

Republic of the Philippines  
Department of Labor and Employment  
National Wages and Productivity Commission  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Cordillera Administrative Region  
206 Naguilian Road, Corner Sofia de Veyra Street

WAGE ORDER NO. RB-CAR-01  
PROVIDING FOR AN INCREASE IN MINIMUM WAGE

WHEREAS, considering the increase in prices of basic commodities and services and the decrease of the purchasing power of the peso;

WHEREAS, it is necessary to provide workers and their families measures to enable them to cope with the rising cost of living;

WHEREAS, cognizant of this need, there is also a need to induce more investments into this region to generate more employment opportunities;

WHEREAS, the Regional Board had conducted public consultation on December 3, 1993 for the provinces of Abra and Benguet including the City of Baguio and on December 10, 1993 for the Provinces of Kalinga-Apayao, Mountain Province and Ifugao;

WHEREAS, the results of the public consultations revealed that there is a need to increase wages without adversely affecting the business and investment climate in the region.

NOW THEREFORE, by virtue of the power and authority vested upon the RTWPB-CAR by RA 6727, otherwise known as the "Wage Rationalization Law", the Regional Board hereby issues this wage order.

Sec. 1. Upon the effectivity of this Wage Order the statutory daily minimum wage rate applicable to workers and employees in the private sector in the Cordillera Administrative Region receiving not more than P145.00/day shall be increased as follows:

AREA		
BAGUIO		
SECTOR		
A.	Non-Agricultural	P13.00/day
B.	Agricultural	
	- Plantation	11.00/day
	- Non Plantation	8.00/day
C.	Retail and Service Establishment Employing 10 and below	9.00/day
BENGUET AND ABRA		
SECTOR		
A.	Non-Agricultural	P12.00/day

B.	Agricultural	
	- Plantation	10.00/day
	- Non Plantation	7.00/day
C.	Retail and Service establishment Employing 10 and below	8.00/day

IFUGAO, MT. PROVINCE AND KALINGA-APAYAO  
SECTOR

A.	Non-Agricultural	P11.00/day
B.	Agricultural	
	- Plantation	9.00/day
	- Non Plantation	6.00/day
C.	Retail and Service establishments employing 10 and below	7.00/day

Sec. 2. In the case of private educational institutions, the share given to covered employees and workers in the increase of tuition fees for school year 1993-1994 shall be considered as full/partial compliance with the wage order prescribed herein for the said school year. However, any shortfall in the wage increase set forth herein shall be payable upon effectivity of this wage order.

Private educational institutions which did not increase their tuition fees for the school year 1993-1994 may defer compliance with the provisions of this wage order until the start of school year 1994-1995.

Sec. 3. In the case of the mining companies, the wage increase provided for under this Order shall take effect on May 1, 1994 in view of the peculiar conditions obtaining in mining operations in the Region and depressed world-wide metal prices.

Sec. 4. Exempted from the provisions of this wage order are household and domestic helpers and persons in the personal service of another including family drivers.

The following may however be exempted from this wage order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations:

a) Distressed employers whose capital has been impaired by at least fifteen (15) percent and/or have incurred substantial operational losses for the two (2) consecutive years immediately preceding this wage order;

b) New Business Enterprises set-up within six (6) months period from the effectivity of this wage order reckoned from the date of original registration with the Office of the Mayor;

c) Countryside Barangay Business Enterprises duly registered pursuant to RA 6810 otherwise known as the Kalakalan 20;

Applications for exemptions shall be filed with the Regional Board within sixty (60) days from the effectivity of this wage order.

Whenever an application for exemption has been duly filed with the Regional Board, action by the Regional Office of the Department of Labor and Employment on any complaint for alleged non-compliance with this wage order shall be held in abeyance pending the resolution of the application for exemption by the Regional Board.

In the event the application for exemption is DENIED, the employees in such establishment shall be paid the appropriate wage increase due them as provided for in this wage order plus interest of one (1) percent per month retroactive to the effectivity of this wage order.

Sec. 5. All wage increases in the daily basic wage rates granted by the employers three (3) months before the effectivity of this wage order shall be credited as compliance with the increase in minimum wage prescribed under this wage order unless otherwise stipulated or agreed upon.

Where such increases are less than that prescribed herein, the employer shall pay the difference.

Sec. 6. In case of contracts for construction projects, security, janitorial and other similar services allowable by the Labor Code of the Philippines as amended, the prescribed wage increase shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. In the event however, that the principal or client fails to pay the prescribed increase, the construction/service contractor shall be jointly and severally liable with the principal or client.

Sec. 7. All workers paid by results, including those who are paid on piece work, takay, pakyaw or task basis, shall be entitled to receive the prescribed wage increase per eight (8) hours work a day or a proportion thereof for working less than eight (8) hours.

Sec. 8. Where the application of this wage order results in distortions of the wage structure within the establishment, such distortion shall be corrected using the procedure specified under Article 124 of the Labor Code of the Philippines.

Sec. 9. Any employer who refuses or fails to pay the wage increase prescribed in this wage order shall be subject to the penalties provided under RA 6727.

Sec. 10. If any provision or part of this wage order is declared unconstitutional or illegal, the other provisions or parts shall remain valid. Nothing in this wage order shall be construed to reduce any existing wage rate, allowance or other benefits under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employers.

Sec. 11. The Regional Tripartite Wages and Productivity Board - Cordillera Administrative Region (RTWPB-CAR) shall promulgate the necessary rules and regulations to implement the provision of this wage order.

Sec. 12. This wage order shall take effect fifteen (15) days, following its complete publication in at least one (1) newspaper of general circulation in the Cordillera Administrative Region.

Approved this 12th day of January 1994, Baguio City.

(SGD) ADRIANO M. BIALA  
Workers' Representative  
*Dissent Section III*

(VACANT)  
Workers' Representative

(SGD) MARQUEZ O. GO  
Employers' Representative

(SGD) CIRILO L. CACHERO  
Employers' Representative

(SGD) ARMANDO P. GALIMBA  
Vice-Chairman

(SGD) JUAN B. NGALOB  
Vice-Chairman

(SGD) VIVECA CODAMON CATALIG  
Chairman

Republic of the Philippines  
Department of Labor and Employment  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Cordillera Administrative Region  
206 Naguilian Road, Corner Sofia de Veyra Street  
Baguio City

WAGE ORDER NO. RB-CAR-01-A  
Amending Wage Order No. RB-CAR-01

By virtue of the power and authority vested upon the RTWPB-CAR by RA-6727, otherwise known as the "Wage Rationalization Law," the Regional board hereby issues this amendment to Sec 4 par (a) of Wage Order No. RB-CAR-01 to read as follows:

"Sec 4 xxx ..... xxx

a. Distressed employers whose capital has been impaired by at least TWENTY FIVE (25%) PERCENT, in pursuant to the Rules of Procedure on Minimum Wage Fixing issued by the National Wages and Productivity Commission on June 04, 1990, and/or have incurred substantial operational losses for the two (2) consecutive years immediately preceding this Wage Order.,"

Done this 9th day of August 1994 at Baguio City, Philippines.

(SGD) ADRIANO M. BIALA  
Worker's Representative

(SGD) JESSIE N. PAGARAN  
Worker's Representative

*impairment as*

*I dissent on returning to 25% capital*

(SGD) MARQUEZ O. GO  
Employer's Representative

*criteria for exemption.*  
(SGD) CIRILO L. CACHERO  
Employer's Representative

(SGD) ARMANDO P. GALIMBA  
Vice-Chairman

(SGD) JUAN B. NGALOB  
Vice-Chairman

(SGD) ALEX E. MARAAN  
Chairman

Republic of the Philippines  
National Wages and Productivity Commission  
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD  
Cordillera Administrative Region  
206 Naguilian Road, Corner Sofia de Veyra Street  
Baguio City

RULES AND REGULATIONS IMPLEMENTING  
WAGE ORDER NO. RB - CAR - 01

Pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board under Sec. 5, Rule IV of the National Wages and Productivity Commission (NWPC) rules and Procedures on Minimum Wage Fixing and Sec. III of Wage Order No. RB-CAR-01, the following rules and regulations are hereby issued for strict compliance by all concerned in the Cordillera Administrative Region.

Section 1. Definition of Terms as used in this Rules.

- a. "Act" means Republic Act No. 6727;
- b. "Order" means Wage Order No. RB-CAR-01;
- c. "Commission" refers to the National Wages and Productivity Commission;
- d. "Board" refers to the Regional Tripartite Wages and Productivity Board-Cordillera Administrative Region;
- e. "Department" refers to the Department of Labor and Employment;
- f. "CAR" shall refer to the Cordillera Administrative Region composed of the Provinces of Abra, Benguet, Ifugao, Mt. Province and Kalinga-Apayao and the City of Baguio;
- g. "Agriculture" refers to farming in all its branches and includes among others, 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 activities 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, abaca, pineapple, aquatic or other farm products;
- h. "Plantation Agricultural Enterprise" is one engaged in agriculture with an area of more than 24 hectares in a locality and/or which employs at least 20 workers. Any other agricultural enterprise shall be considered as "Non-Plantation Agricultural Enterprises";
- i. "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;
- j. "Service Establishment" is one principally engaged in the sale of service to individuals for their own or household use and is generally recognized as such;
- k. "Cottage/Handicraft Establishment" is one engaged in an economic endeavor in which the products are primarily done in the home or such

other places for profit which requires manual dexterity and craftsmanship and/or whose capitalization does not exceed P500,000.00;

- l. "Mining Companies" shall refer to establishments or enterprises engaged in the extraction of precious metals;
- m. "Distressed Establishment" refers to an establishment with capital impairment or which has incurred substantial operational losses for the two consecutive years immediately preceding the Wage Order as may be determined by the Board;
- n. "Basic Wage" means all remuneration 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 allowance, profit sharing payments, premium payments, 13th month pay or other monetary benefits which are not considered as part of or integrated into the regular salary of the worker on the date the Wage Order became effective;
- o. "Statutory Minimum Wage Rates" refer to the lowest wage rate fixed by the law that an employer can pay his workers;
- p. "Minimum Wage Rates" refer to the lowest wage rates that an employer can pay his workers, as fixed by the Board, and which shall not be lower than the applicable statutory minimum wage rates;
- q. "Wage Distortion" means a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation;
- r. "New Business Enterprise" refers to establishments newly registered with the Mayor's Office within the period February 1, 1994 to July 31, 1994;
- s. "Countryside and Barangay Business Enterprise (CBBE)" refer to establishments as defined under RA 6810;

## Section 2. Coverage.

The wage increase prescribed under the Order shall apply to all private sector workers and employees in the Cordillera Administrative Region (CAR) receiving not more than One Hundred Forty-Five (P145.00) Pesos per day or its equivalent, regardless of their position, designation or status and irrespective of the method by which their wages are paid, except:

- a. Household and domestic helpers and persons in the personal service of another including family drivers;
- b. Workers and employees of distressed establishments when exempted from compliance with the Order upon application with and for a period as may be determined by the Board in accordance with applicable rules and regulations.
- c. Workers and employees of New Business Enterprises and Countryside and Barangay Business Enterprises are exempted from compliance with the Order, upon application with and for a period as may be fixed by the Board, in accordance with applicable rules and regulations.

## Section 3. Amount of Minimum Wage Increase.

A. Workers and employees covered under Section 2 hereof shall receive a wage increase, as follows:

I. BAGUIO CITY

Non-agriculture	P	13.00	
Agriculture			
Plantation		11.00	
Non-Plantation			8.00
Retail and service establishments			
Employing ten (10) workers and below			9.00

II. BENGUET AND ABRA

Non-agriculture	P	12.00	
Agriculture			
Plantation		10.00	
Non-Plantation			7.00
Retail and service establishments			
Employing ten (10) workers and below			8.00

III. IFUGAO, MT. PROVINCE AND KALINGA-APAYAO

Non-agriculture	P	11.00	
Agriculture			
Plantation		9.00	
Non-Plantation			6.00
Retail and service establishments			
Employing ten (10) workers and below			7.00

B. All workers and employees who, prior to February 1, 1994, were already receiving a basic wage above the statutory minimum wage rates provided under RA 6727 plus the Cost of Living Allowance (COLA) under Wage Order Nos. RB-1-01 AND RB-1-01-A, but not over P145.00/day shall receive the prescribed increase.

Section 4. Effectivity.

This Order shall take effect on February 1, 1994, fifteen (15) days following its complete publication in one (1) newspaper of general circulation in the Cordillera Administrative Region (CAR) on January 16, 1994.

For mining companies. this Order shall take effect on May 1, 1994, without need of further publication.

Section 5. Daily Minimum Wage Rates.

a. Upon effectivity of the Order, the daily minimum wage rates of workers and employees in the Cordillera Administrative Region shall be as follows:

	Under RA 6727	Under WO RB-CAR-01 Effective	COLA under WO RB-1-01-A and
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		Feb 1/94	RB-1-01-A
<b>A. BAGUIO CITY</b>			
1. NON-AGRICULTURE	89.00	102.00	17.00
2. AGRICULTURE			
Plantation with annual gross sales of P5M or more	79.00	90.00	16.00
Plantation with annual gross sales of less than P 5M	74.00	85.00	16.00
Non-Plantation	58.50	66.50	15.00
3. COTTAGE/HANDICRAFT			
Employing more than 30 workers	67.00	80.00	17.00
Employing not more than 30 workers	65.00	78.00	17.00
4. PRIVATE HOSPITALS			
85.00		98.00	17.00
5. RETAIL/SERVICE			
Employing more than 15 workers	89.00	102.00	17.00
Employing 11 to 15 workers	85.00	98.00	17.00
Employing 10 workers and below	58.00	67.00	17.00
6. RESTAURANTS			
Employing more than 15 workers	89.00	102.00	7.00
Employing 11 to 15 workers	85.00	98.00	7.00
Employing 10 workers and below	58.00	67.00	7.00
7. HOTELS, INNS and OTHER TOURISM-ORIENTED ESTABLISHMENTS			
Employing more than 15 workers	89.00	102.00	NO COLA
Employing 11 to 15 workers	85.00	98.00	NO COLA
Employing 10 workers and below	58.00	67.00	NO COLA
8. BUSINESS ENTERPRISES WITH CAPITALIZATION OF NOT MORE THAN P500,000.00 AND EMPLOYING NOT MORE THAN 20 WORKERS			

Non-Agriculture	79.00	92.00	17.00
Agriculture Plantation			
Products other than Sugar	69.00	80.00	16.00
Private Hospital	75.00	88.00	17.00
Retail/Service			
Employing more than 15 workers	79.00	92.00	17.00
Employing 11 to 15 workers	75.00	88.00	17.00
Employing 10 workers and below	58.00	67.00	17.00
Restaurants			
Employing more than 15 workers	79.00	92.00	7.00
Employing 11 to 15 workers	75.00	88.00	7.00
Employing 10 workers and below	58.00	67.00	7.00
Hotels, Inns and other Tourism oriented establishments			
Employing more than 15 workers	79.00	92.00	NO COLA
Employing 11 to 15 workers	75.00	88.00	NO COLA
Employing 10 workers and below	58.00	67.00	NO COLA
<b>B. BENGUET AND ABRA</b>			
<b>1. NON-AGRICULTURE</b>	<b>89.00</b>	<b>101.00</b>	<b>17.00</b>
<b>2. AGRICULTURE</b>			
Plantation with annual gross sales of P5M or more	79.00	89.00	16.00
Plantation with annual gross sales of less than P 5M	74.00	84.00	16.00
Non-Plantation	58.50	65.50	15.00
<b>3. COTTAGE HANDICRAFT</b>			
Employing more than 30 workers	67.00	79.00	17.00
Employing not more than 30 workers	65.00	77.00	17.00
<b>4. PRIVATE HOSPITALS</b>	<b>85.00</b>	<b>97.00</b>	<b>17.00</b>
<b>5. RETAIL/SERVICE</b>			
Employing more than 10	85.00	97.00	17.00
Employing 10 workers and	58.00	66.00	17.00

below			
6. RESTAURANTS			
Employing more than 10 workers	85.00	97.00	7.00
Employing 10 workers and below	58.00	66.00	7.00

7. HOTELS, INNS and OTHER TOURISM-ORIENTED ESTABLISHMENTS			
Employing more than 10 workers	85.00	97.00	NO COLA
Employing 10 workers and below	58.00	66.00	NO COLA
8. BUSINESS ENTERPRISES WITH CAPITALIZATION OF NOT MORE THAN P500,000.00 AND EMPLOYING NOT MORE THAN 20 WORKERS			
Non-Agriculture	79.00	91.00	17.00
Agriculture Plantation			
Products other than Sugar	69.00	79.00	16.00
Private Hospitals	75.00	87.00	17.00
Retail/Service			
Employing more than 10 workers	75.00	87.00	17.00
Employing 10 workers and below	58.00	66.00	17.00
Restaurants			
Employing more than 10 workers	75.00	87.00	7.00
Employing 10 workers and below	58.00	66.00	7.00
Hotels, Inns and other Tourism Oriented Establishments			
Employing more than 10 workers	75.00	88.00	NO COLA
Employing 10 workers and below	58.00	67.00	NO COLA
C. MT. PROVINCE			
1. NON-AGRICULTURE	89.00	100.00	17.00
2. AGRICULTURE			
Plantation with annual gross sales of			
P5M or more	79.00	88.00	16.00
Plantation with annual gross sales of			
less than P 5M	74.00	83.00	16.00

Non-Plantation	58.50	64.50	15.00
3. COTTAGE/HANDICRAFT			
Employing more than 30 workers	67.00	78.00	17.00
Employing not more than 30 workers	65.00	76.00	17.00
4. PRIVATE HOSPITALS	85.00	96.00	17.00
5. RETAIL/SERVICE			
Employing more than 10 workers	85.00	96.00	17.00
Employing 10 workers and below	58.00	65.00	17.00
6. RESTAURANTS			
Employing more than 10 workers	85.00	96.00	7.00
Employing 10 workers and below	58.00	65.00	7.00
7. HOTELS, INNS and OTHER TOURISM-ORIENTED ESTABLISHMENTS			
Employing more than 10 workers	85.00	96.00	NO COLA
Employing 10 workers and below	58.00	65.00	NO COLA
8. BUSINESS ENTERPRISES WITH CAPITALIZATION OF NOT MORE THAN P500,000.00 AND EMPLOYING NOT MORE THAN 20 WORKERS			
Non-Agriculture	79.00	90.00	17.00
Agriculture Plantation			

Products other than Sugar	69.00	78.00	16.00
Private Hospital	75.00	86.00	17.00
Retail/Service			
Employing more than 10 workers	75.00	86.00	17.00
Employing 10 workers and below	58.00	65.00	17.00
Restaurants			
Employing more than 10 workers	75.00	86.00	7.00
Employing 10 workers and below	58.00	65.00	7.00
Hotels, Inns and other Tourism oriented establishments			
Employing more than 10 workers	75.00	86.00	NO COLA
Employing 10 workers and	58.00	65.00	NO COLA

below			
D. KALINGA-APAYAO AND IFUGAO			
1. NON-AGRICULTURE	89.00	100.00	8.00
2. AGRICULTURE			
Plantation with annual gross sales of	79.00	88.00	8.00
P5M or more			
Plantation with annual gross sales of	74.00	83.00	8.00
less than P 5M			
Non-Plantation	58.50	64.50	8.00
3. COTTAGE HANDICRAFT			
Employing more than 30 workers	67.00	78.00	8.00
Employing not more than 30 workers	65.00	76.00	8.00
4. PRIVATE HOSPITALS	85.00	96.00	8.00
5. RETAIL/SERVICE			
(Includes Restaurants, Hotels, Inns and other Tourism Oriented Establishments)			
Employing more than 10 workers	85.00	96.00	8.00
Employing 10 workers and below	58.00	65.00	8.00
6. SUGAR			
Mills	91.00	102.00	8.00
Agriculture			
Plantation with annual gross sales of	73.50	82.50	8.00
P5M or more			
Plantation with annual gross sales of	68.50	77.50	8.00
less than P 5M			
Non-Plantation	58.50	64.50	8.00
8. BUSINESS ENTERPRISES WITH CAPITALIZATION OF NOT MORE THAN P500,000.00 AND EMPLOYING NOT MORE THAN 20 WORKERS			
Non-Agriculture	79.00	90.00	8.00
Agriculture Plantation			
Products other than Sugar	69.00	78.00	8.00
Sugar	63.50	72.50	8.00
Private Hospitals	75.00	86.00	8.00
5. RETAIL/SERVICE			
(Includes Restaurants, Hotels, Inns			

and other Tourism Oriented Establishments)			
Employing more than 10 workers	75.00	86.00	8.00
Employing 10 workers and below	58.00	65.00	8.00

b. Without prejudice to existing company practices, agreements or policies, the formula hereto attached as "Annex A" maybe used as a guide in determining the equivalent monthly minimum wage rates.

Section 6. Application to Private Educational Institutions.

The increase in minimum wage shall apply to all workers and employees of private educational institutions effective as follows:

- a. With respect to private educational institutions, the share of the covered workers and employees in the increase in tuition fees for school year 1993 - 1994 shall be credited as compliance with the wage increase prescribed in the Order. Where their share is less than the wage increase provided herein, the employer shall pay the difference.
- b. Where an educational institution has not increased its tuition fees for school year 1993 - 1994 the implementation of this Order shall be deferred to the start of the school year 1994 - 1995, regardless of whether or not it has increased its tuition fee for said school year.

Section 7. Application to Contractors.

In the case of contracts for construction, security, janitorial and other similar services allowable by the Labor Code of the Philippines as amended, the prescribed wage increase for covered employees shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed wage increase, the service contractor shall be jointly and severally liable with the principal or client.

Section 8. Application to Special Groups of Workers.

Wages of learners, apprentices and handicapped workers shall in no case be less than 75% of the applicable minimum wage rates provided in the Order.

All apprenticeship and learnership agreements entered into and recognized before the effectivity of this Wage Order shall considered as automatically modified in so far as their wage clauses are concerned, to conform with the Order .

Section 9. Application to workers paid by results.

A. All workers paid by results, including those who are paid on piecework, "pakyaw" or task basis, shall receive not less than the applicable minimum wage rates prescribed under the Order for working hours which shall not exceed eight (8) hours a day, or a proportion thereof, for working less than eight (8) hours.

The minimum wage increase for workers paid by results shall be computed in accordance with the formula provided hereunder:

1.  $\frac{\text{Amount of Increase in applicable minimum wage}}{\text{previous applicable minimum wage}} \times 100 = \% \text{ increase}$
2.  $\text{rate/piece} \times \% \text{ increase} = \text{increase in rate/piece}$
3.  $\text{existing rate/piece} + \text{increase in rate/piece} = \text{adjusted rate per piece}$

B. Wage rates of workers paid by results. In order to ensure payment of fair and reasonable wage rates, the same shall be determined preferably through time and motion studies or in consultation with representatives of workers and employers organizations.

#### Section 10. Creditable Increase.

Any wage increase in the daily basic wage rates granted by the employers within three (3) months before the effectivity of the Order shall be credited as compliance with the prescribed minimum wage increase unless otherwise stipulated or agreed upon at the time said wage increases were granted. Where the amount is less than the prescribed increase, the employer shall pay the difference.

#### Section 11. Mobile and Branch Workers.

In the case of workers and employees, who by the nature of their work, are required to travel, their minimum wage rates shall be those applicable in the domicile or head office of the employer.

For workers and employees of branch offices of establishments, their minimum wage rates shall be those applicable in the place where they are stationed.

#### Section 12. Exemptions.

The following establishments may be exempted from compliance with the wage increase prescribed under the Order upon application with and as determined by the Board in accordance with applicable rules and regulations:

- a. Distressed employers whose capital has been impaired by at least 25% and/or have incurred substantial operating losses for the two (2) consecutive full accounting periods immediately preceding the Order; Full accounting period shall refer to a period of 12 months or one year of business operation;
- b. Countryside Barangay Business Enterprises duly registered pursuant to RA 6810.
- c. New Business Enterprises set up within six (6) months from February 1, 1994, reckoned from the date of original registration with the office of the Mayor.

Application for exemption must be filed with the Board within sixty (60) days from the date of publication of the approved Implementing Rules and Regulations of the Order. However, in the case of New Business Enterprises (NBEs) set up after said publication but within six (6) months from February 1, 1994, application for exemption must be filed within sixty days (60) from start of operation.

Whenever an application for exemption has been duly filed with the Board, action by the Regional Office of the Department in CAR on any complaint for alleged non-compliance with the Order shall be deferred, pending resolution of the application. The Board shall have the option whether to extend full or partial exemption to such applicant establishment with respect to the amount and/or period which shall not exceed one year from effectivity of this Order.

In the event that the application for exemption is DENIED, covered workers and employees shall receive the appropriate wage increase due them as provided for in the Order plus interest of one percent (1%) per month retroactive to the date of effectivity of the Order.

### Section 13. Wage Distortions.

Where the application of the wage increase provided under the Order results in distortions in the wage structure within an establishment, the employer and the union shall negotiate to correct the distortions. Any dispute arising from wage distortion shall be resolved through the grievance procedure under the CBA and, if it remains unresolved, through voluntary arbitration.. Unless otherwise agreed by the parties in writing, such dispute shall be decided by the voluntary arbitrator or panel of voluntary arbitrators within ten (10) calendar days from the time said dispute was referred to voluntary arbitration.

In cases where there are no collective bargaining agreements or recognized labor unions, the employers and the workers shall endeavor to correct the wage distortion. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board - Cordillera Administrative Region (NCMB - CAR) and, if it remains unresolved after ten (10) calendar days of conciliation, it shall be referred to the appropriate branch of the National Labor Relations Commission - Cordillera Administrative Region (NLRC-CAR). which shall conduct continuous hearings and decide the dispute within twenty (20) calendar days from the time said dispute is submitted for compulsory arbitration.

### Section 14. Complaints for Non-Compliance.

Complaints for non compliance with the wage increase provided under the Order shall be filed with the Regional Office of the Department in CAR and shall be the subject of enforcement proceedings in accordance with Articles 128 and 129 of the Labor Code, as amended.

### Section 15. Non-Diminution of Benefits.

Nothing in the Order shall be construed to reduce any wage rate, allowance or any benefit under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employers or employer practices and policies.

Section 16. Penal Provision.

Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed wage increases or adjustments made in accordance with the Order shall be punished by a fine not exceeding Twenty Five Thousand (P25,000.00) and/or imprisonment of not less than one (1) year nor more than two (2) years. Provided, that any person convicted under the Order shall not be entitled to the benefits provided for under the Probation Law.

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 17. Prohibition Against Injunction.

No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceeding before the Board.

Section 18. Effects on Other Issuances.

The provisions of existing laws, orders, issuances, rules and regulations not otherwise repealed, modified or inconsistent with the Order and the Rules shall continue to have full force and effect.

Section 19. Effectivity.

This Rules and Regulations shall take effect upon approval by the Secretary of Labor and Employment .

Done this 9th day of August, 1994, at Baguio City, Philippines.

(SGD) ADRIANO M. BIALA  
Workers' Representative

(SGD) JESSIE N. PAGARAN  
Workers' Representative

(SGD) MARQUEZ O. GO  
Employers' Representative

*I dissent Section 12 a) insofar as capital impairment is concerned.*

(SGD) CIRILO L. CACHERO  
Employers' Representative

*concerns  
points are*

*I concur with the majority, however some  
and reservations of this office on certain  
on record with the RTWPB-CAR.*

(SGD) ARMANDO P. GALIMBA  
Vice-Chairman

(SGD) JUAN B. NGALOB  
Vice-Chairman

(SGD) ALEX E. MARAAN  
Chairman

APPROVED this 14th day of September, 1994, subject to notations below.

(SGD) BIENVENIDO E. LAGUESMA  
Acting Secretary

NOTATIONS

1. *For purposes of consistency, the Board is advised to adopt the complete definition of mining establishments based on the definition of the National Statistics Office (NSO).*
2. *The definition of distressed establishment should be revised to read as follows:*

*“Distressed Establishment” refers to an establishment which meets the criteria enumerated in Sec. 3 (3) of the Revised Guidelines on Exemption*