

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

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 668



Introduced by Representatives Ron P. Salo

EXPLANATORY NOTE

The existing minimum wage of private sectors should be lifted in a level that will give every Filipino family a humane standard of living. Truly, it is the constitutional right of every Filipino to have a living wage sufficient to live decently. Yet, most of Filipinos never felt secured with this right. In fact, the latest Pulse Asia survey show that fifty percent (50%) of Filipinos felt that salary wage increase is the most urgent national concern.

Throughout the years, the government endeavors to improve the economy and uplift the lives of our people. Yet, the inclusive progress and development that is desired by everyone – both public and the private sectors – has remained elusive.

In July 1989, the Philippine Congress enacted into law Republic Act No. 6727 or the Wage Rationalization Act that established a new mechanism for minimum wage determination through the creation of the National Wages and Productivity Commission (NWPC) and the Regional Tripartite Wages and Productivity Boards (RTWPBs) that determine the standard prevailing minimum wages in all regions of the country. Yet, after several decades, private sector workers feel that these wage boards failed to maintain the minimum standards of living necessary for the health, efficiency and general well-being of the employees within the framework of the national economic and social development program.

Thus, it is proposed in this bill that the minimum wage be fixed at Six Hundred Fifty Pesos (PhP 650.00) for all workers in the private sector across the country. This will address the prevailing inequality and disparity in income levels of the different regions in the country. Furthermore, minimum wage earners outside Metro Manila may consider working in their respective localities since the minimum wage in their locations is the same with that of Metro Manila. This will somehow reduce the growth of human population in Manila, which happens to be the most preferred working location because of higher minimum wage, not to mention the availability of job opportunities.

Also in this measure, it is proposed that the power of the National Wages and Productivity Commission (NWPC) and the Regional Tripartite Wages and Productivity

Boards (RTWPBs) be limited in determining incomes and other productivity improvements on top of the national minimum wage. Their duty will primarily involve determining other incomes of the employees outside of the minimum set by this law. These incomes and other productivity improvements shall be used to augment the daily minimum wage based on prevailing conditions.

This measure will help our fellow Filipinos keep up with the inflation or the increase in the general price level of goods and guarantee a humane standard living for all, specially to lowliest and unprotected members of the workforce, by providing them real wage gains.

On a national scale, it aims to bolster the economy by providing a decent living wage for low-income workers, resulting to dynamic economic activity and to reduction of government welfare spending caused by reduced dependence to the income-support programs of the government.

In view of the foregoing, approval of this bill is urgently sought.


RON P. SALO
KABAYAN Partylist

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AN ACT
INSTITUTIONALIZING THE DAILY MINIMUM WAGE FOR PRIVATE SECTOR
WORKERS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6727,
OTHERWISE KNOWN AS THE WAGE RATIONALIZATION ACT, ARTICLES 121-127
OF PRESIDENTIAL DECREE NO. 442, AS AMENDED OTHERWISE KNOWN AS
THE LABOR CODE OF THE PHILIPPINES, AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. – This Act shall be known as the “Minimum Wage Act”.

SEC. 2. Declaration of Policy. – The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.

It is hereby declared the policy of the State to rationalize the fixing of minimum wages and to promote productivity-improvement and gain-sharing measures to ensure a decent standard of living for the workers and their families; to guarantee the rights of labor to its just share in the fruits of production; to enhance employment generation in the countryside through industry dispersal; and to allow business and industry reasonable returns on investment, expansion and growth.

SEC. 3. Objectives. –The Bill shall have the following objectives:

- a) To keep up with the inflation or the increase in the general price level of goods, the cost of fuel, energy and other basic commodities and services consistent with the principle of equal pay for work of equal value;
- b) To guarantee a humane standard living for all, specially to lowliest and unprotected members of the workforce, by providing them real wage gains;

- c) To bolster the economy by providing a decent living wage for low-income workers, resulting to dynamic economic activity and to reduction of government welfare spending caused by reduced dependence to the income-support programs of the government.

SEC 4. Definition of Terms. –

- a) "*Wage*" means all remuneration or earnings paid by an employer to a worker for services rendered on normal working days and hours but does not include cost-of-living allowances, profit sharing payments, premium payments, 13th month pay or other monetary benefits which are not considered as part of or integrated into the regular salary of the workers on the date the Act became effective;
- b) "*Minimum Wage*" means the lowest amount of wage permitted by law. It shall be computed on a per day basis;
- c) "*Incomes and productivity improvement*" means earnings of the employee on top of the minimum wage. It shall include, but not limited to, cost-of-living allowances, profit sharing payments, premium payments, 13th month pay or other monetary benefits which are not considered as part of or integrated into the regular salary of the workers.

SEC. 5. Minimum Wage. – The minimum wage for all workers in the private sector, whether agricultural or non-agricultural, shall be uniform throughout the country. It shall be fixed at *Six Hundred Fifty Pesos (PhP 650.00)*, consistent with the principle of equal pay for work of equal value. Provided, that succeeding increases shall be determined by the Secretary of Labor and Employment, in compliance with the provisions of this Act.

SEC. 6. Coverage. – This applies to all workers from the private sector, whether working as a regular, contractual, or casual employee, inclusive of both Non-agricultural and agricultural employment.

SEC. 7. Repeal of Article 99 of Presidential Decree No. 442. – Article 99 of Presidential Decree No. 442 which states that: "*Art. 99. Regional Minimum Wages. — The minimum wage rates for agricultural and non-agricultural employees and workers in each and every region of the country shall be those prescribed by the Regional Tripartite Wages and Productivity Boards,*" is hereby repealed upon the promulgation of this Act.

SEC. 8. Amendments to Articles 121-127 of Presidential Decree No. 442. – In line with the declared policy under this Act, Articles 121, 122, 123, 124, 126, and 127 are hereby incorporated into Presidential Decree No. 442, as amended, to read as follows:

"Art. 121. *Powers and Functions of the Commission.* — The Commission shall have the following powers and functions:

"(a) To act as the national consultative and advisory body to the President of the Philippines and Congress on matters relating to ~~wages, incomes and productivity~~ **INCOMES AND PRODUCTIVITY IMPROVEMENT ON TOP OF THE MINIMUM WAGE**;

"(b) To formulate policies and guidelines on ~~wages~~ incomes and productivity improvement at the enterprise, industry and national levels;

"(c) To prescribe rules and guidelines for the determination of appropriate ~~minimum-wage~~ **INCOME** and productivity measures at the regional, provincial or industry levels;

"(d) To review regional ~~wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT MEASURE** levels set by the Regional Tripartite Income and Productivity Boards to determine if these are in accordance with prescribed guidelines and national development plans;

"(e) To undertake studies, researches and surveys necessary for the attainment of its functions and objectives, and to collect and compile data and periodically disseminate information on ~~wages~~ **INCOME AND PRODUCTIVITY IMPROVEMENT MEASURES** and other related information, including, but not limited to, employment, cost-of-living, labor costs, investments and returns;

"(f) To review plans and programs of the Regional Boards to determine whether these are consistent with national development plans;

"(g) To exercise technical and administrative supervision over the Regional Boards;

"(h) To call, from time to time, a national tripartite conference of representatives of government, workers and employers for the consideration of measures to promote income rationalization and productivity; and

"(i) To exercise such powers and functions as may be necessary to implement this Act.

"The Commission shall be composed of the Secretary of Labor and Employment as ex-officio chairman, the Director-General of the National Economic and Development Authority (NEDA) as ex-officio vice-chairman, and two (2) members each from workers and employers sectors who shall be appointed by the President of the Philippines upon recommendation of the

Secretary of Labor and Employment to be made on the basis of the list of nominees submitted by the workers and employers sectors, respectively, and who shall serve for a term of five (5) years. The Executive Director of the Commission shall also be a member of the Commission.

"The Commission shall be assisted by a Secretariat to be headed by an Executive Director and two (2) Deputy Directors, who shall be appointed by the President of the Philippines, upon the recommendation of the Secretary of Labor and Employment.

"The Executive Director shall have the same rank, salary, benefits and other emoluments as that of a Department Assistant Secretary, while the Deputy Directors shall have the same rank, salary, benefits and other emoluments as that of a Bureau Director. The members of the Commission representing labor and management shall have the same rank, emoluments, allowances and other benefits as those prescribed by law for labor and management representatives in the Employees' Compensation Commission.

"Art. 122. *Creation of Regional Tripartite Wages **INCOME AND PRODUCTIVITY** BOARDS.* — There is hereby created Regional Tripartite Wages **INCOME AND PRODUCTIVITY** Boards, hereinafter referred to as Regional Boards, in all regions, including autonomous regions as may be established by law. The Commission shall determine the offices/headquarters of the respective Regional Boards.

"The Regional Boards shall have the following powers and functions in their respective territorial jurisdiction:

"(a) To develop plans, programs and projects relative to wages incomes and productivity improvement for their respective regions on top of the minimum wage;

~~"(b) To determine and fix minimum wage rates applicable in their region, provinces or industries therein and to issue the corresponding wage orders, subject to guidelines issued by the Commission;~~

"(b) To undertake studies, researches and surveys necessary for the attainment of their functions, objectives and programs, and to collect and compile data on wages incomes, productivity improvements and other related information and periodically disseminate the same;

"(c) To coordinate with the other Regional Boards as may be necessary to attain the policy and intention of this Code; AND

~~"(e) To receive, process and act on applications for exemption from prescribed wage rates as may be provided by law or any Wage Order; and~~

"(d) To exercise such other powers and functions as may be necessary to carry out their mandate under this Code.

Implementation of the plans, programs and projects of the Regional Boards referred to in letter (a) of this Article, shall be through the respective regional offices of the Department of Labor and Employment within their territorial jurisdiction; Provided, however, That the Regional Boards shall have technical supervision over the regional office of the Department of Labor and Employment with respect to the implementation of said plans, programs and projects.

"Each Regional Board shall be composed of the Regional Director of the Department of Labor and Employment as chairman, the Regional Directors of the National Economic and Development Authority and the Department of Trade and Industry as vice-chairmen and two (2) members each from workers and employers sectors who shall be appointed by the President of the Philippines, upon the recommendation of the Secretary of Labor and Employment, to be made on the basis of the list of nominees submitted by the workers and employers sectors, respectively, and who shall serve for a term of five (5) years.

"Each Regional Board to be headed by its chairman shall be assisted by a Secretariat.

"Art. 123. ~~Wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT** Order. — Whenever conditions in the region so warrant, the Regional Board shall investigate and study all pertinent facts; and based on the standards and criteria herein prescribed, shall proceed to determine whether an ~~Wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT** Order should be issued. Any ~~Wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT** Order shall take effect after fifteen (15) days from its complete publication in at least one (1) newspaper of general circulation in the region.

"In the performance of its ~~wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT** determining functions, the Regional Board shall conduct public hearings/consultations, giving notices to employees' and employers' groups, provincial, city and municipal officials and other interested parties.

"Any party aggrieved by the ~~Wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT ORDER** issued by the Regional Board may appeal such order to the Commission within ten (10) calendar days from the publication of such order. It shall be mandatory for the Commission to decide such appeal within sixty (60) calendar days from the filing thereof.

"The filing of the appeal does not stay the order unless the person appealing such order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for the payment to the employees

affected by the order of the corresponding increase, in the event such order is affirmed."

"Art. 124. *Standards/Criteria for ~~Minimum-wage~~ INCOME AND PRODUCTIVITY IMPROVEMENT Fixing.* — **ON TOP OF THE NATIONAL MINIMUM WAGE**, the regional ~~minimum-wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT** to be established by the Regional Board shall be as nearly adequate as is economically feasible to maintain the minimum standards of living necessary for the health, efficiency and general well-being of the employees within the framework of the national economic and social development program. In the determination of such regional minimum income and productivity improvement, the Regional Board shall, among other relevant factors, consider the following:

- "(a) The demand for ~~living-wages~~ **SUFFICIENT DAILY LIVING INCOME**;
- "(b) Adjustment vis-a-vis the consumer price index;
- "(c) The cost of living and changes or increases therein;
- "(d) The needs of workers and their families;
- "(e) The need to induce industries to invest in the countryside;
- "(f) Improvements in standards of living;
- "(g) The prevailing ~~wage~~ **INCOME** levels;
- "(h) Fair return of the capital invested and capacity to pay of employers;
- "(i) Effects on employment generation and family income; and
- "(j) The equitable distribution of income and wealth along the imperatives of economic and social development.

"Art. 126. *Prohibition Against Injunction.* — No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Commission or the Regional Boards."

"Art. 127. *Non-diminution of Benefits.* — No ~~Wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT** Order issued by any Regional Board shall provide for ~~wage~~ **INCOME AND PRODUCTIVITY IMPROVEMENT** rates lower than the statutory minimum wage rates prescribed by Congress."

SEC. 9. Exception: Excluded from the provisions of this Act are domestic helpers and persons employed in the personal service of another including family drivers.

The Department of Labor and Employment may, upon application by an employer in the retail business regularly employing not more than ten (10) workers, grant him exemption from compliance with the provisions of this Act.

SEC. 10. Implementing Agency. The Department of Labor and Employment through its Secretary shall have the power to increase the minimum wage for private sector workers *motu proprio* when conditions so warrant, or upon petition of any labor unit.

The Department shall conduct research and evaluation as well as public hearings and consultations and shall ask supporting documents relative to the appealed increase. The Department shall also have the following powers and functions relative to the establishment and implementation of a national minimum wage in the private sectors:

- (a) To develop plans, programs and projects relative to wages, incomes and productivity improvement on a National level;
- (b) To determine and fix minimum wage rates applicable in all industries in the country and to issue the corresponding wage orders together with their guidelines;
- c. To conduct researches and surveys necessary for the attainment of their functions, objectives and programs, and to collect and compile data on wages, incomes, productivity and other related information and periodically disseminate the same;
- (d) To receive, process and act on applications for exemption from prescribed wage rates as may be provided by law or any Wage Order; and
- (e) To exercise such other powers and functions as may be necessary to carry out their mandate under this Code.

SEC. 11. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the Department of Labor and Employment, Department of Budget and Management, Department of Finance, Department of Interior and Local Government, and other affected agencies, shall issue the implementing Rules and Regulations for the immediate implementation of this Act.

SEC 12. Prohibited Acts. – It shall be unlawful for any person, corporation, trust, firm, partnership, association or entity, directly or indirectly, to refuse to comply with the provisions of this Act or to refuse or to fail to pay any of the prescribed increases or adjustments in the wage rate as mandated by this Act.

SEC. 13. Penalties. – 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 exceeding Fifty thousand pesos (P50,000.00) and/or imprisonment of not less than one (1) year nor more than two (2) years.

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

SEC. 14. Appropriations. – The amount necessary to carry out the implementation of this Act shall be taken from any available funds in the National Treasury for current fiscal year, thereafter, such sums as may be needed for its full implementation shall be included in the annual General Appropriations Act.

SEC. 15. Separability Clause. – If any provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain valid.

SEC. 16. Repealing Clause. – All acts, executive orders, administrative orders, proclamations, rules and regulations or parts thereof inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

SEC. 17. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved.