount is not less than what is required herein.

Section 9. Where the application of the wage increase/cost of living allowance prescribed herein result in distortions of the pay structure within an establishment, such distortions shall be resolved using the procedure specified under Article 124 of the Labor Code of the Philippines.

Section 10. The Regional Board shall provide the necessary rules and regulations to implement this Wage Order subject to the approval of the Secretary of Labor and Employment.

Section 11. Any employer who refuses or fails to comply with this Wage Order shall be subjected to the penalties as specified under RA 6727.

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

Section 13. This Wage Order will be subject to *motu proprio* review by the Board six (6) months after its effectivity or sooner should circumstances warrant.

Section 14. This Wage Order shall take effect fifteen (15) days after its publication in at least one (1) newspaper of general circulation in the Region.

Approved. November 17, 1993.

(SGD) JAMES C. LEDESMA, SR.
Employers' Representative

"I strongly disagree with the COLA granted. An ₱18.00 COLA should have been more humanly reasonable."
(SGD) EDGARDO R. BALAJADIA
Workers' Representative

(SGD) VIRGILIO A. SINDICO
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Department of Labor and Employment
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Iloilo City

RULES IMPLEMENTING WAGE ORDER NO. RB6-03

Pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board under Article 122 (b) Section 3 of Republic Act No. 6727, otherwise known as the Wage Rationalization Act and Section 10 of Wage Order No. RB6-03, the following rules are hereby issued for guidance and compliance by all concerned:

RULE 1

Section I. DEFINITION OF TERMS. As used in these Rules:

- (a) "*Order*" means Wage Order No. RB6-03;
- (b) "*Commission*" means the National Wages and Productivity Commission;
- (c) "*Board*" means the Regional Tripartite Wages and Productivity Board of Region VI;
- (d) "*Department*" means Department of Labor and Employment;
- (e) "*Region VI*" covers the provinces of Iloilo, Guimaras, Antique, Capiz, Aklan and Negros Occidental;
- (f) "*Agriculture*" includes farming in all its branches and, among other things, includes the cultivation and tillage of the soil, dairying, the production, cultivation, growing and harvesting of any agricultural or horticultural commodities, aquaculture, the raising of livestock or poultry, and any activities performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, but does not include deep-sea fishing, the manufacturing or processing of sugar, coconut, abaca, tobacco, pineapple or other farm products, marine and aquaculture products;
- (g) "*Plantation agricultural enterprise*" is one engaged in agriculture with an area of more than 24 hectares in a locality which employs at least 20 workers. Any other agricultural enterprise shall be considered as "non-plantation";
- (h) "*Cottage/Handicraft establishment*" is one engaged in an economic endeavor in which the products are primarily done in the home or such other places for profit which requires manual dexterity and craftsmanship and whose capitalization does not exceed ₱ 1,000,000.00, regardless of previous registration with the defunct NACIDA;
- (i) "*Retail Establishment*" is one principally engaged in the sale of goods to end-users for personal or household use;
- (j) "*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;

- (k) "*Distressed Establishment*" is one whose capital has been impaired or whose revenues, in the case of non-profit, non-stock corporations substantially declined during the preceding calendar year in the case of commercial/industrial establishments or crop year in the case of agricultural establishments;
- (l) "*Basic Wage*" means all the remuneration or earnings paid by an employer to a worker or services rendered on normal working days and hours but does not include Cost of Living Allowances, profit-sharing payments, premium payments, 13th-month pay or other monetary benefits which are not considered as part of or integrated into the regular salary of the workers on the date the Order became effective;
- (m) "*COLA*" means Cost of Living Allowance;
- (n) "*Minimum Wage Rate*" is the lowest wage rate fixed by law that an employer can pay his workers;
- (o) "*Wage Distortion*" means a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases or differentiations.

RULE II
BASIC WAGE AND COST OF LIVING ALLOWANCE

Section 1. COVERAGE. The increases in basic wages and the granting of the Cost of Living Allowance prescribed under the Wage Order shall cover all workers in the private sector, regardless of their position, designation or status, and irrespective of the method by which their wages are paid, including learners and apprentices, except:

- (a) Workers who are receiving a daily wage of more than ₱ 150.00 after integration shall no longer be covered by the applicable COLA granted under the Wage Order;
- (b) Household and domestic helpers or persons in the personal service of another, including family drivers;
- (c) Workers of distressed establishments, retail/service establishments employing not more than ten (10) workers, and banks under receivership/liquidation who applied for exemption from COLA and whose application has been approved by the Board in accordance with the existing guidelines and subject to its sound discretion considering the present financial capacity of the establishment.

