

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2423

INTRODUCED BY
Anakpawis Partylist Rep. RAFAEL V. MARIANO

EXPLANATORY NOTE

The bill seeks to protect workers from unjust and arbitrary wage rates, thereby amending Section 8 of the Barangay Micro Business Enterprises (BMBEs) Act of 2002 or Republic Act No. 9178.

Under Section 8 of the RA 9178, workers covered by BMBEs are exempted from the minimum wage law. Such provision clearly violates Article XIII Section 3 of the Constitution which estates that, "The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all."

The Small and Medium Enterprises (SMEs) sector is considered as the backbone of the Philippine economy; according to the Department of Trade and Industry (DTI) as posted in its website, SMEs comprises about 99.6% of all registered firms nationwide, employs 69.9% of the labor force, and contributes 32% to the economy. Opening more opportunities for small and medium business enterprises and assisting them to become part of the formal business sector is positive for economic development, but it must not be done to the expenses of labor.

Workers already suffer the very low minimum wage rates that do not suffice the day to day needs of their family such as food, clothing, shelter, healthcare and schooling for their children. In 2008, the National Wages and Productivity Commission (NWPC) said the living wage needed by a family of six is P917. The current nominal minimum wage rate in NCR is pegged at P404, an amount that even if doubled, remains far below the NWPC estimate for living wage.

Based on the Department of Labor and Employment's (DOLE) report on establishments inspected/visited and found violating general labor standards in 2008 to Q1 2010, some 11,672 establishments were found to have violated labor standards. Out of this figure, 17.7% did not comply with the minimum wage law, 19.6% underpaid minimum wages and violated selected standards related to payment of

wages – non-integration and non-payment of Cost of Living Allowance (COLA), among others.

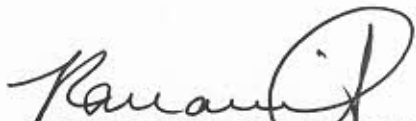
As in previous Wage Orders, exemption may be granted to certain type of establishments such as distressed establishments and those whose total assets are not more than P3 million, retail/service establishments regularly employing not more than 10 workers and establishments adversely affected by natural calamities, upon application with and approval of the RTWPBs.

The plight of workers even worsens when their employer applies for exemption from the minimum wage law.

Other companies do not even apply for exemption but violates the minimum wage law with impunity.

The enactment of RA 7198 only worsened the workers condition for it legalized business non-compliance with the Minimum Wage Law thereby allowing the workers to be paid below the already low minimum wage; BMBEs need not apply for exemption for RA 9178 granted it to them as an “incentive.” While the government is devoted to help small and medium industries to bring their business to a higher level, workers rights and interest must not be compromised and must be protected as well.

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



REP. RAFAEL V. MARIANO

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AN ACT
PROTECTING THE WORKERS FROM LOW WAGES THEREBY MANDATING
BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs) TO IMPLEMENT THE
MINIMUM WAGE LAW, AMENDING FOR THE PURPOSE SECTION 8 OF REPUBLIC
ACT NO. 9178, OTHERWISE KNOWN AS "AN ACT TO PROTECT THE
ESTABLISHMENT OF BARANGAY MICRO BUSINESS ENTERPRISES (BMBEs),
PROVIDING INCENTIVES AND BENEFITS THEREFORE, AND FOR OTHER
PURPOSES

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

SECTION 1. Section 8 of Republic Act No. 9178 is hereby amended as follows:

"Section 8. *[Exemption from the] Coverage of the Minimum Wage Law* – The BMBEs shall be *[exempt from the coverage of]* COVERED BY the Minimum Wage Law. *[Provided, That]* All employees covered under this Act shall be entitled to the same benefits given to any regular employee such as social security, *[and]* healthcare AND OTHER benefits UNDER THE LABOR CODE OR ANY OTHER LAW FOR THAT MATTER."

SECTION 2. Repealing Clause. All laws, presidential decrees executive orders, and rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly

SECTION 3. Separability Clause. If, for any reason, any section or provision of this Act is held unconstitutional or invalid and other sections or provisions not affected shall remain in full force and effect.

SECTION 4. Effectivity Clause. The Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved.