

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7805



Introduced by **RAYMOND DEMOCRITO C. MENDOZA**

EXPLANATORY NOTE

Minimum Wage Earners (MWEs) are now dubbed the "working poor." Although employed, MWEs experience the pang of poverty as most evident in the impact of the recently implemented Tax Reform for Acceleration and Inclusion 1 (TRAIN 1) as the first package of the comprehensive tax reform program (CTRP). As shown in recent Government data, inflation rates rose to a staggering 4.5% last March 2018, further eroding the purchasing value of MWEs' measly income.

It has been 29 years after the last legislated wage increase through Republic Act No. 6727 or the Wage Rationalization Act of 1989. About 305 Wage Orders have been issued by the Regional Tripartite Wages and Productivity Boards (RTWPBs) yet not one granted a real wage that is sufficient to cover the basic needs of the workers and their families. It is high time that minimum wage earners – regardless of industry and region – be accorded with an increase in their real wages.

The International Labour Organization (ILO) defines a **living wage** as that by which the "workers and their families are able to afford a basic but decent, lifestyle that is considered acceptable by society at its current level of economic development. Workers and their families should be able to live above the poverty level, and be able to participate in social and cultural life." The NWPC for its part defines living wage as "the amount of family income needed to provide for the family's food and non-food requirements, with sufficient allowance for savings and investments for social security, so as to enable the family to live and maintain a decent standard of human existence beyond mere subsistence level, taking into account all of the family's physiological, social and other needs."

This Bill, to be entitled, "The Living Wage Act of 2018" shall provide a P320 nationwide across-the-board increase in the daily wages of minimum wage workers in the private sector – whether agricultural or non-agricultural. The wealth and growth of the country was built by the worker for the past 29 years. It is about time they get their fair share of the fruits of the booming economy.

The application of the Bill is national because workers from all over the country regardless of industry, enterprise size, mode of payment, etc., are subject to the same rates of increases

in consumer price and suffer equally the burden of soaring prices of basic commodities and services. The differences in prices of basic commodities and services in the different regions are not huge. In fact, there has been a trend of "homogenization" on the prices of goods and commodities in the past few years. Workers also perform the same tasks elsewhere which they regularly do whether based in Tuguegarao, Cebu, Davao or Manila. A secretary in Manila is duty-bound to do the same tasks and expectations as a secretary in the provinces – both of them goes home to their families with the same responsibility to feed them, shelter them, send them to school and care for their health. Further, a single minimum wage rate will increase the purchasing capacity of the workers which will then help support different industries and sectors in effect bolstering economic development and pump-priming the economy. It will also send a positive signal to our workers that they are equal partners in building the economy. For far too long, workers have been the whipping boys, it is time to give them their just share of the wealth generated by their sacrifice.

Workers and their families have long been suffering from the spiraling costs of basic commodities and services that include food, transportation, electricity and water. We do not even include our need for clothing, shelter, education and healthcare which seem to have become a luxury for the poor and a privilege of the few.

Our Government is optimistic that growth will trickle down but is currently dismissing the public clamor for inclusive growth saying that it is imperative that the pie of which the country is to partake must be broadened first before redistributing wealth. Workers cannot be denied of an increase now. The truth is that the fruits of our booming economy are enjoyed only by a few rich families. We are not asking for a lavish increase. We are not even asking for what is due our workers. Really, we are only asking for what can tide them through economic difficulties just to survive.

This is not an imaginary landscape of prosperity. However, what we have now is a tale of two Philippines – the story of how the upper 20% or the privileged few benefit from economic development and the story of the workers who toil everyday just to afford food if they are lucky enough to have regular jobs. The Filipino workers and their families go to our malls and see the goods and consumer items that they will never be able to afford. Even worse is that they can hardly make ends meet for their daily food and can hardly put a roof over their heads. They fear illness and sickness not just because of the pain it will bring but because of the financial burden it will entail.

Filipino workers go home to shanties that are the very opposite of decency and fairness. Workers cannot afford to feed their families three (3) meals a day let alone nutritious food. Workers go to emergency rooms when they are "agaw-buhay" because they cannot afford doctors and regular check-ups. Workers can barely afford to send their children to school. Workers can hardly pay for their electric and water bills and will now be subject to more abuse through a new round of increases. Workers struggle for an average of five (5) hours a day through our perilous and dilapidated transport system to go to work and back home. Minimum Wage Earners suffer everyday to earn just a measly amount.

Workers are not poor because they work less or they are less educated. Workers are poor because our Government perpetually fails to leverage their economic plight and fails to provide them with opportunities increasing their choices to craft their own future. The

workers' right to bargain for a better deal are perpetually compromised by a de facto strategy of massive contractualization and cheap labor. Workers who will be laid off in five or six months time can hardly be expected to assert their rights to security of tenure and collective bargaining. They are reduced to the dehumanizing condition of "isang kahig, isang tuka."

Employers and our Government must stop blackmailing workers that demanding a wage increase will drive up labor costs and consequently cause retrenchments or company closures. This is not supported by Government data. Recent studies show that labor cost is only about 15% of the total cost of doing business and that it is the high cost of electricity which makes up about 30 to 45% of the cost of doing business. It is the lack of power supply and the high price of power that drives away investors plus congestion in our ports, traffic, poor infrastructure and the continuing prevalence of graft and corruption that disincentivizes investments.

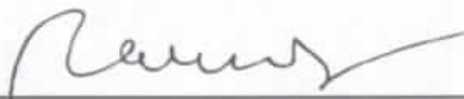
We reject any attempt linking unemployment to a minimum wage increase. This argument moves away from the main purpose of minimum wage which is to redistribute income to lowly paid workers. Employment growth is a function of policy and governance and not forcing the workers to bite the bullet of an impoverished life.

A living and a decent wage is a human right. By this we mean ensuring income which can afford the basic needs of the workers and their families, which reduces poverty where the widening gap in income inequality is mitigated by income distribution to the working poor.

The proposed 320-peso nationwide across-the-board daily increase is essential if workers are to cope with the increasing prices of commodities and cost of living, if they are to meet the basic needs of their families – even if only partially – and if the country is to give meaning and substance to the policy of equitable distribution of income and wealth.

Let us remember our workers who toil all day, sweat for grueling work hours, break their backs to keep enterprises alive, and yet, are left to scrape the bottom of the barrel. Our Government should respond to this demand in the spirit of allowing workers to partake the blessings of a booming economy. Decency and equity demand that Philippine prosperity cannot and should not be built on a permanent class of poor people.

For the Filipino workers and their families, the immediate passage of this Bill is earnestly sought.


RAYMOND DEMOCRITO C. MENDOZA

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12 Introduced by RAYMOND DEMOCRITO C. MENDOZA
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15 AN ACT
16 PROVIDING A P320 ACROSS-THE-BOARD AND NATIONWIDE INCREASE IN
17 THE DAILY MINIMUM WAGES OF WORKERS IN THE PRIVATE SECTOR AND
18 FOR OTHER PURPOSES.
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20 **SECTION 1. Short Title.** — This Act shall be known and cited as " The Living
21 Wage Act of 2018."
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23 **SECTION 2. Declaration of Policy.** — The international community classifies
24 Living Wage as a human right and is embodied in various declarations such as
25 the: a) - United Nations Declaration of Human Rights (1948); b) United Nations
26 International Covenant on Economic and Social Cultural Rights (1966); c)
27 American Convention on Human Rights in the Area of Economic, Social and
28 Cultural Rights, Additional Protocol (Organization of American States, 1988); and
29 d) American Declaration on the Rights and Duties of Man (Organization of
30 American States, 1948).
31

32 It is hereby the policy of the State to "... protect and enhance the right of all the
33 people to human dignity, reduce ... political inequalities, and remove cultural
34 inequities by equitably diffusing wealth and political power for the common good
35 (Section 1, Article XIII, 1987 Philippine Constitution). Workers shall be "... entitled
36 to ...a living wage... (Section 3, *ibid.*).
37

38 **SECTION 3. Definition of Terms.** — For purposes of this Act, unless the context
39 indicates otherwise, the terms used herein shall mean as follows:
40

- 41 a) **"Living Wage"** shall refer to the acceptable standard of wages as that by
42 which "workers and their families should be able to afford a basic, but decent,
43 lifestyle that is considered acceptable by society at its current level of
44 economic development. Workers and their families should be able to live
45 above the poverty level and be able to participate in social and cultural life," as
46 defined by the International Labor Organization.
47

48 Also it refers to "the amount of family income needed to provide for the family's
49 food and non-food requirements, with sufficient allowance for savings and
50 investments for social security, so as to enable the family to live and maintain a

1 decent standard of human existence beyond mere subsistence level, taking
2 into account all of the family's physiological, social and other needs," as
3 defined by the National Wages and Productivity Commission (NWPC).

4
5 b) **"Daily Minimum Wage or DMW"** shall refer to the statutory minimum wage
6 paid to workers on a daily basis in the private sector regardless of employment
7 status, position, industry, enterprise size, mode of payment and region.

8
9 c) **"Daily Minimum Wage Earners or DMWE"** shall include all workers in the
10 private sector -- whether agricultural or non-agricultural -- who are paid the
11 statutory regional daily minimum wages as prescribed by the National Wages
12 and Productivity Commission (NWPC) through the various Regional Tripartite
13 Wages and Productivity Board (RTWPB).

14
15 d) **"The Department"** shall refer to the Department of Labor and Employment or
16 DOLE.

17
18 e) **"The Commission"** shall refer to the National Wages and Productivity
19 Commission or NWPC.

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21 f) **"The Boards"** shall refer to the various Regional Tripartite Wages and
22 Productivity Board or RTWPB per region.

23
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25 **SECTION 5. Coverage.** The wage increase prescribed in this Act shall apply to all
26 workers and employees in the private sector receiving the minimum wage in their
27 respective regions regardless of their position, designation or status, and
28 irrespective of the method by which their wages are being paid.

29
30 The P320.00 increase in the daily minimum wage will be applied across-the-board
31 in all the regions nationwide. This is to distribute and democratize the economic
32 wealth towards the attainment of inclusive development and shared prosperity and
33 to address the consequent reduction of poverty and widening social inequality
34 including the uneven development between regions of the country. The nationwide
35 minimum wage increase will also improve the quality of life of all workers while
36 contributing to economic pump-priming as the purchasing power of workers will be
37 enhanced.

38
39 **SECTION 6. The Right to Minimum Wage vis-a-vis an Actual Employer.** The
40 right of an employee of a manpower contractor to the payment of a minimum wage
41 and the prescribed increase as specified in section 7 shall also apply.

42
43 **SECTION 7. Increase of the Minimum Wage.** All employers shall pay an
44 additional P320 in the daily minimum wage of all workers in the private sector --
45 whether agricultural or non-agricultural -- regardless of employment status,
46 position, industry, enterprise size, mode of payment and region.

47
48 **SECTION 8. The New Daily Minimum Wage.** The new Daily Minimum Wage to
49 be taken into account for the purposes of this Act shall be the sum of the current
50 wage payable by an employer to its employee for an ordinary workday as is

1 customary at his place of employ and the P320.00 across-the-board and
2 nationwide increase mandated in this Act.

3
4 **SECTION 9. Calculation of the P320.00 increase in wages.** For the purpose of
5 this Act, the following wage components shall be taken into account based on the
6 March 2018 Nominal and Real Wages data in the National Capital Region by the
7 NWPC:

8
9 a) In April 2018, the inflation rate at the NCR was at 5.2%.

10 This increase in consumer prices requires a P26.24 increase in the MWE's
11 daily pay.

12
13 b) Due to the continuing increases in electricity, water, transportation, among
14 others, consumer prices are expected to rise further by another ten percent
15 (10%).

16
17 This would require an additional P51.2 adjustment in wages.

18
19 c) The real wage after Government Mandated Deductions is only P414.76, thus
20 an erosion of P35.15 per day and the need to revert it back to the MWEs'
21 purchasing power.

22
23 d) Workers have not been granted a real wage increase for the past 29 years
24 since 1989. It is only just that a P5.00 per year share as equity supplement
25 which is equivalent to P145 (P5.00 x 29 years).

26
27 e) The MWEs' daily wage of P512 per day only translates to P449.91, an erosion
28 of about P62.09, as per the NWPC March 2018 data.

29
30 Hence, the total amount of P319.68 or P320 as an increase in the minimum
31 wage of daily workers is needed if workers are to cope up with the spiraling costs
32 of basic goods and services.

33
34
35 **SECTION 10. No Reduction of the Daily Minimum Wage.** In no case shall the
36 amount of the Minimum Wage be reduced due to the updating thereof pursuant to
37 this Law.

38
39 **SECTION 11. No Diminution of Benefits.** Nothing in this Act shall be construed
40 to reduce any existing allowances and benefits of any form under existing laws,
41 decrees, issuances, executive orders, and/or under any contract or agreement
42 between the workers and employers.

43
44 **SECTION 12. Promulgation of the Daily Minimum Wage.** The Commission
45 through the various Regional Tripartite Wages and Productivity Boards shall
46 promulgate a notice regarding the new Minimum Wage pursuant to the provisions
47 of this Act.

1 **SECTION 13. Penal Provisions.** Any person, corporation, trust, firm, partnership,
2 association or entity which refuses or fails to pay any of the prescribed increases
3 or adjustments in the wage rates made in accordance with this Act shall be
4 punished by a fine not less than Two Hundred Thousand Pesos (P200,000.00)
5 and/or imprisonment of not less than one (1) year nor more than two (2) years;
6 Provided, that any person convicted under this Act shall not be entitled to the
7 benefits provided for under the Probation Law.

8
9 **SECTION 14. Separability Clause.** — If any provision of this Act or the application
10 of such provision to any person or circumstance is declared unconstitutional, the
11 remainder of this Act or the application of such provision to other persons or
12 circumstances shall not be affected by such declaration

13
14 **SECTION 15. Repealing Clause.** All laws, orders, issuances, rules and
15 regulations or parts thereof inconsistent with the provisions of this Act are hereby
16 repealed, amended or modified accordingly. In case any provision or part of this
17 Act, or the application thereof to any person or circumstance, is held invalid or
18 unconstitutional, the remainder of this Act or the application of such provision or
19 part thereof to other persons or circumstances shall not be affected thereby.

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21 **SECTION 16. Effectivity Clause.** — This Act shall take effect fifteen (15) days
22 after its publication in at least two (2) national newspapers of general circulation or
23 in the Official Gazette, whichever comes earlier.

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26 *Approved,*
27