

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Regional Tripartite Wages and Productivity Board-X
Region 10, Northern Mindanao

WAGE ORDER NO. RX-20
Prescribing New Minimum Wage Rates in Region X

WHEREAS, the Regional Tripartite Wages and Productivity Board - X (Board) is mandated under the Wage Rationalization Act (RA 6727) to periodically assess the wage rates and conduct continuing studies in the determination of the minimum wage applicable in the region or industry;

WHEREAS, the Board issued Wage Order No. RX-19 which took effect on July 16, 2017 and has been enforced for a period of twelve (12) months from the date of its effectivity in compliance with Section 3, Rule IV of the Amended Rules of Procedure on Minimum Wage Fixing issued by the National Wages and Productivity Commission (NWPC);

WHEREAS, in the exercise of its function to monitor and review the socio-economic conditions in the region, the Board conducted consultations with relevant government institutions such as, the Bureau of Internal Revenue on March 14, 2018, the Bangko Sentral ng Pilipinas on April 10, 2018, the Philippine Statistics Authority on April 25, 2018, the Department of Agriculture on July 16, 2018, and the Department of Energy on July 30, 2018;

WHEREAS, after the lapse of one (1) year period from the implementation of Wage Order No. RX-19, and with due regard to the instruction of the President for all the Regional Tripartite Wages and Productivity Boards to immediately convene and review the existing Wage Orders, the Board decided to commence *motu proprio* review of Wage Order No. RX-19 through publication of the notice of public hearings on minimum wage adjustment in Mindanao Daily on July 19, 2018;

WHEREAS, after due notice to all concerned stakeholders, region-wide public hearings were conducted on August 3, 2018 in Valencia City for the province of Bukidnon; August 8, 2018 in Ozamiz City for the province of Misamis Occidental; August 9, 2018 in Iligan City for the province of Lanao del Norte; August 14, 2018 in the Municipality of Mambajao for the province of Camiguin; August 23, 2018 in Gingoog City for the province of Misamis Oriental; and August 29, 2018 in Cagayan de Oro City for the province of Misamis Oriental;

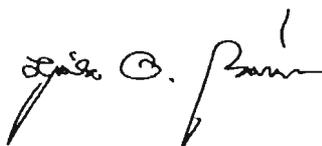
WHEREAS, taking into account the significant economic indicators as well as the inputs derived from the consultations and public hearings, the Board decided to make necessary adjustment of the minimum wage in the region considering the criteria provided under RA 6727;

WHEREAS, due to the recent economic growth and development in the municipalities of Lugait and Balingasag which generated more employment in the area, and considering the higher capacity of the employers therein to pay, the Board deemed to reclassify the Municipality of Lugait from Wage Category III to Wage Category II, and the Municipality of Balingasag from Wage Category IV to Wage Category III;

NOW, THEREFORE, after determination of the need to increase the prevailing minimum wage rates consistent with the government's policy of achieving higher levels of productivity to promote economic growth, generate employment and to augment the income of workers, the Board, by virtue of the power and authority vested under Republic Act No. 6727, hereby issues this Wage Order:

Section 1. CLASSIFICATION. The classification under Wage Order No. RX-19 is hereby amended with the Municipality of Lugait reclassified from Wage Category III to Wage Category II, and the Municipality of Balingasag reclassified from Wage Category IV to Wage Category III.

Section 2. NEW MINIMUM WAGE RATES. By reason of reclassification, covered workers and employees in the Municipality of Lugait shall receive an increase of P35.00 daily both in the Non-Agriculture and Agriculture sectors; and covered workers and employees in the Municipality of Balingasag shall receive an increase of P34.00 daily both in the Non-Agriculture and Agriculture sectors.



Upon effectivity of this Order, the minimum daily wage rates of covered workers and employees in the private sector in Region X shall be as follows:

CLASSIFICATION	NON-AGRICULTURE			AGRICULTURE		
	MWR under WO RX-19	Increase in Basic Wage	MINIMUM WAGE RATE upon effectivity	MWR under WO RX-19	Increase in Basic Wage	MINIMUM WAGE RATE upon effectivity
Wage Category I (Cities of Cagayan de Oro and Iligan, and the Municipalities of Tagoloan, Villanueva, and Jasaan)	338.00	27.00	365.00	326.00	27.00	353.00
Wage Category II (Cities of Malaybalay, Valencia, Gingoog, El Salvador and Ozamiz, and the Municipalities of Opol, Maramag, Quezon, and Manolo Fortich)	331.00	27.00	358.00	319.00	27.00	346.00
Wage Category II Municipality of Lugait	323.00	35.00		311.00	35.00	
Wage Category III (Cities of Oroquieta and Tangub and the Municipalities of Laguindingan and Mambajao;	323.00	27.00	350.00	311.00	27.00	338.00
Wage Category III Municipality of Ballingasag	316.00	34.00		304.00	34.00	
Wage Category IV All other areas not covered under the above categories	316.00	27.00	343.00	304.00	27.00	331.00
All Retail and Service Establishments employing not more than ten (10) workers						

Section 3. COVERAGE. The wage increases prescribed herein shall apply to all workers and employees in the private sector receiving minimum wage in the region, regardless of their position, designation or status, and irrespective of the method by which their wages are paid, including family drivers.

This Order shall not include persons in the personal service of another, domestic workers or kasambahay under Batas Kasambahay (RA 10361) and workers of Barangay Micro Business Enterprises (BMBEs) registered under Go Negosyo Act (RA 10644).

