

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 NO. RB-CAR-15**

**PRESCRIBING NEW MINIMUM WAGE RATES  
AND SETTING THE PRODUCTIVITY INCENTIVE SCHEME  
FOR PRIVATE SECTOR EMPLOYEES/WORKERS IN THE  
CORDILLERA ADMINISTRATIVE REGION**

*Productivity*

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

**WHEREAS**, records show that the Regional Tripartite Wages and Productivity Board, Cordillera Administrative Region (hereinafter referred to as the Board) has not received any petition for wage adjustments for the workers in the private sector in the region;

**WHEREAS**, the Board resolved motu proprio to initiate and conduct evaluations or studies on the economic situation of the region aside from undertaking public consultations throughout the region;

*Productivity*

**WHEREAS**, after due notice, the Board conducted a series of public consultations on possible wage adjustments starting on March 29, 2012 for Baguio City and Benguet, April 3, 2012 for the province of Abra, April 11, 2012 for the provinces of Ifugao and Mt. Province, and on April 12, 2012 for the provinces of Kalinga and Apayao;

**WHEREAS**, consistent with the government's policy of achieving higher level of productivity to preserve and generate jobs, augment the income of workers without necessarily impairing the growth and productivity of business and industry, the new policy on wage adjustments which is called, the Two-Tiered Wage System, is hereby adopted by the Board in the exercise of its wage fixing and productivity functions;

*Productivity*

**WHEREAS**, the Two-Tiered Wage System is an approach to minimum wage setting which aims to improve the coverage of wages; address issues on poverty; and promote worker and enterprise productivity;

**WHEREAS**, the Two-Tiered Wage System comprising of two parts: the first is Tier One which is mandatory for implementation, and the second is Tier Two which is voluntary in nature, is designed to allow employers and their workers to improve the existing terms and conditions of employment including levels of wages based on labor productivity and business performance;

*Productivity*

**WHEREAS**, after deliberating on the results of the public consultations and the studies on the socio-economic conditions of the region, the Board found the need to adjust the minimum wage levels of workers in the Cordillera Administrative Region in consonance with the policy of the Two-Tiered Wage System;

*Productivity*

**NOW THEREFORE**, by virtue of the power and authority vested under Republic Act No. 6727, otherwise known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board, Cordillera Administrative Region, hereby issues this Wage Order

**Section 1. Coverage and Exemption.** 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. Exempted from this coverage are 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 Basic Wage.** Upon the effectivity of this Wage Order, all covered workers in the different industrial classifications and geographical locations shall receive an increase in the Basic Wage in the amount of Eight Pesos (Php 8.00) per day.

The daily minimum wage rates shall be:

Industry/ Sector	DAILY MINIMUM WAGE RATES					
	Baguio City, Municipalities of La Trinidad, Tuba, Itogon and Sablan, Benguet (BLIST)			Other Areas in the Region		
	Basic	COLA	Total	Basic	COLA	Total
Non-Agriculture	243.00	37.00	<b>280.00</b>	237.00	26.00	<b>263.00</b>
Agriculture	230.00	32.00	<b>262.00</b>	224.00	22.00	<b>246.00</b>
<b>Retail/Service</b>						
Employing > 10 workers	243.00	37.00	<b>280.00</b>	237.00	26.00	<b>263.00</b>
Employing 10 workers or less	223.00	37.00	<b>260.00</b>	217.00	22.00	<b>239.00</b>

**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. Floor Wage Setting Under Tier One.** Upon implementation of this Order, the levels of floor wages in the region shall be set at Two Hundred Eighty Pesos (Php 280.00) per day in Baguio City, Municipalities of La Trinidad, Tuba, Itogon and Sablan (BLIST) in the Province of Benguet and Two Hundred Sixty Three pesos (263.00) per day in the other areas of the region based on the region's socio-economic indicators including its poverty threshold, average wages and other specific factors obtaining in the region.

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**Section 5. *Implementation of Tier-Two.*** On a voluntary basis and upon effectivity of this Order, employers who recognize and value the contribution of their workers may provide productivity and incentives based pay to them based on some positive indicators like business performance, labor productivity, work behaviour, competitiveness of establishments, among others.

The Board shall issue an Advisory based on the results of studies and recommendations from industry players or stakeholders particularly on the range of productivity incentives which they may apply in their respective work areas.

**Section 6. *Creation and Composition of a Committee.*** In the implementation of the Second Tier, employers shall organize a committee within their respective establishments which they may call Productivity and Incentive Committee (PIC) with equal representation from labor and management. In the event, however, that they have an existing committee with similar composition and performing similar or the same function, they may opt to have this committee perform the functions related to Second Tier.

The PIC or any committee for that matter, shall serve to establish the criteria and mechanism in determining productivity measures including a recommendation on a range of productivity incentive.

**Section 7. *Tax Incentives.***

Enterprises with existing productivity incentives may avail of tax incentives under RA 6971 provided they comply with the provisions therein.

**Section 8. *Application to Private Educational Institutions.*** In the case of private educational institutions, the share of covered workers and employees in the tuition fee increases for School Year 2012-2013 shall be considered as compliance to this Wage Order. However, payment of any shortfall in compliance with this Wage Order shall be done starting School Year 2013-2014.

Private Educational institutions which will not increase their tuition fees for the School Year 2012-2013, may defer compliance with the provisions of this Wage Order until School Year 2013-2014.

In any case, all private educational institutions shall implement this Wage Order starting School Year 2013-2014.

**Section 9. *Application to Contractors.*** In the case of contracts for construction projects and for security, janitorial and other similar services, the prescribed 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 principals or clients fail to pay the prescribed increase, the construction/service contractors shall be jointly and severally liable with their principals or clients.

**Section 10. Workers Paid by Results.** All workers paid by results, including those who are paid on piecework, takay, pakyaw, or task basis, shall receive not less than the adjusted amount prescribed by this Order 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 11. Apprentices and learners.** Persons employed under Apprenticeship or learnership agreement shall be entitled to not less than Seventy Five Percent (75%) of the new minimum wage rate under this Order.

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

**Section 12. 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 13. Exemption.** No exemption from compliance with this Order shall be allowed.

**Section 14. 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 15. 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 16. 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 increases for covered employees in the event this Order is affirmed.

**Section 17. 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 18. Effects on Existing Wage Structure.** Where effects of the wage increases provided for by this Order result in the distortion of the wage structure within an establishment, the same shall be corrected in accordance with the procedure provided for under

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Art. 124 of the Labor Code as amended. The following formula may be used to correct the same.

$$\frac{\text{Previous Minimum Wage (Wage Order RB-CAR-14)}}{\text{Actual Salary}} \times \text{Prescribed Increase} = \text{Amount of wage adjustment due to distortion}$$

**Section 19. *Complaints for Non-Compliance.*** Complaints for non-compliance with this wage order 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 20. *Penal Provisions.*** Any person, corporation, trust or firm, partnership, association or entity who refuses or fails to pay the prescribed increases in accordance with this Order shall be subject to the penal provisions under R.A. 6727, as amended by RA 8188.

**Section 21. *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 22. *Freedom to Bargain.*** This Order shall not be construed to prevent workers in particular firms or enterprises or industries from bargaining for higher wages with their respective employers.

**Section 23. *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, 2013 and every year thereafter in accordance with the form prescribed by the Commission.

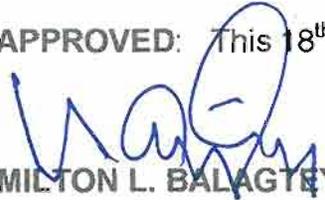
**Section 24. *Repealing Clause.*** All orders, issuances, rules and regulations, or parts thereof inconsistent with the provision of this Wage Order are hereby repealed, amended or modified accordingly.

**Section 25. *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.

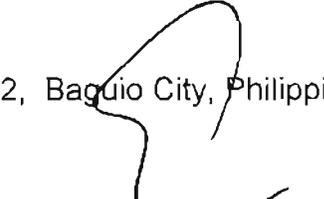
**Section 26. *Separability Clause.*** If, for any reason, a section or provision of this Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.

**Section 27. *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 18<sup>th</sup> day of May 2012, Baguio City, Philippines.



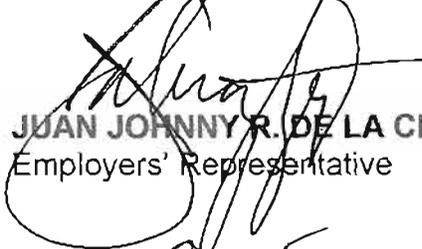
MILTON L. BALAGTEY  
Workers' Representative



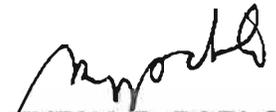
ALFONSO T. LAO  
Employers' Representative



RENERIO C. LARDIZABAL, JR.  
Workers' Representative



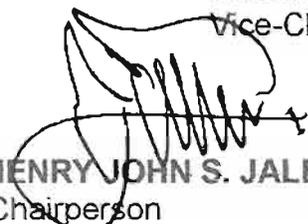
JUAN JOHNNY R. DE LA CRUZ  
Employers' Representative



MYRNA P. PABLO  
Vice-Chairperson



LEONARDO N. QUITOS, JR.  
Vice-Chairperson



HENRY JOHN S. JALBUENA  
Chairperson

# RULES AND REGULATIONS IMPLEMENTING WAGE ORDER NO. RB-CAR-15

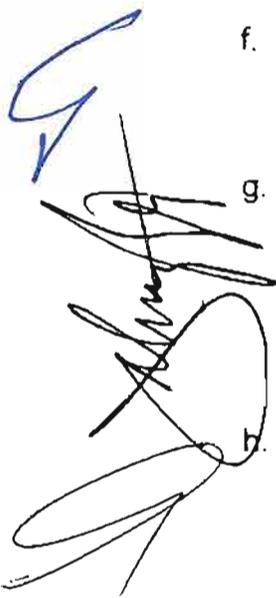
Pursuant to Section 6, Rule IV of the NWPC Revised Rules of Procedure on Minimum Wage Fixing, series of 2007, and Section 25 of Wage Order No. RB-CAR-15, the following Rules are hereby issued for guidance and compliance by all concerned in the Cordillera Administrative Region.

## RULE I

### GENERAL PROVISIONS

**Section 1. Title.** This Rules shall be known as the "The Rules Implementing Wage Order RB-CAR-15".

**Section 2. Definition of Terms as used in this Rules.**

- 
- a. **Order** - refers to Wage Order No. RB-CAR-15;
  - b. **Commission or NWPC** - refers to the National Wages and Productivity Commission;
  - c. **Board** - refers to the Regional Tripartite Wages and Productivity Board of the Cordillera Administrative Region;
  - d. **Agriculture** - refers to farming in all its branches and among others, includes the cultivation and tillage of the soil, production, cultivation, growing and harvesting of any agricultural and 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;
  - e. **Retail Establishment** - is one principally engaged in the sale of goods to end users for personal or household use. A retail establishment that regularly engages in wholesale activities loses its retail character;
  - f. **Service Establishment** - is one principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such;
  - g. **Basic Wage** - refers to all remunerations 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, 13<sup>th</sup> month pay and other monetary benefits which are not considered as part of or integrated into the regular salary of the worker on the date the wage became effective;
  - h. **Productivity – Based Wages** - Additional income given to workers as incentives derived from successful implementation of productivity programs through any gain-sharing scheme designed by the employer or by virtue of an agreement with the workers;
  - i. **CAR-Cordillera Administrative Region** - covers the Provinces of Mt. Province, Abra, Benguet, Ifugao, Kalinga and Apayao and the City of Baguio.
- 
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- j. **Two-Tiered Wage System** - the Two-Tiered Wage System comprising of two parts: the first is Tier One which is mandatory for implementation, and the second is Tier Two which is voluntary and is designed to allow employers and their workers to improve the existing terms and conditions of employment including levels of incentives based on labor productivity and business performance.

## RULE II

### WAGE INCREASE

#### Section 1. Coverage and Exemption.

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 the Order. Exempted from this coverage are 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 Basic Wage.

Upon effectivity of the Order, all covered workers in the different industrial classifications and geographical locations shall receive an increase in the Basic Wage in the amount of Eight Pesos (Php 8.00) per day.

The daily minimum wage rates shall be:

Industry/ Sector	DAILY MINIMUM WAGE RATES					
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<b>Retail/Service</b>						
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Employing 10 workers or less	223.00	37.00	<b>260.00</b>	217.00	22.00	<b>239.00</b>

#### Section 3. Basis of Minimum Wage.

The minimum wage rates prescribed under the Order shall be for the normal working hours, which shall not exceed eight hours work a day.

**Section 4. Floor Wage Setting Under Tier One.**

Upon effectivity of the Order, the levels of floor wages in the region shall be set at Two Hundred Eighty Pesos (Php 280.00) per day in Baguio City, Municipalities of La Trinidad, Tuba, Itogon and Sablan (BLIST) in the Province of Benguet and Two Hundred Sixty Three pesos (263.00) per day in the other areas of the region based on the region's socio-economic indicators including its poverty threshold, average wages and other specific factors obtaining in the region.

