

**Republic of the Philippines**  
**Department of Labor and Employment**  
**NATIONAL WAGES AND PRODUCTIVITY COMMISSION**

NWPC Policy Guidelines No. 01  
Series of 2005

**POLICY DIRECTIONS AND PROGRAM THRUSTS : 2006-2010**

Pursuant to Article 121 b and c of the Labor Code as amended by Section 3 of **Republic Act No. 6727**, the National Wages and Productivity Commission hereby adopts the following policy directions and program thrusts to govern the proceedings in the Commission and the Regional Tripartite Wages and Productivity Boards in the determination of minimum wages and the promotion of productivity improvement and gain sharing in the regions:

**Section 1.** The Commission and the Regional Boards shall continue the policy of minimum wage determination pursuant to **Republic Act No. 6727** or the Wage Rationalization Act issued in July 1989.

**Section 2.** In this context, the minimum wage rates to be set by the Regional Boards shall be rooted on the basic concept of providing workers with "safety net" protection against unduly low wages. Said minimum wage rates shall be confined as much as possible to protecting the lowest paid workers from the vagaries of the labor market. Furthermore, the use of the salary ceiling and across-the-board methods in adjusting minimum wages shall be discouraged.

**Section 3.** The determination of wages above the minimum shall be left to collective bargaining in the organized sector or employer-employee negotiations in the unorganized sector. The minimum wage levels to be set by the Regional Boards may serve the purpose of providing workers and employers with a reference figure as their guide in salary and wage negotiations. Payment of wages above the minimum may be also based on productivity and/or performance of the enterprise.

**Section 4.** Following the safety net approach, the present minimum wage structures shall be simplified. Existing differentials based on such factors as employment size, level of capitalization, amount of gross sales, hospital bed capacity, hiring date and population size, shall be discouraged. Thus, wage differentiation shall be based on such broad classifications as non-agriculture, agriculture and retail/service establishments employing not more than 10 workers.

**Section 5.** The Regional Boards shall continue to implement the existing policy on exemption as embodied in NWPC Guidelines No. 1, series of 1996 (Rules of Exemption from Compliance with Mandated Wage/COLA Increases Granted by the Regional Tripartite Wages and Productivity Boards), until such time that the Commission shall have reviewed and revised the Rules on Exemption in order to make the same more relevant to the requirements of the tripartite sectors.

**Section 6.** In response to the requirements for business flexibility and emerging global trends, the Regional Boards are encouraged to consult with employers and workers groups in selected industries in order to forge tripartite consensus on wages and wage-related

benefits, and on improving the productivity and competitiveness of business enterprises. To this end, the Regional Boards may issue wage advisories to serve as a guide to the parties in drawing up their wage proposals, subject to guidelines to be issued by the Commission.

**Section 7.** In order to boost the adoption of productivity improvement programs and gain sharing schemes at the enterprise level, the Commission and the Regional Boards shall provide the necessary information and extend technical assistance to micro, small and medium enterprises that may want to set up its ISTIV-Productivity Awareness Program (ISTIV-PAP). Business enterprises may share in the cost of training and consultancy services on ISTIV-PAP and other productivity technologies, subject to applicable existing rules and regulations.

**Section 8.** With the overriding commitment to provide workers and their families the means to improve their standard of living, and recognizing that such cannot be attained by increasing wages alone, the Commission shall adopt a total income approach in wage policy formulation. Thus, it shall advocate for the provision of adequate social services in such areas as education, health care, housing and transportation and the formulation of sound pricing and taxation policies that enhance incomes and standards of living.

**Section 9.** This Guidelines shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Manila, Philippines, 07 December 2005.

(Sgd) **LUZVIMINDA G. PADILLA**  
Undersecretary - DOLE  
and  
Chairperson-Designate, NWPC

(Sgd) **AUGUSTO B. SANTOS**  
Acting Director General - NEDA  
and  
Vice-Chairperson, NWPC

(Sgd) **DAVID L. DIWA**  
Member, Labor Sector

(Sgd) **FRANCISCO F. FLORO**  
Member, Employer Sector

(Sgd) **CEDRIC R. BAGTAS**  
Member, Labor Sector

(Sgd) **EDUARDO T. RONDAIN**  
Member, Employer Sector

(Sgd) **REBECCA J. CALZADO**  
Member  
Officer-in-Charge, NWPC