

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

NINETEENTH CONGRESS
First Regular Session

7568
HOUSE BILL NO.



Introduced by Honorable Representatives
ARLENE D. BROSAS (Gabriela Women's Party);
FRANCE L. CASTRO (ACT Teachers Partylist);
and **RAOUL DANNIEL A. MANUEL** (Kabataan Partylist)

AN ACT MANDATING A SEVEN HUNDRED FIFTY PESOS (P750.00) ACROSS-THE-BOARD AND NATIONWIDE INCREASE IN THE SALARY RATES OF EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Wages are supposed to represent the commodity price of labor power. But it is one of the injustices of our times that unlike other commodities whose prices automatically move up the baseline according to the swings in the market, workers have to fight for a significant wage increase while the government ties its hands even in the face of historic surges in inflation data.

During the first year of the COVID-19 pandemic, average nominal wages were even slashed significantly on the whole. Average monthly wage rate of time-rated workers on full-time basis in the Philippines was recorded at PhP 16,486 in 2020, a 9.0 percent nominal decrease from the PhP18,108 posted in 2018 according to the 2020 Occupational Wages Survey. This points to a glaring contraction of the workers' nominal wages in the midst of the pandemic and economic paralysis, and consequently to a huge contraction of the real value of workers' wages.

While the minimum wages in the 17 regions increased by hesitant small steps since the inception of the regional wage boards, the prices of basic goods and services increased by wild leaps and bounds across the country, unobstructed by any government intervention. This resulted in a widening gap between minimum wage and cost of living.

As economic activities resumed and as oil companies capitalized on the Russian-Ukraine crisis to artificially jack up local pump prices, the country's inflation rate soon skyrocketed to record highs. The annual inflation rate in the Philippines climbed to a 14-year-high of 8.7% in January 2023, from 8.1% in the previous month and well above market expectations of 7.7%. The January inflation data pointed to the highest level since November 2008, mainly prompted by rising prices of housing, electricity, gas, and other fuels (8.5% vs 7% in December 2022). Additional upward pressures came from costs of food & non-alcoholic beverages (10.7% vs 10.2%) and restaurants & accommodation services (7.6% vs 7%). Meanwhile, the core inflation, which excludes foods and fuels, increased to 7.4% year-on-year from 6.9% in

December 2022. On a monthly basis, consumer prices accelerated by 1.7%, the largest growth since January 2000.

In the latest report by the Philippine Statistics Authority (PSA), inflation remained high in February 2023 at 8.6 percent. While headline inflation eased slightly, core inflation, which excludes volatile items like food and fuel, rose to 7.8 percent in February from 7.4 percent in January, and 1.9 percent in February last year.

In the midst of this worsening economic situation, workers wages remain meager, hindering workers from providing a decent living for their families and from attaining their constitutional right to a living wage.

The living wage, as defined by the National Wages and Productivity Commission (NWPC), is: “the amount of family income needed to provide for the family’s food and non-food expenditures with sufficient allowance for savings/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.”

According to think tank IBON Foundation, the P570 minimum wage in Metro Manila, the highest regional minimum wage in the country, is only 49.1 percent of the P1,161 family living wage in the region as of January 2023. In the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), which has the lowest minimum wage, the P341 basic daily pay is only P17.5 percent of the region’s family living wage of P1,944. The real value of these minimum wages have continued to fall and are down to P482 for Metro Manila and P285 for BARMM, measured at 2018 prices.

Using the January 2023 inflation data, the average gap in the current regional wage rates and the regional family living wage stands at P750, with the minimum wage-family living wage gap highest in the BARMM at P1,603, followed by the P880-gap in Region IX. This yawning average minimum wage-family living wage gap of P750 across regions starkly represents the vast sea of unfulfilled basic necessities of ordinary Filipino families, which the national government should urgently address through substantial wage increases amid historic inflationary surges.

For 2023, the Marcos Jr. administration even gave the greenlight for the increase in monthly mandatory contributions for the Social Security System (SSS) and PAG-IBIG, while temporarily holding off the increases in the contributions for Philippine Health Insurance Corp. (PhilHealth). These increases in state exactions have further trimmed the daily take-home pay of workers and further diminished the chances of minimum wage earners of bringing home a decent meal for their families.

Workers groups have argued that, among the factors to consider in the determination of minimum wages, wage boards should give more weight on “the demand for living wages”, especially since workers’ actual conditions show us that the current minimum wage rates barely enable working class families to escape or stay above mere subsistence.

As legislators, we must consider the proposals being forwarded by workers groups since it comes from their concrete situation.

Workers ought to receive higher remuneration for all their hard work. If the Constitution guarantees that workers ought to receive their just share in the fruits of production, then it should be reflected in the wages they receive.

Data shows that labor productivity has increased over the years. The World Bank's Development Indicators showed that labor productivity in the Philippines—computed as GDP divided by total employment—is \$21,350¹ (or Php1,051,487²) in 2021. This is, however, lower than the East Asia and Pacific's average of \$35,940 (Php1,770,045) and the world average of \$41,353 (Php2,036,635) in 2021. Meanwhile, the Philippine Statistics Authority's (PSA) latest labor productivity data (2018) shows that labor productivity across all sectors stands at Php423,408.³

Increased labor productivity has not resulted to higher wages. In contrast, it provided higher profits for big businesses and the further concentration of wealth to a few.

According to the *BusinessWorld Top 1000 Corporations in the Philippines* report, the aggregate gross revenue of the top companies jumped 17.5% in 2021 (or P13.44 trillion), from the P11.44 trillion posted during the height of the pandemic in 2020. This was the fastest gross revenue growth since the 24.4% expansion recorded in 2001. The top corporations' combined net income surged 121.5% to P1.82 trillion in 2021, from P820.17 billion in the year prior. This profit growth was the biggest since the 160.3% rise seen in 2005.⁴

Medium and large enterprises account for around 42% of total employment, while micro and small enterprises account for the rest.⁵ In terms of revenue and income, medium and large enterprises are relatively stable and can cope with giving their workers higher wages. Large enterprises have also heavily benefitted from the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act due to lower corporate income taxes and re, but this has hardly translated to higher wages for workers. Pangilinan-led telecommunications giant PLDT, for instance, reported P900 million in savings from the lowered income tax and revised incentives. Po family-led Century Pacific Food Inc. likewise reported that it benefitted from the implementation of CREATE, as well as from an income tax holiday on its new tuna plant.⁶

Meanwhile, we recognize the impact of mandating wage increases on micro and small businesses which is why the government must act by providing wage subsidies to ensure that their workers receive fair wages while ensuring the survival of their businesses.

We have to counter the argument that wage hikes are inflationary. Various economists have already said this to be false. On the contrary, increasing wages has a strong economic multiplier effect. For one, low-income wage workers tend to spend most of what they earn because they are starting from low levels of consumption – as opposed to profits which are often saved and accumulated. Second, wage increases will be spent locally and on MSMEs including informal enterprises in their communities – thus spurring local economic activity which helps small businesses and induce job generation. Third, low-income families spend

¹ In constant 2017 PPP \$. Retrieved from: <https://databank.worldbank.org/source/world-development-indicators#>.

² Multiplied by 2021 BSP average PHP to USD exchange rate of P49.25.

³ Retrieved from: <https://psa.gov.ph/labor-productivity>

⁴ See: <https://www.bworldonline.com/top-stories/2023/01/03/496154/philippines-top-1000-corporations-bounced-back-in-2021/>

⁵ 2021 data from the Department of Trade and Industry (DTI) and the Philippine Statistics Authority (PSA). See: [https://dtiwebfiles.s3.ap-southeast-](https://dtiwebfiles.s3.ap-southeast-1.amazonaws.com/BSMED/MSME+2021+Statistics/2021+Philippine+MSME+Statistics+in+Brief.pdf)

[1.amazonaws.com/BSMED/MSME+2021+Statistics/2021+Philippine+MSME+Statistics+in+Brief.pdf](https://dtiwebfiles.s3.ap-southeast-1.amazonaws.com/BSMED/MSME+2021+Statistics/2021+Philippine+MSME+Statistics+in+Brief.pdf)

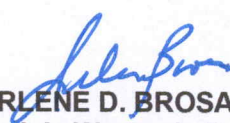
⁶ <https://www.philstar.com/business/2021/08/09/2118532/create-law-pushes-corporations-earnings-results-higher>

around 48% of their income on food – meaning increased spending on food will stimulate demand and economic activity in the countryside.

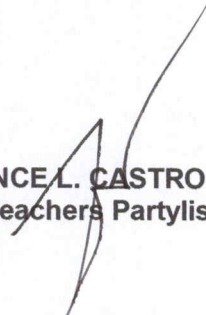
Amid this bleak situation, granting a P750.00 across-the-board nationwide increase in the salary rates of private sector workers becomes extremely urgent to close the gap between the current minimum wage and the calculated family living wage across regions. This will bring direct and concrete relief not just to millions of minimum wage earners but also to workers in other wage classifications, and will be largely felt even by non-wage earners due to the wage hike's multiplier effect.

This proposed wage increase bill should be certified as urgent by President Marcos Jr. Legislating a significant wage increase is long overdue, especially under the current dire circumstances.

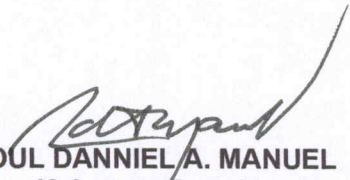
Approved,



ARLENE D. BROSAS
Gabriela Women's Party



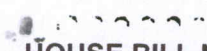
FRANCE L. CASTRO
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AN ACT MANDATING A SEVEN HUNDRED FIFTY PESOS (P750.00) ACROSS-THE-BOARD INCREASE IN THE SALARY RATES OF EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR TO ATTAIN A LIVING WAGE, AND FOR OTHER PURPOSES

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 “P750 Across-the-Board Nationwide Daily Wage Increase Act.”

Section 2. Declaration of Policy. – It is hereby the policy of the State to enable workers to attain a living wage, and protect and enhance the right of all people to human dignity, reduce political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good. The State shall promote social justice through the adoption of measures calculated to ensure the well-being and economic security of all members of the community.

Section 3. Definition of Terms. – For the purposes of this Act, the terms used herein shall mean as follows:

- a) “Living Wage” shall refer to the amount needed to provide for the family’s food and non-food expenditures with sufficient allowance for savings/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.
- b) Daily Minimum Wage or DMW shall refer to the statutory minimum wage paid to workers on a daily basis in the private sector regardless of employment status, position, industry, enterprise size, mode of payment and region
- c) “The Department” shall refer to the Department of Labor and Employment or DOLE

Section 4. Coverage. The wage increase prescribed in this Act shall apply to all workers and employees in the private sector, whether agricultural or non-agricultural, plantation-based or non-plantation-based, including those employed in Special Economic Zones (SEZs) and Freeport Zones, regardless of their position, designation or status, and irrespective of the method by which their wages are being paid. The increase in the daily salary rates shall be applied across-the-board in all regions.

This Act shall also cover workers employed in licensed job contractors, manpower agencies and other analogous entities.

Section 5. Increase of the Salary Rate. All employers in the private sector, whether agricultural or non-agricultural, shall pay a Seventy Hundred Fifty Pesos (PhP750.00) across-the-board wage increase in the daily wage and salary rates of workers – regardless of employment status and position of workers and regardless of the industry classification and location of the enterprise.

Section 6. The New Daily Minimum Wage. The new Daily Minimum Wage to be taken into account for the purposes of this Act shall be the sum of the current daily wage payable by an employer to its employee for an ordinary workday as it customary at his place of employ and the P750.00 across-the-board and nationwide increase mandated in this Act.

Section 7. Non-Diminution of Benefits. Nothing in this Act shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between the workers and employers.

Section 8. Credible Wage Increase. No wage increase arising from collective bargaining agreements shall be credited as compliance with the minimum wage increases prescribed under the Act, except when such wage increase was granted in anticipation of the legislated across-the-board wage increase under this Act; Provided further, That where such anticipated increase is less than the prescribed increase under this Act, the employer shall pay the difference. Provided finally, That such increases shall not include anniversary wage increases, merit wage increases, and those resulting from the regularization or promotion of employees.

Section 9. Implications on learners, apprentices and workers paid by results. All workers paid by result, including those who are paid on piecework, takay, pakyaw or task basis, shall receive not less than the prescribed new daily minimum wage upon per eight (8) hours of work or a portion thereof for the hours worked or outputs produced.

All recognized learnership and apprenticeship agreements shall be considered automatically modified insofar as their wage clauses are concerned to reflect the prescribed national minimum wage.

Section 10. Prohibition on layoffs and downsizing. It shall be unlawful for a company, corporation, partnership or any other entity engaged in business to lay off workers or resort to

downsizing on the mere basis of complying to the payment of mandated wage increases arising from the effectivity of this Act.

Section 11. Wage subsidies. Micro- and small- enterprises, and small landowners owning not more than five (5) hectares of agricultural land and relying on agricultural workers, who may not be able to afford the P750.00 daily wage increase may apply for wage subsidies which shall be a fraction thereof, subject to the implementing rules and regulations (IRR) of this Act, until such time that the enterprise can fully shoulder the new daily minimum wage. Provided, That applicants to the wage subsidy program must implement the full mandated across-the-board wage increase as pre-condition for the subsidy.

The amount necessary for the funding of wage subsidies shall be included in the annual appropriations of the Department of Labor and Employment (DOLE).

Section 12. Inspection. The Department of Labor and Employment shall, upon approval of this Act, conduct inspection of the payroll and other financial records kept by the company or business to determine whether the workers are paid the mandated across-the-board wage increase and other benefits granted by law. In unionized companies, the DOLE labor inspectors shall always be accompanied by the president or any responsible officer or the recognized bargaining unit or of any interested union in the conduct of the inspection. In non-unionized companies, establishments or businesses, the inspection should be carried out in the presence of a worker representing the workers in the said company. The workers' representative shall have the right to submit his own findings to the Department and to testify on the same if he does not concur with the findings of the labor inspector.

Section 13. Penalties. Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay their workers the mandated across-the-board wage increase set herein shall be punished by a fine which shall be fixed at one hundred percent (100%) of the total amount of the wage increment due the employees to be multiplied by the number of working days the wage increment has been unpaid to the employees or imprisonment of not less than three (3) years nor more than five (5) 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 the employees indemnity of fifty thousand pesos (P50,000.00) each employee plus 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 imposed 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 imposed upon the entity's responsible officers, including, but not limited to, the president, vice-president, chief executive officer, general manager, managing director or partner.

The Department of Labor and Employment shall have the authority to impose such other administrative penalties it sees fit to impose under the circumstances of each case of violation."

SECTION 14. Implementing Rules and Regulations. The Secretary of Labor and Employment, in consultation with labor groups and organizations, shall promulgate not later than 15 days upon the effectivity of this Act, the necessary Implementing Rules and Regulations.

SECTION 15. Separability Clause. Any provision or portion of this a*ct that may be declared unconstitutional shall not have the effect of nullifying other parts thereof.

SECTION 16. Repealing Clause. All laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to, and inconsistent with any provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 17. Effectivity Clause. This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in newspaper of general circulation.

Approved,