



Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
 National Wages and Productivity Commission



REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD-IX
 Compartment No. 2-F, HC Marketing Inc., Camins Avenue, Zamboanga City
 Email: dole_rtwpb9@yahoo.com | Tel. No. (062) 991-2672

WAGE ORDER NO. RIX-20
PRESCRIBING THE NEW MINIMUM WAGE IN THE ZAMPEN REGION

WHEREAS, the Regional Tripartite Wages and Productivity Board-Region IX (RTWPB-IX) is mandated under Republic Act 6727, otherwise known as "The Wage Rationalization Act of 1989", to periodically set the applicable minimum wage of workers in private establishments in the region or industry, subject to existing Guidelines of the National Wages and Productivity Commission (NWPC);

WHEREAS, RTWPB-IX, *motu proprio*, has decided to review Wage Order No. RIX-19 (W.O. No. 19), as it has been in force and in effect since 01 October 2016;

WHEREAS, after due notices to all concerned sectors and stakeholders, RTWPB-IX conducted provincial consultations starting in Zamboanga City on 20 February 2018, in Isabela City on 12 March 2018, in Ipil, Zamboanga Sibugay on 13 March 2018, in Pagadian City, Zamboanga del Sur on 14 March 2018, in Dipolog City, Zamboanga del Norte on 15 March 2018; and, a regionwide public hearing on 14 June 2018 in Zamboanga City, to determine the propriety of adjusting the wage rates prescribed by W.O. No. 19;

WHEREAS, after consideration of the result of the public consultations and hearing conducted, and a thorough assessment of the socio-economic conditions in the region, particularly the Consumer Price Index, Erosion of the Purchasing Power of the Peso, and Poverty Threshold Level, the Board has determined the need to adjust the prevailing wage rates in the ZAMPEN Region, without impairing the viability of business and industry, consistent with the government's policy of achieving higher levels of productivity, promote economic growth, generate employment, and to augment the income of workers;

NOW, THEREFORE, by virtue of the power and authority vested under Republic Act No. 6727, the Regional Tripartite Wages and Productivity Board Region-IX hereby issues this Wage Order No. RIX-20.

Section 1. THE NEW DAILY MINIMUM WAGE RATES. Upon effectivity of this Order, the new daily Minimum Wage Rates in the Region shall be as follows:

Wage Categories	Minimum Wage under W.O.# RIX-19	Basic Wage Increase	New Minimum Wage Rates
NON-AGRICULTURAL (Includes private hospitals, educational institutions, security and janitorial agencies ; and retail/service establishments employing more than 30 workers.)	₱ 296.00	₱ 20.00	₱ 316.00
AGRICULTURAL/ RETAIL/SERVICE ESTABLISHMENTS (Includes rubber-based plantations/ Agricultural Plantation and Non-Plantation; Micro Enterprises; and retail/service establishments employing not more than 30 workers)	₱ 283.00	₱ 20.00	₱ 303.00

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Section 2. COVERAGE. The wage rates prescribed in this Order shall apply to all minimum wage earners in the private sector in the region, regardless of their position, designation or status of employment, and irrespective of the method by which they are paid.

This Wage Order shall not cover kasambahay/domestic workers; persons in the personal service of another; and workers of duly registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority pursuant to Republic Act 9178, as amended by Republic Act 10644.

Section 3. BASIS OF MINIMUM WAGE. The minimum wage rates prescribed under this Order shall be for the normal working hours which shall not exceed eight (8) hours of work a day.

Section 4. APPLICATION TO CONTRACTORS. In the case of contracting out of projects, and for security and similar services, the prescribed wage rates of covered workers shall be borne by the principal or client and the service agreement or contract shall be deemed amended accordingly.

In the event, however, that the principal or client fails to pay the prescribed wage, the service contractor shall be jointly and severally liable with the principal or client.

Section 5. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS.

In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2018-2019 shall be considered as compliance with the wage rates prescribed herein. However, where the share of the workers and employees is less than what is provided herein, the employer shall pay the difference starting school year 2019-2020.

Private educational institutions which have not increased their tuition fees for School Year 2018-2019 may defer compliance with the provisions of this Wage Order until School Year 2019-2020.

In any case, all private educational institutions shall implement the minimum wage rates prescribed herein starting School Year 2019-2020.

Section 6. APPLICATION TO WORKERS PAID BY RESULT. All workers paid by result, including those who are paid on piecework, "takay", "pakyaw" or task basis, shall be entitled to receive the prescribed wage rates per eight (8) hours of work a day, or a proportion thereof for working less than eight (8) hours.

Section 7. WAGES OF SPECIAL GROUPS OF WORKERS. Wages of apprentices and learners shall in no case be less than seventy - five percent (75%) of the applicable minimum wage rates prescribed in this Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Order shall be considered automatically modified in accordance with this Order.

All qualified handicapped workers shall receive the prescribed minimum wage rates pursuant to R.A. 7277, otherwise known as the Magna Carta for Disabled Persons.

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Section 8. APPLICATION TO INDUSTRIES WHOSE REVENUES ARE REGULATED BY LAW. Industries whose revenues are regulated by law such as arrastre and stevedoring, transportation, utilities, and the like, shall comply with this Wage Order immediately upon approval of an adjustment in their rates by the concerned government agencies but not later than six (6) months from effectivity of this Order.

Section 9. MOBILE AND BRANCH WORKERS; AND, TRANSFER OF PERSONNEL. The minimum wage rates of workers who, by the nature of their work have to travel, shall be those applicable in the domicile or head office of their employer.

The minimum wage rates of workers working in branches or agencies of establishments within the region shall be those applicable in the place where they are stationed.

The transfer of personnel to areas with lower rates shall in no case be a valid ground for the reduction of the higher wage rates being enjoyed by the worker prior to such transfer. However, where the worker is transferred to an area with higher minimum wage rate, the employee shall be entitled to the higher minimum wage rate in that region.

Section 10. EXEMPTIONS. Upon application with and as determined by the Board, based on documentation and other requirements submitted in accordance with applicable rules and regulations issued by NWPC, the following may be exempted from the applicability of this Order:

- a) Distressed Establishments
- b) New Business Enterprises (NBEs)
- c) Retail/Service Establishments Employing Not More Than Ten (10) workers, and
- d) Establishments Adversely Affected by Calamities such as natural and human-induced disasters

Section 11. APPEAL TO THE COMMISSION. Any party aggrieved by this Wage Order may file an appeal to the Commission, through the Board, in three (3) printed copies, not later than ten (10) days from the publication of this Order.

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Section 12. EFFECTS OF THE FILING OF THE APPEAL. The filing of the appeal does not operate to stay the Order unless the party appealing such Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding increase or adjustment to employees affected by this Order in the event such Order is affirmed.

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Section 13. CREDITABLE WAGE INCREASE. Wage increases granted by an employer in an organized establishment within three (3) months prior to the effectivity of this Order shall be credited as compliance with the prescribed increase set forth herein, provided that an agreement to this effect has been forged between the parties or a provision in the Collective Bargaining Agreement (CBA) allowing such creditability exists. In the absence of such agreement or provision in the CBA, any increase granted by the employer shall not be credited as compliance with the increase prescribed in this Order.

In unorganized establishments, wage increases granted by the employer within six (6) months prior to the effectivity of this Order shall be credited as compliance.

In case the increase given is less than the prescribed wage increase, the employer shall pay the difference. Such increases shall not include anniversary increases, merit wage increases and those resulting from the regularization or promotion of employees.

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Section 14. EFFECTS ON EXISTING WAGE STRUCTURE OR WAGE DISTORTION. If the application of the increase in the wage rates under this Order results in distortion of the wage structure within an establishment, it shall be corrected in accordance with the procedures provided for under Article 124 of the Labor Code of the Philippines, as amended.

Section 15. COMPLAINTS FOR NON-COMPLIANCE. Complaints for non-compliance with this Order shall be filed with the Regional Office of the Department of Labor and Employment (DOLE) having jurisdiction over the workplace and shall be the subject to the mandatory 30-day conciliation and mediation process under the Single Entry Approach (SEnA). However, if settlement fails, the case becomes subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended, without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

Section 16. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS. In order to sustain rising levels of wages and enhance competitiveness, labor and management, as partners, are encouraged to adopt productivity improvement schemes such as time and motion studies, good housekeeping, quality circle, labor and management cooperation and implement gainsharing and other performance incentives schemes that will improve the quality of life of workers and in turn enable them to perform better and contribute to enterprise growth.

Pursuant to the Two-Tiered Wage System, the Board issued Advisory No. 1 on the Implementation of productivity-based Incentives scheme, attached to Wage Order No. RIX-20, for reference.

Section 17. NON-DIMINUTION OF BENEFITS. Nothing in this Order shall be construed to reduce existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employers.

Section 18. 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 19. FREEDOM TO BARGAIN. This Order shall not be construed to prevent workers in particular firms or enterprises or industries from bargaining for higher wages with their respective employers.

Section 20. REPORTING REQUIREMENT. All business establishments shall submit a verified report on their wage structure to the Board not later than January 31 of each year, and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

Section 21. PENAL PROVISIONS. Any person, corporation, trust or firm, partnership, association, or entity which refuses or fails to pay the prescribed minimum wage rates in accordance with this Order shall be subject to the penal provisions pursuant to RA 6727, as amended by RA 8188.

Section 22. REPEALING CLAUSE. All orders, issuances, rules and regulations, or parts thereof inconsistent with the provisions of this Wage Order are hereby repealed, amended or modified accordingly.


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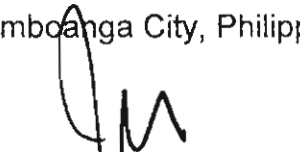
Section 23. SEPARABILITY CLAUSE. If, for any reason, any section or provision of this Wage Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.


Section 24. IMPLEMENTING RULES AND REGULATIONS. The Board shall issue the necessary rules and regulations to implement this Wage Order, subject to the approval of the Secretary of the Department of Labor and Employment.

Section 25. EFFECTIVITY. This Wage Order shall take effect fifteen (15) days from the date of publication in newspaper/s of general circulation in the region.

APPROVED this 29th day of June 2018, in Zamboanga City, Philippines.



EDGAR B. LIM
Employers' Representative


JOSE J. SUAN
Labor Representative


ROBERTO G. VALERIO
Employers' Representative


REY ANTHONY D. TRIO
Labor Representative


TERESITA SOCORRO C. RAMOS
Regional Director, NEDA-IX
Vice-Chairperson


SITTI AMNA M. JAIN
Regional Director, DTI-IX
Vice-Chairperson


OFELIA B. DOMINGO, CESO III
Regional Director, DOLE-IX
Chairperson



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RULES IMPLEMENTING WAGE ORDER NO. RIX-20

Pursuant to Section 6, Rule IV of the NWPC Guidelines No. 01, Series of 2007 on the Amended Rules of Procedure on Minimum Wage Fixing, and Section 24 of Wage Order No. RIX-20, the following Rules and Regulations are hereby issued for guidance and compliance by all concerned.

RULE I GENERAL PROVISIONS

Section 1. TITLE. This Rules and Regulations shall be known as the Rules Implementing Wage Order No. RIX-20.

Section 2. DEFINITION OF TERMS.

