

**Department of Labor and Employment**  
**Q & A ON WAGE ORDER NO. NCR-19**

**Q.:** What are the salient features of Wage Order NCR-19?

*A.:* P15.00 increase in the daily basic minimum wage and continuing P15.00 COLA, in effect since January 2014.

**Q.:** What is the latest Wage Order for NCR?

*A.:* Wage Order No. NCR-19.

**Q.:** When was this new Wage Order issued?

*A.:* 16 March 2015.

**Q.:** When will it take effect?

*A.:* 15 days after its publication.

**Q.:** Who are covered by Wage Order No. NCR-19?

*A.:* All minimum wage workers and employees in private establishments in the NCR regardless of position, designation, or status of payment and payment method. There are about 580,000 minimum wage earners in NCR.

**Q.:** Who are excluded from its coverage?

*A.:* (1) Domestic workers; (2) Persons employed in the personal service of another, including family drivers; and (3) Workers of Barangay Micro Business Enterprises with Certificates of Authority pursuant to the provisions of R.A. 9178.

**Q.:** Who sets the minimum wage for domestic workers?

*A.:* R.A. 10361 or Batas Kasambahay mandates the RTWPBs to set the minimum wage for domestic workers. The NWPC has issued the Rules of Procedure for Minimum Wage Setting for Domestic Workers to guide the Boards in the exercise of their wage setting functions, insofar as domestic workers are concerned.

**Q.:** How much is the wage increase under the new wage order?

*A.:* P15.00 increase in the daily basic minimum wage.

**Q.:** What are the bases for the decision to grant a P15.00 daily basic wage increase?

*A.: The Board considered both the needs of workers and their families and employers' capacity to pay using official data on the following:*

- *Poverty threshold;*
- *Average wage;*
- *Erosion in the real minimum wage; and*
- *2 percent to 4 percent inflation target for 2015.*

**Q.: Is the amount of the increase and the total minimum wage sufficient to meet basic needs?**

*A.: Among others, the Board ensured that all minimum wages shall always be above the poverty threshold to help workers and their families meet basic needs. This is one of the more salient features of the two-tiered wage system, a reform in the implementation of the minimum wage policy which was adopted by all the RTWPBs in 2012.*

*The poverty threshold is an indicator of the minimum income or expenditure required to meet basic food and non-food requirements.*

*During the first semester of 2014, the Philippine Statistics Authority estimated the national poverty threshold for a family of five at P8,778. During the same period, the minimum wage in NCR was P466 per worker per day or P12,038.33. This is 37 percent higher than the national poverty threshold of P8,778 for a family of five.*

*Whether the amount is sufficient, depends on the size, needs, and overall level or standard of living of a family. Realistically, it may be sufficient for families with fewer members with relatively simple needs, but for large-sized families, the minimum wage may not be sufficient. It should also be noted that there are families where there are more than one minimum wage earner.*

*It should also be noted that the average annual inflation rate has been mostly closer to the lower end of the inflation target of 3 percent to 5 percent from 2010 to 2014 (i.e. 3.7 percent in 2010; 4 percent in 2011; 2.9 percent in 2012; 1.6 percent in 2013; and 3.2 percent in 2014. As of February 2015, the inflation in NCR was 2.2 percent, which was closer to the lower end of the inflation target of 2 percent to 4 percent.*

*The minimum wage is just one of the packages of income support the government provides. Other forms of assistance are the CCT for targeted poor families, free elementary and high school education, skills training assistance, livelihood assistance, social insurance (SSS/GSIS), health subsidies (PhilHealth) and housing assistance (Pag-IBIG).*

**Q.: What are the other initiatives of the Board to help raise workers' incomes? How does the second tier of the Two-Tiered Wage System benefit minimum wage earners?**

*A.: The RTWPB-NCR had issued an advisory on productivity based-pay scheme for workers in the tourism industry in the region on 3 October 2014, to guide workers and enterprises to voluntarily develop, adopt, and implement their own productivity improvement programs and share the gains resulting from such workplace improvements. Since the advisory was issued, the Board has been conducting orientations and providing technical assistance to the tourism value chain in the region.*

*As one of the approaches to minimum wage-setting under R.A. 6727, the second tier of the Two-Tiered Wage System seeks to further improve workers' incomes and to effectively protect poor and vulnerable workers through productivity improvements that will make their employers' businesses grow and, thus, enable them to share their gains with their workers.*

*The second tier is the voluntary productivity-based pay scheme over and above the minimum wage. The RTWPBs encourage workers and enterprises to adopt such voluntary productivity-based pay schemes and gain-sharing. They issue industry-specific advisories—which recommend a percentage range of productivity-based pay based on assessment of past industry performance and future outlook—to guide workers and employers in adopting their productivity-based pay schemes.*

*Some productivity-based pay schemes, initially, are tied to attendance and punctuality, technical competence, reduced wastage, customer care satisfaction, accounts handling, safety, route efficiency, etc. In time, the DOLE expects enterprises to move to a higher level of performance and productivity and, thus, shift to productivity or performance-based pay compensation schemes that will really, fully make the minimum wage a social safety net, a threshold, and lead to higher workers' pay, enhance enterprise sustainability, and further improve productivity and competitiveness.*

**Q.: What will be the new minimum wage rates in the region?**

*A.: In summary, the new minimum wage rates will be:*

Sector/Industry	Basic Wage under W.O. NCR-18	Basic Wage Increase	New Basic Wage	Existing COLA	New Min. Wage Rates
Non-Agriculture	₱51.00	₱5.00	₱66.00	₱5.00	₱81.00
Agriculture (Plantation and Non Plantation)	₱14.00	₱5.00	₱29.00	₱5.00	₱44.00
Private hospitals with bed capacity of 100 or less	₱14.00	₱5.00	₱29.00	₱5.00	₱44.00
Retail/service establishments employing 15 workers or less	₱14.00	₱5.00	₱29.00	₱5.00	₱44.00
Manufacturing Establishments regularly employing less than 10 workers	₱14.00	₱5.00	₱29.00	₱5.00	₱44.00

**Q.: How much will be the minimum wage earners' take-home pay under the new Wage Order?**

*A.: The take-home pay of minimum wage earners in the NCR will increase to P492.57 per day (or by 3.3 percent) from the current P477.03 per day because of the increase in the minimum basic wage, higher 13th month-pay, and increased social security coverage for SSS, PhilHealth, and PagIBIG.*

*To note, the income of minimum wage earners, including overtime pay, nightshift pay, hazard pay, and holiday pay, are exempted from income tax by virtue of R.A. 9504.*

**Q.: How much will be the effective labor cost for the employer?**

*A.: On the part of the employers, the effective labor cost per employee working six days a week will increase by 3.2 percent, or P565.54 per day, compared to the current P547.87 per day, because of higher premium payments for social welfare benefits.*

**Q.: Does W.O. No. NCR-19 allow exemption?**

*A.: The new wage order allows exemption for the following categories of establishments:*

- Distressed establishments;*
- Retail/service establishments regularly employing not more than ten (10) workers;*  
*and*
- Establishments adversely affected by natural calamities.*

**Q.: How does the current minimum wage compare with the long-standing demand for an across-the-board P125 daily wage increase?**

*Since 2001, when a legislative bill authored by the late Sen. Juan C. Flavio was first filed in Congress, the RTWPB-NCR has increased the daily minimum wage by P231.00, through the issuance of 11 Wage Orders (including Wage Order NCR-19). This means that since 2001, the Board has been granting, on the average, a daily wage increase of P21.00 per Wage Order.*

*In the five years of the Aquino III Administration, the RTWPB-NCR has granted five such minimum wage pay hikes for a total of P99, or 26 percent over the 2009 level, which is higher than the 20 percent increase in the Consumer Price Index from December 2009 to February 2015.*

**Q. How does the current minimum wage compare with wages in the ASEAN with similar minimum wage policies?**

*A.: As of February 2015, the minimum wage in the NCR, which ranges between US\$9.73 and US\$10.57, is the highest in the ASEAN.*

*However, minimum wage in regions considered investment hubs, such as in Region III (US\$6.76 to US\$7.92); Region IV-A (US\$5.92 to US\$8.22); Region VII (US\$6.69 to US\$7.71); and Region XI (US\$7.18) remain comparable with other ASEAN countries: Malaysia (US\$7.41 to US\$8.34) and Thailand (US\$9.24). Lao People's Democratic Republic, Indonesia, Cambodia, and Vietnam have the lowest minimum wages among ASEAN.*

**Q.: Were there petitions filed in the region?**

*A.: There were two (2) petitions filed with the RTWPB-NCR:*

- *The first was filed by the Association of Minimum Wage Earners & Advocate (PTG-WO-AMWEA) TUCP-ITUC last 28 November 2014, seeking for a P146.80 across-the-board daily wage increase.*
- *The second was filed by the TUCP last 6 March, seeking for a P136.00 across-the-board daily wage increase.*

**Q.: How did the Board handle/dispose the petitions?**

*A.: The Board discussed the petitions during its deliberations and in the sectoral consultations last 29 January with the labor sector; 10 February with the management sector; and 17 February with the government sector, as well as in its public hearing last 6 March.*

*Recognizing the mandate of the Board, which is to set minimum wages and not across-the-board wage increases, the Board suggested that subsequent petitions for wage increase should conform to the standards/criteria prescribed by law.*

**Q.: Can the Board grant across-the-board wage increase?**

*A.: R.A. 6727, or the Wage Rationalization Act, mandates the Boards to set minimum wages based on a prescribed set of criteria which balances the needs of workers with employers' capacity to pay within the overall requirements for socio-economic development.*

*In the case of Metropolitan Bank and Trust Co. Inc. vs. NWPC and RTWPB II (G.R. 144322), the Supreme Court ruled that the Board, in granting an across-the-board wage increase "exceeded its authority by extending the coverage of the Wage Order to wage earners receiving more than the prevailing minimum wage rate".*

**END**