**Section 5. Implementation of Tier-Two.**

On a voluntary basis and upon effectivity of the Order, employers who recognize and value the contribution of their workers may provide productivity and incentives based pay to them based on some positive indicators like business performance, labor productivity, work behaviour, competitiveness of establishments, among others.

The Board shall issue an Advisory based on the results of studies and recommendations from industry players or stakeholders particularly on the range of productivity incentives which they may apply in their respective work areas.

**Section 6. Creation and Composition of a Committee.**

In the implementation of Tier-Two, employers shall organize a committee within their respective establishments which they may call Productivity and Incentives Committee (PIC) with equal representation from labor and management. In the event, however, that they have an existing committee with similar composition and performing similar or the same function, they may opt to have this committee perform the functions related to Second Tier.

That said incentives under Tier-Two shall be in accordance with the Advisory issued by the Board based on the results of studies and recommendations of industry players and other stakeholders.

The Productivity and Incentive Committee (PIC) or any existing committee for that matter, performing similar functions, shall serve to establish from time to time the criteria and mechanism in determining productivity measures including a recommendation on the range of productivity incentives.

**Section 7. Tax Incentives.**

Any business enterprise which adopt a productivity incentive program, duly and mutually agreed upon by parties of the Productivity and Incentives Committee (PIC) shall be granted as special deduction from gross income equivalent to fifty percent (50%) of the total productivity bonuses given to employees under the program over and above the total allowable ordinary and necessary business deductions for said bonuses under the National Internal Revenue Code.

Grants for manpower training and special studies given to rank-and-file employees prepared by the PIC for the development of skills identified as necessary by the appropriate government agencies shall also entitle the enterprise to a special deduction from gross income equivalent to fifty percent (50%) of the total grants over and above the allowable ordinary and necessary business deductions for said grants, also under the national Internal Revenue Code, as amended.

**Section 8. Suggested Formulae in Determining the Equivalent Monthly Regional Minimum Wage Rates.**

Without prejudice to existing company practices, agreements or policies, the following suggested formula maybe used as guides in determining the Equivalent Monthly Basic Wages:

- a. For those who are required to work everyday including Sundays or rest days, special days and holidays

$$EMR = \frac{ADR \times 393.5}{12}$$

Where 393.5 days/year = 298.0 - ordinary working days  
 24.0 - regular holidays  
 67.6 - 52 rest days x 130%  
 3.9 - 3 special days x 130%  
**393.5** Total no. of days/year

- b. For those who do not work and are considered paid on rest days, special days and regular holidays:

$$EMR = \frac{ADR \times 365}{12}$$

Where 365 days/year = 298 - ordinary working days  
 52 - Sundays/rest days  
 12 - regular holidays  
 3 - special days  
**365** Total no. of days/year

- c. For those who do not work and are not considered paid on Sundays or rest days:

$$EMR = \frac{ADR \times 313}{12}$$

Where 313 days / year = 298 - ordinary working days  
 12 - regular holidays  
 3 - special days  
**313** Total no. of days/year

- d. For those who do not work and are not considered paid on Saturdays and Sundays or rest days:

$$EMR = \frac{ADR \times 261}{12}$$

Where 261 days/year = 246 - ordinary working days  
 12 - regular holidays  
 3 - special days  
**261** Total no. of days/year

\*where: **EMR** is Equivalent Monthly Rate  
**ADR** is Applicable Daily Wage Rate

**Section 9. Application to Private Educational Institutions**

In the case of private educational institutions, the share of covered workers and employees in the tuition fee increases for School Year 2012-2013 shall be considered as compliance to the Order. However, payment of any shortfall in compliance with the Order shall be done starting School Year 2013-2014.

Private Educational institutions which have not increased their tuition fees for the School Year 2012-2013, may defer compliance with the provisions of the Order until School Year 2013-2014.

In any case, all private educational institutions shall implement the Order starting School Year 2013-2014.

**Section 10. Application to Contractors.**

In the case of contracts for construction projects and for security, janitorial and other similar services, the prescribed 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 principals or clients fail to pay the prescribed increase, the construction/service contractors shall be jointly and severally liable with their principals or clients.

**Section 11. Workers Paid by Results**

- a. All workers paid by results, including those who are paid on piecework, takay, pakyaw, or task basis, shall receive not less than the increases prescribed under the Order for normal working hours which shall not exceed eight (8) hours per day, or a proportion thereof, for working less than eight (8) hours.

The increases for the workers paid by results shall be computed in accordance with the formula provided hereunder.

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

\*where: **AMW** is Applicable Minimum Wage Rate

- b. Wage rates of workers paid by results. In order to ensure payment of fair and reasonable wage rates, the same shall be determined through time and motion studies or in consultation with representatives of workers and employer's organizations;

**Section 12. Wages of Special Groups of Workers**

Apprentices or learners shall receive not less than Seventy Five Percent (75%) of the new minimum wage prescribed in the Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of the Order shall be amended automatically insofar as their wage clauses are concerned to reflect the adjustment prescribed.

All qualified handicapped workers shall receive the full amount of increase pursuant to RA 7277.

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 13. *Transfer of Personnel***

The transfer of personnel from one province or region to another shall not be a valid ground for the reduction of the wage rate being enjoyed by the worker prior to the transfer. Workers transferred to other Regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.

## **R U L E   I I I**

### ***SPECIAL PROVISIONS***



#### **Section 1. *Complaints for Non-Compliance***

Complaints for non-compliance with the increases set forth in the Order shall be filed with the Regional Office of the Department of Labor and Employment - Cordillera Administrative Region and shall be the subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

#### **Section 2. *Conduct of Inspection by the Department***



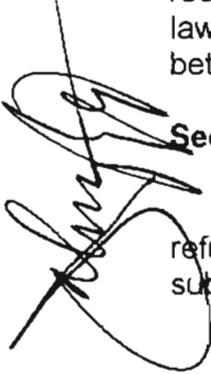
The Department shall conduct inspections of establishments, as often as necessary, to determine whether the workers are paid the prescribed wage increases and other benefits granted by law or any wage order. In the conduct of inspection in unionized companies, Department inspectors shall always be accompanied by the president or other responsible officer of the recognized bargaining unit or of any interested union. In the case of non-unionized establishments, a worker representing the workers in the said company will accompany the inspector.

The workers' representative shall have the right to submit his own findings to the Department of Labor and Employment and to testify on the same if he cannot concur with the findings of the labor inspector.



#### **Section 3. *Non-Diminution of Benefits***

Nothing in the Order and these Rules shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between the workers and employers and employer practices or policies.



#### **Section 4. *Penal Provision***

Any person, corporation, trust or firm, partnership, association or entity who refuses or fails to pay the prescribed increases in accordance with the Order shall be subject to the penal provisions of Section 12 of R.A. 6727 as amended by RA 8188.

**Section 5. *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 Commission or Board.

**Section 6. *Freedom to Bargain***

The order shall not be construed to prevent workers in particular firms or enterprises of industries from bargaining for higher wages and flexible working arrangements with their respective employers.

**Section 7. *Reporting Requirements***

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, 2013, and every year thereafter in accordance with the form prescribed by the Commission.

**Section 8. *Repealing Clause***

All orders, issuances, rules and regulations on wages, or parts thereof inconsistent with the provisions of the Order and these Rules are hereby repealed, amended or modified accordingly.

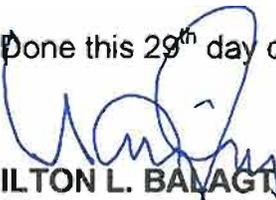
**Section 9. *Separability Clause***

If any provision or part of the Order and these Rules, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of the Order and these Rules or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

**Section 10. *Effectivity***

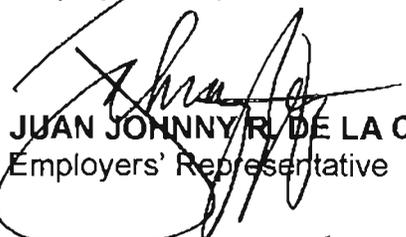
These Implementing Rules and Regulations shall take effect fifteen (15) days after its publication in a newspaper of general circulation

Done this 29<sup>th</sup> day of May 2012 at Baguio City, Philippines.

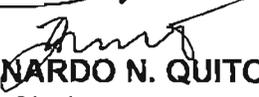
  
**MILTON L. BALAGTEY**  
Workers' Representative

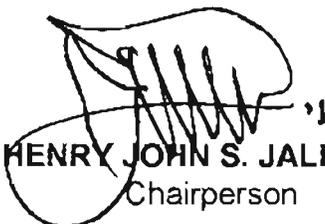
  
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**MYRNA P. PABLO**  
Vice-Chairperson

  
**LEONARDO N. QUITOS**  
Vice-Chairperson

  
**HENRY JOHN S. JALBUENA**  
Chairperson

Approved this 18th day of June, 2012 subject to the notation contained on this page 8 hereof.



LOURDES M. TRASMONTE

Acting Secretary

Department of Labor and Employment

Dept. of Labor & Employment

Office of the Secretary



012019

**NOTATION ON THE RULES IMPLEMENTING  
WAGE ORDER NO. RB-CAR-15**

**ON THE EFFECTIVITY**

On Section 10, Rule III. Effectivity.

This provision should be changed to read as follows:

“Section 10. Effectivity

These Rules shall take effect on 18 June 2012.”

# RULES AND REGULATIONS IMPLEMENTING WAGE ORDER NO. RB-CAR-15

Pursuant to Section 6, Rule IV of the NWPC Revised Rules of Procedure on Minimum Wage Fixing, series of 2007, and Section 25 of Wage Order No. RB-CAR-15, the following Rules are hereby issued for guidance and compliance by all concerned in the Cordillera Administrative Region.

## RULE I

### GENERAL PROVISIONS

**Section 1. Title.** This Rules shall be known as the "The Rules Implementing Wage Order RB-CAR-15".

**Section 2. Definition of Terms as used in this Rules.**

- a. **Order** - refers to Wage Order No. RB-CAR-15;
- b. **Commission or NWPC** - refers to the National Wages and Productivity Commission;
- c. **Board** - refers to the Regional Tripartite Wages and Productivity Board of the Cordillera Administrative Region;
- d. **Agriculture** - refers to farming in all its branches and among others, includes the cultivation and tillage of the soil, production, cultivation, growing and harvesting of any agricultural and 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;
- e. **Retail Establishment** - is one principally engaged in the sale of goods to end users for personal or household use. A retail establishment that regularly engages in wholesale activities loses its retail character;
- f. **Service Establishment** - is one principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such;
- g. **Basic Wage** - refers to all remunerations 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, 13<sup>th</sup> month pay and other monetary benefits which are not considered as part of or integrated into the regular salary of the worker on the date the wage became effective;
- h. **Productivity – Based Wages** - Additional income given to workers as incentives derived from successful implementation of productivity programs through any gain-sharing scheme designed by the employer or by virtue of an agreement with the workers;

**CAR-Cordillera Administrative Region** - covers the Provinces of Mt. Province, Abra, Benguet, Ifugao, Kalinga and Apayao and the City of Baguio.

- j. **Two-Tiered Wage System** - the Two-Tiered Wage System comprising of two parts: the first is Tier One which is mandatory for implementation, and the second is Tier Two which is voluntary and is designed to allow employers and their workers to improve the existing terms and conditions of employment including levels of incentives based on labor productivity and business performance.

## RULE II

### WAGE INCREASE

#### Section 1. Coverage and Exemption.

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 the Order. Exempted from this coverage are 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 Basic Wage.

Upon effectivity of the Order, all covered workers in the different industrial classifications and geographical locations shall receive an increase in the Basic Wage in the amount of Eight Pesos (Php 8.00) per day.

The daily minimum wage rates shall be:

Industry/ Sector	DAILY MINIMUM WAGE RATES					
	Baguio City, Municipalities of La Trinidad, Tuba, Itogon and Sablan, Benguet (BLIST)			Other Areas in the Region		
	Basic	COLA	Total	Basic	COLA	Total
Non-Agriculture	243.00	37.00	<b>280.00</b>	237.00	26.00	<b>263.00</b>
Agriculture	230.00	32.00	<b>262.00</b>	224.00	22.00	<b>246.00</b>
<b>Retail/Service</b>						
Employing > 10 workers	243.00	37.00	<b>280.00</b>	237.00	26.00	<b>263.00</b>
Employing 10 workers or less	223.00	37.00	<b>260.00</b>	217.00	22.00	<b>239.00</b>

#### Section 3. Basis of Minimum Wage.

The minimum wage rates prescribed under the Order shall be for the normal working hours, which shall not exceed eight hours work a day.

**Section 4. Floor Wage Setting Under Tier One.**

Upon effectivity of the Order, the levels of floor wages in the region shall be set at Two Hundred Eighty Pesos (Php 280.00) per day in Baguio City, Municipalities of La Trinidad, Tuba, Itogon and Sablan (BLIST) in the Province of Benguet and Two Hundred Sixty Three pesos (263.00) per day in the other areas of the region based on the region's socio-economic indicators including its poverty threshold, average wages and other specific factors obtaining in the region.

**Section 5. Implementation of Tier-Two.**

On a voluntary basis and upon effectivity of the Order, employers who recognize and value the contribution of their workers may provide productivity and incentives based pay to them based on some positive indicators like business performance, labor productivity, work behaviour, competitiveness of establishments, among others.

The Board shall issue an Advisory based on the results of studies and recommendations from industry players or stakeholders particularly on the range of productivity incentives which they may apply in their respective work areas.

**Section 6. Creation and Composition of a Committee.**

In the implementation of Tier-Two, employers shall organize a committee within their respective establishments which they may call Productivity and Incentives Committee (PIC) with equal representation from labor and management. In the event, however, that they have an existing committee with similar composition and performing similar or the same function, they may opt to have this committee perform the functions related to Second Tier.

That said incentives under Tier-Two shall be in accordance with the Advisory issued by the Board based on the results of studies and recommendations of industry players and other stakeholders.

The Productivity and Incentive Committee (PIC) or any existing committee for that matter, performing similar functions, shall serve to establish from time to time the criteria and mechanism in determining productivity measures including a recommendation on the range of productivity incentives.

**Section 7. Tax Incentives.**

Any business enterprise which adopt a productivity incentive program, duly and mutually agreed upon by parties of the Productivity and Incentives Committee (PIC) shall be granted as special deduction from gross income equivalent to fifty percent (50%) of the total productivity bonuses given to employees under the program over and above the total allowable ordinary and necessary business deductions for said bonuses under the National Internal Revenue Code.

Grants for manpower training and special studies given to rank-and-file employees prepared by the PIC for the development of skills identified as necessary by the appropriate government agencies shall also entitle the enterprise to a special deduction from gross income equivalent to fifty percent (50%) of the total grants over and above the allowable ordinary and necessary business deductions for said grants, also under the national Internal Revenue Code, as amended.

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**Section 8. Suggested Formulae in Determining the Equivalent Monthly Regional Minimum Wage Rates.**

Without prejudice to existing company practices, agreements or policies, the following suggested formula maybe used as guides in determining the Equivalent Monthly Basic Wages:

- a. For those who are required to work everyday including Sundays or rest days, special days and holidays

$$EMR = \frac{ADR \times 393.5}{12}$$

Where 393.5 days/year =

298.0	- ordinary working days
24.0	- regular holidays
67.6	- 52 rest days x 130%
3.9	- 3 special days x 130%
<u>393.5</u>	<b>Total no. of days/year</b>

- b. For those who do not work and are considered paid on rest days, special days and regular holidays:

$$EMR = \frac{ADR \times 365}{12}$$

Where 365 days/year =

298	- ordinary working days
52	- Sundays/rest days
12	- regular holidays
3	- special days
<u>365</u>	<b>Total no. of days/year</b>

- c. For those who do not work and are not considered paid on Sundays or rest days:

$$EMR = \frac{ADR \times 313}{12}$$

Where 313 days / year =

298	- ordinary working days
12	- regular holidays
3	- special days
<u>313</u>	<b>Total no. of days/year</b>

- d. For those who do not work and are not considered paid on Saturdays and Sundays or rest days:

$$EMR = \frac{ADR \times 261}{12}$$

Where 261 days/year =

246	- ordinary working days
12	- regular holidays
3	- special days
<u>261</u>	<b>Total no. of days/year</b>

\*where: **EMR** is Equivalent Monthly Rate  
**ADR** is Applicable Daily Wage Rate

**Section 9. Application to Private Educational Institutions**

In the case of private educational institutions, the share of covered workers and employees in the tuition fee increases for School Year 2012-2013 shall be considered as compliance to the Order. However, payment of any shortfall in compliance with the Order shall be done starting School Year 2013-2014.

Private Educational institutions which have not increased their tuition fees for the School Year 2012-2013, may defer compliance with the provisions of the Order until School Year 2013-2014.

In any case, all private educational institutions shall implement the Order starting School Year 2013-2014.

**Section 10. Application to Contractors.**

In the case of contracts for construction projects and for security, janitorial and other similar services, the prescribed 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 principals or clients fail to pay the prescribed increase, the construction/service contractors shall be jointly and severally liable with their principals or clients.

**Section 11. Workers Paid by Results**

- a. All workers paid by results, including those who are paid on piecework, takay, pakyaw, or task basis, shall receive not less than the increases prescribed under the Order for normal working hours which shall not exceed eight (8) hours per day, or a proportion thereof, for working less than eight (8) hours.

The increases for the workers paid by results shall be computed in accordance with the formula provided hereunder.

$$1. \frac{\text{Amount of Increase in AMW}}{\text{previous applicable min. wage}} \times 100 \% = \% \text{ increase}$$

- 2. Existing rate/piece x % increase = increase in rate/piece;
- 3. Existing rate/piece + increase in rate/piece = adjusted rate per piece.

\*where: **AMW** is Applicable Minimum Wage Rate

- b. Wage rates of workers paid by results. In order to ensure payment of fair and reasonable wage rates, the same shall be determined through time and motion studies or in consultation with representatives of workers and employer's organizations;

**Section 12. Wages of Special Groups of Workers**

Apprentices or learners shall receive not less than Seventy Five Percent (75%) of the new minimum wage prescribed in the Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of the Order shall be amended automatically insofar as their wage clauses are concerned to reflect the adjustment prescribed.

All qualified handicapped workers shall receive the full amount of increase pursuant to RA 7277.

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 13. *Transfer of Personnel***

The transfer of personnel from one province or region to another shall not be a valid ground for the reduction of the wage rate being enjoyed by the worker prior to the transfer. Workers transferred to other Regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.

## **RULE III**

### **SPECIAL PROVISIONS**

#### **Section 1. *Complaints for Non-Compliance***

Complaints for non-compliance with the increases set forth in the Order shall be filed with the Regional Office of the Department of Labor and Employment - Cordillera Administrative Region and shall be the subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

#### **Section 2. *Conduct of Inspection by the Department***

The Department shall conduct inspections of establishments, as often as necessary, to determine whether the workers are paid the prescribed wage increases and other benefits granted by law or any wage order. In the conduct of inspection in unionized companies, Department inspectors shall always be accompanied by the president or other responsible officer of the recognized bargaining unit or of any interested union. In the case of non-unionized establishments, a worker representing the workers in the said company will accompany the inspector.

The workers' representative shall have the right to submit his own findings to the Department of Labor and Employment and to testify on the same if he cannot concur with the findings of the labor inspector.

#### **Section 3. *Non-Diminution of Benefits***

Nothing in the Order and these Rules shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between the workers and employers and employer practices or policies.

#### **Section 4. *Penal Provision***

Any person, corporation, trust or firm, partnership, association or entity who refuses or fails to pay the prescribed increases in accordance with the Order shall be subject to the penal provisions of Section 12 of R.A. 6727 as amended by RA 8188.

**Section 5. 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 Commission or Board.

**Section 6. Freedom to Bargain**

The order shall not be construed to prevent workers in particular firms or enterprises of industries from bargaining for higher wages and flexible working arrangements with their respective employers.

**Section 7. Reporting Requirements**

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, 2013, and every year thereafter in accordance with the form prescribed by the Commission.

**Section 8. Repealing Clause**

All orders, issuances, rules and regulations on wages, or parts thereof inconsistent with the provisions of the Order and these Rules are hereby repealed, amended or modified accordingly.

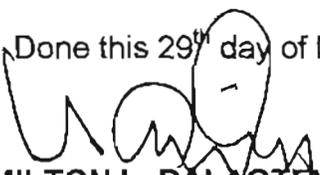
**Section 9. Separability Clause**

If any provision or part of the Order and these Rules, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of the Order and these Rules or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

**Section 10. Effectivity**

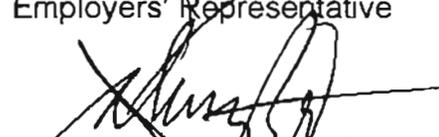
These Implementing Rules and Regulations shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Done this 29<sup>th</sup> day of May 2012 at Baguio City, Philippines.

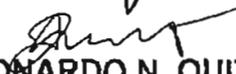
  
**MILTON L. BALAGTEY**  
Workers' Representative

  
**ALFONSO T. LAO**  
Employers' Representative

  
**RENERIO C. LARDIZABAL JR**  
Workers' Representative

  
**JUAN JOHNNY R. DE LA CRUZ**  
Employers' Representative

  
**MYRNA P. PABLO**  
Vice-Chairperson

  
**LEONARDO N. QUITOS**  
Vice-Chairperson

  
**HENRY JOHN S. JALBUENA**  
Chairperson

Approved this 18th day of June, 2012 subject to the notation contained on this page 8 hereof.



LOURDES M. TRASMONTE  
Acting Secretary

Department of Labor and Employment

Dept. of Labor & Employment  
Office of the Secretary



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**NOTATION ON THE RULES IMPLEMENTING  
WAGE ORDER NO. RB-CAR-15**

**ON THE EFFECTIVITY**

On Section 10, Rule III. Effectivity.

This provision should be changed to read as follows:

"Section 10. Effectivity

These Rules shall take effect on 18 June 2012."