- a. **"ACT"** refers to Republic Act No. 6727, otherwise known as the **"Wage Rationalization Act of 1989"**.
- b. **"ADVISORY"** refers to the Wage Advisory issued by the Board in accordance with the Two-Tiered Wage System;
- c. **"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 activity performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, but does not include the manufacturing and/or processing of sugar, coconut, tobacco, pineapple, rubber, aquatic or other farm products;
- d. **"AGRICULTURE PLANTATION ENTERPRISE"** refers to 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 Enterprise".
- e. **"BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs)"** refers to any business entity or enterprise granted a Certificate of authority under Republic Act No. 9178, otherwise known as the Barangay Micro Business Enterprises (BMBES) Act of 2002, as amended by Republic act No. 10644, otherwise known as the Go Negosyo Act of 2014;
- f. **"BASIC WAGE"** means all the remunerations or earnings paid by an employer to a worker for 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

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wage or salary of the workers on the date the wage increase becomes effective;

- g. **"BOARD"** refers to the Regional Tripartite Wages and Productivity Board (RTWPB), in Region-IX;
- h. **"CAPITAL"** refers to paid up capital at the end of the last full accounting period, in the case of corporations, or total invested capital at the beginning of the period under review, in the case of partnerships and single proprietorships;
- i. **"COMMISSION"** refers to the National Wages and Productivity Commission (NWPC);
- j. **"CONSERVATORSHIP"** refers to a remedy resorted to by the monetary board in case a bank or quasi-bank is in a state of continuing inability or unwillingness to maintain condition of liquidity deemed adequate to protect the interests of the depositors and creditors. A conservator is appointed to manage the establishment in order to restore its viability;
- k. **"DEFICIT"** refers to the negative balance of the retained earnings account of a corporation. Retained earnings represent the cumulative balance of periodic earnings, dividend distributions, prior period adjustments and other capital adjustments;
- l. **"DEPARTMENT"** refers to the Department of Labor and Employment (DOLE);
- m. **"DISASTER"** refers to a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources; an actual threat to public health and safety where the local government and emergency services are unable to meet the immediate needs of the community; an event in which the local emergency management measures are insufficient to cope with a hazard, whether due to a lack of time, capacity or resources, resulting in unacceptable levels of damage or number of casualties;
- n. **"DISTRESSED ESTABLISHMENT"** refers to establishment which meets the criteria enumerated in Section 3A of NWPC Guidelines No. 02, Series of 2007, or the Amended Rules on Exemption;
- o. **"ESTABLISHMENT REGULARLY EMPLOYING NOT MORE THAN 30 WORKERS"** refers to an establishment employing not more than thirty (30) workers regardless of status, excluding the owner/s, for at least six (6) months in any calendar year;
- p. **"FINANCIAL STATEMENT"** refers to a written report which quantitatively describes the financial health of a company. This includes the following: balance sheet, income statement, statement of changes in equity, cash flow statement and notes to financial statement;
- q. **"FULL ACCOUNTING PERIOD"** refers to a period of twelve (12) months or one (1) year of business operations;
- r. **"HAZARD"** refers to a dangerous phenomenon, substance, human activity or condition that may cause loss of life, injury or other health

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impacts, property damage, loss of livelihood or services, social and economic disruption, or environmental damage; any potential threat to public safety and/or public health; any phenomenon which has the potential to cause disruption or damage to people, their property, their services of their environment, i.e. their communities. The four classes of hazards are natural, technological, biological and societal hazards;

- s. **"INTERIM PERIOD"** refers to a financial reporting period shorter than a full financial year (most typically a quarter or half-year);
- t. **"NET LOSS"** refers to actual loss suffered by a company after deducting expenditures including overhead and interest charges from revenues;
- u. **"NEW MINIMUM WAGE RATES"** refer to the lowest wage rates that an employer can pay the workers, as fixed by the Regional Tripartite Wages and Productivity Board - IX;
- v. **"NEW BUSINESS ENTERPRISE"** refers to establishments including non-profit institutions, established within two (2) years from effectivity of this Wage Order based on the latest registration with the appropriate government agency such as SEC, DTI, CDA and Mayor's Office;
- w. **"NON-AGRICULTURAL ENTERPRISES"** refer to establishments or industries other than agriculture regardless of employment size. Included in this category are retail and service establishments employing more than thirty (30) workers;
- x. **"NON-STOCK, NON-PROFIT ORGANIZATION"** refers to one organized principally for public purposes such as charitable, educational, cultural or similar purposes and does not issue shares of stock to its members;
- y. **"ORDER"** refers Wage Order No. RIX-20;
- z. **"PAID-UP CAPITAL"** refers to the total amount of shareholder capital that has been paid by shareholders;
- aa. **"PARTNERSHIP"** refers to an association of two or more persons who bind themselves to contribute money, property or industry to a common fund with the intention of dividing the profits among themselves or for the exercise of a profession;
- bb. **"QUASI-BANKS"** refer to institutions such as investment houses and financing companies performing quasi-banking functions as defined by the Bangko Sentral ng Pilipinas;
- cc. **"RECEIVERSHIP/LIQUIDATION"** refers to a remedy resorted to by the Monetary Board in case a bank or quasi-bank is (a) unable to pay its liabilities as they become due in the ordinary course of business; (b) has insufficient realizable assets as determined by the Bangko Sentral ng Pilipinas to meet its liabilities; (c) cannot continue in business without involving probable losses to its depositors or creditors; or (d) has willfully violated a cease and desist order under Sec. 37 that has become final involving acts or transactions which amount to fraud or dissipation of the assets of the institution;
- dd. **"REGION-IX"** is the geographical area covering the Zamboanga Peninsula Region comprised of the Provinces of Zamboanga del Sur,

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Zamboanga del Norte, Zamboanga Sibugay, and the Cities of Zamboanga, Pagadian, Dipolog, Dapitan and Isabela, Basilan;

