

Republic of the Philippines  
Department of Labor and Employment  
National Wages and Productivity Commission  
**REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD**  
Cordillera Administrative Region  
Baguio City

**WAGE ORDER RB-CAR-10  
GRANTING INCREASE IN THE COST OF LIVING ALLOWANCE  
FOR WORKERS IN THE PRIVATE SECTOR  
IN THE CORDILLERA ADMINISTRATIVE REGION**

**WHEREAS, RA 6727**, otherwise known as the Wage Rationalization Act, empowers the Regional Tripartite Wages and Productivity Board to determine and fix minimum wage rates applicable in the region and to issue the corresponding Wage Orders subject to the guidelines issued by the National Wages and Productivity Commission;

**WHEREAS, RTWPB-CAR** issued Wage Order No. RB-CAR-09 granting an additional COLA to all covered private sector workers in the region effective 01 August 2004;

**WHEREAS**, Section 3, Rule IV of NWPC Revised Rules of Procedures on Minimum Wage Fixing provides that any Wage Order issued by the Board may not be disturbed within 12 months from effectivity and no petition for wage increase shall be entertained within the said period, except when there is a supervening condition such as extraordinary increase in prices of petroleum products and basic goods/services which demands a review of minimum wage rates as determined by the Board and confirmed by the Commission;

**WHEREAS**, the Board has determined, as confirmed by the National Wages and Productivity Commission, that a supervening condition exists in the region due to the continuous increase in the prices of basic goods, agricultural products and commodities resulting in higher inflation rate thereby eroding the purchasing power of the workers;

**WHEREAS**, the Board, after due notice to all concerned sectors, conducted public hearings/consultations/dialogues with employers' and workers' groups, local government officials and other interested parties in the region on 13 May 2005 in Baguio City covering the provinces of Benguet and Abra and the City of Baguio; 17 May 2005 in Bontoc, Mt. Province, covering Ifugao Province and Mountain Province; and 18 May 2005 in Tabuk, Kalinga covering the provinces of Kalinga and Apayao to determine the propriety of issuing new wage order.

**WHEREAS**, there is a need to grant relief to private sector workers in Region-CAR to help them cope with the rising cost of living without impairing the productivity and viability of business and industry therein;

**WHEREAS**, consistent with the government's policy of achieving higher level of productivity to preserve and generate jobs and to augment the income of workers, there is a need to build the capacity of business enterprises to be competitive through productivity improvement and gain sharing programs.

**NOW THEREFORE**, by virtue of the power and authority vested under Republic Act No. 6727, the RTWPB-CAR hereby issues this Wage Order.

**Section 1. Coverage.** All private sector workers and employees receiving the minimum wage in the Cordillera Administrative Region regardless of their position, designation or status and irrespective of the method their wages are paid are covered by this Wage Order, except for household or domestic helpers; persons employed in the personal service of another including family drivers; and workers in the registered Barangay Micro Business Enterprises with Certificates of Authority pursuant to Republic Act No. 9178, otherwise known as "Barangay Micro Business Enterprises Act of 2002".

**Section 2. Amount of Increase in the Cost of Living Allowance.** Upon the effectivity of this Wage Order, all covered workers in the different industrial classifications and geographical locations shall receive an additional Cost of Living Allowance in the amount of twenty pesos (Php 20.00) a day.

**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 hours work a day.

**Section 4. Application to Private Educational Institutions.** In the case of private educational institutions, the share of covered workers and employees in the tuition fees for School Year 2005-2006 shall be considered as compliance with the additional Cost of Living Allowance prescribed herein. However, payment of any shortfall in the allowance set forth herein shall be covered starting School Year 2006-2007.

Private Educational institutions, which have not increase their tuition fees for the School Year 2005-2006, may defer compliance with the provisions of this Wage Order until School Year 2006-2007.

In any case, all private educational institutions shall implement the allowance prescribed herein starting School Year 2006-2007.

**Section 5. Application to Contractors.** In the case of contracts for construction projects and for security, janitorial and other similar services, the additional Cost of Living Allowance of the workers 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 rates, the construction/service contractor shall be jointly and severally liable with his principal or client.

**Section 6. Workers Paid by Results.** All workers paid by results, including those who are paid on piecework, takay, pakyaw, or task basis, shall receive the additional Cost of Living Allowance for the normal working hours which shall not exceed eight (8) hours per day or a proportion thereof for working less than eight (8) hours.

**Section 7. Apprentices and learners.** Persons employed under Apprenticeship or learnership agreement shall be entitled to the additional Cost of Living Allowance which shall not be less than Seventy Five Percent (75%) of the increase prescribed in this Order.

All learnership and apprenticeship agreements entered into before the effectivity of this Order shall be considered automatically modified insofar as their wage clauses are concerned to reflect the new prescribed wage rates".

**Section 8. Mobile and Branch Workers.** 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 the employer.

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

**Section 9. Transfer of Personnel.** The transfer of personnel from one province or region to another shall not be a valid reason for the reduction of the wage rate being enjoyed by the worker prior to the transfer.

**Section 10. Exemptions.** Upon proper application with and as determined by the Board, the following categories of establishments maybe exempted from the applicability of this Order:

1. Distressed establishment as defined in the NWPC Guidelines No. 01, series of 1996;
2. New Business Enterprises duly registered and established outside Export Processing Zone within two (2) years from effectivity of this Order classified under any of the following:
  - a. Agricultural establishments whether plantation or non-plantation; and
  - b. Establishments with total assets after financing of five million (P5,000,000.00) pesos and below.
3. Garment exporting firms, including indirect exporters, with at least fifty percent (50%) export sale and with forward contracts with their foreign buyers/principals entered into on or twelve (12) months before the date of publication of this Order may be exempt during the lifetime of the said contract but not to exceed twelve (12) months from the effectivity of this Wage Order".

**Section 11. Extent and Duration of Exemption.** A full exemption of one (1) year shall be granted to all categories of establishments that meet the applicable criteria for exemption under section 3 of NWPC Guidelines No. 01, series of 1996.

However, a partial exemption of 50% with respect to the amount or period of exemption shall be granted only in the case of distressed establishments in accordance with the NWPC Guidelines on Exemption.

**Section 12. Effect of Application for Exemption.** An application for exemption duly filed shall have the effect of deferring any action on any complaint for non-compliance with the Order until resolution of the application by the Regional Board.

In case the application for exemption is not approved, covered employees/workers of the applicant-establishment shall be paid the mandated wage increase under this Order plus one (1) percent simple interest per month retroactive to the effectivity of this Order.

**Section 13. Productivity-Based Wages.** In order to sustain rising level of wages and enhance competitiveness, businesses are strongly encouraged to adopt productivity improvement schemes, such as time and motion studies, good housekeeping, quality circles, labor-management cooperation, as well as implement gain sharing programs. Accordingly, the Regional Board shall provide the necessary studies and technical assistance pursuant to RA 6971, the productivity Incentives Act of 1990.

**Section 14. Appeal to the Commission.** Any party aggrieved by this Wage Order may file a verified appeal with the Commission through the Board within ten (10) calendar days from the publication of this Order.

**Section 15. Effect 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 to employees affected by the Order in the event such Order is affirmed.

**Section 16. Non-Diminution of Benefits.** Nothing in this Order shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, executive orders and/or under any contract or agreement between the workers and employers.

**Section 17. Effects on Existing Wage Structure.** Where the application of the additional Cost of Living Allowance results in distortion of the wage structure within an establishment, the same shall be corrected in accordance with the procedure provided for under Art. 124 of the Labor Code as amended. The following formula may be used to correct the same.

Previous Minimum Wage  
Basic and COLA  
(Wage Order RB-CAR-09)  
----- x Prescribed wage increase = Amount of wage  
Actual Salary adjustment due to  
distortion

**Section 18. Complaints for Non-Compliance.** Complaints for non-compliance with the additional Cost of Living Allowance may be filed with the Regional Office of the Department of Labor and Employment (DOLE-CAR) and shall be the subject of enforcement proceedings under Article 128 of the Labor Code, as amended, without prejudice to criminal prosecution which maybe undertaken against those who fail to comply.

**Section 19. Penal Provisions.** Any person, corporation, trust or firm, partnership, association or entity who refuses or fails to pay the prescribed wage increase in accordance with this Order shall be subject to the penal provisions of RA 8188.

**Section 20. Prohibition Against Injunction.** No preliminary or permanent injunction or temporary restraining order maybe issued by any court, tribunal or other entity against any proceedings before the Board.

**Section 21. Freedom to Bargain.** This Order shall not be construed to prevent workers in particular firms or enterprises of industries from bargaining for higher wages with their respective employers.

**Section 22. Reporting Requirement.** Any person, company, corporation, partnership or any entity engaged in business shall submit a verified itemized listing of their labor component to the Board not later than January 31, 2006 and every year thereafter in accordance with the form prescribed by the Commission.

**Section 23. Repealing Clause.** All orders, issuances, rules and regulations, or parts thereof inconsistent with the provision of this Wage Order are hereby repealed, amended or modified accordingly.

**Section 24. Rules Implementing this Order.** The Board shall prepare the necessary rules to implement this Order subject to approval of the Secretary of Labor and Employment.

**Section 25. Separability Clause.** If, for any reason, a section or provision of this Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.

**Section 26. Effectivity.** This Order shall take effect fifteen (15) days after its publication in at least one (1) local newspaper of general circulation in the Region.

**APPROVED:** This 26th day of May 2005, Baguio City, Philippines.

(Haanak umanamo dita Kandidad,  
pinag-ited iti cola ken saan  
panawanaman iti garments.)

(Sgd) **JESSIE N. PAGARAN**  
Workers' Representative

**ALFONSO T. LAO**  
Employers' Representative

(Sgd) **ADRIANO M. BIALA**  
Workers' Representative

(Sgd) **MA. MIGNON D. DE LEON**  
Employers' Representative

0(Sgd) **MARITES F. DAMIAN**  
Vice-Chairman

(Sgd) **JUAN B. NGALOB**  
Vice-Chairman

(Sgd) **JALILO O. DE LA TORRE**  
Chairman

**Note:**

Date Published: 31 May 2005, Sunstar Baquio

Date of Effectivity: 15 June 2005