

Republic of the Philippines
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Region I
San Fernando, La Union

WAGE ORDER NO. RB 1-02-A
INCREASING THE COST OF LIVING ALLOWANCE

WHEREAS, the Board recognizes the adverse effects brought about by the July 16, 1990 killer earthquake;

WHEREAS, the December 5 and 6, 1990 average increase of P2.89 per liter in the prices of petroleum products have contributed to substantial increases in transportation fares and prices of basic goods and services;

WHEREAS, the Board received petitions filed by the Associated Labor Unions - Trade Union Congress of the Philippines (ALU-TUCP) and the National Federation of Labor Unions (NAFLU) seeking for an increase in the daily statutory minimum wage of P 30.00 for all employees and workers in the Cordillera Administrative Region;

WHEREAS, the Middle East crisis has brought about worldwide disruption in the supply and price of crude oil and has affected the living conditions of the Filipinos;

WHEREAS, there is an urgent need to provide workers and their families with immediate relief measures to enable them to cope with the rising cost of living without impairing the viability of business and industry.

WHEREAS, based on the situation of the three (3) economic sub-groups namely: tourists, students and mining sector, which predominate the economy in the Cordillera Administrative Region, the condition of normalcy has not been actually attained as shown by their declining trends;

WHEREAS, the decline in the average monthly consumer price index is not as yet sufficient to propose a wage increase on a more permanent basis.

NOW, therefore, by virtue of the power and authority vested under Republic Act No. 6727, known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board of Region I hereby issues this Wage Order:

Section 1. Upon the effectivity of this Wage Order, workers and employees in the private sector in the Cordillera Administrative Region (CAR) in the provinces of Abra, Benguet, and Mt. Province and the City of Baguio presently receiving the applicable minimum wage provided for in RA 6727 and in addition to the ten pesos (P 10.00) cost of living allowance granted under Wage Order No. RB 1-01-A shall receive additional COLA of seven pesos (P 7.00) for non-agricultural workers, six pesos (P 6.00) for plantation agricultural workers and five pesos (P 5.00) for non-plantation agricultural workers per day. Provided, that those already receiving above the daily minimum wage rates up to one hundred twenty-five pesos (P 125.00) shall also receive the increase provided for.

Section 2. Private educational institutions which increased their tuition fees or were given subsidy under Republic Act No. 6728 for school year 1991-1992 shall first apply the proceeds of the 70% increase in tuition fee or subsidy to the P 10.00 COLA mandated under Wage Order No. RB 1-01-A; provided, however, that where the increase granted is more than P 10.00, the excess thereof shall be credited as compliance to this Wage Order; provided further, that the difference shall be given in school year 1992-1993 regardless of whether or not they were granted authority to increase tuition fees or granted subsidy.

Private educational institutions which did not increase their tuition fees or were not granted subsidy for school year 1991-1992 under RA 6728 will not be covered by this Wage Order; provided, for school year 1992-1993 they shall be mandated to give the increase under this Wage Order whether or not they have increased tuition fees or granted subsidy.

Section 3. Exempted from the provisions of this Wage Order are household or domestic helpers and persons in the personal service of another, including family drivers.

Retail/Service establishments and small or parochial schools regularly employing not more than ten (10) workers and Countryside and Barangay Business Enterprises (CBBEs) duly registered pursuant to RA 6810 shall be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with the applicable rules and regulations.

Distressed employers and those adversely affected by the recent earthquake may be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations.

New industries granted exemption under RA 6727 will continue to enjoy the same privileges and for the specified period as provided for under the said Act.

In the event that the application for exemptions are not granted, covered workers and employees shall receive the appropriate compensation due them as provided for in this Wage Order plus interest of one percent (1%) per month retroactive to the effectivity of this Wage Order.

Section 4. Workers and employees of hotels, inns and other tourism oriented establishments except restaurants in the CAR in the meantime shall not be covered by the required COLA. The delay/suspension of the implementation of COLA shall remain until such time that the conditions in the tourism industry shall have normalized or until such time as may be determined by the Board.

Section 5. All workers paid by result, including those who are paid on piecework, "pakyaw" or task basis, shall be entitled to receive the prescribed minimum wage increase for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

Section 6. In the case of contracts for construction, security, janitorial and similar services, the prescribed increase for covered workers and employees shall be borne by the principals or clients of the 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 service contractor shall be jointly and severally liable with the principal or client.

