

Republic of the Philippines  
**Department of Labor and Employment**  
**REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD IV-B**  
 REGION IV-B (MIMAROPA)  
 Quezon City

**WAGE ORDER NO. IV-B-03**

**SETTING NEW MINIMUM WAGE RATES IN REGION IV-B**

**WHEREAS**, under R.A. 6727 (Wage Rationalization Act), the Regional Tripartite Wages and Productivity Board – IV-B (RTWPB-MIMAROPA) is mandated by law to rationalize wage fixing in the Region taking into account the prevailing economic condition affecting the cost of living of wage earners, the sustainable viability of business and industry, and the imperatives of socio-economic development of the region;

**WHEREAS**, the Trade Union Congress of the Philippines (TUCP) filed on May 21, 2007 a petition for a Ninety-Three Pesos (P 93.00) per day across-the-board wage increase;

**WHEREAS**, after due notice to all concerned sectors in all provinces of the region, pursuant to the Notice of Public Hearing published in the 23th August 2007 issue of The Manila Standard Today, the RTWPB-IVB conducted provincial consultations and public hearings in the Highly Urbanized City of Puerto Princesa and City of Calapan, Province of Oriental Mindoro on September 6, 2007 and September 13, 2007, respectively;

**WHEREAS**, the Board after a series of wage deliberation meetings held on September 13, 17, 25, and October 2 and October 11, 2007 agreed to provide minimum wage increase for workers in the region and to assess its existing structure towards its simplification;

**NOW, THEREFORE**, the **REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD, REGION IV-B**, by virtue of the power granted to it under Republic Act No. 6727, otherwise known as the Wage Rationalization Act, hereby issues this Wage Order:

**Section 1. NEW MINIMUM WAGE RATES:** Upon effectivity of this Wage Order, the new daily minimum wage rates in MIMAROPA shall be as follows:

<i>INDUSTRY/SECTOR</i>	<b>AREAS</b>	
	<b>Highly Urbanized City of Puerto Princesa , Calapan City, Areas in Puerto Galera with Tourist Resort Operations, and Areas with Mine Operations</b>	<b>Rest of the Region (Occidental &amp; Oriental Mindoro, Marinduque, Romblon and Palawan)</b>
<b>NON-AGRICULTURE</b>	<b>P 237.00</b>	P 225.00
<b>AGRICULTURE</b>		
Plantation	P197.00	P188.00
Non-Plantation	P177.00	P168.00
<b>COTTAGE &amp; MICRO ENTERPRISES</b>	P180.00	P178.00
<b>RETAIL/SERVICE ESTABLISHMENTS</b>		
Employing not more than 10 workers	P 122.00	P120.00

The minimum wage workers under the categories of Non-Agriculture and Cottage and Micro Enterprises in San Jose, Occidental Mindoro and Sta. Cruz, Marinduque receiving the daily minimum wage rates of P 223.00 and P 175.00, respectively, under Wage Order No. IVB-02, shall receive the daily minimum wage prescribed in this Order for the categories of Non-Agriculture and Cottage and Micro Enterprises, respectively.

**Section 2. COVERAGE.** The new minimum wage rates prescribed in this Order shall apply to all covered workers and employees in the private sector in the region, regardless of their position, designation or status of employment and irrespective of the method by which their wages are paid.

This Order shall not apply to household or domestic helpers, including family drivers and persons in the personal service of another and workers of registered Barangay Micro-Business Enterprises with Certificate of Authority, pursuant to R.A. 9178.

**Section 3. BASIS OF MINIMUM WAGE RATES.** The minimum wage rates prescribed under this Order shall be for the normal working hours which shall not exceed eight (8) hours of work a day.

**Section 4. APPLICATION FOR 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 the prescribed minimum wage rate for eight (8) normal working hours a day, or a portion thereof for working less than eight (8) hours.