Section 4. BASIS OF THE MINIMUM WAGE. The minimum wage rates prescribed under this Order shall be for the normal working hours, which shall not exceed eight (8) hours work per day.

Section 5. APPLICATION TO CONTRACTORS. In the case of contracting out of jobs or work, (e.g. construction projects, security, janitorial, and similar services), the wage rates prescribed in this Order shall be borne by the principals or clients of the contractor and the contract shall be deemed amended accordingly.

In the event, however, that the principals or clients fail to pay the prescribed wage rates, the contractor shall be jointly and severally liable with the 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 be entitled to receive not less than the prescribed minimum wage rates per eight (8) hours of work a day, or a proportion thereof for work less than eight (8) hours.

Section 7. WAGES OF SPECIAL GROUPS OF WORKERS. Wages of apprentices and learners of accredited learnership and apprenticeship programs shall receive not less than seventy-five percent (75%) of the applicable minimum wage rates prescribed in this Order.

All recognized learnership and apprenticeship agreements approved by the Technical Education and Skills Development Authority (TESDA) and 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.

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All persons with disability shall receive the full minimum wage rates prescribed herein pursuant to RA 7277, otherwise known as Magna Carta for Disabled Persons.

Section 8. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS INCLUDING THOSE OFFERING TECHNICAL/VOCATIONAL EDUCATION AND TRAINING (TVET). In the case of private educational institutions, the share of covered workers and employees in the increase of tuition fees for the Academic Year 2018-2019 shall be considered as compliance with the increases prescribed herein. However, any shortfall in the wage increase set forth herein shall be covered starting Academic Year 2019-2020.

Private educational institutions which have not increased their tuition fees for the Academic Year 2018-2019 may defer compliance with the provisions of this Wage Order until the beginning of the next school year.

In any case, all private institutions including those offering technical/vocational education and training shall implement the increases prescribed herein starting Academic Year 2019-2020.

Section 9. 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 Region X shall be those applicable in the place where they are stationed.

Section 10. TRANSFER OF PERSONNEL. The transfer of personnel to areas outside the Region shall not be a valid ground for the reduction of the wage rates being enjoyed by the workers prior to such transfer. The workers transferred to other Regions with higher wages shall be entitled to the minimum rates applicable therein.

Section 11. EXEMPTIONS. Upon application with and as determined by the Board in accordance with the NWPC Guidelines No. 02, Series of 2007 (Amended Rules on Exemption from Compliance with the Prescribed Wage Increases) and Resolution No. 01, series of 2014, (Resolution Amending NWPC Guidelines No. 02, Series of 2007, as amended), the following maybe exempted from the applicability of this Wage Order, to wit:

- a. Distressed establishments; and,
- b. Establishments adversely affected by natural calamities or human-induced disasters.

Section 12. EFFECT OF APPLICATION FOR EXEMPTION. An application for exemption duly filed shall have the effect of deferring any action in any complaint for non-compliance with the Order until the resolution of the application by the 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 percent (1%) interest per month retroactive to the effectivity of this Order.

Section 13. CREDITABLE WAGE INCREASE. All wage increases granted to workers in organized establishments within three (3) months prior to the effectivity of this Order shall be credited as compliance with this Order; provided that an agreement to this effect has been forged between the parties or a collective bargaining agreement provision allowing creditability exists. In the absence of such an agreement or provision in the CBA, any increase granted by the employer shall not be credited as compliance with the wage rates prescribed in this Order.

Where the increases given by the employer is in the form of allowances, the employer shall make the necessary adjustments (integration/addition) to comply with the wage rates prescribed herein.

However, if the amount of the increase is greater than the increase granted under this Order, the employer has the option to integrate partially or in full the allowances earlier given. In the event of partial integration, any excess maybe retained as allowances.

Section 14. EFFECTS ON EXISTING WAGE STRUCTURE. Where the application of the increase in the wage rates under this Order results in distortion of the wage structure within an establishment, the same shall be corrected in accordance with the procedure provided for under Article 124 of the Labor Code, as amended.

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APPROVED on October 9, 2018 at Cagayan de Oro City, Philippines.



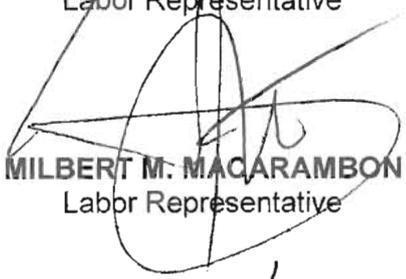
ARSENIO L. SEBASTIAN III
Management Representative



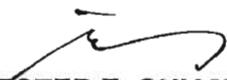
NICANDRO L. BORJA
Labor Representative



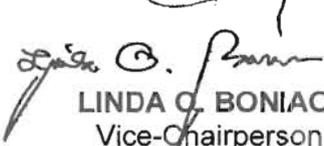
PRUDENCIO T. PLAZA, JR.
Management Representative



MILBERT M. MACARAMBON
Labor Representative



MAE ESTER T. GUIAMADEL
Vice-Chairperson
OIC-Regional Director, NEDA-X



LINDA C. BONIAO
Vice-Chairperson
Regional Director, DTI-X



JEFFREY M. SUYAO
Chairperson, RTWPB-X
Regional Director, DOLE-X

Republic of the Philippines
Department of Labor and Employment
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Region X, Northern Mindanao

RULES IMPLEMENTING WAGE ORDER NO. RX-20

Pursuant to Section 6, Rule IV of the Amended Rules of Procedure on Minimum Wage Fixing, and Section 26 of Wage Order No. RX-20, the following rules are hereby issued for the guidance and compliance by all concerned in Region X:

Rule I
PRELIMINARY PROVISIONS

Section 1. TITLE. These Rules shall be known as "The Rules Implementing Wage Order No. RX-20.

Section 2. DEFINITION OF TERMS.

- a. *Order* means Wage Order No. RX - 20.
- b. *Department* means the Department of Labor and Employment.
- c. *Commission* means the National Wages and Productivity Commission.
- d. *Board* means the Regional Tripartite Wages and Productivity Board X.
- e. *Region X* covers the Provinces of Bukidnon, Camiguin, Misamis Occidental, Misamis Oriental, and Lanao del Norte and the highly urbanized cities of Cagayan de Oro and Iligan.
- f. *Basic Wage* refers to the 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 payment, premium payment, 13th Month Pay or other monetary benefits which are not considered as part of/or integrated into the regular salary of the worker.
- g. *Agriculture* refers to farming in all its branches and includes 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 activity 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, tobacco, pineapple, or other farm products.
- h. *Establishment* refers to an economic unit, which engages in one or predominantly one kind of economic activity at a single fixed location. For purposes of determining eligibility for exemption, establishments under the same owner/s but separately registered with the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) or Cooperative Development Authority (CDA) as the case may be, irrespective of their location, shall be treated as individual and distinct establishments.
- i. *Retail Establishment* refers to an entity 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. For purposes of this Guidelines, retail establishments must be employing not more than 10 workers.

- j. *Service Establishment* refers to an entity principally engaged in the sale of services to individuals for his own or household use and is generally recognized as such. For purposes of this Guidelines, service establishments must be employing not more than 10 workers.
- k. *Barangay Micro Business Enterprise (BMBE)* refers to any business entity or enterprise issued with a Certificate of Authority registered under Go Negosyo Act (RA 10644).
- l. *Distressed Establishment* refer to establishments which meet the criteria enumerated in Section 3A of the National Wages and Productivity Commission (NWPC) Guidelines No. 02 Series of 2007, otherwise known as the " Amended Rules on Exemption from Compliance with the Prescribed Wage Increases/Cost of Living Allowances Granted By the Regional Tripartite Wages and Productivity Board.
- m. *Corporation* refers to an artificial being created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incident to its existence as provided under Section 2, Batas Pambansa Bilang 68 otherwise known as The Corporation Code of the Philippines.
- n. *Partnership* refers to an association of two or more persons who bind themselves to contribute money, property or industry to a common fund with the intention of dividing the profits among themselves for the exercise of a profession.
- o. *Non-Stock Non-Profit Organization* refers to one organized principally for public purposes such as charitable, educational, cultural or similar purposes and does not issue shares of stock to its members.
- p. *Stock Corporation* refers to one organized for profit and issues shares of stock to its members.
- q. *Quasi-banks* refers to institutions such as investment houses and financing companies performing quasi-banking functions as defined by the Bangko Sentral ng Pilipinas.
- r. *Conservatorship* refers to a remedy resorted to by the monetary board in case a bank or quasi-bank is in a state of continuing inability or unwillingness to maintain condition of liquidity deemed adequate to protect the interests of the depositors and creditors. A conservator is appointed to manage the establishment in order to restore its viability.
- s. *Receivership/liquidation* refers to a remedy resorted by the Monetary Board in case a bank or quasi-bank is (a) unable to pay its liabilities as they become due in the ordinary course of business; (b) has insufficient realizable assets as determined by the Bangko Sentral ng Pilipinas to meet its liabilities; (c) cannot continue in business without involving probable losses to its depositors or creditors; or (d) has willfully violated a cease and desist order under Sec. 37 that has become final involving acts or transactions which amount to fraud or dissipation of the assets of the institution.
- t. *Under Corporate Rehabilitation* refers to establishments that are placed under a rehabilitation receiver by a court of competent jurisdiction.
- u. *Cooperative* refers to a duly registered association pursuant to R.A. 6938 (Cooperative Code of the Philippines) and other laws.

- v. *Capital* refers to paid-up capital at the end of the last full accounting period, in the case of corporations or total invested capital at the beginning of the period under review, in the case of partnerships or single proprietorships.
- w. *Deficit* refers to the negative balance of the retained earnings account of a corporation. Retained earnings represent the cumulative balance of periodic earnings, dividend distributions, prior period adjustments and other capital adjustments.
- x. *Financial Statement* refers to a written report which quantitatively describes the financial health of a company. This includes the following: balance sheet, income statement, statement of changes in equity, cash flow statement and notes to financial statement.
- y. *Full Accounting Period* refers to a period of twelve (12) months or one year of business operations;
- z. *Hazard* refers to a dangerous phenomenon, substance, human activity or condition that may cause loss of life, injury or other health impacts, property damage, loss of livelihood or services, social and economic disruption, or environmental damage; any potential threat to public safety and/or public health; any phenomenon which has the potential to cause disruption or damage to people, their environment, i.e., their communities. The four classes of hazards are natural, technological, biological and societal hazards. (National Disaster Risk Reduction and Management Council).
- aa. *Disaster* refers to a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources; an actual threat to public health and safety where the local government and the emergency services are unable to meet the immediate needs of the community; an event in which the local emergency management measures are insufficient to cope with a hazard, whether due to a lack of time, capacity or resources, resulting in unacceptable levels of damage or number of casualties.
- bb. *Interim Period* refers to a financial reporting period shorter than a full financial year (most typically a quarter or half-year);
- cc. *State of Calamity* refers to a condition involving mass casualty and/or major damages to property, disruption of means of livelihoods, roads and normal way of life of people in the affected areas as a result of the occurrence of natural or human-induced hazard. (Sec. 3 of RA 10121, Philippine Disaster Risk Reduction and Management Act of 2010).
- dd. *Total Assets* refer to things of value owned by the business such as cash, machines, building and land which can be measured or expressed in money terms.
- ee. *Wage Distortion* refers to a situation where an application of the prescribed wage increase 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.

RULE II
NEW MINIMUM WAGE RATES

Section 1. CLASSIFICATION. The classification under Wage Order No. RX-19 is hereby amended with the Municipality of Lugait reclassified from Wage Category III to Wage Category II, and the Municipality of Balingasag reclassified from Wage Category IV to Wage Category III.

Section 2. NEW MINIMUM WAGE RATES. By reason of reclassification, covered workers and employees in the Municipality of Lugait shall receive an increase of P35.00 daily both in the Non-Agriculture and Agriculture sectors; and covered workers and employees in the Municipality of Balingasag shall receive an increase of P34.00 daily both in the Non-Agriculture and Agriculture sectors.

Upon effectivity of this Order, the minimum daily wage rates of covered workers and employees in the private sector in Region X shall be as follows:

CLASSIFICATION	NON-AGRICULTURE			AGRICULTURE		
	MWR under WO RX-19	Increase in Basic Wage	MINIMUM WAGE RATE upon effectivity	MWR under WO RX-19	Increase in Basic Wage	MINIMUM WAGE RATE upon effectivity
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Wage Category II (Cities of Malaybalay, Valencia, Gingoog, El Salvador and Ozamiz, and the Municipalities of Opol, Maramag, Quezon, and Manolo Fortich)	331.00	27.00	358.00	319.00	27.00	346.00
Wage Category II Municipality of Lugait	323.00	35.00		311.00	35.00	
Wage Category III (Cities of Oroquieta and Tangub and the Municipalities of Laguindingan and Mambajao;	323.00	27.00	350.00	311.00	27.00	338.00
Wage Category III Municipality of Balingasag	316.00	34.00		304.00	34.00	
Wage Category IV All other areas not covered under the above categories	316.00	27.00	343.00	304.00	27.00	331.00
All Retail and Service Establishments employing not more than ten (10) workers						

Section 3. COVERAGE. The wage increases prescribed herein shall apply to all workers and employees in the private sector receiving minimum wage in the region, regardless of their position, designation or status, and irrespective of the method by which their wages are paid, including family drivers.

This Order shall not cover persons in the personal service of another, domestic workers or kasambahay under Batas Kasambahay (RA 10361), and workers of Barangay Micro Business Enterprises (BMBEs) registered under Go Negosyo Act (RA 10644).

Section 4. BASIS OF THE MINIMUM WAGE. The minimum wage rates prescribed under this Order shall be for the normal working hours, which shall not exceed eight (8) hours work per day.

Section 5. APPLICATION TO CONTRACTORS. In the case of contracting out of jobs or work, (e.g. construction projects, security, janitorial, and similar services), the wage rates prescribed in this Order shall be borne by the principals or clients of the contractor and the contract shall be deemed amended accordingly.

In the event, however, that the principals or clients fail to pay the prescribed wage rates, the contractor shall be jointly and severally liable with the 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 be entitled to receive not less than the prescribed minimum wage rates per eight (8) hours of work a day, or a proportion thereof for work less than eight (8) hours.

The adjusted minimum wage rates for workers paid by results shall be computed in accordance with the following steps:

a. $\frac{\text{Amount of Increase in AMW}^*}{\text{Previous AMW}} \times 100 = \% \text{ Increase}$
b. Existing Rate/Piece \times % Increase = Increase in Rate/Piece
c. Existing Rate/Piece + Increase in rate/Piece = Adjusted Rate/Piece

**Applicable Minimum Wage*

Section 7. WAGES OF SPECIAL GROUPS OF WORKERS. Apprentices and learners of accredited learnership and apprenticeship programs shall receive not less than seventy-five percent (75%) of the applicable minimum wage rates prescribed in this Order.

All recognized learnership and apprenticeship agreements approved by TESDA and entered into before the effectivity of the Order shall be automatically modified in so far as their wage clauses are concerned to reflect the adjustments prescribed under the same Order.

All persons with disability shall receive the full minimum wage rate prescribed herein pursuant to Republic Act No. 7277, otherwise known as the Magna Carta for Disabled Persons.

Section 8. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS INCLUDING THOSE OFFERING TECHNICAL/VOCATIONAL EDUCATION AND TRAINING (TVET). In the case of private educational institutions, the share of covered workers and employees in the increase of tuition fees for the Academic Year 2018-2019 shall be considered as compliance with the increases prescribed herein. However, any shortfall in the wage increase set forth herein shall be covered starting Academic Year 2019-2020.

Private educational institutions which have not increased their tuition fees for the Academic Year 2018-2019 may defer compliance with the provisions of this Wage Order until the beginning of the next school year.

In any case, all private institutions including those offering technical/vocational education and training shall implement the increases prescribed herein starting Academic Year 2019-2020.

Section 9. 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 Region X shall be those applicable in the place where they are stationed.

Section 10. TRANSFER OF PERSONNEL. The transfer of personnel to areas outside the Region shall not be a valid ground for the reduction of the wage rates being enjoyed by the workers prior to such transfer. The workers transferred to other Regions with higher wages shall be entitled to the minimum rates applicable therein.

Section 11. CREDITABLE WAGE INCREASE. All wage increases granted to workers in organized establishments within three (3) months prior to the effectivity of this Order shall be credited as compliance with this Order; provided that an agreement to this effect has been forged between the parties or a collective bargaining agreement provision allowing creditability exists. In the absence of such an agreement or provision in the CBA, any increase granted by the employer shall not be credited as compliance with the wage rates prescribed in this Order.

Where the increases given by the employer is in the form of allowances, the employer shall make the necessary adjustments (integration/addition) to comply with the wage rates prescribed herein.

However, if the amount of the increase is greater than the increase granted under this Order, the employer has the option to integrate partially or in full the allowances earlier given. In the event of partial integration, any excess maybe retained as allowances

Section 12. SUGGESTED FORMULAE IN DETERMINING THE EQUIVALENT MONTHLY REGIONAL MINIMUM WAGE RATES:

I. For Non-Muslim Areas (Cities of Cagayan de Oro, El Salvador, Gingoog, Oroquieta, Ozamiz, Tangub, Malaybalay and Valencia, and Provinces of Bukidnon, Camiguin, Misamis Occidental and Misamis Oriental):

a. For those who are required to work everyday including Sundays or Rest Days, Special Days and Regular Holidays:

$$\text{Equivalent Monthly Rate (EMR)} = \frac{\text{Applicable Daily Wage Rate (ADR)} \times 393.5 \text{ days}}{12}$$

Where **393.50 days:**

298 days	= Ordinary working days
24 days	= 12 Regular Holidays x 200%
67.60 days	= 52 Rest Days x 130%
3.90 days	= 3 Special Days x 130%
393.5 days	= Total equivalent number of days/year

b. For those who do not work but are considered paid on Rest Days, Special Days and Regular Holidays:

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

Where **365 days:**

298 days	= Ordinary working days
52 days	= Sundays/Rest Days
12 days	= Regular Holidays
3 days	= Special Days
365 days	= Total equivalent number of days/year

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

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

Where 313 days:

- 298 days = Ordinary working days
- 12 days = Regular Holidays
- 3 days = Special Days (if worked x 130%)
- 313 days = total equivalent number of days/year

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

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

Where 261 days:

- 246 days = Ordinary Working days
- 12 days = Regular Holidays
- 3 days = Special Holidays (if worked x 130%)
- 261 days = Total equivalent number of days/year

II. For Muslim Areas (City of Iligan and Province of Lanao del Norte)

a. For those who are required to work everyday including Sundays or Rest days, Special days, Regular holidays and Muslim Legal holidays:

$$EMR = \frac{ADR \times 396.5 \text{ days}}{12 \text{ months}}$$

Where 396.5 days:

- 295 days = Ordinary Working days
- 24 days = 12 Regular Holidays x 200%
- 6 days = 3 Muslim Holidays x 200%
- 67.6 days = 52 Rest Days x 130%
- 3.9 days = 3 Special Holidays x 130%
- 396.5 days = Total equivalent number of days/year

b. For those who do not work and are considered paid on Rest days, Special days and Regular holidays and Muslim Legal holidays:

$$EMR = \frac{ADR \times 365 \text{ days}}{12 \text{ months}}$$

Where 365 days:

- 295 days = Ordinary Working days
- 52 days = Sundays/Rest Days
- 12 days = Regular Holidays
- 3 days = Muslim Holidays
- 3 days = Special Holidays
- 365 days = Total equivalent number of days/year

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

$$\text{EMR} = \frac{\text{ADR} \times 313 \text{ days}}{12 \text{ months}}$$

Where 313 days:

- 295 days = Ordinary Working days
- 12 days = Regular Holidays
- 3 days = Muslim Holidays
- 3 days = Special Days
- 313 days = Total equivalent number of days/year

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

$$\text{EMR} = \frac{\text{ADR} \times 261 \text{ days}}{12 \text{ months}}$$

Where 261 days:

- 243 days = Ordinary Working days
- 12 days = Regular Holidays
- 3 days = Muslim Holidays
- 3 days = Special Days
- 261 days = Total equivalent number of days/year

Section 13. APPEAL TO THE COMMISSION. Any party aggrieved by this Order may file a verified appeal with the Commission through the Board, in three (3) printed copies, not later ten (10) days from the publication of this Order, in accordance with Rule V, Section 1 of NWPC Guidelines No.1, Series of 2007. The Commission shall decide the appeal within sixty (60) calendar days from the date of filing. The appeal shall be accompanied by a memorandum of appeal which shall state the grounds relied upon and the arguments in support of the appeal.

Section 14. EFFECT OF THE APPEAL. The filing of 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 to employees affected by the Order of the corresponding increase, in the event such Order is affirmed.

RULE III EXEMPTION

Section 1. WHO MAY BE EXEMPTED. Upon application with and as determined by the Board in accordance with the NWPC Guidelines No. 02, series of 2007 (Amended Rules on Exemption from Compliance with the Prescribed Wage Increases) and Resolution No. 01, series of 2014, (Resolution Amending NWPC Guidelines No. 02, series of 2007, as amended) the following maybe exempted from the applicability of this Wage Order, to wit:

- a. Distressed establishments;
- b. Establishments adversely affected by natural calamities or human-induced disasters.

Section 2. CRITERIA FOR EXEMPTION. The following criteria shall be used to determine whether the applicant-establishment is qualified for exemption:

A. Distressed Establishments

1. For Corporations/ Cooperatives

a. Full Exemption

a.1. When the deficit, as defined in Section I (N) of NWPC Guidelines No. 02, series of 2007, as of the last full accounting period immediately preceding the effectivity of the Order amounts to 20% or more of the paid-up capital for the same period; or

a.2. When an establishment registers capital deficiency i.e., negative stockholders' equity, as of the last full accounting period immediately preceding the effectivity of the Order.

b. Partial Exemption

b.1. When the deficit, as defined in Section I (N) of the abovementioned Guidelines, as of the last full accounting period immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the paid-up capital for the same period;

c. Conditional Exemption

c.1. When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

2. For Single Proprietorships/Partnerships

a. Full Exemption:

a.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the total invested capital at the beginning of the period under review; or

a.2. When an establishment registers capital deficiency i.e., negative net worth as of the last full accounting period immediately preceding the effectivity of the Order.

b. Partial Exemption:

b.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the total invested capital at the beginning of the period under review.

c. Conditional Exemption

c.1. When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

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3. For Non-stock, Non-profit Organizations

a. Full Exemption:

a.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period; or

a.2. When an establishment registers capital deficiency i.e., negative fund balance/members' contribution as of the last full accounting period or interim period, if any, immediately preceding the effectivity of the Order.

b. Partial Exemption:

b.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to at least 10% but not more than 20% of the fund balance/members' contribution at the beginning of the period.

c. Conditional Exemption:

c.1. When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

4. For Banks and Quasi-banks

a. Under receivership/liquidation

Exemption may be granted to a bank or quasi-bank under receivership or liquidation when there is a certification from the Bangko Sentral ng Pilipinas that it is under receivership or liquidation as provided in Section 30 of RA 7653, otherwise known as the New Central Bank Act.

b. Under controllership/conservatorship

A bank or quasi-bank under controllership/ conservatorship may apply for exemption as a distressed establishment under this Guidelines.

c. Establishments Under Corporate Rehabilitation

Exemption may be granted to corporations, partnerships and associations under corporate rehabilitation when there is an order from a court of competent jurisdiction that it is under rehabilitation as provided in Section 6 Rule IV of the Interim Rules of Procedure on Corporate Rehabilitation (2000).

B. Establishments Adversely Affected by Natural or Human-induced Calamities

1. The establishment must be located in an area declared by a competent authority as under a state of calamity.
2. The natural or human-induced calamity must have occurred within 6 months prior to the effectivity of the Order. However, if based on the assessment by a competent authority, the damage to properties is at least 50% and the period of recovery will exceed one (1) year, the 6-month period may be extended to one(1) year.

3. Losses suffered by the establishment as a result of the calamity that exceed the insurance coverage should amount to 20% or more of the stockholders' equity as of the last full accounting period in the case of corporations and cooperatives, total invested capital in the case of partnerships and single proprietorships and fund balance/members' contribution in the case of non-stock non-profit organizations.

Only losses or damage to properties directly resulting from the calamity and not incurred as a result of normal business operations shall be considered.

4. Where necessary, the Board or its duly authorized representative shall conduct an ocular inspection of the establishment or engage the services of experts to validate the extent of damages suffered.

Section 3. DOCUMENTS REQUIRED .The following supporting documents shall be submitted together with the application:

For All Categories of Exemption

Proof of notice of filing of the application to the President of the union/contracting party if one is organized in the establishment, or if there is no union, a copy of a circular giving general notice of the filing of the application to all the workers in the establishment. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the application with all the supporting documents. The notice shall be posted in a conspicuous place in the establishment.

A. For Distressed Establishments

1. For corporations, cooperatives, single proprietorships, partnerships, nonstock, non-profit organizations.

a. Full or Partial Exemption

- a.1. Audited financial statements (together with the Auditor's opinion and the notes thereto) for the last two (2) full accounting periods "received" by the appropriate government agency.

b. Conditional Exemption

- b.1. Audited financial statement (together with the Auditor's opinion and the notes thereto) for the last full accounting period and interim quarterly financial statement/s for the period immediately preceding the effectivity of the Order.

- b.2. To confirm the grant of conditional exemption, audited financial statements for the last full accounting period, stamped received by the appropriate government agency, to be submitted within 30 days from the lapse of the one-year exemption period.

3. For Banks and Quasi-banks

Certification from Bangko Sentral ng Pilipinas that it is under receivership/ liquidation.

4. For Establishments Under Corporate Rehabilitation

Order from a court of competent jurisdiction that the establishment is under rehabilitation.

B. For Establishments Adversely Affected by Natural and Human-induced Calamities

1. Affidavit from the General Manager or Chief Executive Officer of the establishment regarding the following:

- a. Date and type of calamity
- b. Amount of losses/damages suffered as a direct result of the calamity
- c. List of properties damaged/lost together with estimated valuation
- d. For properties that are not insured, a statement that the same are not covered by insurance.

2. Copies of insurance policy contracts covering the properties damaged, if any.

3. Adjuster's report for insured properties.

4. Audited financial statements for the last full accounting period preceding the effectivity of the Order stamped received by the appropriate government agency.

5. In case of severe damage to properties caused by the calamity, a Certification by the Barangay and pictures of the damaged property/ies may be submitted in lieu of the audited financial statements.

The Board may require the submission of other pertinent documents to support the application for exemption.

Section 4. EXTENT AND DURATION OF EXEMPTION.

A. Full Exemption of one (1) year from effectivity of the Order shall be granted to all exemptible categories of establishments under this IRR that meet the applicable criteria for exemption under Section 3A of NWPC Guidelines No. 02 series of 2007.

B. Partial exemption of 50% from effectivity of the Order with respect to the amount or period of exemption shall be granted only in the case of distressed establishments under Section 3A of NWPC Guidelines No. 02 series of 2007.

C. Conditional exemption of one (1) year from effectivity of the Order shall be granted only in the case of distressed establishments under Section 3A of NWPC Guidelines 02 series of 2007. The conditional exemption shall be confirmed, as follows:

- c.1. For Corporations when deficit as defined in Section I (N) of the abovementioned Guidelines, as of the last full accounting period amounts to 20% or more of the paid-up capital for the same period;

c.2. For Single Proprietorships and Partnerships when net loss for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the total invested capital at the beginning of the period under review;

c.3. For Non-Stock, Non-Profit Organizations when net loss for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period. In the absence of such actual losses, the company shall pay its workers the wage increases due them under the Order, retroactive to the effectivity of the Order.

Section 5. ACTION ON APPLICATION FOR EXEMPTION .Upon receipt of an application with complete documents, the Board shall take the following steps:

- a. Notify the DOLE Regional Office having jurisdiction over the workplace of the pendency of the application requesting that action on any complaint for non-compliance with the Order be deferred pending resolution of the application by the Board.
- a. Request the DOLE Regional Office to conduct ocular inspection, if necessary, of establishments applying for exemption to verify number of workers, nature of business and other relevant information.
- a. Act and decide on the application for exemption with complete documents, as much as practicable, within 45 days from the date of filing. In case of contested application, the Board may conduct conciliation or call hearings thereon.
- b. Transmit the decision of the Board to the applicant establishment, the workers or president of the union, if any, and the Commission, for their information; and the DOLE Regional Office concerned, for their implementation/enforcement.

The Board may create a Special Committee with one representative from each sector to expedite processing of applications for exemption.

Section 6. APPLICATION FOR PROJECTS/BRANCHES/DIVISIONS. Where the exemption being sought is for a particular project/branch/division not separately registered and licensed, the consolidated audited financial statements of the establishment shall be used as basis for determining its distressed condition.

Section 7. DISTRESSED PRINCIPAL. Exemption granted to a distressed principal shall not extend to its contractor in case of contract (s) for projects, security, janitorial and/or similar services with respect to the employees of the latter assigned to the former.

Section 8. EFFECT OF FILING AN APPLICATION FOR EXEMPTION. Whenever an application for exemption has been duly filed with the Board the Regional Office of the Department shall be duly notified. Pending resolution of the said application, action on any complaint for alleged non-compliance with the Order shall be deferred by the Regional Office of the Department.

Section 9. EFFECT OF DISAPPROVED APPLICATION. In the event that an application for exemption is not approved, affected workers shall be paid the mandated wage increase as provided for under the Order retroactive to the date of effectivity of the Order plus simple interest of one percent (1%) per month.

Section 10. PROCEDURES ON EXEMPTION.

A. For Filing of Application

1. An application, in three (3) legible copies may be filed with the appropriate Board by the owner/manager or duly authorized representative of an establishment, in person or by registered mail. The date of mailing shall be deemed as the date of filing. Applications for exemption filed with the DOLE regional, district or provincial offices are considered filed with the appropriate Board in the region.

2. Applications for all categories shall be filed not later than 75 days from publication of the approved implementing rules of the Order, provided that all the required documents in support of the application must be filed within the said 75-day filing period and that no further extension of filing and submission of required documents shall be allowed.

However, in case of applications for establishments adversely affected by calamities where the calamity occurred after the expiration of the period for the filing of an application for exemption, the Board may reopen the same.

Applicants under the preceding paragraph shall also submit a certification that a general assembly to explain to its workers and employees its intent to file an application for exemption, has been conducted prior to the filing of the application and an undertaking to conduct another general assembly informing its workers and employees of the decision of the Board on its application.

3. The application shall be under oath and accompanied by complete supporting documents as enumerated under Section 4 of NWPC Guidelines 02 series of 2007.

B. For Filing of Opposition

Any worker or, if unionized, the union in the applicant establishment, may file with the appropriate Board within fifteen (15) days from receipt of the notice of the filing of the application, an opposition to the application for exemption stating the reasons why the same should not be approved, furnishing the applicant a copy thereof. The opposition shall be in three (3) legible copies, under oath and accompanied by pertinent documents, if any.

C. For Filing of Motion for Reconsideration

The aggrieved party may file with the Board a motion for reconsideration of the decision on the application for exemption within ten (10) days from its receipt and shall state the particular grounds upon which the motion is based, copy furnished the other party and the DOLE Regional Office concerned. No second motion for reconsideration shall be entertained in any case. The decision of the Board shall be final and executory unless appealed to the Commission.

D. For Filing of Appeal to the Commission

1. *Appeal* - Any party aggrieved by the decision of the Board may file an appeal to the Commission, through the Board, in two (2) legible copies, not later than ten (10) days from date of receipt of the decision.

The appeal, with proof of service to the other party, shall be accompanied with a memorandum of appeal which shall state the date appellant received the decision, the grounds relied upon and the arguments in support thereof.

The appeal shall not be deemed perfected if it is filed with any office or entity other than the Board.

2. *Grounds for Appeal* - An appeal may be filed on the following grounds:
 - a. Non-conformity with the prescribed guidelines and/or procedures on exemption;
 - b. Prima facie evidence of grave abuse of discretion on the part of the Board; or
 - c. Questions of law.

3. *Opposition* - The appellee may file with the Board his reply or opposition to the appeal within ten (10) days from receipt of the appeal. Failure of the appellee to file his reply or opposition shall be construed as waiver on his part to file the same.

4. *Transmittal of records* - Within five (5) days upon receipt of the reply or opposition of the appellee or after the expiration of the period to file the same, the entire records of the case which shall be consecutively numbered, shall be transmitted by the Board to the Commission.

**RULE IV
WAGE DISTORTION**

Section 1. EFFECT ON EXISTING WAGE STRUCTURE. Pursuant to Article 124 of the Labor Code of the Philippines, as amended, in case of any dispute that may arise as a result of a significant wage distortion, the employer and the union shall negotiate to correct such distortions through the grievance procedure under their Collective Bargaining Agreement (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 workers shall endeavor to correct such distortions. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board (NCMB) and if it remains unresolved after ten (10) calendar days of conciliation, the same 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 twenty (20) calendar days from the time said dispute is submitted for compulsory arbitration.

The pendency of a dispute arising from wage distortion shall not in any way delay the applicability of any increase prescribed in the Order.

The following suggested formula may be used to correct wage distortions:

$$\frac{\text{MW Under No. RX-19}}{\text{Present Salary}} \times \text{Amount of increase in WO RX-20} = \text{Amount of increase due to distortion}$$

The formula is neither compulsory nor mandatory in nature and any other agreement the parties may adopt shall take precedence to this formula.

RULE V SPECIAL PROVISIONS

Section 1. COMPLAINTS FOR NON-COMPLIANCE. Complaints for non-compliance with this Order shall be filed before the Regional Office of the Department of Labor and Employment (DOLE) or any of its Provincial or City Field Offices subject to conciliation-mediation under the Single Entry Approach (SENA) as defined under Department Order No. 107-10, Series of 2010, and shall be the subject of enforcement proceedings under Article 128 of the Labor Code, as amended, without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

Section 2. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS. In order to sustain the rising levels of wages and enhance competitiveness, businesses or labor and management as partners are strongly encouraged to adopt productivity improvement schemes, that will improve the quality of life of workers and enable them to produce more and earn more, such as time and motion studies, good housekeeping, quality circles, labor-management cooperation as well as implement gainsharing programs and other performance incentive programs.

In this regard, labor and management may refer to the Advisory on the Implementation of Productivity-Based Incentive Scheme for the Bus Transport Industry issued on February 21, 2014 and Advisory Productivity-Based Incentive Scheme for the Service Sector issued on November 29, 2017.

Section 3. NON-DIMINUTION OF BENEFITS. Nothing in this Order shall be construed to reduce any existing wage rates, allowances and benefits in any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between the workers and employers.

Section 4. PENAL PROVISION. Pursuant to the provisions of Section 12 of RA 6727, as amended by RA 8188, any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed increase in the Order shall be punished by a fine of not less than Twenty-Five Thousand Pesos (P25,000.00) nor more than One Hundred Thousand Pesos (P100,000.00) or imprisonment of not less than two (2) years nor more than four (4) years or both such fine and imprisonment at the discretion of the court. Provided that any person convicted under the Order shall not be entitled to the benefits provided for under the Probation Law.

The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees. Provided, that payment of indemnity shall not absolve the employer from the criminal liability imposable under the Act.

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 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 proceedings before the Board, as provided for under Article 126 of the Labor Code as amended.

Section 6. FREEDOM TO BARGAIN. This Order shall not prevent workers in particular firms or enterprises from bargaining for higher wages and/or benefits with their respective employers.

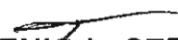
Section 7. REPORTING REQUIREMENTS. Any person, company, corporation, partnership or any entity engaged in business shall submit a verified itemized listing of their labor component to the Board not later than January 31, 2019 and every year thereafter in accordance with Section 3 of RA 6727 in relation to Art. 124 of the Labor Code, as amended and in the form prescribed by the NWPC.

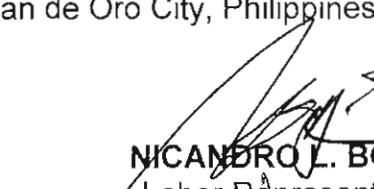
Section 8. REPEALING CLAUSE. All orders, issuances, rules and regulations or parts thereof inconsistent with the provision of this Order are hereby repealed, amended or modified accordingly.

Section 9. SEPARABILITY CLAUSE. If any provision or part of this Order is declared unconstitutional or in conflict with existing law, the other provisions or parts thereof shall remain valid

Section 10. EFFECTIVITY. This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the region.

APPROVED, October 9, 2018 at Cagayan de Oro City, Philippines.

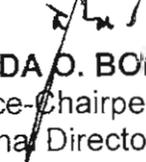

ARSENIO L. SEBASTIAN III
Management Representative


NICANDRO L. BORJA
Labor Representative


PRUDENCIO T. PLAZA, JR.
Management Representative


MILBERT M. MACARAMBON
Labor Representative


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OIC-Regional Director, NEDA-X


LINDA O. BONIAO
Vice-Chairperson
Regional Director, DTI-X


JOFFREY M. SUYAO
Chairperson, RTWPB-X
Regional Director, DOLE-X

Approved this 30th day of October, 2018.


HONORABLE SECRETARY SILVESTRE H. BELLO, III
Department of Labor and Employment