

HOUSE OF REPRESENTATIVES

House Bill No. **1889**

Introduced by Representative Ben P. Evardone

EXPLANATORY NOTE

The rights of workers to just compensation that would secure their welfare is deeply embedded in the 1987 Constitution. It is mandated that labor, as a potent socio-economic force, and workers should be constantly protected from harm. (Article II) In a succeeding chapter (Article XIII), importance was given on provisions on Social Justice and Human Rights, specifically, that the State should provide full protection to labor and guarantees that workers be entitled to security of tenure, humane working and living conditions, as well as a **living wage**. The living wage, as articulated in the Constitution, requires the State to guarantee that a "decent standard of human existence beyond mere subsistence level", which is more centered to the quality of life, as compared to the minimum wage, which is the basic pay or the daily wage, plus the cost of living allowance received an employee, not falling under the exemptions provided under the Wage Rationalization Act.

The minimum wage fixed by law is lower than the ideal living wage. Regardless of this, strict compliance by corporations and other work establishments on the minimum wage law remains to be achieved. In 2005, out of the 19,539 firms inspected by the Department of Labor and Employment (DOLE), only 15,879 or 81 percent were found to be complying with the minimum wage law. This is a great improvement based on the estimated 53% non-compliance in 1995.

Given such conditions, the DOLE is baffled by the challenge of acquiring sufficient manpower to conduct consistent and effective monitoring and enforcement of strategies. With this proposed legislation, the enhanced monitoring function by the DOLE, and the improved conditions that this representation proposed, it is envisioned that the veneer of protection and the rights due to workers can be stretched further and awarded to them unconditionally.

In view of the foregoing, passage of this bill is earnestly urged.



BEN P. EVARDONE

Representative, Lone District of Eastern Samar

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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 (P 25,000) nor more than One hundred
thousand pesos (P100,000)] **NOT LESS THAN ONE HUNDRED
THOUSAND PESOS (P 100,000) PLUS MORAL DAMAGES
NOT EXCEEDING THIRTY THOUSAND PESOS (P 30,000)
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

1 imposed upon the entity's responsible officers, including, but not
2 limited to the president, vice-president, chief executive officer,
3 general manager, managing director or partner."

4
5 **IN CASES WHERE A FINE IS DECREED BY THE**
6 **NATIONAL LABOR RELATIONS COMMISSION (NLRC)**
7 **AGAINST PERSON/S WHO VIOLATED THE PROVISIONS**
8 **OF THIS ACT AND CANNOT BE IMMEDIATELY**
9 **SATISFIED BECAUSE OF THE REFUSAL TO PAY, OR IN**
10 **CASE OF THE UNAVAILABILITY OR INADEQUACY OF**
11 **FUNDS, THE BANK DEPOSITS, FINANCIAL INTERESTS**
12 **AND OTHER PERSONAL PROPERTY NOT CAPABLE OF**
13 **MANUAL DELIVERY IN THE POSSESSION OR CONTROL**
14 **OF THIRD PARTIES OF THE OWNER IN CASE OF SOLE**
15 **PROPRETTORSHIP OR THE ASSETS OF THE**
16 **CORPORATION, ASSOCIATIONS OR ANY OTHER**
17 **ENTITY, SHALL BE AUTOMATICALLY GARNISHED. IF**
18 **SUCH PROPERTIES ARE NOT ENOUGH, MOVABLE AND**
19 **IMMOVABLE PROPERTIES MAYBE LEVIED TO SATISFY**
20 **FULLY THE IMPOSED FINES.**

21
22 **SEC. 2.** The penalties provided under this Act shall also be applicable in cases
23 involving workers hired by contractors undertaking infrastructure projects under R.A.
24 6685 and in relation to DOLE Order No. 19, with respect to any violation in the
25 payment of wages or its appropriate wage increases.

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

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

33
34 **SEC. 5. *Effectivity.*** This Act shall take effect fifteen (15) days after its publication in
35 at least two (2) national newspapers of general circulation.

36
37 *Approved,*