**Section 5. APPLICATION FOR SPECIAL GROUPS OF WORKERS.** Apprentices and learners shall receive not less than seventy five (75%) of the applicable minimum wage rates prescribed in this Order.

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

**Section 6. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS.** In order to sustain rising levels of wages and enhance competitiveness, businesses are encouraged to adopt productivity improvement, schemes such as good housekeeping, quality circles, labor management cooperation, time and motion studies, as well as implement productivity improvement programs and gain-sharing programs. Accordingly, the Board shall provide the necessary studies and technical assistance, pursuant to Republic Act No. 6971 or the Productivity Incentives Act of 1990.

**Section 7. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS.** In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2007-2008 shall be considered as compliance with the minimum wage rates prescribed in this Order. However, payment of any shortfall in the minimum wage rates set forth in the Order shall be covered starting School Year 2008-2009.

Private educational institutions, which did not increase their tuition fees for the School Year 2007-2008, may defer compliance with the provisions of this Order until School Year 2008-2009.

In any case, all private educational institutions shall implement the minimum wage rate prescribed herein starting School Year 2008-2009.

**Section 8. APPLICATION TO CONTRACTORS.** In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed minimum wage rates for covered workers shall be borne by the principal or clients of the construction/service contractors and the contract shall be deemed amended accordingly. If the

principal or client fails to pay the prescribed minimum wage rates, the construction/service contractor shall be jointly and severally liable with the principal or client.

**Section 9. EXEMPTION.** This Wage Order shall not allow exemption from compliance except in case of establishments adversely affected by natural calamities.

**Section 10. EFFECT OF APPLICATION FOR EXEMPTION FILED BY ESTABLISHMENTS ADVERSELY AFFECTED BY NATURAL CALAMITIES.** Whenever an application for exemption is filed with the Board by the establishments adversely affected by natural calamities, action on any complaint for non-compliance with this Order shall be deferred pending resolution of the said application.

If the application for exemption is not granted, the employees of the applicant firm shall receive the appropriate compensation due them as provided for in this Order plus one percent (1%) interest a month retroactive to the effectivity of this Order.

**Section 11. APPEAL TO THE COMMISSION.** Any party aggrieved by the 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 12. EFFECT OF FILING AN APPEAL.** The filing of the appeal does not operate to stay the Order unless the party appealing such Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding increase to employees affected by the Order, in the event such Order is affirmed;

**Section 13. CREDITABLE WAGE INCREASE.** Wage increases granted by an employer in an organized establishment within three (3) months prior to the effectivity of this Order shall be credited as compliance with the prescribed increase set forth herein, if expressly provided for and agreed upon in a collective bargaining agreement.

In unorganized establishments, wage increases granted by the employer within three (3) months prior to the effectivity of this Order shall be credited as compliance therewith.

If such increases are less than the prescribed minimum wage increase herein, 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 14. EFFECT ON EXISTING WAGE STRUCTURE.** Where the application of the wage increases prescribed in this Order results in distortion in the wage structure within the establishment, it shall be corrected in accordance with the procedure under Article 124 of the Labor Code, as amended.

**Section 15. COMPLAINTS FROM NON-COMPLIANCE.** Complaints from non-compliance with the Wage Order shall be filed with the Regional Office of the Department of Labor and Employment (DOLE) and shall be the subject of enforcement proceedings under Article 128 of Labor Code, as amended without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

**Section 16. NON-DIMINUTION OF BENEFITS.** Nothing in this Order shall be construed to reduce any existing wage rates, allowances or other benefits under existing laws, decrees, issuances and executive orders and/or under any contract or agreement between workers and employers.

**Section 17. 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 18. PENAL PROVISION.** Any employer who refuses or fails to pay the minimum wage rate prescribed in this Order shall be subject to the penalties imposed under R.A. 6727, as amended by R.A. 8188.

**Section 19. 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.

**Section 20. REPEALING CLAUSE.** All orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Wage Order are hereby repealed or modified accordingly.

**Section 21. SEPARABILITY CLAUSE.** If for any reason, any section or provision of this Order declared unconstitutional or illegal, the other provisions or parts shall remain valid.

**Section 22. IMPLEMENTING RULES.** The Regional Board shall prepare the implementing rules of this Order subject to the approval of the Secretary of Labor and Employment.

**Section 23. EFFECTIVITY.** This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Approved this 11<sup>th</sup> day of October 2007 in Quezon City, Philippines.

**Sgd.**  
**JESUS B. VILLAMOR**  
Workers' Representative

**Sgd.**  
**ROMEO R. ARICA**  
Workers' Representative

**Sgd.**  
**EMILIO L. LEACHON, JR.**  
Employers' Representative

**Sgd.**  
**OSIAS C. NAVARRO**  
Employers' Representative

**Sgd.**  
**OSKAR D. BALBASTRO**  
Vice-Chairperson

**Sgd.**  
**JOEL B. VALERA**  
Vice-Chairperson

**Sgd.**  
**JOSEFINO I. TORRES**  
Chairperson

Republic of the Philippines  
Department of Labor and Employment  
**REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD IV-B  
(MIMAROPA)**

**RULES IMPLEMENTING WAGE ORDER NO. IV-B-03**

Pursuant to Section 6, Rule IV of the National Wages and Productivity Commission (NWPC) Revised Rules of Procedure on Minimum Wage Fixing, and Section 22 of Wage Order No. IV-B-03, the following rules are hereby issued for the guidance and compliance of all concerned.

**RULE 1 – GENERAL PROVISIONS**

**SECTION 1. TITLE.** This Rules shall be known as “Rules Implementing Wage Order No. IV-B-03;

**SECTION 2. DEFINITION OF TERMS.** As used in this Rules:

- (a) "Order" means Wage Order No. IV –B-03.
- (b) "Board" means the Regional Tripartite Wages and Productivity Board of Region IV-B.
- (c) "Commission" means the National Wages and Productivity Commission.
- (d) "Department" means the Department of Labor and Employment.
- (e) "Region IV-B" covers the Provinces of Occidental Mindoro, Oriental Mindoro, Marinduque, Romblon, Palawan, and the City of Calapan and Highly Urbanized City of Puerto Princesa; otherwise known as MIMAROPA.
- (f) "Minimum Wage Rates" refer to the lowest wage rates, as fixed by the Board, that an employer is obliged to pay his workers.
- (g) "Agriculture" refers to farming in all its branches and among others, includes the cultivation and tillage of the soil, production, 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 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, tobacco, pineapple, aquatic or other farm products.
- (h) "Plantation Agricultural Enterprise" is one engaged in agriculture with an area of more than twenty four (24) hectares in a locality or which employs at least twenty (20) workers. Any other agricultural enterprise shall be considered as " Non-Plantation Agricultural Enterprise".
- (i) "Cottage and Micro Enterprises" refer to business activities or enterprises engaged in industry, agribusiness and/or services whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value of above P150,000.00 to P1,500,000.00 for Cottage Enterprises and with assets up to P3,000,000.00 for Micro Enterprises.
- (j) "Retail Establishment" refers to 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.

(k) "Service Establishment" refers to one principally engaged in the sale of service to individuals for their own or household use and is generally recognized as such.

(l) "Transferred Workers" refer to those workers or employees affected by the movement of personnel from the head office to a branch office or from one branch office to another in an equivalent rank or level without break in service.

(m) "Mobile employees" refer to those employees who, by the nature of their work, have to travel.

(n) "Calamities" – refer to natural calamities, such as earthquakes, lahar flow, fire, typhoons, severe drought, floods and similar occurrences that adversely affect the operation of the establishments and must have occurred within six (6) months prior to the effectivity of this Order.

(o) "Tourist Resort Operations" - refer to establishments engaged in the hotel and/or resort operations catering or servicing all kinds of tourists which are already operational upon the effectivity of this Order.

(p) Mine Operations - refer to establishments operating mines, quarries, or oil and gas wells on their own account or for others on a contract or fee basis which are already operational upon effectivity of this Order as determined by Department of Environment and Natural Resources (DENR). Mine Operations in this definition exclude establishments engaged in mining support activities such as performing exploration (except geophysical surveying) and/or other mining services on a contract or fee basis (except mine site preparation and construction of oil/gas pipelines).

## RULE II – NEW MINIMUM WAGE RATES

**SECTION 1. NEW MINIMUM WAGE RATES.** Effective November 25, 2007, the new daily minimum wage rates in MIMAROPA shall be as follows:

INDUSTRY/SECTOR	Highly Urbanized City of Puerto Princesa, Calapan City, Areas in Puerto Galera with Tourist Resort Operations, and Other Areas with Mine Operations	Rest of the Region: Occidental & Oriental Mindoro, Marinduque, Romblon and Palawan
Non-Agriculture	P237.00	P225.00
Agriculture		
Plantation	197.00	188.00
Non-Plantation	177.00	168.00
Cottage & Micro Enterprises	180.00	178.00
Retail/Service Establishments Employing not more than 10 workers	122.00	120.00

**SECTION 2. COVERAGE.** The minimum wage rates prescribed under the Order shall apply to all minimum wage workers and employees in the private sector in the Region regardless of their position, designation or status, and irrespective of the method by which their wages are paid, except household or domestic helpers, persons in the personal service of another including family drivers and workers of registered Barangay Micro-Enterprises with Certificate of Authority, pursuant to R.A. 9178.

**SECTION 3. BASIS OF MINIMUM WAGE RATES.** The minimum wage rates prescribed herein shall be for the normal working hours, which shall not exceed eight (8) hours of work a day.

**SECTION 4. APPLICATION TO 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 applicable minimum wage rates prescribed under the Order for the normal working hours which shall not exceed eight hours work a day, or a proportion thereof for work of less than the normal working hours.

The adjusted minimum wage rates of 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  $\times \text{\% increase} = \text{Increase in rate/piece};$
- c) Existing rate/piece  $+ \text{Increase in rate} = \text{Adjusted rate/piece}$

Where: AMW is the applicable minimum wage rate.

The wage rates of workers who are paid by results shall continue to be established in accordance with Article 101 of the Labor Code, as amended and its Implementing Rules and Regulations.

**SECTION 5. APPLICATION TO SPECIAL GROUPS OF WORKERS.** Wages of apprentices and learners shall in no case be less than 75 percent of the applicable minimum wage rates prescribed in the Order.

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

All qualified handicapped workers shall receive the full amount of the minimum wage rate prescribed herein pursuant to R. A. 7277, otherwise known as the Magna Carta for Disabled Persons.

**SECTION 6. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS.** In order to sustain rising levels of wages and enhance competitiveness, businesses are encouraged to adopt productivity improvement schemes such as time and motion studies, good housekeeping, quality circles, labor management cooperation as well as implement productivity gain-sharing programs. Accordingly, the Board shall provide the necessary studies and technical assistance pursuant to Republic Act No. 6971 or the Productivity Incentives Act of 1990.

**SECTION 7. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS.** In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2007-2008 shall be considered as compliance with the increase prescribed in the Order. However, payment of any shortfall shall be covered starting School Year 2008-2009.

Private education institutions which have not increased their tuition fees for the School Year 2007-2008, may defer compliance with the wage increase prescribed in the Wage Order until the beginning of School Year 2008-2009.

In any case, all private educational institutions shall implement the increase prescribed herein starting School Year 2008-2009.

**SECTION 8. APPLICATION TO CONTRACTORS.** In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed minimum wage rates for

covered workers shall be borne by the principals or clients of the construction/service contractor and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed minimum wage rates, the construction/service contractor shall be jointly and severally liable with the principal or client.

**SECTION 9. APPLICATION TO MOBILE, BRANCH AND TRANSFERRED EMPLOYEES.**

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

The transfer of personnel from a high rate city/municipality to a lower rate city/municipality shall not be a valid ground for the reduction of the wage rates being enjoyed by the workers prior to such transfer. Workers transferred from a lower rate municipality to a higher rate municipality shall be entitled to the minimum wage rates applicable therein.

**SECTION 10. SUGGESTED FORMULA IN DETERMINING THE EQUIVALENT MONTHLY REGIONAL MINIMUM WAGE RATES .** Without prejudice to existing company practices, agreements or policies, the following formula may be used as guides in determining the equivalent monthly minimum wage rates (EEMR)

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

$$\text{Applicable Daily Rate (ADR) X 392.5/12 months} = \text{EEMR}$$

Where 392.5 days/year	=	299	
		22	Ordinary working days
		67.6	Regular holidays
		3.9	52 Rest days X 130%
		<u>392.5</u>	3 Special days X 130%
			<b>Total no. of days/year</b>

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

$$\text{ADR X 313/12 months} = \text{EEMR}$$

Where 313 days/year	=	299	
		11	Ordinary working days
		<u>3</u>	Regular holidays
			Special days
			<b>313 Total no. of days/year</b>

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

$$\text{ADR X 261 /12 months} = \text{EEMR}$$

Where 261 days/year	=	247	
		11	Ordinary working days
		<u>3</u>	Regular holidays
			Special days
			<b>Total No. of days/year</b>

Meanwhile, as to factor 365 days/year, although there is no effect as to the payment in monthly salary of employees as they are paid all days of the year, its breakdown will be as follows:

$$\text{ADR x 365 / 12 months} = \text{EEMR}$$

Where 365 days/year	=	299	Ordinary working days
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52	Sundays/rest days
11	Regular holidays
<u>3</u>	Special days
<b>365</b>	<b>Total no. of days/year</b>

### RULE III – EXEMPTIONS

**SECTION 1. EXEMPTIBLE CATEGORY.** The establishments adversely affected by natural calamities may be exempted from compliance with the Order upon application with and as determined by the Board, in accordance with the NWPC Guidelines No. 02, Series of 2007 (NWPC Amended Rules on Exemption).

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

1. The establishment must be located in an area declared by the National Disaster Coordinating Council or Local Government Unit concerned as under state of calamity.
2. The natural calamities, such as earthquakes, lahar flow, typhoons, volcanic eruptions, fire, floods, “tsunami”, and similar occurrences, must have occurred within ninety (90) days upon the effectivity of this Wage Order.
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 documents shall be submitted to the Board;

1. Three (3) copies of application for exemption under oath.
2. Proof of notice of filing of 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 the circular giving general notice of the filing of application to all 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.
3. 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.

4. Copies of insurance policy contracts covering the properties damaged, if any.
5. Adjuster's report for insured properties.
6. Audited financial statements for the last full accounting period preceding the effectivity of the Order stamped received by the appropriate government agency.

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

**SECTION 4. DURATION AND EXTENT OF THE EXEMPTION.** A full exemption of one (1) year shall be granted to establishments that meet the applicable criteria.

**SECTION 5. FILING OF APPLICATIONS FOR EXEMPTION.** Application for exemption shall be filed not later than seventy-five (75) days from the publication of this Rules Implementing Wage Order RBIVB-03. The date of mailing shall be the date of filing.

**SECTION 6. EFFECT OF FILING OF APPLICATION FOR EXEMPTION.** Whenever an application for exemption has been filed with the Board, the Regional Office of the Department shall be duly notified. Pending resolution of the said application, the Regional Office of the Department shall defer action on any complaint for alleged non-compliance with the Order.

**SECTION 7. EFFECT OF DISAPPROVED APPLICATION FOR EXEMPTION.** In the event that an application for exemption is not granted, covered workers and employees shall receive the appropriate compensation due them, as provided for in the Order plus an interest of 1% per month retroactive to the effectivity date of the Order.

**SECTION 8. MOTION FOR RECONSIDERATION.** Any aggrieved party may file with the Board a motion for reconsideration of the decision on the application for exemption within ten (10) days from receipt of the decision stating the particular grounds upon which the motion is based, copy furnished the other party and the Regional Office of the Department.

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.

#### **RULE IV – CREDITABLE INCREASE AND WAGE DISTORTION**

**SECTION 1. CREDITABLE WAGE INCREASE.** Wage increases granted by an employer in an organized establishment within three (3) months prior to the effectivity of this Order shall be credited as compliance with the prescribed increase set forth herein, if expressly provided for and agreed upon in a collective bargaining agreement.

In unorganized establishments, wage increases granted by the employer within three (3) months prior to the effectivity of this Order shall be credited as compliance therewith.

If such increases are less than the prescribed minimum wage increase herein, 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 2. EFFECTS ON EXISTING WAGE STRUCTURE.** Should any dispute arise as a result of wage distortion, the employer and the union shall negotiate to correct the distortion through the grievance procedure under their 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 is 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 Relation 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 rising from wage distortion shall not in any way delay the applicability of any increase prescribed in the Order.

## **RULE V – SPECIAL PROVISIONS**

**SECTION 1. APPEAL TO THE COMMISSION.** Any party aggrieved by the Wage Order may file an appeal with the Commission within ten (10) calendar days from the publication of the Order. 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 2. EFFECT 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 to employees affected by the Order of the corresponding increase, in the event such Order is affirmed.

**SECTION 3. PENAL PROVISION.** Pursuant to 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 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.

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 managers, managing director or partner.

The employer/s 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 criminal liability imposable under this Act.

**SECTION 4. 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 5. COMPLAINTS FOR NON-COMPLIANCE.** Complaints for non-compliance with the Order shall be filed with the Regional Office of the Department having jurisdiction over the workplace and shall be the subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

**SECTION 6. NON-DIMINUTION OF BENEFITS.** Nothing in the Order and in this Rules shall be construed to reduce 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 the employers.

**SECTION 7. 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 8. 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, 2008 and every year thereafter in accordance with the form prescribed by the Commission.

**SECTION 9. REPEALING CLAUSE.** All orders, issuances, rules and regulations on wages, or parts thereof inconsistent with the provisions of the Wage Order and this Rules are hereby repealed, amended or modified accordingly.

**SECTION 10. SEPARABILITY CLAUSE.** If any provision or part of the Order and this Rules, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of the Order and this Rules or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

**SECTION 11. EFFECTIVITY.** This Rules shall take effect on **November 25, 2007.**

*Done this 19<sup>th</sup> day of November 2007, in Quezon City, Philippines.*

**Sgd.**  
**JOSEFINO I. TORRES**  
Chairperson

**Sgd.**  
**JOEL B. VALERA**  
Vice-Chairperson

**Sgd.**  
**OSKAR D. BALBASTRO**  
Vice-Chairperson

**Sgd.**  
**OSIAS C. NAVARRO**  
Employer Representative

**Sgd.**  
**EMILIO L. LEACHON, JR.**  
Employer Representative

**Sgd.**  
**ROMEO R. ARICA**  
Worker Representative

**Sgd.**  
**JESUS B. VILLAMOR**  
Workers Representative

**Approved:** 11 December 18, 2007, subject to the notations contained on page 9 thereof.

**ARTURO D. BRION**  
Secretary of Department of Labor and Employment

**NOTATION ON THE RULES IMPLEMENTING  
WAGE ORDER NO. IV-B-04**

**ON WAGE DISTORTION**

Section 2, (3<sup>rd</sup> paragraph), Rule IV

The word "shall" should be change to "may" to read as follows:

"Where the application of the wage increase prescribed in the Order results in distortions in the wage structure within the establishments, the wage distortions **may** be resolved using the following formula."