

Republic of the Philippines
Autonomous Region in Muslim Mindanao
Department of Labor and Employment
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Cotabato City

WAGE ORDER NO. ARMM – 03
GRANTING A P15.00 ACROSS-THE-BOARD INCREASE

WHEREAS, the reason underlying the issuance of this Wage Order emanates from no less than the extreme necessity for the welfare, health, efficiency and general well-being of the workers/laborers of the Autonomous Region in Muslim Mindanao;

WHEREAS, the Regional Board has received four (4) petitions from the Labor sector seeking wage increase ranging from P10.00 to P20.00 daily, all for-across-the-board increase;

WHEREAS, the Regional Board likewise received five (5) Position Papers filed by the management sector, all agreeing to implement an across-the-board increase;

WHEREAS, the Regional Board noted the general consensus of both labor and management to effect an across-the-board increase in the region expressed during the series of region wide multi-sectoral consultation conducted on December 21 and 28, 1996 and during the public hearings held on February 12 and 27 and March 07, 1997 at Cotabato City;

WHEREAS, the Regional Board likewise noted the low level of workers organizations in the region and the inability of the workers to bargain collectively;

WHEREAS, this Regional Board has decided on the basis of carefully evaluated and verified informations.

NOW, THEREFORE, by virtue of the power and authority vested under Republic Act 6727, otherwise known as Wage Rationalization Act, the Regional Wages and Productivity Board of the Autonomous Region in Muslim Mindanao (ARMM) hereby issues this Wage Order with the following provisions;

Section 1. Upon effectivity of this Order, all employees/workers in the private sector in Autonomous Region in Muslim Mindanao, regardless of status of employment are granted an across-the-board increase.

Section 2. All workers paid by result, including those who are paid on piecework “takay”, “pakyaw”, or task basis, shall receive the prescribed across-the-board wage increase for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

Section 3. In the case of contractors for construction projects and for the security, janitorial and similar services, prescribed increase in the wage rates workers shall be borne by the principals or clients of the construction/service contractors and their contract shall be deemed amended accordingly.

In the event, however, that the principal or clients fails to pay the prescribed wage rates, the construction/service contractors shall be jointly and severally liable with his principal or client.

Section 4. Wage of learners, apprentices and handicapped workers shall never be less than 75% of the new minimum wage rates prescribed under this Order.

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

Section 5. Creditable Wage Increase. The wage increases granted by the employers on or after January 01, 1997 shall be credited as partial compliance with the new minimum wage rates prescribed in this Order; but if the increase are less than the prescribed minimum wage rates under this Order, the employer shall pay the difference.

The wage increases granted by the employers shall not include anniversary wage increase, merit wage increase, and those resulting from regulation or promotion of employees.

The monetary benefits, derived from profit sharing or gain sharing scheme as mutually agreed by the parties involved, permanently or consistently granted to the workers within one (1) year from the effectivity of this Order, shall be considered as compliance to the new minimum wage rates prescribed under the Order, but if the benefits given are less than the prescribed new minimum wage rates, the employer shall pay the difference retroactive to the period when the discontinuance of this scheme took effect.

Section 6. Application to Private Educational Institutions. The new minimum wage rates prescribed under this Order shall apply to all workers in the Private Educational Institutions when they have increased or acquired authorization to increase their tuition fees during school year 1996-1997. Otherwise, the minimum wage rates shall be so applicable not later than the opening of the next calendar year beginning 1997.

Section 7. Wage Distortion. Where the application of the prescribed minimum wage increase under this Wage Order results in distortion, such shall be corrected using the procedure specified under Article 124 of the Labor Code, as amended.

Section 8. Exemption. Exempted from the provisions of this Order are household or domestic helpers in the personal service of another, including family drivers.

Section 9. Upon application with and as determined by Board, in accordance with applicable rules and regulation issued by the Commission, the following may be exempted from the applicability of this Order.

1. Retail/Service establishments regularly employing not more than ten (10) workers;
2. Distressed establishments which meets the criteria enumerated in section 3A of the NWPC guidelines no. 1 series 1997;
3. New Business Enterprises established within two (2) years from the effectivity of this Order;
4. Establishments adversely affected by natural calamities.

Section 10. The Board has the discretion to grant full or partial exemption to such employers with respect to the amount or period of exemption but in no case shall not exceed one (1) year from the effectivity of this Wage Order.

Section 11. Whenever an application for exemption has been duly filed with the Board, action on any complaint for alleged non-compliance with this Wage Order shall be deferred pending its resolution.

Section 12. In the event than an application for exemption is not granted to employees of the applicant firm shall receive the appropriate compensation due them as provided for in this Order together with the payment of simple interest amounting to one percent (1%) per month retroactive to the effectivity of this Order.

Section 13. Extent and Duration of Exemption. A full exemption of one (1) year shall be granted to all categories of establishments that meet the applicable criteria for exemption under Section 3 of NWPC Guidelines No. 01, Series of 1996.

However, a partial exemption of 50% with respect to the amount or period of exemption shall be granted to all categories of establishments as enumerated under Section 8 of NWPC Guidelines 01, Series of 1996.

Section 14. Deadline of Application for Exemption. The deadline for filing of applications for exemption shall be sixty (60) days from the date of publication of this approved rules implementing this Order in at least one newspaper of general circulation in the region.

Section 15. Workers' Opposition. Any worker or, if unionized, the union in the applicant establishment, may file within fifteen (15) days from the receipt of the note with the Board an opposition to the application for exemption stating the reasons why the application should not be approved, copy furnished the applicant.

Section 16. Motion for Reconsideration. Only one (1) Motion for Reconsideration may be filed with the Board by the aggrieved party within ten (10) days from receipt of the decision and shall state the grounds upon which the Motion is based, copy furnished the other party and the Department of Labor and Employment in the Autonomous Region in Muslim Mindanao (ARMM).

The denial of motion for reconsideration shall be final and executory unless appealed to the Commission.

Section 17. Complaint for Non-Compliance. The complaint for non-compliance with the new minimum wage rates prescribed under this Order may be filed with the Regional Office of the Department of Labor and Employment ARMM and shall be subject for enforcement proceeding under Art, 128 of the Labor Code, as amended without prejudice to the criminal prosecution.

Section 18. Penal Provision. Any person, corporation, trust or firm, partnership, association or entity which refuses or fails to pay any of the prescribed increases or adjustments in the new minimum wage rates made in accordance with this Order shall be punished by a fine not less than 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 this 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 or 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 19. Prohibition Against Injunction. No preliminary or permanent injunction or temporary retraining order may be issued by any court, tribunal or other entity against any proceeding of the Board.

Section 20. Rules Implementing this Order. The Board shall prepare the necessary rules to implement this Order, subject to the approval of the Regional Governor of the Autonomous Region in Muslim Mindanao.

Section 21. Separability Clause. If, for any reason, any section or provisions of this Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.

Section 22. Effectivity. This Order shall take effect fifteen (15) days after publication in at least one (1) newspaper of general circulation in the region.

APPROVED, March 07, 1997 at Cotabato City, Philippines.

(SGD) HON. FERRALDY P. SINSUAT
Member
Labor Sector

VACANT
Labor Sector

(SGD) HON. DIAMADEL E. DUMAGAY
Vice-Chairman

(SGD) HON. GEORGE C. JABIDO
Member
Employer Sector

VACANT
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(SGD) HON. FATIMA T. RASUL
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(SGD) HON. ATTY. BAYAN G. BALT
Chairman

Republic of the Philippines
Autonomous Region in Muslim Mindanao
Department of Labor and Employment
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Cotabato City

RULES IMPLEMENTING WAGE ORDER NO. ARMM-03

Pursuant to the authority granted to the Regional Tripartite Wages and Productivity Board under Section 5, Rule IV of the NWPC Rules of Procedure on Minimum Wage Fixing, the following rules are hereby issued for guidance and compliance by all concerned:

Definition of Terms:

- a) "Order" means Wage Order No. ARMM-03;
- b) "Commission" refers to the National Wages and Productivity Commission;
- c) "Regional Board" means the Regional Tripartite Wages and Productivity Board of ARMM;
- d) "Regional Department" refers to the Department of Labor and Employment-ARMM;
- e) "ARMM" refers to the geographic area in the Autonomous Region in Muslim Mindanao covering the provinces of Maguindanao, Lanao, Sulu and Tawi-Tawi;
- f) "Agriculture" refers to the farming in all its branches and among others, including the cultivation, growing and harvesting of any agricultural or horticultural commodities, dairying, raising of livestock or poultry, the culture of fish and other aquatic products in farms or ponds, and any activities performed by a farmer or on a farm as an incident to or in conjunction with some farming operations, but does not include the manufacturing and/or processing of sugar, coconut, abaca, tobacco, pineapple, aquatic or other farm products;
- g) "Plantation Agricultural Enterprise" is the 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;
- h) "New Business Enterprise" refers to the establishment with a capitalization of not more than One Hundred Thousand Pesos (P100,000) that is established/organized during the period when the wage rates under the Order are in effect, or until a new Wage Order is issued;
- i) "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, establishment 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 establishment;
- j) "Cottage/Handicraft Establishment" is one engaged in economic endeavor in which the products are primarily done in the home or such other places for profit which requires manual dexterity and craftsmanship and/or whose capitalization does not exceed P1,500,000.00 as per SMED Council Resolution No. 3, Series of 1995;
- k) "Retail Establishment" is one principally engaged in the sale of goods to end users for personal or household use;
- l) "Service Establishment" is one principally engaged in the sale of service to individuals for their own or household use and is generally recognized as such;

- m) "Establishment regularly employing not more than six (6) workers" refers to an establishment employing not more than 6 workers, regardless of status, except the owner/s, for at least six (6) months in any calendar year;
- n) "Basic Wage" means all remuneration or earnings paid by an employer to a worker for services rendered on normal working days and hours but does not include cost-of-living allowances, profit sharing payments, premium payments, 13th month pay or other monetary benefits which are not considered as part or integrated into the regular salary of the workers on the date the Order became effective;
- o) "Minimum Wage Rates" refers to the lowest wage rate that an employer can pay his workers, as fixed by the Board, which shall not be lower than the applicable minimum wage rates;
- p) "Wage Distortion" means a situation where an increase in prescribed wage rates 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 distinction embodied in such wage structure based of differentiation;
- q) "Capitalization" means paid-up capital in the case of a corporation, and total invested capital in the case of a partnership or single proprietorship.

Section 1. Amount of Wage Increase. After complying with the mandatory publication of the Order, all workers and employees in the private sector within the ARMM are granted a P15.00 per day across-the-board wage increase, broken down as follows; P10.00 per day upon the effectivity of this Order and the additional P5.00 per day to take effect on May 1, 1997 (Labor Day).

1.A Daily Minimum Wage – The daily minimum rates of workers and employees shall be as follows:

SECTOR/INDUSTRY	Maguindanao	Lanao del Sur	Sulu/Tawi-Tawi
NON-AGRICULTURE			
INDUSTRIAL			
Employing not more than 10 workers	131.00	131.00	131.00
Employing 11-20 workers	126.60	126.60	126.60
Employing not more than 10 workers	122.20	122.20	122.20
COMMERCIAL			
Employing more than 20 workers	131.00	131.00	131.00
Employing 11-20 workers	126.60	126.60	126.60
Employing not more than 10 workers	122.20	122.20	122.20
AGRICULTURE			
Plantation			
Plantation (i. e. more than 24 hectares or employing at least 20 workers with annual gross sales of P5M or more)	112.90	112.90	112.90
Plantation with annual gross sales of less than P5M	105.90	105.90	105.90
Non-Plantation	87.05	87.05	87.05
COTTAGE/HANDICRAFT			
Employing more than 30 workers	109.00	109.00	109.00
Employing not more than 30 workers	107.00	107.00	107.00
PRIVATE HOSPITALS/CLINICS			
With more than 100 bed capacity	127.00	127.00	127.00
With 50-100 bed capacity	124.60	124.60	124.60
With less than 50 bed capacity	122.20	122.20	122.20
RETAIL/SERVICES			
Employing more than 20 workers	131.00	131.00	131.00
Employing 11-20 workers	124.60	124.60	124.60
Employing not more than 10 workers	95.20	95.20	95.20
PRIVATE EDUCATIONAL INSTALLATION			
Employing more than 20 workers/teachers	131.00	131.00	131.00
Employing 11-20 workers/teachers	128.60	128.60	128.60

Employing not more than 10 workers/teachers	126.20	126.20	126.20
SUGAR			
Mills (P105.33 per mills this have integrated into time the basic wage under LOI 1616)	127.00	127.00	127.00
AGRICULTURE			
Plantation with annual gross sales of less than P5,000.00	99.69	99.69	99.69
Non-plantation	87.05	87.05	87.05
Business enterprise with capitalization of not more than P500,000.00 employing not more than 20 workers	114.25	114.25	114.25
Non-Agriculture			
Agricultural plantation products other than sugar	106.20	106.20	106.20
SUGAR	100.70	100.70	100.70
Private hospitals/clinics	112.20	112.20	112.20
Private Educational Institution	116.20	116.20	116.20
Retail service employing more than 15 workers	116.20	116.20	116.20
Employing not more than 15 workers	112.20	112.20	112.20

Section 2. Workers Paid By Results – All workers paid by results, including those who are paid on a piecework, *takay*, *pakyaw*, or task basis shall receive the prescribed across-the-board wage increase for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for work less than normal working hours.

Section 3. Application for Contractors – In the case for contracts for construction projects and for security, janitorial and the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly.

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

Section 4. Wages of Special Group of Workers – Wages of apprentice, learners and handicapped workers shall in no case be less than 75 percent of the applicable minimum wage rates provided in the Order.

All recognized learnership and apprenticeship agreements entered into before April 8, 1996 shall be considered as automatically modified in so far as their wage clauses are concerned to reflect the new minimum wage rates prescribed under this Order.

Section 5. Creditable Wage Increase – The wage increases granted by the employers on or before July 1, 1995 shall be credited as partial compliance with the new minimum wage rates prescribed in this Order: but if the increase are less than the prescribed new minimum wage rates under this Order, the employer shall pay the difference.

The wage increases granted by the employers shall not include anniversary wage increases, merit wage increases, and those resulting from the regulation or promotion of the employees.

The monetary benefits, derived from profit-sharing or gainsharing scheme as mutually agreed by the parties involved, permanently or consistently granted to the workers within one (1) year from effectivity of this Order and have been continuously granted even after the effectivity of this Order, shall be considered as compliance to the new minimum wage rates prescribed under this Order, but if the benefits given are less than the prescribed minimum wage rates, the employer shall pay the difference, and if the profit-sharing or gain-sharing scheme is discontinued, the employer shall likewise pay the difference retroactive to the period when the discontinuance of the scheme took effect.

Section 6. Application to Private Educational Institutions – The new minimum wage rates prescribed under this Order shall apply to all workers in the Private Education Institutions when they have increased or acquired authorization to increase their tuition fees during the school year 1996-97. Otherwise, the new minimum wage rates shall be so applicable not later than the opening of the next calendar year beginning 1997.

Section 7. Wage Distortion – When the application of the prescribed minimum wage increase under Wage Order results in distortion, such shall be corrected using the procedure specified under Article 124 of the Labor Code, as amended.

Section 8. Coverage – The wage order in the autonomous region applies to all workers and employees in the private sector, regardless of their position, designation, or their status, and irrespective of the method by which their wages are paid, except household or domestic helpers and persons in the personal service of another, including family drivers.

Section 9. Other Exemption – The following may likewise be exempted from compliance with the Wage Order upon application with and as determined by the Regional Board in accordance with the NWPC Guidelines:

- a) Retail and service establishments regularly employing not more than six (6) workers/employees, provided the following requirements are submitted together with the application, to wit:
 1. Affidavit from employer stating the following:
 - a. It is a retail/service establishment
 - b. It is regularly employing not more than ten (10) workers for at least six months in any calendar year
 2. Business Permit for the current year from the appropriate government agency
- b) Distressed establishment/firm whose capital has been validly impaired by at least twenty five percent (25%) during the preceding year, provided the following requirements are submitted together with the application, to wit:
 1. Available audited financial statements (together with the Auditor's opinion and the notes thereto) for the last two (2) full accounting periods preceding the effectivity of the Wage Order filed with and "stamped" received by the appropriate government agency.
 2. Audited interim quarterly financial statements (together with the Auditor's opinion and the notes thereto) for the period immediately preceding the effectivity of the Wage Order.
- c) New business enterprise with capitalization of not more than One Hundred Thousand Pesos (P100,000.00) for a period of one (1) year. Provided, that the applicant shall submit the following requirements together with the application, to wit:
 1. Affidavit from employer regarding the following:
 - i. Principal economic activity
 - ii. Date of registration with appropriate government agency
 - iii. Amount of total assets
 2. Certificate of registration from the appropriate government agency

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 an application to all workers in the establishment is also required. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the notice shall be posted in a conspicuous place in the establishment.

- d) Establishments adversely affected by natural calamities that have occurred within six (6) months prior to the effectivity of the Wage Order, and that location of the said establishments shall be declared under a state of calamity by a competent authority. Applicants are required to submit the following:
 1. Affidavit from employer regarding the following:
 - a. Date and type of calamity
 - b. Amount of losses/damages
 - c. List of properties damaged with estimated valuation
 - d. For properties not insured, a statement that the same are not covered by insurance
 2. Copies of insurance policy contract covering the properties damaged, if any.
 3. Adjuster's report for insured properties.
 4. Audited financial statement for the last full accounting period preceding the effectivity of the Order stamped received by the appropriate agency.

Section 10. Discretion to Grant Exemption – The Board has the discretion to grant full or partial exemption to such employers with respect to the amount or period of exemption but in no case shall not exceed one (1) year from the effectivity of this Wage Order.

Section 11. Application for Exemption – Whenever the application for exemption has been duly filed with the Regional Board, action on any complaint for alleged non-compliance with the Order shall be deferred pending the resolution of the petition for exemption by the Regional Board.

Section 12. Denial of Application for Exemption – In the event that application for exemption are not granted, workers and employees of the establishments whose application has been denied, shall receive the appropriate adjustment in compensation due them as provided for in the Order plus simple interest of the one percent (1%) per month retroactive to the effectivity of this Order.

Section 13. Duration and Extent of Exemption – The establishment that properly applied and found qualified for exemption shall be granted full exemption one (1) year from effectivity of this Order: however, distressed establishments may be granted a partial exemption of 50% with respect to the amount or period of exemption as provided under Section 8 of NWPC Guidelines No. 01, Series of 1996.

Section 14. Deadline of Application of Exemption – The deadline for filing of application for exemption shall be sixty (60) days from the date of publication of the approved rules implementing this Order in at least one (1) newspaper of general circulation in this region.

Section 15. Worker's Opposition – Any worker or, if unionized, the union in the applicant establishment, may file with the Board an opposition to the application for exemption stating reasons why the application should not be approved, copy furnished the applicant.

Section 16. Motion for Reconsideration – Only one (1) motion for reconsideration may be filed with the Board by the aggrieved party within ten (10) days from receipt of the decision and shall state the grounds upon which the motion is based, copy furnished the other party and the Department of Labor and Employment in Autonomous Region in Muslim Mindanao (ARMM).

The denial of the motion for reconsideration shall be final and executory unless appealed to the Commission.

Section 17. Complaint for Non-Compliance – The complaint for non-compliance of the new minimum wage rates prescribed under this Order may be filed with the Regional Office of the Department of Labor and Employment – ARMM and shall be subject to enforcement proceedings under Article 128 of the Labor Code, as amended, without prejudice to criminal prosecution.

Section 18. Penal Provision – Any person, corporation, trust or firm, partnership, association or entity which refuses or fails to pay any of the prescribed increases or adjustment in the new minimum wage rates made in accordance with this Order shall be punished by a fine not less than Twenty Five Thousand Pesos (P25,000.00) nor more than One hundred thousand pesos (P100,000) 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 this Order shall not be entitled to benefits provided for under the Probation Law.

If the violation is committed by a corporation, trust or firm, partnership, association or any 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 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 proceeding before the Board.

Section 20. Rules Implementing this Order – The Board shall prepare the necessary rules to implementing this Order, subject to the approval of the Regional Governor of the Autonomous Region in Muslim Mindanao.

Section 21. Separability Clause – If, for any reason, any section or provision of this Order is declared unconstitutional or illegal, other provisions or parts shall remain valid.

Section 22. Effectivity – This Order shall take effect fifteen (15) days after publication in at least one newspaper of general circulation in region.

APPROVED, on March 07, 1997 at Cotabato City, Philippines.

(SGD) HON. FERRALDY P. SINSUAT

Member
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(SGD) HON. DIAMADEL E. DUMAGAY

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(SGD) HON. FATIMA T. RASUL

Vice-Chairman

(SGD) HON. ATTY. BAYAN G. BALT

Chairman

APPROVED: This _____ day of _____, 1997, at the Office of the Regional Governor-Autonomous Region in Muslim Mindanao, Cotabato City, Philippines.

(SGD) HON. NUR P. MISUARI