

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

WAGE ORDER NO. ARMM-01
PROVIDING A MINIMUM WAGE INCREASE

WHEREAS, it has been more than three years now since the creation of Autonomous Region and no wage order had been put into effect and the mandated minimum wage applicable to the Region had already been devaluated;

WHEREAS, the increase in the prices of energy especially in electricity and oil has resulted to the subsequent increase in the prices of basic goods and services;

WHEREAS, the economic conditions in the region demand for the restoration of the purchasing power of the wage earner and adjustment of the minimum wage rates;

WHEREAS, the Regional Governor of the Autonomous Region in Muslim Mindanao (ARMM) has shown particular concern in the preservation and enhancement of both Labor and Capital thus hereby undertake the restoration of the peso purchasing power in the area of Autonomy;

WHEREAS, although the government is considering subsidies on fuel and other imported goods to hold down consumer prices, it is imperative that workers and their families must be provided with immediate relief measures to enable them to cope with the cost of living without impairing the viability of business and industry;

WHEREAS, to encourage investments, new business enterprises employing less than thirty (30) workers with an equity of not less than P1,000,000.00 before borrowing and financing shall be exempt from this Wage Order for a period of three (3) years;

WHEREAS, in determining the minimum wage adjustments of this Wage Order, the following factors: consumers price index; unemployment rate; restoration of the peso purchasing power; labor productivity and other factors affecting cost of doing business such as holidays, brownouts, the peace and order; investment growth in the region; and other standards/criteria for minimum wage fixing;

WHEREAS, for purposes of this Wage Order, the adopted composition of ARMM shall be provinces of Maguindanao, Lanao Sur, Sulu and Tawi-Tawi;

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

Section 1. Upon the effectivity of this Wage Order, the minimum wage in ARMM shall be increased according to the following schedule:

AREA	DAILY WAGE INCREASE	
Maguindanao	P	12.00
Lanao del Sur		12.00
Sulu		12.00
Tawi-Tawi		12.00

Provided, that the above increase in the minimum wage shall apply to the different sectors in the following manner:

- a. 100% for industrial, commercial, manufacturing, public utilities, banking, construction and educational institutions;
- b. 75% for mining and deep sea fishing business;
- c. 50% for the agricultural sector and others not mentioned above;

Section 2. The increase of the minimum wage prescribed above shall apply to all workers and employees in private educational institutions in their respective areas as soon as they have increased or are granted authority to increase their tuition fees during school year 1993-1994. Otherwise, such increase shall be also applicable for school year 1994-1995.

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

Establishments regularly employing not more than ten (10) workers and countryside and barangay business enterprises (CBB's) duly registered pursuant to RA Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations. Whenever an application for exemption has been duly filed with the Regional Board, action on any complaint for alleged non-compliance with this Wage Order shall be deferred pending resolution of the application for exemption by the Regional Board.

Distressed employers whose capital has been impaired by at least twenty five percent (25%) during the preceding year may be exempted from this Wage Order upon application with and as determined by the Regional Board in accordance with applicable rules and regulations. The Regional Board has the option whether to grant full or partial exemption to such distressed employer, the allowed minimum grant of exemption being one year.

To encourage investments, new business enterprises employing not less than thirty (30) workers with an equity of not less than P1,000,000.00 before borrowing and financing shall be exempt from the Wage Order for a period of three (3) years upon application within one year from the effectivity of this Wage Order and as determined by the Board.

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

Section 4. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed minimum wage increase for covered workers shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed increase the construction/service contractor shall be jointly and severally liable with the principal or client.

Section 5. All workers paid by result, including those who are paid on piece work, takay, pakyaw or task basis, shall be entitled to receive the prescribed minimum wage increase per eight (8) hours work a day or a proportion thereof for working less than eight (8) hours.

Section 6. Wage increases granted by an employer on or after 1 July 1993 shall be credited as compliance with the minimum wage increase prescribed under this Wage Order. Provided that, where such increases are less than the prescribed adjustment, the employer shall pay the difference. Such increase shall not include anniversary wage increases, merit increases and those resulting from regularization or promotion of employees.

Workers and employees receiving fixed regular and permanent subsidies and benefits such as rice, food, cost of living allowance, medical, housing shall be credited as compliance with the Wage Order upon determination or evaluation of the Department of Labor and Employment in ARMM.

- Section 7. Where the application of the prescribed minimum wage increase under this Wage Order results in distortions, such shall be corrected using the procedure specified under Article 124 of the Labor Code as amended.
- Section 8. This Wage Order is not intended to replace the Labor Unions' collective bargaining prerogative but to encourage Labor Unions to negotiate.
- Section 9. The Regional Board shall prepare the necessary rules and regulations to implement this Wage Order, subject to approval of the Regional Governor.
- Section 10. Any employer who refuses or fails to pay the minimum wage increase provided under this Wage Order shall be subject to the penalties specified under RA 6727.
- Section 11. If any provisions or part of this Wage Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid. Nothing in this Wage Order shall be construed to reduce any existing laws, decrees, issuances, executive orders and/or under any contract agreement between workers and employers.
- Section 12. This Wage Order shall take effect fifteen (15) days after its publication in at least one (1) newspaper of general circulation in the region.

Approved, November 26, 1993.

(SGD) HON. FERRALDY P. SINSUAT
Workers' Representative

(SGD) HON. KAMAR M. BOLOTO
Employers' Representative

(SGD) HON. BABYLYN K. KANO
Workers' Representative

(SGD) HON. GEORGE C. JABIDO
Employers' Representative

(SGD) HON. FATIMA T. RASUL
Vice-Chairman

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

(SGD) HON. ALEX L. MACALAWI
Chairman

SECTOR/INDUSTRY	MAGUIN DANA O	LANAO DEL SUR	JOLO	TAWI- TAWI
Non-Agriculture				
Industrial				
Employing more than 20 workers	101.00	101.00	101.00	101.00
Employing 11-20 workers	96.60	96.60	96.60	96.60
Employing not more than 10 workers	92.20	92.20	92.20	92.20
Commercial				
Employing more than 20 workers	101.00	101.00	101.00	101.00
Employing 11-20 workers	96.60	96.60	96.60	96.60
Employing not more than 10 workers	92.20	92.20	92.20	92.20
Agriculture				
Plantation				
Plantation (i.e. more than 24 has. or employing at least 20 workers with annual gross sales of P500,000 or more	85.00	85.00	85.00	85.00
Plantation with annual gross sales of less than P500,000	78.80	78.80	78.80	78.80
Non-Plantation	62.10	62.10	62.10	62.10
Cottage/Handicraft				
Employing more than 30 workers	79.00	79.00	79.00	79.00
Employing not more than 30 workers	77.00	77.00	77.00	77.00
Private Hospitals/Clinics				
W/ more than 100 Bed Capacity	97.00	97.00	97.00	97.00
W/ 50-100 Bed Capacity	94.60	94.60	94.60	94.60
W/ less than 50 Bed Capacity	92.20	92.20	92.20	92.20
Retail/Services				
Employing more than 20 workers	101.00	101.00	101.00	101.00
Employing 11 - 20 workers	94.60	94.60	94.60	94.60
Employing not more than 10 workers	65.50	65.50	65.50	65.50
Private Educational Institution				
Employing more than 20 workers/teachers	101.00	101.00	101.00	101.00
Employing 11 - 20 workers/teachers	98.60	98.60	98.60	98.60
Employing not more than 10 workers/teacher	96.20	96.20	96.20	96.20
Sugar				
Mills (105.33 for mills that have integrated into the basic wage P10.00 COLA under LOI 1016)	97.00	97.00	97.00	97.00
Agriculture				
Plantation w/ annual gross sales of less than P5,000	73.30	73.30	73.30	73.30
Non-Plantation	62.10	62.10	62.10	62.10
Business Enterprises w/ capitalization of not more than P500,000 and employing not more than 20 workers				
Non-Agriculture	86.20	86.20	86.20	86.20
Agriculture Plantation				
Products Other than Sugar	76.20	76.20	76.20	76.20
Sugar	70.70	70.70	70.70	70.70
Private Hospital/Clinics	82.20	82.20	82.20	82.20
Private Educational Institutions	86.20	86.20	86.20	86.20
Retail/Service				
Employing more than 15 workers	86.20	86.20	86.20	86.20
Employing not more than 15 workers	82.20	82.20	82.20	82.20

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-01

Pursuant to section 5, Rule IV of the NWPC Rules of Procedure on Minimum Wage Fixing and section 9 of Wage Order No. ARMM-01, the following Rules are hereby issued for guidance and compliance by all concerned:

Chapter 1 - Definition of Terms

Section 1. Definition of Terms - As used in this rules:

- a) "Order" means Wage Order No. ARMM-01;
- b) "Commission" means the National Wages and Productivity Commission;
- c) "Board" means the Regional Tripartite Wages and Productivity Board in Autonomous Region in Muslim Mindanao;
- d) "Agriculture" refers to farming in all its branches and among others, includes the cultivation and tillage of the soil, production, cultivation, growing and harvesting of any agricultural 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 processing of sugar, coconut, abaca, tobacco, pineapple, aquatic or other farm products;
- e) "Plantation Agricultural Enterprises" is one engaged in agriculture with an area of more than 24 hectares in a locality or which employs at least 20 workers. Any other agricultural enterprises shall be considered as "Non-Plantation Agricultural Enterprises";
- f) "Retail Establishment" is one principally engaged in the sale of goods to end-users for personal or household use;
- g) "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;
- h) "Cottage/Handicraft Establishment" is one engaged in an economic endeavor in which the product are primarily done in the home or such other places for profit which require manual dexterity and craftsmanship and/or whose capitalization does not exceed P1,000,000.00 regardless of previous registration with the defunct NACIDA;
- i) "ARMM" covers the provinces of Lanao del Sur, Maguindanao, Sulu and Tawi-Tawi;
- j) "Distressed Establishments" refer to establishments with capital impairment by at least twenty five percent (25%) during the last two (2) full accounting period plus the interim and/or those meet the criteria enumerated in section 3(3) of the NWPC Guideline No. 01 series of 1992;
- k) "Department" refers to the Department of Labor and Employment;
- l) "Wage" refers to the remuneration or earnings paid to any employee, however designated, capable of being expressed in terms of money whether fixed or ascertain on a time, task piece or commission basis, other method of calculation the same, which is payable by an employer to an employee under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered and includes the fair and reasonable value, as determined by the

Secretary of Labor and Employment, of board, lodging or other facilities customarily furnished by the employer to the employee. "Fair and reasonable value" shall not include any profit to the employer or to any person affiliated with the employer.

- m) "Minimum Wage" is the lowest wage rate fixed by the Board that an employer can pay his workers;
- n) "Wage Distortion" means a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences on wage or salary rate 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 logical bases of differentiation;
- o) "CBBEs" refer to countryside and barangay business enterprise duly registered pursuant to RA 6810;
- p) "Regional Governor" means the Regional Governor of the Autonomous Region in Muslim Mindanao;
- q) "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 payment, 13th month pay or other monetary benefits which are not considered as part of or integrated into the regular salary of the workers on the date the order became effective;
- r) "Capitalization" means paid-up capital, in the case of corporation, and total invested capital, in the case of a partnership or single proprietorship;
- s) "Additional Employees" refers to employees or workers hired from November 26, 1993 to November 13, 1996 by business establishments or companies already existing in the ARMM over and above their present or existing workforce before the effectivity of the Order;
- t) "New Business Enterprises" refer to new establishments and/or pioneering establishments or establishments engaged in a unique kind of economic activity not yet existing in the provinces of the ARMM employing not less than an initial of 30 workers with an initial equity of not less than one million pesos (P1,000,000.00) before borrowing and financing which are established or set-up from November 26, 1993 to November 26, 1996 but do not include those establishments which change their names or economic activity and/or provision of the Order.

CHAPTER II - WAGE INCREASE

SECTION 1. Coverage - The wage increase prescribed under the Order shall apply to all workers and employees in the private sector in the ARMM regardless of their position, designation or status, and irrespective of the method by which their wages are paid, except:

- a) Household or domestic helpers, including family drivers and workers in the personal services of another;
- b) Workers and employees in establishments regularly employing not more than 10 workers, when exempted from compliance with the Order, for a period fixed by the Board in accordance with applicable guideline issued by the Commission;
- c) Workers and employees in distressed establishments when exempted from compliance for a period fixed by the Board in accordance with applicable guidelines issued by the Commission;
- d) CBBE's duly registered to R.A. No. 6810 otherwise known as "Kalakalan".

- e) Additional employees hired by the existing business establishments or companies on or after the effectivity of this Order, over and above their present or existing workforce when exempted from compliance with the Order for a period of three (3) years as determined by the Board in accordance with the applicable guidelines.
- f) New business enterprises employing not less than initial of 30 workers and with an initial equity of not less than 1,000,000.00 before borrowing and financing when exempted from compliance with the Order for a period of three (3) years as determined by the Board in accordance with the existing Rules.

SECTION 2. Amount of Minimum Wage Increase - Effective November 26, 1993, the daily statutory minimum wage rate of covered workers and employees shall be increase as follows:

Maguindanao	P	12.00
Lanao del Sur	P	12.00
Jolo	P	12.00
Tawi-Tawi	P	12.00

Except for:

- a) Plantation agricultural enterprises with an annual gross sales of less than P5 million in the fiscal year immediately preceding the effectivity of the Order and sugar mills (P105.33 for mills that have integrated into the basic wage P10.00 COLA and LOI 1016) and plantation annual gross sales of P5,000 or more.

Maguindanao	P	6.00
Lanao del Sur	P	6.00
Jolo	P	6.00
Tawi-Tawi	P	6.00

- b) Non-agriculture and non-plantation agricultural enterprises, private educational institution, retail and services establishments employing not more than ten (10) workers and private hospitals/clinics with bed capacity of not more than fifty (50), and business enterprises with capitalization of not more than P500,000.00 and employing not more than twenty (20) workers, whose required wage increases shall approximate sixty percent (60%) of the above-listed wage increases, or:

Maguindanao	P	7.20
Lanao del Sur	P	7.20
Jolo	P	7.20
Tawi-Tawi	P	7.20

SECTION 3. Daily Minimum Wage Rates - The daily Minimum Wage Rates of workers and employees in the Autonomous Region in Muslim Mindanao shall be as follows:

Sector/Industry	Under RA 6727	Required Wage Adjustment (Graduated Scheme)	Under Wage Order No. ARMM-01 effective Nov. 26, 1993
MAGUINDANAO, LANA DEL SUR JOLO, TAWI-TAWI			

Non-Agriculture			
Industrial			
Employing more than 20 workers	89.00	12.00	101.00
Employing 11 - 20 workers	87.00	9.60	96.60
Employing not more than 10 workers	85.00	7.20	92.20
Commercial			
Employing more than 20 workers	89.00	12.00	101.00
Employing 11 - 20 workers	87.00	9.60	96.60
Employing not more than 10 workers	85.00	7.20	92.20
Agriculture			
Plantation			
Plantation (i.e. more than 24 has. or employing at least 20 workers with annual gross sales of P500,000 or more)	79.00	6.00	85.00
Plantation with annual gross sales of less than P500,000	74.00	4.80	78.80
Non-Plantation	58.50	3.60	62.10
Cottage/Handicraft			
Employing more than 30 workers	67.00	12.00	79.00
Employing not more than 30 workers	65.00	12.00	77.00
Private Hospitals/Clinics			
W/ more than 100 Bed Capacity	85.00	12.00	97.00
W/ 50-100 Bed Capacity	85.00	9.60	94.60
W/ less than 50 Bed Capacity	85.00	7.20	92.20
Retail/Services			
Employing more than 20 workers	89.00	12.00	101.00
Employing 11 - 20 workers	85.00	9.60	94.60
Employing not more than 10 workers	58.00	7.20	65.20
Private Educational Institution			
Employing more than 20 workers/teachers	89.00	12.00	101.00
Employing 11 - 20 workers/teachers	89.00	9.60	98.60
Employing not more than 10 workers/teachers	89.00	7.20	96.20
Sugar			
Mills (105.33 for mills that have integrated into the basic wage P10.00 COLA under LOI 1016)	91.00	6.00	97.00
Agriculture			
Plantation w/ annual gross sales of P5,000 or more	73.50	6.00	79.50

Sector/Industry	Under RA 6727	Required Wage Adjustment (Graduated Scheme)	Under Wage Order No. ARMM-01 effective Nov. 26, 1993
Plantation w/ annual gross sales of less than P5,000	68.50	4.80	73.30
Non-Plantation	58.50	3.60	62.10

Business Enterprises w/ capitalization of not more than P500,000 and employing not more than 20 workers			
Non-Agriculture	79.00	7.20	86.20
Agriculture Plantation			
Products Other than Sugar	69.00	7.20	76.20
Sugar	63.50	7.20	70.70
Private Hospital/Clinics	75.00	7.20	82.20
Private Educational Institutions	79.00	7.20	86.20
Retail/Service			
Employing more than 15 workers	79.00	7.20	86.20
Employing not more than 15 workers	75.00	7.20	82.20

SECTION 4. Suggested Formula in Determining the Equivalent Monthly Minimum Wage Rate - Without prejudice to existing company practice, agreements or policies, the following formula may be used as guides in determining the equivalent monthly minimum wage rates:

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

$$\text{Equivalent Monthly Rate (EMR)} = \frac{\text{Applicable daily wage rate (ADR)} \times 390.90 \text{ days}}{12} \quad 1/$$

Where 390.90 days =

302 days	-	Ordinary working days
20 days	-	10 regular holidays x 200%
66.30 days	-	51 rest days x 130%
		2/
<u>2.60 days</u>	-	2 special days x 130%
390.90 days	-	Total Equivalent number of days

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

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

Where 365 days =

302 days	-	Ordinary working days
51 days	-	Rest days
10 days	-	Regular holidays
		2/
<u>2 days</u>	-	Special days
365 days	-	Total Equivalent number of days

1/ Includes premium for holidays, special and rest days.

2/ November 2 and December 31 under Executive Order No. 203 dated June 30, 1987.

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

$$\text{EMR} = \frac{\text{ADR} \times 314 \text{ days}}{12}$$

Where 314 days =

302 days	=	Ordinary working days
10 days	=	Regular holidays
		2/

$$\frac{2 \text{ days}}{314 \text{ days}} = \text{Special days (If considered paid; if actually worked, this is equivalent to 2.6 days)}$$

$$= \text{Total Equivalent number of days}$$

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

$$\text{EMR} = \frac{\text{ADR} \times 262 \text{ days}}{12}$$

Where 262 days = Ordinary working days
 250 days = Regular holidays
 10 days = ^{2/}

$$\frac{2 \text{ days}}{262 \text{ days}} = \text{Special days (If considered paid; if actually worked, this is equivalent to 2.6 days)}$$

$$= \text{Total Equivalent number of days}$$

2/November 2 and December 31 under Executive Order No. 203 dated June 30, 1987.

Note: For worker whose rest days fall on Sundays, the number of rest days in a year is reduced from 52 to 51 days, the last Sunday of August being a regular holiday under Executive Order No. 203. For purposes of computation, said holiday, although still a rest day for them is included in the ten regular holidays. For workers whose rest days do not fall on Sundays, the number of rest days is 52 days, as there are 52 weeks in a year.

Nothing herein shall be construed as authorizing the reduction of benefits granted under existing agreements or employer practices/policies.

SECTION 5. Creditable Wage Increase.

- a) Wage increases granted on or after July 1, 1993 shall be credited as compliance with increases prescribed under the Order. Where the wage increase granted is less than the prescribed increase under the Order, the employer shall pay the difference.
- b) Anniversary wage increases, merit wage increases, and those resulting from regularization or promotion of employees shall not be credited as compliance thereto.
- c) Workers and employees receiving fixed, regular, and permanent subsidies and benefits such as rice, food, cost of living allowance (COLA), medical and housing shall be credited as compliance with increases prescribed under the Order upon determination or evaluation of the Department of Labor and Employment in ARMM. The said subsidies and benefits, however, should have been in existence or given prior to the effectivity of the Order.

SECTION 6. Application to Private Educational Institutions. - Private educational institutions which increased tuition fees beginning school year 1993 - 1994 shall comply with the increases prescribed under the Order effective as follows:

- a) In cases where tuition fee increase was effected before the effectivity of the Order, the wage increase shall take effect on July 1, 1993.
- b) In cases where the tuition fee increase was effected on or after the effectivity of the Order, the wage increase shall take effect not later than the date the school actually increased tuition fees but in the latter case, such wage increase may not be made retroactive to July 1, 1993.

Beginning school year 1994-1995, all schools shall implement wage increase regardless of whether or not they have actually increased tuition fees.

SECTION 7. Application to Contractors. - In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed wage increases shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed wage rates, the construction/service contractor shall be jointly and severally liable with his principal or client.

SECTION 8. Exemption.

- a) The following establishment may be exempted from compliance with the wage increase prescribed under the Order upon application with and as determined by the Board in accordance with applicable rules and regulations:
- 1) Establishments regularly employing not more than 10 workers.
 - 2) Distressed establishments may be given full or partial exemption as determined by the Board in accordance with the guidelines issued by the Commission.
 - 3) Additional employees hired from November 14, 1993 to November 13, 1996 by existing companies or establishments over and above their present or existing workforce shall be exempt for a period of three years. In which case the wage rates applicable shall be that of under Wage Order No. CMR-01. Provided further, that a certification on this matter shall be applied and availed of from the Board.

This exemption for additional workers hired within one year period shall expire at the end of three (3) years counted from the effectivity of the Order.

- 4) New business enterprises employing not less than thirty (30) workers with an equity of not less than P1,000,000.00 before borrowing and financing shall be exempt from the Order for a period of three (3) years. Provided, however, that the minimum number of workers and the amount of equity shall be maintained for a period of three (3) years. Provided further that new business enterprises shall not include existing establishments which changed its business name or activity or in any other way or reason to misconstrue or circumvent the provisions of the Order. Provided furthermore, that an application to this effect must be filed within one year from the effectivity of the Order.
- 5) Applications for wage exemption shall be filed within 180 days from the effectivity of the Order considering the prevailing special and unique situation of the region; except those falling under paragraph 3 and 4 of this section.
- 6) The Board may grant full exemption to the above establishments except to distressed establishments for a period fixed by the Board in accordance with the guidelines issued by the Commission.
- 7) Whenever an application for exemption has been duly filed with the Board, action by the Regional Office of the Department of Labor and Employment - ARMM on any complaint for alleged non-compliance with the Order shall be deferred pending resolution of the said application.

- 8) In the event that the application for exemption is not granted, the workers and employees shall receive the appropriate compensation due them as provided for under the Order plus interest of one percent per month retroactive to November 26, 1993.

SECTION 9. Basis of Minimum Wage Rates. - The minimum wage rates prescribed under the Order shall be for the normal working hours, which shall not exceed eight hours of work a day.

SECTION 10. Workers Paid by Results. - a) All workers paid by results including those who are paid on piece work, 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 for workers paid by results shall be computed in accordance with the following steps:

- 1) Amount of increase in AMW*/Previous AMW x 100 = % Increase;
- 2) Existing rate/piece x % increase = Increase in rate/piece;
- 3) Existing rate/piece + increase in rate/piece = Adjusted rate/piece

* Where AMW is the applicable minimum wage rate

- b) 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 regulations.

SECTION 11. Wages of Special Groups of Workers. - Wages of apprentices, learners, and handicapped workers shall in no case be less than 75 percent of the applicable minimum wage rates.

All recognized learnership and apprenticeship agreements entered into before November 26, 1993 shall be considered as automatically modified insofar as their wage clauses are concerned to reflect the increase prescribed under the Order.

SECTION 12. Mobile and Branch Workers. - The minimum wage rates provided in the Order shall apply to workers who by the nature of their work have to travel if the domicile or head office of the employer is in the ARMM.

The minimum wage rates of workers working in branches or agencies of establishments in the ARMM shall be those applicable in the place where they are stationed.

SECTION 13. Transfer of Personnel. - The transfer of personnel to areas outside ARMM 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 ARMM shall be entitled to the minimum wage rate applicable therein.

SECTION 14. Wage Distortion. - Where the application of the wage increase provided under the Order results in distortions in the wage structure within an establishment, the employer and the union shall negotiate to correct the distortions. Any dispute arising from wage distortions shall be resolved 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 was referred to voluntary arbitration.

In cases where there are no collective bargaining agreements or recognized labor unions, the employer and workers shall endeavor to correct the wage distortion. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board and, if it remains unresolved after 10 calendar days of conciliation, it shall be referred to the appropriate branch of the National

Labor Relations Commission (NLRC). The NLRC shall conduct continuous hearings and decide the dispute within 20 calendar days from the time said dispute is submitted for compulsory arbitration.

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

The Order, however, is not intended to replace the labor union's collective bargaining prerogative but to encourage labor union to negotiate.

SECTION 15. Complaints for Non-Compliance. - Complaints for non-compliance with the wage increase provided in the Order shall be filed with the office of the Regional Secretary, Department of Labor and Employment - ARMM and shall be the subject of enforcement proceeding under Articles 128 and 129 of the Labor Code, as amended.

SECTION 16. Non-Diminution of Benefits. - Nothing in the Order and this Rules shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between the workers and employers or employer practices or policies.

SECTION 17. Penal Provision. - Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed increase under the Order shall be punished by a fine not exceeding P25,000 and/or imprisonment of not less than one year nor more than two years. Provided, that any person convicted under the Order shall not be entitled to the benefits provided for under the Probation Law.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers, including, but not limited to, the president, vice-president, chief executive officers, general manager, managing director or partner.

SECTION 18. 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 19. Effects on Other Issuances. - The provisions of existing laws and decrees on wages and their implementing rules and regulations and issuances not otherwise replaced, modified or inconsistent with the Order and this Rules shall continue to have full force and effect.

SECTION 20. Separability Clause. - If for any reason, any section or provision of the Rules is declared null and void, no other section, provision, or part thereof shall be effected and the same shall remain in full force and effect.

SECTION 21. Effectivity. - This Rules shall take effect on fifteen (15) days after the publication of Wage Order No. ARMM-01.

Done in Cotabato City, Republic of the Philippines, this 26th day of November, 1993.

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

(SGD) HON. KAMAR M. BOLOTO
Management Sector Member

(SGD) HON. BABYLYN K. KANO
Labor Sector Member

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

(SGD) HON. FATIMA T. RASUL
Regional Secretary, DTI-ARMM
Vice-Chairman

(SGD) HON. DIAMADEL E. DUMAGAY
Executive Director, RPDC-ARMM
Vice-Chairman

(SGD) HON. ALI L. MACALAWI
Regional Secretary, DOLE-ARMM
Chairman

NOTATIONS TO:

RULES AND REGULATIONS IMPLEMENTING ORDER NO. ARMM-01

1. *The period of exemption for additional employees of existing establishments shall be subject to review by the Board after a year.*
2. *The crediting of fixed, regular and permanent subsidies and benefits upon determination and valuation of the DOLE-ARMM may be allowed provided such benefits were granted on or after July 1, 1993 to conform with the crediting period under the Order.*
3. *The deadline for filing applications for exemptions shall be 60 days from the date of publication of the approved implementing Rules in at least one newspaper of general circulation in the region.*

(SGD) ALI L. MACALAWI
Regional Secretary
Chairman