

Republic of the Philippines
HOUSE OF REPRESENTATIVES
CONGRESS OF THE PHILIPPINES
Quezon City, Metro Manila

FIFTEENTH CONGRESS

First Regular Session

House Bill No. 942

Introduced by Honorable REYNALDO V. UMALI

EXPLANATORY NOTE

Under the Declaration of Principles and State Policies (Article 11) of the 1987 Constitution, it is affirmed that labor is a primary social economic force and it is mandated that the State shall protect the rights of workers and promote their welfare.

This state policy is reiterated in a succeeding Chapter (Article XIII) of the Constitution dealing with Social Justice and Human Rights provision which mandates the State to afford full protection to labor and guarantees that workers shall be entitled not only to security of tenure and humane conditions of work but also a *living wage* and participation in policy and decision-making processes affecting their rights and benefits as may be provided by law.

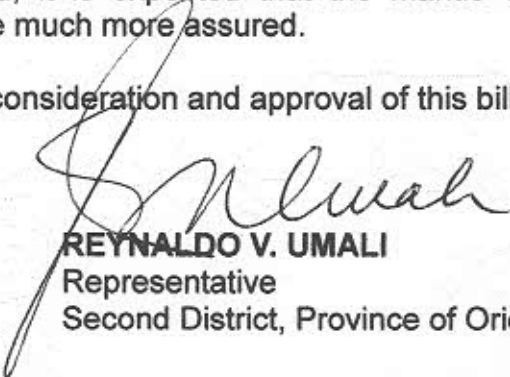
To stress, the Constitution requires the State to implement a living wage which is defined as one that ensures a "decent standard of human existence beyond mere subsistence level" in contrast to a minimum wage which is the basic pay or daily wage plus cost of living allowance received by a worker, not falling under the exemptions as provided under the Wage Rationalization Act. (*underscoring supplied*)

Verily, the minimum wage fixed by law is lower than the ideal living wage. Still, compliance by corporations and other work establishments has remained a persistent problem and it is very disturbing, to say the very least.

In 1995, non-compliance was estimated to be 53%. It dropped to 20% in 1999 but increased to almost 30% the following year. The succeeding years showed a continued resurgence of minimum wage violations which the Department of Labor and Employment (DOLE) estimated to be 45%, but this data only represents the firms it inspected and found to have violated wage regulations. Admittedly, as it remains undermanned to conduct consistent monitoring and enforcement strategies, the estimates of noncompliance can go as high as 60%, reverting to the trends of the mid-1990s, despite a dearth of enforcement and compliance studies on this matter.

With enhanced monitoring by the DOLE and the new teeth that this representation has proposed, it is expected that the mantle of protection we can stretch for our workers will be much more assured.

In view thereof, early consideration and approval of this bill is earnestly sought.



REYNALDO V. UMALI

Representative

Second District, Province of Oriental Mindoro

Republic of the Philippines
HOUSE OF REPRESENTATIVES
CONGRESS OF THE PHILIPPINES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 942

Introduced by Honorable REYNALDO V. UMALI

AN ACT
INCREASING THE PENALTIES FOR NON-COMPLIANCE OF THE
PRESCRIBED INCREASES AND ADJUSTMENTS IN THE WAGE RATES OF
WORKERS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6727,
OTHERWISE KNOWN AS THE "WAGE RATIONALIZATION ACT",
AND FOR OTHER PURPOSES.

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

SECTION 1. - Section 12 of Republic Act 6727, as further amended by Republic Act 8188, is hereby amended to read as follows:

"Section 12. Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increases or adjustments in the wage rates made in accordance with this Act shall be punished by a fine not less than Twenty-Five Thousand Pesos (P25,000) nor more than One Hundred Thousand Pesos (P100,000.00) NOT LESS THAN ONE HUNDRED THOUSAND PESOS (P100,000.00), PLUS MORAL DAMAGES NOT EXCEEDING THIRTY THOUSAND PESOS (P30,000.00) FOR EACH AFFECTED WORKER AND THE COSTS OF LITIGATION INCLUDING ATTORNEY'S FEES, 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 Act shall not be entitled to the benefits provided for under the Probation Law.*

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

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

IN CASES WHERE A FINE IS DECREED BY THE NATIONAL LABOR RELATIONS COMMISSION (NLRC) AGAINST PERSON/S WHO VIOLATED THE PROVISIONS OF THIS ACT AND CANNOT BE IMMEDIATELY SATISFIED BECAUSE OF THE REFUSAL TO PAY, OR IN CASE OF THE UNAVAILABILITY OR INADEQUACY OF FUNDS, THE BANK DEPOSITS, FINANCIAL INTERESTS AND OTHER PERSONAL PROPERTY NOT CAPABLE OF MANUAL DELIVERY IN THE POSSESSION OR CONTROL OF THIRD PARTIES OF THE OWNER IN CASE OF SOLE PROPRIETORSHIP OR THE ASSETS OF THE CORPORATION, ASSOCIATIONS OR ANY OTHER ENTITY, SHALL BE AUTOMATICALLY GARNISHED. IF SUCH PROPERTIES ARE NOT ENOUGH, MOVABLE AND IMMOVABLE PROPERTIES MAYBE LEVIED TO SATISFY FULLY THE IMPOSED FINES.

SECTION 2. - The penalties provided under this Act shall also be applicable in cases involving workers hired by contractors undertaking infrastructure projects under R.A. 6685 and in relation to DOLE Order No. 19, with respect to any violation in the payment of wages or its appropriate wage

increases.

SECTION 3. Separability Clause.- If any provision of this Act shall be declared unconstitutional, any other provision not affected thereby shall remain in full force and effect.

SECTION 4. Repealing Clause. - All laws, decrees, orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SECTION 5. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,