

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

DOCS. 375
HOUSE BILL NO. _____

INTRODUCED BY

Anakpawis Partylist Rep. RAFAEL "Ka Paeng" V. MARIANO, Bayan Muna Partylist Representatives TEODORO A. CASINO, NERI JAVIER COLMENARES, Gabriela Womens' Party Representatives LUZVIMINDA C. ILAGAN, EMERENCIANA A. DE JESUS, Kabataan Partylist Rep. RAYMOND V. PALATINO AND Act Teachers' Party Rep. ANTONIO L. TINIO

EXPLANATORY NOTE

The right of workers to a 'living wage' is recognized under Article XIII Section 3 of the 1987 Philippine Constitution. At the same time, the Constitution upholds the participation of workers in decision making processes affecting their rights and benefits. Beyond these legal provisions, however, is the social right of workers to demand just compensation for the value of labor power they put in to fuel industry and the economy in general.

Under Republic Act 6727 or the Wage Rationalization Act of 1989, the task of studying, fixing and raising of wages was given to the Regional Tripartite Wages and Productivity Boards (RTWPB).

Since then, minimum wage has differed from one region to another, and further differentiated according to locality, industry and employment-size – among other standards set arbitrarily by the wage boards. What is clear, however, is that minimum wages have remained grossly inadequate to support decent living standards after more than a decade of wage 'rationalization.' This highlights the failure of the government to provide economic relief for workers towards securing a living wage as mandated by the Constitution.

During the 13th Congress, the Committee on Labor and Employment, then headed by Zamboanga del Sur Rep. Roseller Barinaga was able to finalize House Bill 345 and register the bill for plenary debates. The bill reached third and final readings, and in December 22, 2006, it was approved by the House through a majority vote and by rights the bill was passed.

But through blatant manipulation and disregard of the House Rules, however, allies of the former administration had the measure recalled at the last hour on the flimsiest

excuse that there was a need to review the Committee Report that it was based on. Despite strong opposition from proponents of the measure and the Committee on Labor and Employment, the bill was recalled. Outside the House of Representatives, workers received the news with outrage.

It has taken more than seven years for the P125 legislated wage increase bill to reach the level that it did in the 13th Congress.

In the 14th Congress, the bill was re-filed as HB 1722. But despite the strong nationwide clamor for economic relief and constant lobbying of workers, the measure did not go any further after a single committee hearing in 2008, more than a year after the bill was filed.

The measure seeking to grant a P125 legislated wage increase for workers in the private sector was first filed in Congress by the late Anakpawis Rep. Crispin 'Ka Bel' Beltran. Ka Bel took to his heart and rallied this cause since 2001 until the time of his death on May 20, 2008. He did not falter, even for a single day, on the need and immediacy for a significant legislated wage increase for workers.

In fact, the P125 legislated wage hike demand has been recognized as a symbol of the Filipino workers' united demand for economic relief.

Now, almost 11 years after this fight was first hoisted by the militant workers movement in the country, the reasons for the granting of a legislated wage increase remain valid more than ever.

High cost of living, decreasing real value of wages

After the May 10 elections, the RTWPB under the Department of Labor and Employment (DOLE) announced the granting of a P22 daily wage increase for workers in the National Capital Region (NCR). This hike brought the wage from P382 to level to P404 in NCR. This increase is the last wage order granted by former president Gloria Macapagal-Arroyo.

Before this, since 2008, wages in Metro Manila remain unchanged at P382 which in reality, is only valued at P235. Based on year 2000 prices, the minimum wage has eroded to P235 due to inflation, and has made the value even less than the daily NCR minimum wage in November 2000 of P250. Real value of wages in other regions range from P117.98 (ARMM) to P203.69 (RBIV-A).

The National Wages and Productivity Commission (NWPC) defines living wage as the amount of family income needed to provide for the cost of living which includes all food and non-food requirements, with sufficient allowance for savings and investments for social security.

As of July 2010, the P404 minimum wage in NCR has a shortfall of P553 against the estimated P957 family living wage (June 2010).

The purchasing power of the peso has been constantly eroded due to inflation. Statistical data from the government shows that compared to prices 10 years ago (i.e., in the year 2000 which is currently the base year in computing the Consumer Price

Index), the Philippine peso has been eroded by 40 percent nationwide. What used to cost about 60 centavos (US\$0.0130) in 2000 is now valued at PhP1.00 (US\$0.0216).

The current family living wage estimate is likely already twice the daily minimum wage, and a P125 wage increase will not even make up for inflation that has eroded real incomes over the last three years.

For the past nine years, the Arroyo administration neglected, undermined and attacked the worker's strong demand for a legislated wage increase. Instead of adhering to the broad people's clamor for economic relief, it left the task of increasing wages to the wage boards, which, over the years, only succeeded in destabilizing the economic status of Filipino wage earners.

Increasing profits of businesses, slave wages for laborers

While Filipino workers quickly become dirt-poor due to the slave wages they receive, local big businesses continue to rake in more profits at the expense of their workers' painstaking labor.

As of March 2010, mall tycoon Henry Sy and tobacco and beer magnate Lucio Tan stayed on Forbes magazine's billionaire list at 201st and 582nd, respectively. Forbes placed Sy and family's net worth at \$4.2 billion (P192.02 billion), and Tan and family at \$1.7 billion (P77.72 billion). In 2009, Jaime Zobel de Ayala from the Ayala Group of Companies registered a net worth of \$1.2 billion (in pesos) while San Miguel Group of Companies' Eduardo 'Danding' Cojuangco was listed as the seventh richest person in the Philippines with a net worth of \$660 million (in pesos).

The net income of the Top 1,000 corporations in the country rose from P116.4 billion in 2001 to average P416.7 billion annually in the period of 2002 to 2008.

On the other hand, since 1989, the regional wage boards only granted an average of P9 wage adjustment every year.

Since 2001, only 4 minimum wage increases were granted (June 2005, July 2006, August 2007 and June 2010) and 5 COLA increases (November 2001, February 2002, July 2004, June 2008 and June 2010).

The Arroyo administration has had the smallest increase in workers' real wages over its term of any government since the Marcos dictatorship – with an increase in real terms of just P5 over its nine-and-a-half years compared to P82 during the time of Corazon C. Aquino, P16 of Fidel V. Ramos, and P22 of Joseph Estrada (inflation-adjusted figures based on 2000 prices. Source: IBON)

For this year, workers received only P6 to P22 wage increase and P3 to 15 Cost of Living Allowance (COLA). The lowest wage levels are in Region V (Bicol) at P139 (non-agriculture) and in Region IV-B at P178 (agriculture).

This resulted to wider income disparities. In 2001, income per head in Metro Manila, the richest region, was eight (8) times that of the poorest region ARMM. By 2008, income per head in Metro Manila was 12 times that in ARMM.

SUMMARY OF CURRENT REGIONAL DAILY MINIMUM WAGE RATES
Non-Agriculture, Agriculture
As of June 2010
(In pesos)

REGION	WO No./ DATE OF EFFECTIVITY	NON- AGRICULTURE	AGRICULTURE	
			Plantation	Non-Plantation
<u>NCR</u> a/	WO 15/July 01, 2010	P 404.00	P 367.00	P 367.00
<u>CAR</u> b/	WO 13/June 16, 2008	243.00 - 260.00	226.00 - 242.00	226.00 - 242.00
<u>I</u> c/	WO 13/June 22, 2008	220.00 - 240.00	220.00	195.00
<u>II</u> d/	WO 13/June 15, 2008	227.00 - 235.00	215.00 - 223.00	215.00 - 223.00
<u>III</u> e/	WO 14/June 16, 2008	251.00 - 302.00	236.00 - 272.00	216.00 - 256.00
<u>IV-A</u> f/	WO 13/June 01, 2008	236.00 - 320.00	216.00 - 295.00	196.00 - 275.00
<u>IV-B</u> g/	WO 04/June 19, 2008	240.00 - 252.00	198.00 - 207.00	178.00 - 187.00
<u>V</u> h/	WO 13/ July 1, 2008	196.00 - 239.00	207.00 - 217.00	187.00 - 197.00
<u>VI</u> i/	WO 17/ December 25,2008	208.00 - 250.00	218.00	208.00
<u>VII</u> j/	WO14/June 16, 2008	222.00 - 267.00	202.00 - 249.00	202.00 - 249.00
<u>VIII</u> k/	WO 15/June16, 2008	238.00	219.00	219.00
<u>IX</u> l/	WO 15/ July 3, 2008	240.00	215.00	195.00
<u>X</u> m/	WO 14/June 1, 2008	241.00 - 256.00	229.00 - 244.00	229.00 - 244.00
<u>XI</u> n/	WO 15/June 16, 2008	265.00	255.00	255.00
<u>XII</u> o/	WO 15/June 16, 2008	245.00	225.00	220.00
<u>XIII</u> p/	WO 09/June 20, 2008	233.00	223.00	203.00
<u>ARMM</u> q/	WO 11/ June 29, 2008	210.00	210.00	210.00

Source: National Wages and Productivity Commission

While workers constantly demand the government to raise wages to decent level, employers remain grimly disturbed and averse to any wage increase.

Business owners' age-old alibi that wage hikes would result to lay-offs, cost-cutting measures and ultimate shutdown of companies was proved to be nothing more than a blackmail excuse to deprive workers of a much needed wage increase.

High prices of goods, services and utilities

Time and again, it was established that wage hikes are not inflationary. Even without substantial wage hikes, prices of basic goods and services are constantly increasing mainly due to the government's policies of privatization, deregulation and liberalization that stripped off any state control in the determination of prices of basic goods and utilities.

The argument that a wage increase will be inflationary is also disproved by the fact that labor costs comprise no more than 11% of the production costs on the average in all industries.

Even the Bangko Sentral ng Pilipinas and the National Economic Development Authority agreed that the latest wage hike is not inflationary. Yet, it is not enough to bridge the gap between the real wages and cost of living.

In fact, the increasing prices of basic products and utilities all the more weighed

down the economic status of workers and their families.

In 2009, food prices hiked by 13.6 percent, prices of staples alone like rice rose to 29.2 percent. Power and water rates have successively increased over the past nine years.

Nine years after the enactment of Electric Power Industry Reform Act (EPIRA), residential power rates are more than double what they were in January 2001, while the country's industrial electricity rates are the highest in Asia.

Privatization in the water industry also allowed concessionaires serving Metro Manila – Maynilad and Manila Water to constantly jack their rates.

Oil companies remained unstoppable in imposing price hikes. The price of diesel rose by a staggering 183 percent between January 2001 (P13.82 per liter) and May 2010 (P39.05) and gasoline prices rose by 180 percent (from P16.56 to P46.21).

Since the implementation of the reformed value added tax (RVAT) in 2005, workers and their families continued to bear the brunt of increased monthly expenses.

Based on the latest (2006) Family Income and Expenditure Survey (FIES), more Filipino families became poorer in 2006 than in 2003. At 2006 prices, the average income of the poorest 10 percent (first decile) was only P32,000 but their expenses were P35,000 and so they are not just poor but also in debt by P3,000. Comparing 2003 to 2006 prices, average family income declined from P148,000 to P142,000; average family expenditure slid from P124,000 to P121,000 and average family savings slipped from P24,000 to P21,000 at the national level.

On average, every Filipino 15 years old and above paid the government an extra P6,025 in taxes for the period of 2006-2009. This is equivalent to the additional P363.0 billion in taxes paid by Filipinos due to the imposition of RVAT.

Overall, the absence of significant wage hikes coupled with constant price hikes and regressive taxes resulted to worsening poverty and hunger.

Increased productivity despite social inequity

Labor productivity per industry and per region increased.

The government claimed that it had cushioned the local economy from the effects of the global economic crisis and enjoyed 37 quarters of uninterrupted economic growth. In reality, the remittances of about nine million Overseas Filipino workers helped boost the economy by sending home \$25.9 billion or an average of more than \$2 billion in monthly remittances.

But workers and their families remain impoverished and in debt.

According to the 2006 FIES, income of the bottom 30 percent of families (or the lowest three income deciles combined) increased by around P8 thousand; while that of the upper 70 percent of families increased by some P31 thousand. The total income of the 20% richest of the population was about 19 times that of

the 20% poorest population.

It was also noted that families in the bottom 30 percent income group spent less on food. Consequently, there was also a decrease in the shares of other expenditure items like clothing, house maintenance, etc.

Legislated wage increase and social justice

In lieu of a wage hike, foreign chambers of commerce and even the government have offered non-wage solutions like providing a sack of rice or a bag of groceries per month, further insulting the workers' demand.

A legislated wage increase is necessary and not an option for employers or the State.

A legislated wage hike will benefit more workers including those without bargaining power.

Based on DOLE data, in 2007, there are 1.8 million unionized workers that accounts accounted for only 5% of the total workforce of 36 million. Of this number, only 242,000 workers are covered by existing Collective Bargaining Agreements (CBA). Workers covered by CBA represent only 0.7 percent of the employed workforce, 1.4 percent of wage and salary workers and 12.4 percent of total union members.

Thus, a great majority of Filipino workers are disempowered from bargaining for higher wages, benefits and working conditions. These workers can be given a voice through legislated wage increase.

As for the accusation that wages hikes will cause company closures, thousands of small and medium scale enterprises close shop every year despite the virtual wage freeze which had been in effect under the Arroyo administration.

Among the reasons for closures cited by employers and business owners are: lack of market, difficulties in securing financing, high taxes and high cost of utilities.

During the 2008-2009 global financial crisis that resulted to massive retrenchments and closures in Philippine industries, it was workers who instantly felt the heavy impact of the economic crunch.

The closure of SMEs is not due to wage increases as alleged by big business and DoLE, but rather because of the government's failure to bring down utility costs, regressive taxation scheme and the overall economic policies that lay bare the economy to unrestricted importation which creates competition local businesses cannot stand up to.

Issue of social justice

The Constitutional provision on Social Justice and Human Rights mandates Congress to give priority to the enactment of measures that protect and enhance the quality of all people to human dignity, reduce social, economic and political inequalities... by equitably diffusing weakness and power for the

common good.” (Article XII, Section 1).

The 1987 Philippine Constitution provides that workers shall be entitled to a living wage.

Even international labor institutions recognize that one of the vital aspects of decent work is the ability to work for a decent wage.

Consistent with the constitutional mandate for respect of human rights, the minimum wage should be able to maintain the basic standards of living necessary for the health, efficiency and general wellbeing of the worker and his/her family. Through all the supposed achievements and success of the national government in improving the economy, however, none of the benefits trickled down to the workers. Whatever social payback from the booming economy that former President Gloria Macapagal-Arroyo promised failed to reach workers.

For the past eleven years, workers have been demanding a substantial nationwide, wage increase. Beyond being a measure that will give immediate economic relief, a substantial wage increase is a matter of social justice. This is what really constitutes a social payback, accompanied with price controls, pro-poor and genuinely equitable tax measures and improved budgetary allocations for education, health, housing and other services.

Given all the foregoing, it is therefore most urgent to enact a legislation that would strengthen and uphold the constitutional right of workers to living wage, the first step being an immediate P125 across the board wage increase nationwide.

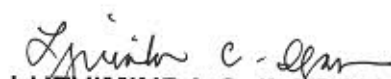
Hence, support of this bill is earnestly sought.

In view of the foregoing, approval of this bill is highly and earnestly sought.


RAFAEL V. MARIANO
Anakpawis Partylist


TEODORO A. CASINO
Bayan Muna Partylist


NERI J. COLMENARES
Bayan Muna Partylist


LUZVIMINDA C. ILAGAN
Gabriela Women's Party


EMERENCIANA A. DE JESUS
Gabriela Women's Party


RAYMOND V. PALATINO
Kabataan Partylist


ANTONIO L. TINIO
ACT Teachers' Party

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 375

INTRODUCED BY

Anakpawis Partylist Rep. RAFAEL "Ka Paeng" V. MARIANO,
Bayan Muna Partylist Representatives TEODORO A. CASINO, NERI JAVIER
COLMENARES, Gabriela Womens' Party Representatives LUZVIMINDA C.
ILAGAN, EMERENCIANA A. DE JESUS, Kabataan Partylist Rep. RAYMOND
V. PALATINO AND Act Teachers' Party Rep. ANTONIO L. TINIO

**AN ACT PROVIDING FOR A P125.00 DAILY ACROSS-THE-BOARD INCREASE IN
THE SALARY RATES OF EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR
AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

SECTION 1. This Act shall be known and cited as the "***P125 Daily Across-the-Board Wage Increase Act***".

SECTION 2. It is hereby declared to be the policy of the State to alleviate the living conditions of the ordinary Filipino through policies that provide for decent and humane standard of living and improved quality of life, particularly of the working class; to ensure the right of labor to its just share in the fruits of production; to guarantee the workers' right to a living wage; and to promote social justice through the adoption of measures calculated to ensure the well-being and economic security of all the members of the community.

SECTION 3. In line with the declared policy under this Act, all employers in the private sector, whether agricultural or non-agricultural, regardless of capitalization and number of employees shall pay their workers an across-the-board wage increase in the sum of One Hundred Twenty Five Pesos (P125.00) a day upon the effectivity of this Act.

SECTION 4. No wage increase shall be credited as a compliance with the increase prescribed herein, unless expressly provided under the collective bargaining agreements; provided, that such wage increase was granted in anticipation of the legislated across-the-board wage increase under this Act, the employer shall pay the difference. Such increases shall not include anniversary wage increases, merit wage increases and those resulting from regularization and promotion of employees.

SECTION 5. Nothing in this Act shall be construed to reduce any existing allowance and benefit of any form under existing laws, decrees, issuances, executive orders, and any contract or agreements between workers and employers.

SECTION 6. The Department of Labor and Employment shall, upon approval of this Act, conduct inspection of the payroll and other financial records kept by the company business to determine whether the workers are paid the prescribed across-the-board increase and other benefits granted by law in unionized companies, the Department of Labor and Employment inspectors shall always be accompanied by the president or any responsible officer of the recognized bargaining unit or of any interested union in the conduct of the inspection. In unionized companies, establishments or businesses, the inspection should be carried out in the presence of a worker representing the workers of the said company. The workers' representative shall have the right to submit his own findings to the Department of Labor and Employment and to testify on the same if he/she cannot concur with the findings of the labor inspector.

SECTION 7. Any person, corporation, trust, firm, partnership association or any entity violating any provision of this Act shall be punished by a fine not less than Twenty Five Thousand Pesos (P25,000.00) nor more than One Hundred Thousand Pesos (P100,000.00) 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 if the violation is committed by a corporation, trust or firm, 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.

The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees: Provided, That payment of indemnity shall not absolve the employer from the criminal liability imposable under this Act shall not be entitled to the benefits provided for under the Probation Law.

SECTION 8. The Secretary of Labor and Employment shall promulgate the necessary implementing rules and regulations to implement this Act.

SECTION 9. If any provision or part of this Act, or the application thereof, to any person or circumstance is held invalid or unconstitutional, the remainder of this Act or the application of such provision or part thereof to other persons or circumstances shall be affected thereby.

SECTION 10. All laws, orders, issuances, rules and regulations or any part thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 11. This Act shall take effect within fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved,