

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

IN RE: APPEAL FROM WAGE ORDER NO. IVA-11

NWPC Case No. W.O. 06-014

TRADE UNION CONGRESS OF THE PHILIPPINES

Appellant.

x-----x

D E C I S I O N

For resolution is the appeal filed by the Trade Union Congress of the Philippines (TUCP) from Wage Order No. IVA-11 issued by the Regional Tripartite Wages and Productivity Board (Board), Region IV-A, which granted basic wage increases ranging from P3.00 to P18.00 a day depending on the area wage classification in Region IV-A effective 07 August 2006.

The factual background is as follows:

On 19 May 2006, the Trade Union Congress of the Philippines, hereinafter referred to as the appellant, filed with the Board a petition for a P75.00 a day across-the-board wage increase.

On 20, 22 and 30 June 2006, the Board conducted separate sectoral consultations/public hearing participated in by workers, employers, government and other interested parties.

On 19 July 2006, the Board issued Wage Order No. IVA-11 providing for basic wage increases ranging from P3.00 to P18.00 a day to all covered minimum wage earners depending on area classification in Region IV-A.

The Wage Order took effect on 07 August 2006 having been published in the 23 July 2006 issue of the Philippine Daily Inquirer.

On 01 August 2006, the appellant seasonably filed an appeal before the Commission based on grave abuse of discretion due to the following:

- a) The Wage Order is contrary to law as the P3.00 – P18.00 basic wage increases fall short of the law’s mandate and prescribed criteria that the minimum wages to be established shall be as nearly adequate as is economically feasible to maintain minimum standards of living necessary for the health, efficiency, and general well-being of employees within the framework of the national economic and social development program. Such increases are grossly deficient even for the purpose of recouping lost purchasing power of workers brought about by increases in prices of basic goods, oil and petroleum products.

The new minimum wage rates are not even half of the P660.00 per day Family Living Wage for a family of six in Region IV pursuant to a finding by the National Statistic Coordinating Board (NSCB).

- b) The Board committed grave abuse of discretion for creating and maintaining its artificial sub-region categorizations of Extended Metropolitan Area, Growth Corridor Area, Emerging Growth Area and Resource Based Area.

In substance, the instant appeal is anchored on the following issues:

1. WHETHER OR NOT WAGE ORDER NO. IVA-11 IS CONTRARY TO R.A. 6727 FOR FAILURE TO ENSURE A DECENT STANDARD OF LIVING OF WORKERS.
2. WHETHER OR NOT THE BOARD COMMITTED GRAVE ABUSE OF DISCRETION FOR CREATING AND MAINTAINING WHAT THE APPELLANT REFERRED TO AS ARTIFICIAL SUB-REGION CATEGORIZATIONS EVEN WITHOUT RATIONALE

AND JUSTIFICATION AS TO THE DIFFERENT RATES AND INCREASES GIVEN.

We find the appeal lacking in merit.

Firstly, the records of the case show that the decision to grant basic wage increases ranging from P3.00 to P18.00 a day was reached only after the Board made a factual determination on the appropriate amount of wage increases based on the series of public consultations and hearing, including the review and study of prevailing economic conditions in Region IV-A, such as inflation rate, minimum wage compliance, retrenchments, lay offs and closures, unemployment rate, Gross Domestic Product and other socio-economic indicators culled from other government agencies like the National Economic and Development Authority, Department of Trade and Industry and the Department of Energy, among others.

Secondly, it is the considered view of the majority of the Commission that the Board, in granting the P3.00 to P18.00 basic wage increases, had to balance the interests of both labor and capital within the framework of national economic and social development program, which is precisely what the law envisioned when it expressly included in the standards/criteria for minimum wage fixing, relevant factors inherent to both of them, namely: demand for living wages; wage adjustment vis-à-vis the consumer price index; cost of living and changes or increases therein; needs of workers and their families; need to induce industries to invest in the countryside; improvement in standards of living; prevailing wage levels; fair return of the capital invested and capacity to pay of employers; effects on employment generation and family income; and equitable distribution of income and wealth along the imperatives of economic and social development. The determination of what basic wage

adjustment to grant has to consider all of these factors so that the Board's decision will conform to the mandate of the law.

Unless the Commission finds arbitrariness and/or whimsical exercise of the powers of the Board, its factual determinations in the issuance of wage orders, including the amount and form of wage increase, is generally accorded respect. Well-embedded is the jurisprudence that factual findings of quasi-judicial bodies in the exercise of their quasi-judicial duties are accorded not only with respect but also with finality if such findings are supported by substantial evidence (*Villareal v. CA*, 219 SCRA 219). It is only upon clear showing of grave abuse of discretion and disregard of the NWPC Policies and Rules of Procedure on Minimum Wage Fixing that such factual determinations may be altered or modified.

As regards the issue on the alleged artificial sub-region categorizations, we note that the Appellant failed to sufficiently offer substantial evidence to eliminate the questioned area classifications. That being the case, the Commission cannot substitute its own judgement over that of the Board's decision to maintain such classification. Nevertheless, the Commission welcomes the Board's action of eliminating the distinction in rates between "Existing and New Workers" through differentiated adjustments in the wage levels, thereby reducing the number of minimum wage rates in the region from 65 to 39 under the Wage Order.

All the foregoing premises considered, the Commission finds no abuse of discretion on the part of the Board.

WHEREFORE, the appeal filed by the Trade Union Congress of the Philippines is hereby DISMISED for lack of merit. Wage Order No. IVA-11 is AFFIRMED in toto.

SO ORDERED.

Manila, Philippines, 18 October 2006.

ROMEO C. LAGMAN
Chairperson

ROMULO L. NERI
Vice-Chairperson

Dissent.

The inappropriate sub-regional delineation of wage rates should have been dealt with in this Wage Order.

CEDRIC R. BAGTAS
Member, Workers' Sector

FRANCISCO R. FLORO
Member, Employers' Sector

Dissent.

In the absence of a standard for review when an assailed Wage Order has been affirmed and approved by Labor Secretary

DAVID L. DIWA JR.
Member, Workers' Sector

EDUARDO T. RONDAIN
Member, Employers' Sector

ESTHER F. GUIRAO
Member