Section 2. AMOUNT OF BASIC WAGE AND COLA. Effective December 04, 1993, the Basic Wages and COLAs of covered employees and workers shall be as follows:

<u>CLASSIFICATION</u>	<u>BASIC</u>	<u>COLA</u>
<i>NON-AGRICULTURE</i> (i.e., Industrial/Commercial)	₱ 102.35	₱ 12.00
<i>AGRICULTURE</i> Plantation (i.e., more than 24 hectares or employing at least 20 workers) with annual gross sales of ₱ 5M or more	86.90	10.00

Plantation with annual gross sales of less than ₱ 5 M	81.40	9.50
Non-plantation	64.35	7.50
<i>COTTAGE/HANDICRAFT</i>		
Employing more than 30 workers	73.70	8.50
Employing not more than 30 workers	71.50	8.50
<i>PRIVATE HOSPITALS</i>		
	93.50	11.00
<i>RETAIL/SERVICE</i>		
Cities with population of more than 150,000		
Employing more than 15 workers	97.90	11.50
Employing 11-15 workers	93.50	11.00
Employing not more than 10 workers	63.80	7.50
Municipalities and Cities with population of not more than 150,000		
Employing more than 10 workers	93.50	11.00
Employing not more than 10 workers	63.80	7.50
<i>SUGAR</i>		
Mills	104.65	12.50
Agriculture		
Plantation with annual gross sales of ₱ 5 M or more	80.85	9.50
Plantation with annual gross sales of less than ₱ 5M	75.35	9.00
		Staggered as follows: 5.00 upon effectivity of the Wage Order 4.00 not later than Sept. 1, 1994
Non-Plantation	64.35	7.50
		Staggered as follows: 4.50 upon effectivity of the Wage Order 3.00 not later than Sept. 1, 1994
<i>BUSINESS ENTERPRISES WITH CAPITALIZATION OF NOT MORE THAN ₱ 1 MILLION AND EMPLOYING NOT MORE THAN 20 WORKERS</i>		
Non-Agriculture	86.90	10.00
Agriculture Plantation		
Products other than sugar	75.90	9.00
Sugar	69.85	8.00
Private Hospitals	82.50	9.50
Retail/Service		
Cities with population of more than 150,000		
Employing more than 15 workers	86.90	10.00
Employing 11-15 workers	82.50	9.50
Employing not more than 10 workers	63.80	7.50
Municipalities and Cities with Population of not more than 150,000		
Employing more than 10 workers	82.50	9.50
Employing not more than 10 workers	63.80	7.50

Section 3. CREDITABLE WAGE INCREASE/ADDITIONAL ALLOWANCE.

Wage increases/additional allowance on top of those granted under Wage Order No. RO6-01, given on or after September 1, 1993 shall be credited as compliance with this Wage Order. These do not include increases due to promotion, merit, longevity or anniversary grants. Where said wage increase/additional cash allowance is less than the wage increase and additional COLA provided herein, the employer shall pay the difference.

In the case of private educational institutions where the tuition fee increase was effected during the school year 1993-1994, the share of the covered workers and employees in the increase of the tuition fees shall be credited as compliance. Where the share is less than the COLA provided therein, the employer shall pay the difference subject to the provision of Section 8 hereof.

Section 4. COLA FOR UNWORKED DAYS.

- (a) All covered workers shall be entitled to their daily cost of living allowance during the days that they are paid their basic wage even if unworked.
- (b) A worker who is on leave of absence but is receiving employee compensation, social security, or maternity leave benefits, in lieu of wages, shall be entitled to the allowance provided in the Order in proportion to such compensation/benefit; provided that such worker shall be paid the full daily allowance if paid the full basic wage.
- (c) The cost of living allowance (COLA) of part-time workers shall not be less than the amount in proportion to the time they actually worked.

Section 5. WORKERS PAID BY RESULT. All workers paid by result including those who are paid on piece work, "takay", "pakyaw" or task basis, shall receive not less than the applicable basic wage and COLA rates prescribed under the Wage 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.

Industries/Establishments currently paying their workers/employees specific unit rates in the different phases of its operations based on time and motion studies previously developed and approved by competent authority, shall, in the absence of a more updated study, continue the practice but shall proportionately adjust the said rates with respect to the integration of the COLA under Wage Order No. RO6-01 and the additional COLA as mandated under Wage Order No. RB6-03 in accordance with its classification and implementation scheme as mandated in the Wage Order.

Section 6. BASIC WAGE AND COLA OF SPECIAL GROUP OF WORKERS.

Apprentices, handicapped workers and learners shall in no case receive less than 75% of the applicable Basic Wage and COLA rates.

Section 7. APPLICATION TO CONTRACTORS. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed basic wage and COLA for covered workers and employees shall be borne by the principals or clients of the construction/service contractors and the contracts shall be deemed amended accordingly. In the event, however, the principal or client fails to pay the prescribed allowance, the construction/service contractor shall be jointly and severally liable with the principal or client,

subject to the Provisions on Exemption of the Principal per NWPC Guideline No. 01, Series of 1992, unless otherwise amended.

Section 8. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS.

The payment of the basic wage and COLA herein granted shall apply to all qualified workers or employees of the educational institution as soon as the latter has increased or been granted the authority to increase tuition fees during the school year 1994-1995 retroactive to the effectivity of this Wage Order.

Section 9. SPECIAL FEATURES OF COLA.

- (a) COLA granted to the workers and employees in compliance with the Wage Order cannot be considered as part of the regular wage of the workers and employees for purposes of determining wage related benefits such as overtime pay, premium pay, holiday pay and night differential pay.
- (b) In lieu of the COLA, employers may grant wage increases which shall be considered as compliance with the Wage Order provided the amount is not less than the COLA prescribed by the Wage Order; provided, further, that such wage increases shall be included in determining fringe benefits, contribution to the State Insurance Fund, SSS, Medicare, Pag-IBIG, maternity benefits, retirement plan and wage related benefits such as overtime pay, premium pay, holiday pay and night differential pay.

Section 10. APPLICATION FOR EXEMPTION. Distressed employer, retail/service establishment employing not more than ten (10) workers and banks under receivership/liquidation may apply with the Board for exemption from compliance with the Wage Order in accordance with existing laws and/or guidelines.

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

Exemption granted pursuant to the Wage Order shall in no case extend beyond one (1) year from the effectivity of the Wage Order.

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 Wage Order plus an interest of 1% per month retroactive from December 4, 1993, when the Wage Order became effective;

Applications for exemptions shall be filed within sixty (60) days from the approval of these Rules.

Section 11. PAYMENT OF BASIC WAGE AND COLA. COLA prescribed by the Wage Order shall be paid in legal tender together with the regular wage on the customary pay day;

Section 12. COMPLAINTS FOR NON-COMPLIANCE. Complaints for non-compliance of the requirements prescribed under the Wage Order shall be filed with the Regional Office of the Department, Region VI and shall be the subject of enforcement proceedings under Art. 128 and Art. 129 of the Labor Code, as amended.

RULE III

GENERAL PROVISIONS

Section 1. NON-DIMINUTION OF BENEFITS. Nothing in the Wage Order shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between the workers and the employers.

Section 2. PENAL PROVISIONS. Any person, corporation, trust, firm, partnership, association or entity which refuses to pay any of the prescribed increases or adjustment in the wage rates and COLA made in accordance with the Wage Order shall be punished by a fine not exceeding ₱ 25,000 and/or imprisonment of not less than 1 year nor more than 2 years: Provided that any person convicted under the Act shall not be entitled to the benefits provided under the Probation Law.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty or 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 3. FINAL PROVISION. If any provision or part of this Wage Order and these Rules, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of the Wage Order and this Rules or the application of such provision or part thereof to other person or circumstance shall not be affected thereby.

Section 4. EFFECTIVITY. These Rules shall take effect on December 4, 1993.

Done in the City of Iloilo, Republic of the Philippines this 11th day of January 1994.

(SGD) VIRGILIO A. SINDICO
Employers' Representative

(SGD) EDGARDO R. BALAJADIA
Workers' Representative

(SGD) JAMES C. LEDESMA
Employers' Representative

(SGD) WENNIE G. SANCHO
Workers' Representative

(SGD) DOMINIC P. ABAD
Vice-Chairman
Regional Director, DTI

(SGD) ERNESTO M. BALANGUE
Vice-Chairman
Regional Director, NEDA

(SGD) MAE G. LASERNA
Chairman
Regional Director, DOLE

APPROVED this 14th day of February 1994, subject to the following notations:

1. *The definition of "Distressed Establishment" shall be revised to read as follows:*

"Distressed Establishment" refers to an establishment which meets the criteria enumerated in Section 3 (3) of the NWPC Revised Guidelines on Exemption."

2. *The Wage Order was published on November 18, 1993. Hence, the date of effectivity shall be December 3, 1993.*
3. *The Board has to clarify under Section 8, Application to Private Educational Institutions, the date of effectivity of the Order for schools which will not increase tuition fees in SchoolYear 1994-1995.*
4. *The deadline shall be 60 days from the date of publication of the approved Implementing Rules in at least one newspaper of general circulation in the region.*
5. *The Board may also wish to re-study the definition of a “cottage/handicraft establishment” to conform with the attached SMED Council Resolution No. 1, Series of 1992.*

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