Section 7. Wages of learners, apprentices, and handicapped workers shall in no case start below seventy-five percent (75%) of the applicable minimum wage rates.

Section 8. Wage increases granted by an employer not earlier than December 5, 1990 but not later than the effectivity of this Wage Order shall be credited as compliance with the minimum wage increase prescribed under this Wage Order, provided that, where such increases are less than the prescribed adjustment, the employer shall pay the difference. Such increases shall not include anniversary wage increases, merit wage increases and those resulting from the regularization or promotion of employees.

Section 9. Where the application of the emergency cost of living allowance prescribed herein results in distortions of the pay structure within an establishment, such distortions shall be resolved using the procedure specified under Article 124 of the Labor Code of the Philippines, as amended.

Section 10. The Board shall prepare the necessary rules and regulations to implement this Wage Order, subject to approval of the Secretary of Labor and Employment.

Section 11. Any employer who refuses or fails to pay the cost of living allowance provided under this Wage Order shall be subject to the penalties specified under RA 6727.

Section 12. 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.

Section 13. This Wage Order shall take effect fifteen (15) days after its publication in at least one (1) newspaper of general circulation.

Approved.

22 May 1991.

(SGD) DEMETRIO E. RUIZ, JR.
Workers Representative

(SGD) MARTIN P. POSADAS
Employers Representative

(SGD) SEGUNDINA G. VELASCO
Workers Representative

(On Leave)
DUARDO C. ALCANTARA
Employers Representative

(SGD) ARMANDO P. GALIMBA
Vice-Chairman

(SGD) LEONARDO N. QUITOS, JR.
Vice-Chairman

(SGD) TERESITA R. MANZALA
Chairman

Republic of the Philippines
Department of Labor and Employment
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD

Region I
San Fernando, La Union

RULES IMPLEMENTING WAGE ORDER NO. RB-1-02-A (CAR)

Pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board under Section 5, Rule IV of the NWPC Rules of Procedure on Minimum Wage Fixing and Section 10 of Wage Order No. RB 1-02-A, the following rules are hereby issued for strict compliance by all concerned in the Cordillera Administrative Region (CAR) particularly in the Provinces of Abra, Benguet, Mt. Province and the City of Baguio:

Section 1. Definition of Terms. As used in this Rules-

- (a) "Order" means Wage Order No. RB-1-02-A;
- (b) "Commission" means the National Wages and Productivity Commission;
- (c) "Board" means the Regional Tripartite Wages and Productivity Board in Region I;
- (d) "CAR" covers the provinces of Abra, Benguet, Mountain Province and the city of Baguio;
- (e) "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;
- (f) "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";
- (g) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;
- (h) "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;
- (i) "Countryside and Barangay Business Enterprise" (CBBE) refers to an establishment duly registered pursuant to RA 6810;
- (j) "Small or Parochial Schools" refer to private schools duly accredited by the Department of Education, Culture and Sports and which are dependent upon donations to the extent of not less than 75% for their operation and maintenance;
- (k) "Distressed Establishments" refer to establishments whose capital have been impaired by at least twenty-five percent (25%) during the preceding year and those that have been adversely affected by the July 16, 1990 earthquake;
- (l) "New Industries" refer to firms established after July 1, 1989 which were granted exemptions under RA 6727;

- (m) "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 regardless of previous registration with the defunct NACIDA;
- (n) "Tourism-oriented establishments" refer to those that minister to the comfort and accommodation of tourists, foreign or local, including but not limited to hotels, inns, restaurants, curio and souvenir shops and similar establishments.
- (o) "Department" refers to the Department of Labor and Employment;
- (p) "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;
- (q) "Statutory Minimum Wage" is the lowest wage rate fixed by the law that an employer can pay his workers;
- (r) "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;
- (s) "Capitalization" means paid-up capital, in the case of a corporation, and total invested capital, in the case of a partnership or single proprietorship.

Section 2. Coverage. - This rules shall apply to all workers and employees in the private sector in the Cordillera Administrative Region (CAR) in the provinces of Abra, Benguet and Mountain Province and in the City of Baguio regardless of their position, designation or status, and irrespective of the method by which their wages are paid except:

- a) Household or domestic helpers, including family drivers and workers in the personal service of another;
- b) Retail/service establishments and small or parochial schools regularly employing not more than ten (10) workers and Countryside and Barangay Business Enterprise (CBBEs) duly registered pursuant to RA 6810 and new industries granted exemptions under RA 6727 shall be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations.
- c) Distressed employers whose capital have been impaired by at least twenty-five percent (25%) during the preceding year and those that have been adversely affected by the recent earthquake may be exempted from the Wage Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations.

Section 3. Effectivity. - The Order takes effect on 11 June 1991, 15 days following its complete publication in one newspaper of general circulation on 27 May 1991.

Section 4. Amount of Cost of Living Allowance. - (a) Effective June 11, 1991, every covered employer shall give to each of his employees who is receiving the statutory minimum wage the

Cost of Living Allowance of SEVEN PESOS (P7.00) for non-agricultural workers, SIX PESOS (P6.00) for plantation agricultural workers and FIVE PESOS (P5.00) for non-plantation agricultural workers per day in addition to the P10.00 COLA provided under Wage Order No. RB 1-01-A;

(b) All workers and employees who, prior to 11 June 1991, were already receiving a basic wage above the statutory minimum wage rates provided under RA 6727 but not over P125.00 per day shall receive the prescribed increase.

Section 5. Application to Private Educational Institutions. - The increase in COLA shall apply to workers and employees of private educational institutions effective as follows:

(a) In cases where the P10.00 COLA prescribed under Wage Order No. RB 1-01-A has been granted effective 18 November 1990 and the school increased their tuition fee or was granted subsidy for school year 1991-1992, the P7.00 COLA increase per day shall take effect on 11 June 1991;

(b) In cases where the P10.00 COLA prescribed under Wage Order No. RB 1-01-A has yet to be effected and where the school increased tuition fees or is granted subsidy under Republic Act No. 6728 for school year 1991-1992, the school shall first apply the proceeds of the 70% increase in tuition fee or subsidy to the P10.00 COLA mandated under Wage Order No. RB 1-01-A. In cases, however, where the increase granted is more than P10.00, the excess thereof shall be credited as compliance to Wage Order No. RB 1-02-A; provided that, the difference shall be given in school year 1992-1993 regardless of whether or not they were granted authority to increase tuition fees or granted subsidy.

Beginning school year 1992-1993, all schools shall implement the required COLA regardless of whether or not they have actually increased tuition fees or were granted subsidy.

Section 6. Application to Tourism Oriented Establishments. - Workers and employees of hotels, inns, and other tourism oriented establishments in the CAR in the meantime shall not be covered by the required COLA. The delay/suspension of the implementation of COLA shall remain until such time that the conditions in the tourism industry shall have normalized or until such time as may be determined by the Board.

In cases of restaurants, they are now required to pay the P7.00 COLA.

Section 7. Allowance to be Paid in Cash. - The allowances required by the Order shall be paid in cash together with the regular wage on the customary pay days.

Section 8. Special Feature of the Allowance. - (a) Allowances granted to workers in compliance with the Order need not be considered as part of the regular wage of the employees for purposes of determining overtime and premium pay, fringe benefits, as well as premium contributions to the State Insurance Fund, social security, medicare, maternity pay and private welfare and retirement plans.

(b) In the event that the employer opts to grant wage increase in lieu of the allowance, the wage increase shall be considered as compliance with the Order, provided the amount is not less than that required by the Order.

Section 9. Leave of Absence With Pay. - All covered employees shall be entitled to the allowance provided herein when they are on leave of absence with pay.

Section 10. Relation to Workmen's Compensation and Social Security Payments. - An employee who is receiving workmen's compensation or social security benefits such as sick leave or maternity leave, in lieu of wages, is entitled to the allowance to the extent of such compensation or benefit.

Section 11. Workers Paid by Results. - All workers paid by results, including those who are paid on piecework, "pakyaw" or task basis, shall be entitled to receive the prescribed COLA for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

Section 12. COLA of Special Group of Workers. - Learners, apprentices and handicapped workers shall be entitled to the COLA in proportion to the salary rates they receive.

Section 13. Non-diminution of Benefits. - Nothing in the Order shall be construed to reduce any existing wage rate, allowance or any benefit under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between workers and employees.

