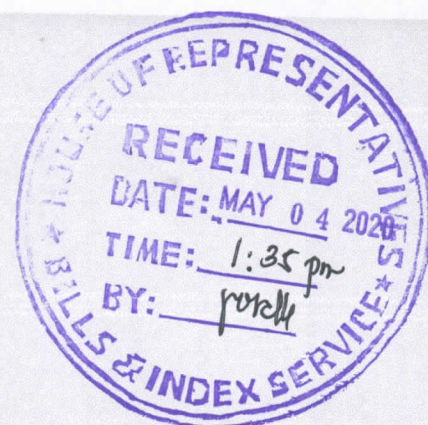


REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6668



Introduced by
Pangasinan 5th District Representative HON. RAMON V. GUICO III &
Cagayan 3rd District Representative HON. JOSEPH "JOJO" L. LARA

EXPLANATORY NOTE

With the National Capital Region (NCR), the center of trade and commerce in the country, placed under Enhanced Community Quarantine (ECQ) together with the whole of Luzon, daily business operations had either been severely reduced or totally disrupted. As a consequence, many Filipinos have gone out of work and thousands had since returned or has been constantly trying to return to their home provinces. These developments had highlighted to a great extent two of the most pressing issues of the country: the extreme congestion of Metro Manila, which most certainly, exacerbated the spread of COVID-19; and the dismal lack of job opportunities in many regions outside the NCR.

In response to this emerging reality and in anticipation of the "new normal" post-pandemic, the government touted the *Balik-Probinsya* program as the panacea both to the dearth of opportunities in the provinces and the increasingly claustrophobic metropolis. It would be no exaggeration to say that the program is gaining traction in all levels of government and even among the general population, which in itself is a moral victory, but its success in practice would depend on how the government can make employment in the provinces appealing enough so that people would not only choose to stay there, but be better off because of it.

One of the reasons why many Filipinos opt to brave the perils of moving to Metro Manila is the glaring disparity between the wages paid in the capital region and those of the other regions. Simply put, staying in the provinces just doesn't pay enough considering the rising costs of living in the country. The system of regional wage boards was supposed to rationalize the wages across the regions. It was meant to respond to evolving economic realities and adjust wage rates so workers remain fairly compensated, but the realities on the ground offer a different perspective. To illustrate, as of March 2020, the current real minimum wage rate for NCR is at P449.75 in the non-agriculture sectors; and for both plantation and non-plantation agriculture, the rate is at 418.76. For BARMM, which is one of the country's poorest regions, the rate is at 251.94 for non-agriculture and 232.56 for both plantation and non-plantation agriculture. The difference between the region's respective wage rates is almost double and a similar trend can be observed when looking across the current minimum wage rate board. Furthermore, it can also be inferred from such a trend that the regions with the lowest minimum wage rates are also the poorest and most underperforming. Add the fact that there is not any statistically significant variation between the

market prices of basic commodities between the regions and the effectiveness and the very purpose of the regional wage boards will now crumble in full.

Common sense dictates that without the prospect of growth, people leave the provinces; and the provinces, without the human capital needed for it to develop, gets trapped in this vicious cycle of poverty. It is therefore imperative for the government to break this cycle and breathe new life to the provinces by first equalizing wages across all regions through the establishment of a general minimum wage rate in order to incentivize working in the provinces.

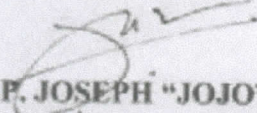
More importantly Filipino workers, regardless of where they are stationed, shall not feel as if the value of their labor is less than that of another. Work in Metro Manila and between any other province in particular are both important undertakings critical to national and local development and should therefore be compensated fairly and equally.

The *Balik Probinsya* program is certainly a worthwhile endeavor and while, without a shadow of a doubt, there are plenty of moving parts to assemble for this program to truly work, this proposed legislation will steer the program in the right direction. With the government set to roll out mega infrastructure projects throughout the country, it would be timely to provide for a general minimum wage for all regions—capitalizing on the fact that many of our workers had returned to their hometowns. No longer will they be compelled to leave again, since the government's programs shall entice them to stay.

As such, under this Act, the Regional Tripartite Wages Productivity Board is hereby abolished, establishing in its stead a general minimum wage rate for all regions, the amount of which will be pegged on the current minimum wage rate for the National Capital Region through a wage order issued at the time of the Act's effectivity. In lieu of the RTWPB, the National Wages Productivity Commission shall undertake an expanded role with the issuance of wage orders to adjust the general minimum wage rate every three (3) years, provided that the general minimum wage rate shall not be adjusted lower than the amount prescribed by the Commission in the initial wage order the Commission will issue upon the effectivity of this Act. Moreover, the National Tripartite Conference shall hereby play a more critical role in the adjustment of the general minimum wage. Finally, stiffer penalties are to be imposed for those who shall violate the law.

In view of the foregoing, the immediate approval of this measure is earnestly sought.


REP. RAMON V. GUICO III, DPM
5TH District Pangasinan


REP. JOSEPH "JOJO" L. LARA
3RD District Cagayan

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AN ACT
ESTABLISHING A GENERAL MINIMUM WAGE RATE FOR PRIVATE SECTOR
WORKERS AMENDING FOR THIS PURPOSE PRESIDENTIAL DECREE NO. 442,
OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, AS
AMENDED

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

1 **SECTION 1. Short Title.** – This Act shall be known as the "General Minimum Wage
2 **Act."**

3 **SEC. 2. Declaration of Policy.** – Article XIII, Sec. 3 of the 1987 Constitution entitle
4 workers to security of tenure, humane conditions of work, and a living wage. In recognition of
5 this, the State shall hereby adopt a general minimum wage for private sector workers with the goal
6 of eradicating regional wage disparities and improving workers' living standards throughout all
7 the regions of the country.

8 **SEC. 3.** Chapter II, Article 99 of the Labor Code of the Philippines is hereby amended to
9 read as follows:

10 "ART. 99. [Regional] **GENERAL Minimum Wage[s].** – The **GENERAL**
11 minimum wage [rates] for **ALL** agricultural and non-agricultural employees and
12 workers in each and every region of the country shall be [those] **THAT** prescribed
13 by the [Regional Tripartite Wages and Productivity Board] **THE NATIONAL**
14 **WAGES PRODUCTIVITY COMMISSION.**"

15 **SEC. 4.** Chapter V, Article 121 of the Labor Code of the Philippines is hereby amended to
16 read as follows:

17 "xxx

1 (c) To [prescribe] **ADOPT** rules and guidelines for the determination of **THE**
2 appropriate **GENERAL** minimum wage and productivity measures [at the
3 regional, provincial, or industry levels];

4 (d) To [review regional wage levels set by the Tripartite Wages and Productivity
5 Boards to] determine [if these are] **AND FIX, IN ACCORDANCE WITH THE**
6 **COMMISSION'S GUIDELINES AND NATIONAL DEVELOPMENT**
7 **PLANS, THE GENERAL MINIMUM WAGE AND ISSUE THE**
8 **CORRESPONDING WAGE ORDERS EVERY THREE (3) YEARS.**

9 (e) xxx

10 [(f) To review plans and programs of the Regional Tripartite Wages and
11 Productivity Boards to determine whether these are consistent with national
12 development plans.]

13 [(g) To exercise technical and administrative supervision over the Regional
14 Tripartite Wages and Productivity Boards.]

15 [(h)] **(F)** To call, [from time to time] **EVERY THREE (3) YEARS**, a national
16 tripartite conference of representatives of government, workers, and employers for
17 the deliberation of **ADJUSTING THE AMOUNT OF THE GENERAL**
18 **MINIMUM WAGE** [and], **INCLUDING MEASURES WHICH PROMOTE**
19 **PRODUCTIVITY AND THE WELFARE OF WORKERS AND**
20 **EMPLOYEES; and**

21 [(i)] **(G)** To exercise such powers and functions as may be necessary to implement
22 this Act.

23 xxx"

24 **SEC. 5. Abolition of the Regional Tripartite Wages and Productivity Board.** – Article
25 122 of the Labor Code of the Philippines is hereby repealed. The Regional Tripartite Wages and
26 Productivity Boards (RTWPB) created by virtue of Republic Act No. 6727, otherwise known as
27 the Wage Rationalization Act is hereby abolished.

28 **SEC. 6.** Chapter V, Article 123 of the Labor Code of the Philippines shall hereby be
29 amended to read as follows:

30 "ART. 123. Wage Order. – [Whenever conditions in the region so warrant,] [t]The
31 **COMMISSION** shall investigate and study all pertinent facts **IN THE**
32 **DELIBERATIONS OF THE TRI-ANNUAL NATIONAL TRIPARTITE**
33 **CONFERENCE; and based on the standards and criteria herein prescribed**
34 **EXAMINE WHICH AMOUNT OF THE GENERAL MINIMUM WAGE**
35 **CAN SUITABLY CONTRIBUTE TO PROVIDING WORKERS WITH AN**
36 **APPROPRIATE MINIMUM LEVEL OF PROTECTION CONSIDERING**

1 PREVAILING ECONOMIC CONDITIONS, TO ENABLING FAIR AND
2 FUNCTIONING CONDITIONS OF COMPETITION, AND TO NOT
3 JEOPARDIZING EMPLOYMENT. WHEN SETTING THE GENERAL
4 MINIMUM WAGE, THE COMMISSION SHALL SUBSEQUENTLY BE
5 GUIDED BY COLLECTIVE BARGAINING DEVELOPMENTS. Any such
6 Wage Order SHALL BE ISSUED EVERY THREE (3) YEARS AND shall take
7 effect after fifteen (15) days from its complete publication in at least one (1)
8 newspaper of general circulation [in the region].

9 THE COMMISSION SHALL REGULARLY EVALUATE THE IMPACT
10 OF THE GENERAL MINIMUM WAGE IN RESPECT OF THE
11 PROTECTION OF WORKERS, CONDITIONS OF COMPETITION,
12 EMPLOYMENT WITH REGARD TO CERTAIN INDUSTRIES AND
13 REGIONS, AS WELL AS PRODUCTIVITY. THE COMMISSION SHALL
14 FURNISH THE OFFICE OF THE PRESIDENT OF THE PHILIPPINES AS
15 WELL AS BOTH HOUSES OF CONGRESS A REPORT OF ITS FINDINGS
16 EVERY THREE (3) YEARS.

17 [In the performance of its wage-determining functions, the Regional Board shall
18 conduct public hearings/consultations, giving notices to employees' and
19 employers' groups, provincial, city, and municipal officials and other interested
20 parties.]

21 Any party aggrieved by the Wage Order issued by the [Regional Board]
22 COMMISSION may appeal such order to the Commission within ten (10)
23 calendar days from the publication of such order. It shall be mandatory for the
24 Commission to decide such appeal within [sixty (60)] **THIRTY (30)** calendar days
25 from the filing thereof.

26 xxx"

27 SEC. 7. Chapter V, Article 124 of the Labor Code of the Philippines is hereby amended to
28 read as follows:

29 "ART. 124. Standards/Criteria for Minimum Wage Fixing. - The [regional]
30 **GENERAL** minimum wage[s] to be established [by the Regional Board] shall be
31 as [nearly] adequate as is economically feasible to maintain the minimum standards
32 of living necessary for the **GOOD** health, efficiency, **FULFILLMENT** and
33 general well-being of the employees **AND THEIR FAMILY** within the
34 framework of the national economic and social development program. In the
35 determination of such **GENERAL** minimum wage, **THE COMMISSION** shall,
36 among other relevant factors, consider the following:

37 (a) The demand for [living wages] **A FAMILY WAGE**;

(b) [Wage adjustment vis-à-vis the consumer price index] **THE NEED TO SAVE A SMALL MARGIN OF INCOME FOR SOCIAL SECURITY AND EMERGENCIES;**

(c) [The cost of living and changes or increases therein] **WAGE ADJUSTMENT VIS-À-VIS THE CONSUMER PRICE INDEX;**

(d) **COST OF LIVING AND CHANGES OR INCREASES THEREIN;**

(e) The need to [induce industries to invest] **ENCOURAGE WORKERS TO WORK WITH EFFICIENCY AND EXCELLENCE;**

(f) Improvements in standards of living;

[(g)] The prevailing wage levels;

(G) Fair return of the capital invested and capacity to pay of employers;

(H) Effects on employment generation and family income; and

(I) The equitable distribution of income and wealth along the imperatives of economic and social development.

[The wages prescribed in accordance with the provisions of this Title shall be the standard prevailing minimum wages in every region. These wages shall include wages varying with industries, provinces or localities if in the judgment of the Regional Board, conditions make such local differentiation proper and necessary to effectuate the purpose of this Title.]

Any person, company, corporation, partnership or any other entity engaged in business shall file and register annually with the [appropriate Regional Board] Commission and the [National Statistics Office] **PHILIPPINE STATISTICS AUTHORITY**, an itemized listing of their labor component, specifying the names of their workers and employees below the managerial level, including learners, apprentices and disabled/handicapped workers who were hired under the terms prescribed in the employment contracts, and their corresponding salaries and wages.

Where the application of any prescribed wage increases by virtue of a law or wage order issued by [any Regional Board] **THE COMMISSION** results in distortions of the wage structure within an establishment, the employer and the union shall negotiate to correct the distortions. Any dispute arising from wage distortions shall be resolved through the grievance procedure under their collective bargaining agreement and, if it remains unresolved, through voluntary arbitration. Unless otherwise agreed by the parties in writing, such dispute shall be decided by the voluntary arbitrators within ten (10) calendar days from the time said dispute was referred to voluntary arbitration.

xxx"

SEC. 8. Amount of the General Minimum Wage. – Upon effectivity of this Act, the Commission shall issue a wage order, which will be effective fifteen (15) days after its publication in two (2) newspapers of general circulation, regarding the adjustment of the minimum wage to reflect that of the current real minimum wage for the National Capital Region (NCR.) Thereafter,

1 the COMMISSION shall issue wage orders with respect to the adjustment of the amount of the
2 general minimum wage every three (3) years. *Provided*, That subsequent adjustments of the
3 general minimum wage shall not be lower the amount prescribed by the Commission in the initial
4 wage order it will issue upon the effectivity of this Act.

5
6 No part of this Act shall be construed as to prejudice other wage increases through
7 collective bargaining.

8
9 **SEC. 9. Prohibitions on Layoffs and Downsizing.** – Any private company, corporation,
10 partnership, or any other private entity engaged in business that will resort to laying-off workers
11 or downsizing as a response to the payment of wage increases arising from the establishment of
12 the general minimum wage shall be held in violation of the law and be penalized accordingly.

13
14 **SEC. 10. Penalties.** – Section 12 of Republic Act No. 6727, as amended by Republic Act
15 No. 8188 is hereby further amended to read as follows:

16
17 “Section 12. Any person, corporation, trust, firm, partnership, association, or entity
18 which refuses or fails to pay their workers the national minimum wage set herein
19 and any of the succeeding legislated wage increases or adjustments with this Act
20 shall be punished by a fine of not less than [Twenty-five thousand pesos
21 (P25,000.00)] **ONE HUNDRED AND FIFTY THOUSAND PESOS**
22 **(P150,000.00)** nor more than [One hundred thousand pesos (P100,000.00)]
23 **THREE HUNDRED THOUSAND PESOS (P300,000.00)** and imprisonment of
24 not less than two (2) years nor more than four (4) years[, or both such fine and
25 imprisonment at the discretion of the court]. *Provided*, That any person convicted
26 under this Act shall not be entitled to the benefits provided under the Probation
27 Law.

28
29 The employer concerned shall be ordered to pay an amount equivalent to double
30 the unpaid benefits owing to the employees: *Provided*, That payment of indemnity
31 shall not absolve the employer from the criminal liability imposable under this Act.

32
33 **FURTHERMORE, THE BUSINESS PERMIT OF THE VIOLATING**
34 **ENTITY SHALL BE SUSPENDED FOR A PERIOD OF SIX (6) MONTHS**
35 **FOR THE FIRST OFFENSE; ONE (1) YEAR FOR THE SECOND**
36 **OFFENSE; AND THE REVOCATION OF THE OFFENDER'S BUSINESS**
37 **PERMIT ON THE THIRD AND FINAL OFFENSE.**

38
39 xxx”
40

41 **SEC. 11. Repealing Clause.** – All laws, decrees, executive orders or parts thereof
42 inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

43 **SEC. 12. Separability Clause.** – If any part or provision of this Act is declared invalid or
44 unconstitutional, the other parts not otherwise affected shall remain in full effect and force.

1 **SEC. 13. Effectivity.** – This Act shall take effect fifteen (15) days after its complete
2 publication in at least two (2) newspapers of general publication.

Approved,