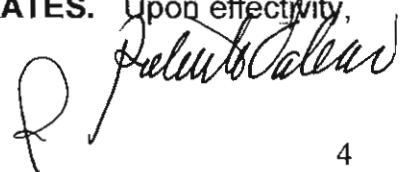
- ee. **“RETAIL ESTABLISHMENT”** is an establishment principally engaged in the sale of goods to the end users for personal or household use. A retail establishment that regularly engages in wholesale activities loses its retail character;
- ff. **“SERVICE ESTABLISHMENT”** is one principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such;
- gg. **“STATE OF CALAMITY”** refers to a condition involving mass casualty and/or major damages to property, disruption of means of livelihoods, roads and normal way of life of people in the affected areas as a result of the occurrence of a natural or human-induced hazard;
- hh. **“STOCK CORPORATION”** refers to one organized for profit and issues shares of stock to its members;
- ii. **“STOCKHOLDERS’ EQUITY”** refers to the residual interest in the assets of an entity that remains after deducting its liabilities. It is total assets minus total liabilities. It is the same as equity and net worth;
- jj. **“TOTAL ASSETS”** refers to things of value owned by the business such as cash, machines, building and land which can be measured or expressed in money terms;
- kk. **“TWO-TIERED WAGE SYSTEM”** refers to a pay system consisting of 1. Minimum Wage; and 2. Incentive pay based on productivity improvement and gainsharing;
- ll. **“UNDER CORPORATE REHABILITATION”** refers to an establishment that is placed under a rehabilitation receiver by a court of competent jurisdiction; and,
- mm. **“WAGE DISTORTION”** refers to a situation where an increase in prescribed minimum wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employees group in an establishment as to effectively obliterate the distinction embodied in such wage structure based on skills, length of service or other logical basis of differentiation.

RULE II NEW MINIMUM WAGE RATES

Section 1. AMOUNT OF WAGE ADJUSTMENT. Upon effectivity of this Order, the Minimum Wage Rates of covered workers in the private sector in the Zamboanga Peninsula Region shall be increased, as follows:

- a. For workers in **Non-Agricultural Wage Category**, an increase of TWENTY PESOS (P20.00) per day upon effectivity;
- b. For workers in **Agricultural Wage Category**, an increase of TWENTY PESOS (P20.00) per day upon effectivity;

Section 2. THE NEW DAILY MINIMUM WAGE RATES. Upon effectivity, the New Minimum Wage Rates by category are as follows:



Wage Categories	Minimum Wage under W.O.# RIX-19	Basic Wage Increase	New Minimum Wage Rates
NON-AGRICULTURAL (Includes private hospitals, educational institutions, security and janitorial agencies ; and retail/service establishments employing more than 30 workers.)	₱ 296.00	₱ 20.00	₱ 316.00
AGRICULTURAL/ RETAIL/SERVICE ESTABLISHMENTS (Includes rubber-based plantations/ Agricultural Plantation and Non-Plantation; Micro Enterprises; and retail/service establishments employing not more than 30 workers)	₱ 283.00	₱ 20.00	₱ 303.00

Section 3. COVERAGE. The wage rates prescribed in this Order shall apply to all minimum wage earners in the private sector in the region, regardless of their position, designation or status of employment, and irrespective of the method by which they are paid.

This Wage Order shall not cover kasambahay/domestic workers; persons in the personal service of another; and, workers of duly registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority issued pursuant to Republic Act 9178, as amended by Republic Act 10644.

Section 4. BASIS OF MINIMUM WAGE. The minimum wage rates prescribed under this Order shall be for the normal working hours, which shall not exceed eight (8) hours of work a day.

RULE III APPLICATION TO SPECIFIC TYPES OF WORKERS

Section 1. APPLICATION TO WORKERS PAID BY RESULT. All workers paid by result, including those who are paid on piecework, "takay", "pakyaw" or task basis, shall be entitled to receive the prescribed wage rates per eight (8) hours of work a day, or a proportion thereof for working less than eight (8) hours.


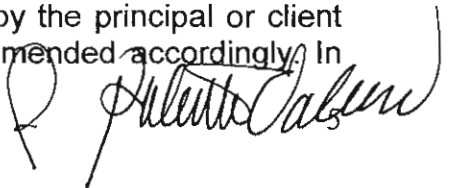
The adjusted minimum wage rates for workers paid by results shall be computed in accordance with the following steps:

1.
$$\frac{\text{Amount of increase in AMW}^*}{\text{Previous AMW}} \times 100 = \text{Percent increase}$$
2. Existing rate/ piece x Percent increase = Increase in rate/piece
3. Existing rate/ piece + Increase in rate/piece = Adjusted rate/piece

*Where AMW is the applicable minimum wage rate.

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 rules and regulations.

Section 2. APPLICATION TO CONTRACTORS OR SUBCONTRACTORS. In the case of contracting out of projects, and for security and similar services, the prescribed wage rates of covered workers shall be borne by the principal or client and the service agreement or contract shall be deemed amended accordingly. In

the event, however, that the principal or client fails to pay the prescribed wage, the service contractor shall be jointly and severally liable with the principal or client.

Section 3. APPLICATION TO SPECIAL GROUPS OF WORKERS. Wages of apprentices and learners shall in no case be less than seventy - five percent (75%) of the applicable minimum wage rates prescribed in this Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Order shall be considered automatically modified in accordance with this Order.

All qualified handicapped workers shall receive the prescribed minimum wage rates pursuant to R.A. 7277, otherwise known as the Magna Carta for Disabled Persons.

Section 4. APPLICATION TO INDUSTRIES WHOSE REVENUES ARE REGULATED BY LAW. Industries whose revenues are regulated by law such as arrastre and stevedoring, transportation, utilities, and the like, shall comply with this Wage Order immediately upon approval of an adjustment in their rates by the concerned government agencies but not later than six (6) months from effectivity of this Order.

Section 5. MOBILE AND BRANCH WORKERS; AND, TRANSFER OF PERSONNEL. The minimum wage rates of workers who, by the nature of their work have to travel, shall be those applicable in the domicile or head office of their employer.

The minimum wage rates of workers working in branches or agencies of establishments within the region shall be those applicable in the place where they are stationed.

The transfer of personnel to areas with lower rates shall in no case be a valid ground for the reduction of the higher wage rates being enjoyed by the worker prior to such transfer. However, where the worker is transferred to an area with higher minimum wage rate, the employee shall be entitled to the higher minimum wage rate in that region.

Section 6. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS.

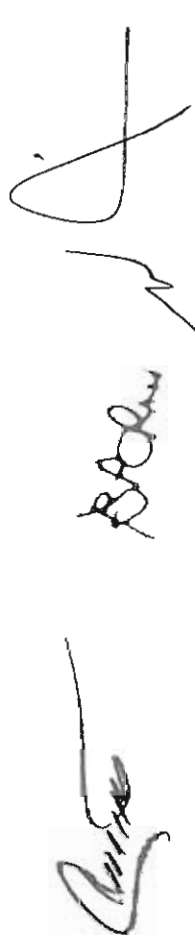
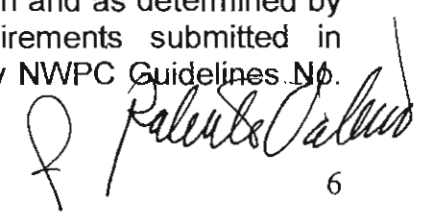
In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2018-2019 shall be considered as compliance with the wage rates prescribed herein. However, where the share of the workers and employees is less than what is provided herein, the employer shall pay the difference starting school year 2019-2020.

Private educational institutions which have not increased their tuition fees for School Year 2018-2019 may defer compliance with the provisions of this Wage Order until School Year 2019-2020.

In any case, all private educational institutions shall implement the minimum wage rates prescribed herein starting School Year 2019-2020.

**RULE IV
EXEMPTIONS**

Section 1. EXEMPTIONS. Upon application with and as determined by the Board, based on documentation and other requirements submitted in accordance with applicable rules and regulations issued by NWPC Guidelines No.



02 Series of 2007, as amended by Resolution No. 1, Series of 2014, the following may be exempted from the applicability of this Order:

- a) Distressed Establishments
- b) New Business Enterprises (NBEs)
- c) Retail/Service Establishments Employing Not More Than Ten (10) workers, and
- d) Establishments Adversely Affected by Calamities such as Natural and Human-Induced Disasters.

Section 2. CRITERIA FOR EXEMPTIONS. The following criteria shall be used to determine whether or not the applicant-establishment is qualified for exemption:

A. DISTRESSED ESTABLISHMENTS

1. For Stock Corporation/Cooperatives

- a. Full Exemption
 - a.1. When the deficit as of the last full accounting period immediately preceding the effectivity of the Wage Order amounts to 20% or more of the paid-up capital for the same period; or
 - a.2. When an establishment registers capital deficiency, i.e., negative stockholders' equity as of the last full accounting period immediately preceding the effectivity of the Wage Order.
- b. Partial Exemption
 - b.1. When the deficit as of the last full accounting period amounts to at least 10% but less than 20% of the paid-up capital for the same period.
- c. Conditional Exemption
 - c.1. When the actual net loss of the interim period immediately preceding the effectivity of the Wage Order amounts to at least 25% of total assets.

2. For Single Proprietorships/Partnerships

- a. Full Exemption
 - a.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Wage Order amount to 20% or more of the total invested capital at the beginning of the period under review; or,
 - a.2. When an establishment registers capital deficiency, i.e., negative net worth, as of the last full accounting period immediately preceding the effectivity of the Wage Order.
- b. Partial Exemption

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b.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Wage Order amount to at least 10% but less than 20% of the total invested capital at the beginning of the period under review.

c. Conditional Exemption

c.1. When the actual net loss as of the interim period immediately preceding the effectivity of the Wage Order amounts to at least 25% of total assets.

3. For Non-Stock, Non-Profit Organizations

a. Full Exemption:

a.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Wage Order amount to 20% or more of the fund balance/members' contribution at the beginning of the period under review; or

a.2. When an establishment registers capital deficiency, i.e., negative fund balance/members' contribution, as of the last full accounting period or interim period, if any, immediately preceding the effectivity of the Wage Order.

b. Partial Exemption:

b.1. When the accumulated net losses for the last two (2) accounting periods immediately preceding the effectivity of the Wage Order amount to at least 10% but not more than 20% of the fund balance/members' contribution at the beginning of the period under review.

c. Conditional Exemption:

c.1. When the actual net loss of the interim period immediately preceding the effectivity of the Wage Order amounts to at least 25% of total assets.

4. For Banks and Quasi-Banks

a. Under receivership/liquidation

Exemption may be granted to a bank or quasi – bank under receivership or liquidation when there is a certification from the Bangko Sentral ng Pilipinas (BSP) that it is under receivership or liquidation as provided in Section 30 of RA 7653, otherwise known as the New Central Bank Act.

b. Under controllership/conservatorship

A bank or quasi-bank under controllership/conservatorship may apply for exemption as distressed establishment under Section 3A of the Amended Rules on Exemption.

5. Establishments Under Corporate Rehabilitation

Exemption may be granted to corporations, partnerships and associations under corporate rehabilitation when there is an order from a court of competent jurisdiction that it is under rehabilitation as provided in Section 6 Rule IV of the interim Rules of Procedure on Corporate Rehabilitation (2000).

B. NEW BUSINESS ENTERPRISES (NBEs).

Exemption may be granted to New Business Enterprises (NBEs) established outside Export Processing Zones (EPZs)/ Economic Zones within two (2) years from the effectivity of the Wage Order classified under any of the following:

1. Agricultural establishments whether plantation or non-plantation.
2. Establishments with total assets after financing of five million pesos (P5,000,000.00) and below.

C. RETAIL/SERVICE ESTABLISHMENTS REGULARLY EMPLOYING NOT MORE THAN 10 WORKERS/EMPLOYEES

Exemption may be granted to a retail/service establishment when:

1. It is engaged in the retail sale of goods and/or services to end-users for personal or household use; and,
2. It is regularly employing not more than ten (10) workers regardless of status, except the owner/s, for at least six (6) months in any calendar year.

D. ESTABLISHMENTS ADVERSELY AFFECTED BY CALAMITIES SUCH AS NATURAL AND HUMAN-INDUCED DISASTERS

1. The establishment must be located in an area declared by a competent authority as under a state of calamity.
2. The calamity must have occurred within six (6) months prior to the effectivity of this Wage Order. However, if based on the assessment by a competent authority, the damage to properties is at least 50% and the period of recovery will exceed one (1) year, the 6-month period may be extended to one (1) year.
3. Losses suffered by the establishment as a result of the calamity that exceed the insurance coverage should amount to 20% or more of the stockholders' equity as of the full accounting period in the case of corporations and cooperatives; total invested capital in the case of partnerships and single proprietorships and fund balance/members' contribution in the case of non-stock non-profit organizations.

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Only losses or damage to properties directly resulting from the calamity and not incurred as a result of normal business operations shall be considered.

Where necessary, the Board or its duly authorized representative shall conduct an ocular inspection of the establishment or engage the services of experts to validate the extent of damages suffered.

Section 3. DOCUMENTS REQUIRED. The following supporting documents shall be submitted together with the application:

For All Categories of Exemption:

Proof of notice of filing of the 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 a circular giving general notice of the filing of the application to all the 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 in the establishment.

The Board may require other pertinent documents to support application for exemption.

A. For Distressed Establishments

1. For corporations, cooperatives, single proprietorship, partnership, non-stock non-profit organizations:

a. Full or Partial Exemption

a.1. Audited financial statements (together with the Auditor's opinion and the notes thereto) for the last two (2) full accounting periods preceding the effectivity of the Wage Order filed with and stamped "received" by the appropriate government agency.

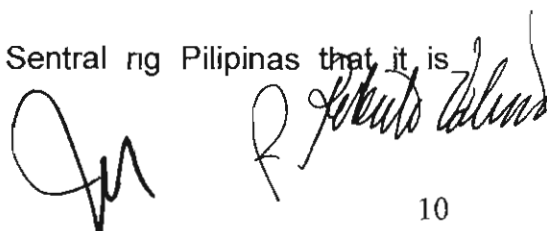
b. Conditional Exemption

b.1. Audited financial statements (together with the Auditor's opinion and the notes thereto) for the last full accounting period and interim quarterly financial statement/s for the period immediately preceding the effectivity of the Wage Order.

b.2. To confirm the grant of the conditional exemption, audited financial statements for the last full accounting period, stamped received by the appropriate government agency, to be submitted within 30 days from the lapse of the one-year exemption period.

2. For banks and quasi-banks:

Certification from the Bangko Sentral ng Pilipinas that it is under receivership/liquidation.



3. For Establishments Under Corporate Rehabilitation

Order from a court of competent jurisdiction that the establishment is under rehabilitation.

B. For New Business Enterprises (NBEs)

1. Affidavit from employer regarding the following:
 - a. Principal economic activity
 - b. Date of registration with appropriate government agency
 - c. Amount of total assets
2. Certificate of registration from the appropriate agency

C. For retail/service establishments employing not more than 10 workers:

1. Affidavit from employer stating the following:
 - a) It is a retail/service establishment.
 - b) It is regularly employing not more than ten (10) workers for at least six (6) months in any calendar year.
2. Business permit for the current year from the appropriate government agency.

D. For Establishments Adversely Affected by Calamities Such as Natural and Human-Induced Disasters

1. Affidavit from the General Manager or Chief Executive Officer of the establishment regarding the following:
 - a. Date and type of calamity;
 - b. Amount of losses/damages suffered as a result of the calamity;
 - c. List of properties damaged/lost together with estimated valuation;
 - d. For properties that are not insured, a statement that the same are not covered by insurance.
2. Copies of insurance policy contracts covering the properties damaged, if any.
3. Adjuster's report for insured properties.
4. Audited financial statements for the last full accounting period preceding the effectivity of the Wage Order stamped "received" by the appropriate government agency.

In case of severe damage to properties caused by the calamity, a Certification by the Barangay and pictures of the property/ies may be submitted in lieu of the audited financial statements.

The Board may require the submission of other pertinent documents to support the application for exemption.

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Section 4. PROCEDURES ON EXEMPTION

A. For Filing of Exemption

1. An application, in three (3) legible copies may be filed with the appropriate Board by the owner/manager or duly authorized representative of an establishment, in person or by registered mail.

The date of mailing shall be deemed as the date of filing.

Applications for exemption filed with the DOLE regional, district or provincial offices are considered filed with the appropriate Board in the region.

2. Applications for all categories shall be filed not later than 75 days from publication of the approved Implementing Rules of the Order, provided that all the required documents in support of the application must be filed within the said 75-day period and that no further extension of filing and submission of required documents shall be allowed.
3. In the case of NBEs, applications shall be filed not later than sixty (60) days after date of registration. The application shall be under oath and accompanied by complete supporting documents as enumerated under Section 4 of this Guidelines.
4. In case of applications of establishments adversely affected by calamities where the calamity occurred after the expiration of the period for the filing of an application for exemption, the Board may reopen the same. The applicant shall also submit a certification that a general assembly to explain to its workers and employees its intent to file an application, has been conducted prior to the filing of the application and an undertaking to conduct another general assembly informing its workers and employees of the decision of the Board on its application.

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B. For Filing of Opposition

Any worker or, if unionized, the union in the applicant establishment, may file with the appropriate Board within fifteen (15) days from receipt of the notice of the filing of the application, an opposition to the application for exemption stating the reasons why the same should not be approved, furnishing the applicant a copy thereof. The opposition shall be in three (3) legible copies, under oath and accompanied by pertinent documents, if any.

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C. For Filing of Motion for Reconsideration

An aggrieved party may file with the Board a motion for reconsideration of the decision on the application for exemption within ten (10) days from receipt of the decision, 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 appealed to the Commission.

D. For Filing of Appeal to the Commission

1. Appeal - Any party aggrieved by the decision of the Board may file an appeal to the Commission, through the Board, in two (2) legible

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copies, not later than ten (10) days from date of receipt of the decision.

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.

2. Grounds for Appeal - An appeal may be filed on the following grounds:
 - a. Non-conformity with the prescribed guidelines and/or procedures on exemption;
 - b. Prima facie evidence of grave abuse of discretion on the part of the Board; or
 - c. Questions of law.
3. Opposition - 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.
4. Transmittal of records - Within five (5) days upon receipt of the reply or opposition of the appellee or after the expiration of the period to file the same, the entire records of the case which shall be consecutively numbered, shall be transmitted by the Board to the Commission.

Section 5. EXTENT AND DURATION OF EXEMPTION.

- A. Full Exemption of one (1) year from effectivity of the Order shall be granted to all categories of establishments that meet the applicable criteria for exemption under Section 3A of this Guidelines.
- B. Partial exemption of 50% from effectivity of the Order with respect to the amount or period of exemption shall be granted only in the case of distressed establishments under the Guidelines.
- C. Conditional exemption of one (1) year from effectivity of the Order shall be granted only in the case of distressed establishments under Section 3 A of this Guidelines. The conditional exemption shall be confirmed, as follows:

c.1. For Corporations

When deficit as defined in Section I (N), as of the last full accounting period amounts to 20% or more of the paid-up capital for the same period;

c.2. For Single Proprietorships and Partnerships

When net loss for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the total invested capital at the beginning of the period under review

c.3. For Non-Stock, Non-Profit Organizations

When net loss for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period.

In the absence of such actual losses, the company shall pay its workers the wage increases due them under the Order, retroactive to the effectivity of the Order.

Section 6. APPLICATION FOR PROJECTS/BRANCHES/DIVISIONS. Where the exemption being sought under Section 5A of this Rule is for a particular project/branch/division not separately registered and licensed, the consolidated audited financial statements of the establishment shall be used as basis for determining its distressed condition.

Section 7. DISTRESSED PRINCIPAL. Exemption granted to a distressed principal shall not extend to its contractor in case of contract(s) for construction, security, janitorial and/or similar services with respect to the employees of the latter assigned to the former.

Section 8. EFFECT OF FILING APPLICATION FOR EXEMPTION. Whenever an application for exemption has been duly filed with the Board, the Regional Office of the Department shall be duly notified. Pending resolution of the said application, action on any complaint for alleged non-compliance with the Order shall be deferred by the Regional Office of the Department.

Section 9. EFFECT OF DISAPPROVED APPLICATION FOR EXEMPTION. In the event that the application for exemption is not approved, covered workers shall be paid the mandated wage increase/allowance as provided for under the Order retroactive to the date of effectivity of the Order plus simple interest of one percent (1%) per month.

**RULE V
APPEAL**

Section 1. APPEAL ON THE WAGE ORDER. Not later than ten (10) calendar days from the publication of this Order, any party aggrieved by this Wage Order may appeal to the Commission by filing a verified appeal with the Board in three (3) printed legible copies. The Appeal shall be accompanied by a memorandum of appeal which state the grounds relied upon, the arguments in support of the appeal and the relief being sought.

The Board shall serve notice of the appeal to concerned parties. Failure to file an appeal within the reglementary period fixed under this section or to submit the required documents shall be a ground for dismissal of the appeal.

A Motion for Reconsideration on this Wage Order filed with the Board shall be treated as an appeal subject to the requisites for the perfection of the appeal under this Rule.

Section 2. GROUNDS FOR APPEAL. An appeal may be filed on the following grounds:

- a) Non-conformity with prescribed guidelines and/or procedures;
- b) Questions of law;

c) Grave abuse of discretion.

Section 3. TRANSMITTAL OF RECORDS. Immediately upon receipt of the appeal, the Board shall transmit to the Commission the appeal and a copy of the subject Wage Order together with the complete records of the case and all relevant documents.

Section 4. EFFECTS OF FILING OF APPEAL. The filing of the appeal does not operate to stay the Order unless the party appealing such Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding increase or adjustment to employees affected by this Order in the event such Order is affirmed.

Section 5. PERIOD TO ACT ON APPEAL. The Commission shall decide on the appeal within sixty (60) days from the filing of said appeal.

RULE VI SPECIAL PROVISIONS

Section 1. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS. In order to sustain rising levels of wages and enhance competitiveness, labor and management, as partners, are encouraged to adopt productivity improvement schemes such as time and motion studies, good housekeeping, quality circle, labor and management cooperation and implement gainsharing and other performance incentives schemes that will improve the quality of life of workers and in turn enable them to perform better and contribute to enterprise growth.

Pursuant to the Two-Tiered Wage System, the Board issued Advisory No. 1 on the Implementation of productivity-based Incentives scheme, attached to Wage Order No. RIX-20, for reference.

Section 2. CREDITABLE WAGE INCREASE. Wage increases granted by an employer in an organized establishment within three (3) months prior to the effectivity of this Order shall be credited as compliance with the prescribed increase set forth herein, provided that an agreement to this effect has been forged between the parties or a provision in the Collective Bargaining Agreement (CBA) allowing such creditability exists. In the absence of such agreement or provision in the CBA, any increase granted by the employer shall not be credited as compliance with the increase prescribed in this Order.