Section 14. Application to Contractors. - In the case of contracts for construction, security, janitorial and other similar services, the prescribed COLA for covered workers and employees shall be borne by the principals or clients of the service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed COLA the service contractor shall be jointly and severally liable with the principal or client.

For purposes of monitoring compliance with the aforementioned requirement, the principal/client or the service contractor shall submit to the Board copy of the service contract entered by and between them covering the period June 11, 1991 and thereafter, within thirty (30) days from the effectivity of said service contract.

Section 15. Application for Exemptions. - The following establishments may be exempted from compliance with the COLA increase prescribed under the Order upon application with and as determined by the Board in accordance with applicable rules and regulations:

- (a) Retail/Service establishments and small or parochial schools employing not more than ten (10) workers;
- (b) CBBEs established within the period 1 July 1989 to 30 June 1993 for a period of two (2) years from the start of their operations;
- (c) Distressed employers whose capital have been impaired by at least twenty-five percent (25%) during the preceding year and those that have been adversely affected by the July 16, 1990 earthquake;
- (d) New industries which were granted exemptions under RA 6727.

Whenever an application for exemption has been duly filed with the Board, action by the Regional Office of the Department in the CAR on any complaint for alleged non-compliance with the Order shall be deferred pending resolution of the said application.

In the event that applications for exemptions are not granted, covered workers and employees shall receive the appropriate compensation due them as provided for under the Order plus interest of one percent (1%) per month retroactive to June 11, 1991.

Section 16. Wage Distortion - Where the application of the COLA 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 the wage distortion shall be resolved through the grievance procedure under the collective bargaining agreement 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 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 (NLRC). The NLRC shall conduct continuous hearings and decide the dispute within 20 calendar days from the time said dispute is submitted for compulsory arbitration.

Section 17. Complaints for Non-compliance.- Complaints for non-compliance with the cost of living allowance increase provided under the Order shall be filed with the Regional Office of the Department in the CAR and shall be the subject of enforcement proceedings in accordance with Articles 128 and 129 of the Labor Code as amended.

Section 18. Conduct of Inspection by the DOLE - Pursuant to Section 9 of RA 6727, the Department of Labor and Employment - Cordillera Administrative Region (CAR) shall conduct inspections as often as possible within its manpower constraint of the payroll and other financial records kept by the company or business to determine whether the workers are paid the prescribed wage rates and other benefits granted by law or any Wage Order. In unionized companies, the Department of Labor and Employment - Cordillera Administrative Region (CAR) inspectors shall always be accompanied by the president or any responsible officer of the recognized bargaining unit or any interested union in the conduct of the inspection. In non-unionized companies, establishments or businesses, the inspection shall be carried out in the presence of a worker representing the workers in the said company. The worker's 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.

Additionally, the Department of Labor and Employment - Cordillera Administrative Region (CAR) is hereby obliged to report to the Board compliance of establishments to the Order.

Section 19. Penal Provisions. - Any employer who refuses or fails to pay the cost of living allowance provided under the Order shall be punished by a fine not exceeding P25,000.00 and/or imprisonment of not less than one year nor more than two 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 20. 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 21. Effects on Other Laws, Orders, Decrees, and their Implementing Rules. - All laws, orders, issuances, rules and regulations or part thereof inconsistent with the provisions of the Order are hereby repealed or amended accordingly. If any provision or part of the Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid and shall continue to have full force and effect.

Section 22. Enforcement. - This rules shall be enforced in accordance with the applicable provisions of RA 6727 and its implementing regulations.

Section 23. Effectivity. - This Rules shall take effect on 11 June 1991.

Done in San Fernando, La Union, Republic of the Philippines this 4th day of July 1991.

(SGD) DEMETRIO E. RUIZ, JR.
Workers Representative

(SGD) MARTIN P. POSADAS
Employers Representative

(SGD) SEGUNDINA G. VELASCO
Workers Representative

(SGD) EDUARDO C. ALCANTARA
Employers Representative

(SGD) ARMANDO P. GALIMBA
Vice-Chairman

(SGD) LEONARDO N. QUITOS, JR.
Vice-Chairman

(SGD) TERESITA R. MANZALA
Chairman

APPROVED this 26th of August 1991.

(SGD) RUBEN D. TORRES
Secretary of Labor and Employment
and Chairman of NWPC