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Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Manila

Department Order No. 45-03
Series of 2003

Guidelines for the Implementation of Section 8 of RA No. 9178

RA No. 9178, otherwise known as the Barangay Micro Business Enterprises (BMBEs) Act of 2002, aims to hasten the country's economic development by encouraging the formation and growth of BMBEs through the rationalization of bureaucratic requirements, the active support and assistance of government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty.

As defined in Section 3a of the Act, a BMBE shall refer to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos, subject to review and upward adjustment by the SMED Council.

To operate as a BMBE and avail of the benefits provided by the Act, a business enterprise must have a Certificate of Authority issued by the Office of the Treasurer of the City or Municipality where the enterprise is located.

One of the incentives granted to registered BMBEs is exemption from the coverage of the Minimum Wage Law as provided under Section 8 of the Act. This incentive, however, should be in harmony with the Constitution and the Labor Code which mandate the State to regulate relations between workers and employers and to protect workers from possible exploitation.

In order to ensure uniformity in the interpretation and implementation of Section 8 of the Act, this Department Order is hereby issued for the proper guidance and information of all concerned.

Section 1. Pursuant to Section 8 of RA No. 9178, BMBEs shall be exempt from the coverage of the Minimum Wage Law: Provided, that all employees covered under this Act shall be entitled to the same benefits given to any regular employee such as social security and healthcare benefits.

Section 2. The Regional Tripartite Wages and Productivity Boards shall issue a Wage Advisory for BMBEs based on guidelines to be issued by the National Wages and Productivity Commission. The range of wage levels proposed by the RTWPBs shall be advisory in nature, and may be used by BMBE workers and employers in setting acceptable wage levels in their enterprises.

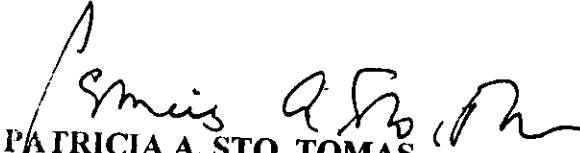
Section 3. Workers in BMBEs shall continue to be covered by all other applicable labor laws and benefits under the Labor Code including the non-diminution of wages.

Section 4. The DOLE, in coordination with other government and private agencies, shall assist BMBEs by providing Technical Assistance Visits under the DOLE's National Labor Enforcement Framework. They shall also be given preferential assistance in other DOLE programs and interventions, such as, productivity, safety and health improvement, to help them grow and prosper into small and medium enterprises.

Section 5. A DOLE Inter-Agency Committee on BMBEs composed of the National Wages and Productivity Commission (lead agency), Technical Education and Skills Development Authority, Bureau of Working Conditions, Occupational Safety and Health Center, and Employees Compensation Commission is hereby created to coordinate DOLE programs for BMBEs. Funding for the Committee shall be cost-shared by the member agencies.

Section 6. All rules and guidelines inconsistent herewith are hereby repealed or modified accordingly.

Section 7. This guidelines shall take effect immediately after its publication in a newspaper of general circulation


PATRICIA A. STO. TOMAS
Secretary

May 15, 2003