In unorganized establishments, wage increases granted by the employer within six (6) months prior to the effectivity of this Order shall be credited as compliance.

In case the increase given is less than the prescribed wage increase, the employer shall pay the difference. Such increases shall not include anniversary increases, merit wage increases and those resulting from the regularization or promotion of employees.

Section 3. SUGGESTED FORMULA IN DETERMINING THE EQUIVALENT MONTHLY REGIONAL MINIMUM WAGE RATES. Without prejudice to existing company practices, agreements or policies, the following formula may be used as guides in determining the equivalent monthly minimum wage rates:

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- a. For those who are required to work every day including Sundays or rest days, special days and regular holidays:

$$\text{Applicable Daily Rate (ADR)} \times 393.5 / 12 \text{ months} = \text{EEMR}$$

Where 393.5 days/year	=	298	Ordinary working days
		24	Regular holidays
		67.6	52 rest days x 130%
		3.9	3 special days x 130%

		393.5	Total no. of days/year

- b. For those who do not work and are not considered paid on Sundays or rest days:

$$\text{ADR} \times 313 / 12 \text{ months} = \text{EEMR}$$

Where 313 days/year	=	298	Ordinary working days
		12	Regular holidays
		3	Special days

		313	Total no. of days/year

- c. For those who do not work and are not considered paid on Saturdays and Sundays or rest days:

$$\text{ADR} \times 261 / 12 \text{ months} = \text{EEMR}$$

Where 261 days/year	=	246	Ordinary working days
		12	Regular holidays
		3	Special holidays

		261	Total no. of days/year

- d. As to factor 365 days/year, although there is no effect as to the payment in the monthly salary of employees as they are paid all days of the year, its breakdown will be as follows:

$$\text{ADR} \times 365 / 12 \text{ months} = \text{EEMR}$$

Where 365 days/year	=	298	Ordinary working days
		52	Sundays/ rest days
		12	Regular holidays
		3	Special days

		365	Total no. of days/year

Section 4. EFFECTS ON EXISTING WAGE STRUCTURE OR WAGE DISTORTION. **If the application of the increase in the wage rates under this Order results in distortion in the wage structure within an establishment, it shall be corrected in accordance with the procedures provided for under Article 124 of the Labor Code of the Philippines, as amended.**

Section 5. COMPLAINTS FOR NON-COMPLIANCE. **Complaints for non-compliance with this Order shall be filed with the Regional Office of the Department of Labor and Employment (DOLE) having jurisdiction over the**

Roberto Calenda

workplace and shall be the subject to the mandatory 30-day conciliation and mediation process under the Single Entry Approach (SEnA). However, if settlement fails, the case becomes subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended, without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

Section 6. FREEDOM TO BARGAIN. This Order shall not be construed to prevent workers in particular firms or enterprises or industries from bargaining for higher wages with their respective employers.

Section 7. NON-DIMINUTION OF BENEFITS. Nothing in this Order shall be construed to reduce existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employers.

Section 8. PENAL PROVISIONS. Pursuant to the provisions of Section 12 of R.A. No. 6727, as amended by R.A. 8188, otherwise known as the "Double Indemnity Act of 1996", any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increase in the Wage Order, shall be punished by a fine of not less than TWENTY FIVE THOUSAND PESOS (Php25,000.00) nor more than ONE HUNDRED THOUSAND PESOS (Php100,000.00), or imprisonment of not less than TWO (2) years nor more than FOUR (4) years or both such fine and imprisonment at the discretion of the Court. Provided, that any person convicted under this Wage Order shall be entitled to the benefits under the Probation Law.

The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees. Provided, that payment of indemnity shall not absolve the employer from criminal liability imposable under this Act.

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

Section 9. PROHIBITION AGAINST INJUNCTION. No Preliminary or Permanent Injunction or Temporary Restraining Order (TRO) may be issued by the court, tribunal or other entity against any proceedings before the Commission or the Boards.

Section 10. REPORTING REQUIREMENT. All business establishments shall submit a verified report on their wage structure to the Board not later than January 31 of each year, and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

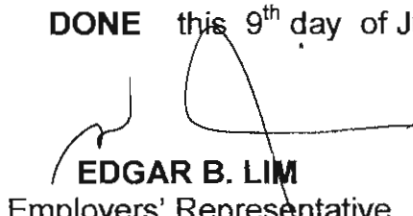
Section 11. REPEALING CLAUSE. All orders, issuances, rules and regulations, or parts thereof inconsistent with the provisions of this Wage Order and this Rules are hereby repealed, amended or modified accordingly.

Jan R. P. P. Calles

Section 12. SEPARABILITY CLAUSE. If, for any reason, any provision of this Wage Order is held unconstitutional or illegal, the other provisions or parts thereof shall remain valid.

Section 13. EFFECTIVITY. These Rules shall take effect on _____, 2018.

DONE this 9th day of July 2018, at Zamboanga City, Philippines.



EDGAR B. LIM
Employers' Representative


JOSE J. SUAN
Labor Representative


ROBERTO G. VALERIO
Employers' Representative


REY ANTHONY D. TRIO
Labor Representative


TERESITA SOCORRO C. RAMOS
Regional Director, NEDA-IX
Vice-Chairperson


SITTI AMNA M. JAIN
Regional Director, DTI-IX
Vice-Chairperson


OFELIA B. DOMINGO, CESO III
Regional Director, DOLE-IX
Chairperson

APPROVED this 13th day of Aug. 2018, in the City of Manila, Philippines.


SILVESTRE H. BELLO III
Secretary
DEPARTMENT OF LABOR AND EMPLOYMENT

Dept. of Labor & Employment
Office of the Secretary

