

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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL No. 4776

Introduced by Honorable Representative
SARAH JANE I. ELAGO (Gabriela Women's Party)

**AN ACT INCREASING THE MINIMUM WAGE OF PRIVATE SECTOR WORKERS
TO A LIVING WAGE OF ₱1,200**

EXPLANATORY NOTE

Wages are meant to represent the commodity price of labor power. Yet one of the injustices of our time is that, unlike other commodities whose prices automatically move up and down the baseline according to the swings in the market, workers have to fight for significant wage increases 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. The average monthly wage of time-rated, full-time workers in the Philippines was recorded at PhP16,486 in 2020, a 9.0 percent (%) nominal decrease from the PhP18,108 posted in 2018, according to the 2020 Occupational Wages Survey. This reflects 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. By 2022, the average monthly wage had only risen to PhP18,423, which is barely higher compared to 2018.

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 the minimum wage and the cost of living.

As economic activities resumed and as oil companies capitalized on the escalating tensions in West Asia, particularly the Russia-Ukraine and Israel-Iran conflicts, to artificially jack up local pump prices, the country's inflation rate soon skyrocketed to record highs.

In 2023, the annual inflation rate in the Philippines climbed to a 14-year high of 6% from 5.8% in the previous year. In particular, the January 2023 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). Albeit at a lower inflation rate of 3.2% in 2024

and 1.3% to 2.9% in the past few months of 2025, prices of basic goods and services continue to increase amid stagnant wages.

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 National Wages and Productivity Commission (NWPC) defines the living wage as '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 the IBON Foundation, the PhP645 minimum wage in Metro Manila, the highest regional minimum wage in the country, is only 52.8% of the PhP1,222 family living wage in the region as of May 2025. In the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), which has the lowest minimum wage, the PhP361 basic daily pay is only 17.5% of the region's family living wage of PhP2,058. The real value of these minimum wages has continued to decline, falling to PhP518 in Metro Manila when measured at 2018 prices.

The average gap in the current regional wage rates and the regional family living wage stands at PhP755, with the minimum wage-family living wage gap highest in the BARMM at PhP1,697, followed by Region IX at PhP863. This gap between the minimum wage and the family living wage 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 green light for the increase in monthly mandatory contributions for the Social Security System (SSS) and Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno (Pag-IBIG), while temporarily holding off the increases in the contributions for the 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 to 'the demand for living wages,' especially since workers' actual conditions show us that the current minimum wage rates barely allow working-class families to rise above mere subsistence.

Legislators must consider the proposals being forwarded by workers' groups, since these come from their concrete situation. However, the 19th Congress failed to pass a legislated wage increase despite the demand of Filipino workers. It failed to harmonize the differences between House Bill (HB) No. 10319 and Senate Bill (SB) No. 2534, which provide for a PhP100 and PhP200 increase in minimum wage, respectively. Moreover, the economic managers of the Marcos Jr. administration are opposing the meager wage increase, citing possible inflationary impacts.

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 in higher wages. Instead, it has generated higher profits for big businesses and further concentrated wealth in the hands of 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 PhP13.44 trillion), from the PhP11.44 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 PhP1.82 trillion in 2021, from PhP820.17 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 benefited from the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act due to lower corporate income taxes, but this has hardly translated to higher wages for workers. Pangilinan-led telecommunications giant PLDT, for instance, reported PhP900 million in savings from the lowered income tax and revised incentives. Po family-led Century Pacific Food Inc. likewise reported that it benefited from the implementation of CREATE, as well as from an income tax holiday on its new tuna plant.⁶

According to the IBON Foundation, the amount needed to raise the current minimum wage to PhP1,200 living wage is doable if the employers deduct it from their huge profits and do not pass it on to consumers. The needed wage increase only requires 29.7% to 49.1% of the profits amassed by private employers

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-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>

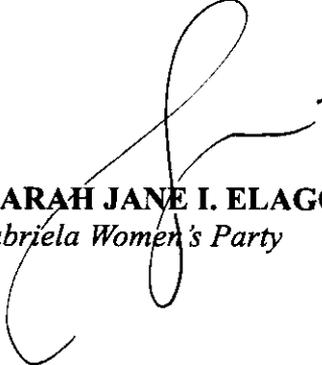
Meanwhile, the impact of mandated wage increases on micro and small businesses must be acknowledged, which is why the government should provide wage subsidies to ensure that workers receive fair pay while supporting the survival of these enterprises.

It is necessary 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, unlike profits which are often saved or accumulated. Second, wage increases will be spent locally and on MSMEs and even informal enterprises in their communities – thus spurring local economic activity which helps small businesses and induces job generation. Third, low-income families spend 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, legislating the increase of the minimum wage of private sector workers to PhP1,200 family living wage 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 and the demonstrated failure of the thirty-six-year regional wage regime.

For the foregoing reasons, the passage of this bill is sought.



REP. SARAH JANE I. ELAGO
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. – This Act shall be known as the “*₱1,200 Living Wage Act of 2025.*”

SECTION 2. Declaration of Policy. – It is hereby declared the policy of the State to ensure workers’ right to a living wage and to humane conditions of work.

In order to promote a living wage for the workers, the State adopts and hereby institutionalizes the legislation of a national minimum wage as the primary mode of setting wages for private sector workers in the country and to address regional wage disparities and to harmonize wage levels across regions with the national economic and social development plans. Legislated national wage increases should not be in prejudice of existing terms and conditions on wages as contained in collective bargaining agreements.

SECTION 3. Living wage for workers. – For the purposes of this Act, living wage refers to 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.

Upon the effectivity of this Act, the daily rate of all minimum wage workers in the private sector, regardless of employment status, including those in contractual and sub-contractual arrangements, whether agricultural or non-agricultural, shall be increased to a living wage currently amounting to One Thousand Two Hundred pesos (PhP1,200.00) per day.

SECTION 4. Correction of Wage Distortion. – Where a wage distortion occurs as a result of the increase in minimum wage under this Act, the employer and the union, or the employer and the workers, in the absence of a union, shall negotiate to correct the distortion in accordance with the provisions of Article 124 of Presidential Decree No. 442 or the “Labor Code of the Philippines”, as amended, and other existing laws, rules and regulations.

SECTION 5. Subsidy or Incentives to Small Enterprises. – To assist in their compliance with the wage increase, small enterprises may avail of incentives from the Department of Labor and Employment (DOLE), subject to the implementing rules and regulations of this Act.

SECTION 6. Non-diminution of Other Benefits. – Nothing in this Act shall be construed to reduce any existing allowance and benefit of any form under existing laws, decrees, issuances, executive orders, and any contract or agreement between workers and employers.

SECTION 7. Credible Wage Increase. – No wage increase arising from collective bargaining agreements shall be credited as compliance with the 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 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 7. Existing Exemptions. – As provided by Republic Act No. 9178, also known as the “Barangay Micro Business Enterprises (BMBE’s) Act of 2002,” the BMBEs shall be exempt from the coverage of the Minimum Wage Law. Further, as provided by Republic Act No. 6727, also known as the “Wage Rationalization Act,” and relevant rules of the National Wages and Productivity Commission, the following establishments may apply for exemption from compliance with the minimum wage increase as provided by this Act: (a) retail or service establishments regularly employing not more than ten (10) workers; and (b) establishments adversely affected by natural calamities or human-induced disasters.

SECTION 8. Inspection by the Department of Labor and Employment (DOLE). – The DOLE 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 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 9. Penalties. – Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay their workers the mandated minimum wage set herein and any of the succeeding legislated wage increases shall be punished by a fine which shall be fixed at one-hundred percent (100%) of the total amount of the wage increment due to 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 moral damages of Fifty Thousand Pesos (PhP50,000.00) each employee plus an amount equivalent to double the unpaid benefits owing to the employees: *Provided, That* the payment of indemnity shall not absolve the employer from the criminal liability imposable 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 DOLE shall have the authority to impose such other administrative penalties it sees fit to impose under the circumstances of each case of violation.

SECTION 10. Construction in Favor of Labor. – All doubts in the implementation and interpretation of the provisions of this Act, including its implementing rules and regulations, shall be resolved in favor of labor.

SECTION 11. Implementing Rules and Regulations. – The Department of Labor and Employment and other agencies charged with carrying out the provisions of this Act shall, within sixty (60) days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 12. Separability Clause. – Should any provision of this Act be declared invalid or unconstitutional, the validity of the other provisions shall not be affected thereby.

SECTION 13. Repealing Clause. – All laws, orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of the Act are hereby repealed, amended or modified accordingly.

SECTION 14. Effectivity. – This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved,