



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH (20TH) CONGRESS
First Regular Session

HOUSE BILL NO. 5678



Introduced by KAMANGGAGAWA Partylist
Representative **ELIJAH R. SAN FERNANDO**

EXPLANATORY NOTE

A decent life can only be achieved with a decent wage. This principle lies at the core of the 1987 Constitution, which guarantees the right of every Filipino worker to “security of tenure, humane conditions of work, and a living wage.”¹ But despite this constitutional mandate, millions of workers across the country continue to receive wages that fall far below what is necessary to sustain a dignified existence. The current wage-setting system, shaped by fragmented policies and outdated structures, has systematically failed to protect the labor force from chronic deprivation.

Today, the national average minimum wage stands at only ₱481 per day, which fails to meet even half the average family living wage estimated at ₱1,218.² This massive gap clearly demonstrates the inadequacy of minimum wages in covering even the most basic needs of Filipino households. Regional disparities further deepen this injustice. Workers in Metro Manila earn a minimum of ₱695 per day³, while those in the Bangsamoro receive just ₱411.⁴ Despite experiencing similar costs in food, education, and healthcare, their compensation remains deeply unequal. Such disparity cannot be justified by regional variation alone, especially when it results in widespread poverty among working families.

¹ Article XIII, Section 3(2) of the 1987 Constitution.

² Computation by IBON Foundation as of July 2025. Available at <https://www.ibon.org/flw-regl-2507/>

³ For non-agricultural industries, effective July 18, 2025 based on Wage Order No. NCR-26.

⁴ For non-agricultural industries in most areas of BARMM, effective July 17, 2025 based on Wage Order No. BARMM-04.

The underlying cause of this inequity is a wage system that relies heavily on geographic boundaries while ignoring the fundamental economic realities faced by workers and enterprises. The Regional Tripartite Wages and Productivity Boards (RTWPBs), established to tailor wages to regional conditions, have instead created a patchwork of wage rates that do not reflect the actual cost of living. Worse still, this structure fails to consider the distinct productivity levels, profit margins, and value creation across industries. Workers across vastly different sectors remain subject to uniform wage floors that disregard their specific contributions to the economy.

This bill seeks to correct these longstanding deficiencies by introducing an industry-based wage-setting framework that aligns compensation with sectoral conditions, productivity levels, and economic realities.

At the core of this reform is the establishment of a national minimum wage that will serve as the universal wage floor across all industries and regions. This national wage shall be determined through tripartite consultation and rigorous socioeconomic assessment, ensuring that it corresponds to the real cost of living for an average working family. It shall represent the minimum standard of decency to which all workers are entitled, regardless of where they are employed or what type of work they perform.

To facilitate this shift, the measure introduces a five-year convergence mechanism during which regional wage rates will incrementally align with the national minimum wage. This approach provides a reasonable period for adjustment allowing employers to adapt gradually while workers steadily gain access to fairer compensation. Upon full convergence, the RTWPBs shall be abolished, and wage-setting responsibilities shall be transferred to the National Wages and Productivity Commission (NWPC) and the newly established Industry Tripartite Wages and Productivity Boards (ITWPBs).

These industry boards will be tasked with determining minimum wage rates within their respective sectors, taking into account factors such as productivity levels, economic viability, and sectoral working conditions. While these industry-specific rates may vary, they shall never fall below the national minimum wage, thus preserving a baseline protection for all workers while also allowing a rational and responsive mechanism for addressing the diverse realities across industries.

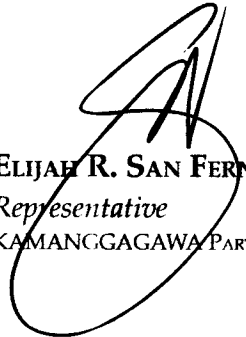
In support of implementation, the NWPC is strengthened to exercise full oversight, issue guidelines, and respond to economic disruptions with time-bound wage adjustment mechanisms.

Moreover, in recognition of their limited scale and financial capacity, micro-enterprises registered under Republic Act No. 9178 (the Barangay Micro Business Enterprises Act of 2002) are exempt, while small enterprises that may struggle to meet the new wage standards will be eligible for targeted support, including subsidies and incentives, to ensure that compliance does not result in job losses or business closures.

This measure reimagines wage policy as a tool for equity, coherence, and national progress. It replaces a disjointed and inadequate system with one that is unified, evidence-based, and centered on the needs of both workers and industries. More importantly, it upholds the constitutional promise that no Filipino should be condemned to poverty despite full and honest work.

Now is the time to build a wage system that reflects the value of labor, sustains families, and supports an economy where prosperity is shared by all. When workers are paid fairly, families thrive, businesses grow, and the nation prospers.

In solidarity with the working class, the passage of this bill is earnestly sought.



ELIAZE R. SAN FERNANDO
Representative
KAMANGGAGAWA PARTYLIST



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AN ACT
INSTITUTING FAIR WAGES ON A NATIONAL AND INDUSTRIAL BASIS,
AMENDING PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE
KNOWN AS THE LABOR CODE OF THE PHILIPPINES, ABOLISHING THE
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARDS,
ESTABLISHING THE INDUSTRY TRIPARTITE WAGES AND PRODUCTIVITY
BOARDS, AND REPEALING REPUBLIC ACT NO. 6727, OTHERWISE KNOWN AS
THE WAGE RATIONALIZATION ACT

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 “Fair Industry Wages Act.”

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to guarantee just and equitable compensation for all workers, grounded in the principles of social justice and in recognition of the indispensable role of labor in nation-building. The State affirms that fair remuneration is a constitutional right and the cornerstone of inclusive and sustainable economic development.

To this end, the State shall establish a national minimum wage that serves as the universal wage floor across all industries, ensuring no worker falls below a baseline standard of decent compensation. In recognition of the diverse conditions and economic realities across sectors, the State shall likewise support the determination of industry-based wage standards that reflect sector-specific productivity, value creation, and the cost of living associated with the work performed.

Furthermore, the State shall actively promote productivity improvement across all levels of the economy and institutionalize fair and transparent gain-sharing mechanisms that enable workers to receive a just share in the fruits of production. By linking compensation to measurable performance and sectoral growth, the State seeks to foster a wage structure that rewards efficiency, encourages innovation, and advances the well-being of the working class.

In doing so, the State reaffirms its duty to uphold the dignity of labor, to raise the standard of living of Filipino workers and their families, and to build an economic order that equitably distributes the benefits of national progress.

SEC. 3. *Definition of Terms.* – For the purpose of this Act, the following terms shall mean:

- (a) *Enterprise* refers to any organized business activity—whether a single proprietorship, cooperative, partnership, or corporation—engaged in industry, agribusiness, or services. Under Republic Act No. 9501 (Magna Carta for MSMEs, as amended), enterprises are classified based on total assets (excluding land where business premises are situated) into:
 - 1. Micro: up to ₱3 million
 - 2. Small: ₱3,000,001 – ₱15 million
 - 3. Medium: ₱15,000,001 – ₱100 million
- (b) *Industry* refers to a classification of enterprises engaged in similar economic activities, such as the production of goods, extraction of natural resources, or provision of services. These classifications are systematically further defined and organized under the Philippine Standard Industrial Classification (PSIC).
- (c) *Legitimate economic forces* refer exclusively to objective and verifiable economic conditions that directly influence wage determination. These are:
 - 1. Measurable fluctuations in local labor market supply and demand;
 - 2. Documented levels of enterprise profitability supported by audited financial statements;
 - 3. Sectoral or industry-wide productivity indices issued or validated by competent government authorities; and
 - 4. Significant external events such as natural disasters, public health emergencies, or other force majeure circumstances that materially affect business operations or local economies.

Any factor that is speculative, contrived, or deliberately induced to suppress wages shall not be considered a legitimate economic force.

- (d) *Living wage* refers to the wage level necessary to afford a decent standard of living for workers and their families, which shall include the amount of family income needed to provide for the family's food and non-food expenditures with sufficient allowance for savings or 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.

SEC. 4. Minimum Wage Rates. – Article 99 of the Labor Code, as amended, is hereby amended to read as follows:

“ART. 99 [Regional] THE Minimum Wage[s].– The minimum wage rates for agricultural and non-agricultural employees and workers in [each and every region] ALL REGIONS of the country shall be [those] EQUIVALENT TO A LIVING WAGE, prescribed by the [Regional Tripartite] NATIONAL Wages and Productivity [Boards] COMMISSION (NWPC), IN COORDINATION WITH THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) WHICH SHALL DETERMINE THE INITIAL NATIONAL MINIMUM WAGE THROUGH A TRIPARTITE CONSULTATION AND ECONOMIC ASSESSMENT. THE NATIONAL MINIMUM WAGE SHALL BE FULLY IMPLEMENTED NOT LATER THAN THE FIFTH YEAR FROM THE EFFECTIVITY OF THIS ACT.

ONE (1) YEAR AFTER THE EFFECTIVITY OF THIS ACT, THE NWPC SHALL BEGIN IMPLEMENTING A CONVERGENCE PROCESS TO GRADUALLY ALIGN ALL CURRENT REGIONAL MINIMUM WAGES WITH THE NATIONAL MINIMUM WAGE.

IN EVERY YEAR OF THE TRANSITION PERIOD, EVERY REGION SHALL INCREASE ITS MINIMUM WAGE BY NOT LESS THAN TWENTY PERCENT (20%) OF THE GAP BETWEEN ITS CURRENT REGIONAL MINIMUM WAGE AND THE NATIONAL MINIMUM WAGE.

AFTER THE TRANSITION PERIOD, WAGE RATES SHALL BE SET ON AN INDUSTRIAL BASIS BY THE INDUSTRY TRIPARTITE WAGES AND PRODUCTIVITY BOARDS (ITWPB); *PROVIDED*, THAT THE NATIONAL WAGES AND PRODUCTIVITY COMMISSION SHALL RETAIN THE AUTHORITY TO PERIODICALLY REVIEW AND ADJUST THE NATIONAL

MINIMUM WAGE; *PROVIDED, FURTHER*, THAT WAGE RATES TO BE PRESCRIBED BY THE ITWPB IN THEIR RESPECTIVE INDUSTRIES SHALL IN NO CASE BE LOWER THAN THE NATIONAL MINIMUM WAGE.

VARIATIONS IN ACTUAL WAGES ACROSS REGIONS OR ENTERPRISES MAY STILL OCCUR: *PROVIDED*, THAT SUCH DIFFERENCES SHALL ARISE SOLELY FROM LEGITIMATE ECONOMIC FORCES OR VOLUNTARY EMPLOYER-EMPLOYEE AGREEMENTS, INCLUDING FACTORS SUCH AS DIFFERENCES IN LOCAL LABOR MARKET SUPPLY AND DEMAND, ENTERPRISE PROFITABILITY, SECTORAL PRODUCTIVITY, AND COLLECTIVE BARGAINING OUTCOMES: *PROVIDED, FURTHER*, THAT SUCH VARIATIONS SHALL BE VALID FOR A PERIOD OF SIX (6) MONTHS, SUBJECT TO RENEWAL FOR THE SAME DURATION BY THE COMMISSION UPON DETERMINATION THAT THE CONDITIONS JUSTIFYING SUCH VARIATIONS CONTINUE TO EXIST.

UNDER NO CIRCUMSTANCES SHALL GOVERNMENT AUTHORITIES ISSUE NEW WAGE ORDERS OR ADMINISTRATIVE MANDATES THAT WOULD ESTABLISH OR REINTRODUCE REGION-SPECIFIC WAGE FLOORS BELOW THE NATIONAL MINIMUM WAGE BEYOND THE TRANSITION PERIOD.

WHERE WAGE VARIATIONS EMERGE AS A RESULT OF ECONOMIC FORCES, NWPC SHALL ISSUE REGION- OR SECTOR-SPECIFIC ADVISORY GUIDELINES THAT SHALL PROMOTE WAGE EQUITY AND LABOR MARKET STABILITY THAT MAY INCLUDE:

- (A) RECOMMENDED WAGE RANGES BASED ON PREVAILING MARKET CONDITIONS;
- (B) SECTOR-SPECIFIC PRODUCTIVITY-BASED PAY SCHEMES; AND
- (C) MECHANISMS RECOGNIZING AND SUPPORTING COLLECTIVE BARGAINING AGREEMENTS THAT GO BEYOND THE NATIONAL FLOOR.

THE COMMISSION SHALL ALSO MONITOR THESE VARIATIONS TO ENSURE THAT THEY DO NOT LEAD TO NEW FORMS OF WAGE DISCRIMINATION OR EXPLOITATION, AND SHALL RECOMMEND CORRECTIVE POLICY MEASURES AS NECESSARY.

SEC. 5. - Powers and Functions of the Commission. – Article 121 of the Labor Code, as amended, is hereby further amended to read as follows:

“ART. 121. Powers and Functions of the Commission. - The Commission shall have the following powers and functions:

(a) x x x

(b) x x x

(c) To prescribe rules and guidelines for the determination of appropriate minimum wage and productivity measures at the [regional, provincial] NATIONAL or industry levels;

(d) TO DETERMINE AND FIX THE NATIONAL MINIMUM WAGE RATE AS OFTEN AS NECESSARY, BUT NOT LESS THAN ONCE EVERY THREE (3) YEARS, AND TO ISSUE CORRESPONDING WAGE ORDERS;

[(d)] (E) TO RECEIVE, PROCESS AND ACT ON APPLICATIONS FOR EXEMPTION FROM PRESCRIBED WAGE RATES AS PROVIDED BY THIS CODE;

(F) To review [regional] INDUSTRY wage levels set by the [Regional] INDUSTRY Tripartite Wages and Productivity Boards to determine if these are in accordance with the prescribed guidelines and national development plans;

(G) TO ISSUE TEMPORARY WAGE ADJUSTMENT ORDERS APPLICABLE TO SPECIFIC SECTORS OR GEOGRAPHIC AREAS IN RESPONSE TO MAJOR ECONOMIC DISPLACEMENT EVENTS, INCLUDING BUT NOT LIMITED TO WIDESPREAD RETRENCHMENTS, DISASTERS, SIGNIFICANT INCREASES IN COMMODITY OR FUEL PRICES; OR ANY COMPARABLE CIRCUMSTANCE THAT MATERIALLY IMPAIRS THE ABILITY OF AFFECTED EMPLOYERS TO COMPLY WITH THE PRESCRIBED NATIONAL BASIC WAGE. ANY TEMPORARY WAGE ADJUSTMENT ORDER SHALL REMAIN IN EFFECT FOR A PERIOD NOT EXCEEDING SIX (6) MONTHS, UNLESS RENEWED UPON PROPER JUSTIFICATION BASED ON CONTINUING ADVERSE CONDITIONS;

[(e)] (H) To undertake studies, research, and surveys necessary for the attainment of its functions and objectives, and to collect and compile data and periodically disseminate information on wages and productivity and other related information, including but not limited to, employment, cost-of-living, labor costs, INDUSTRY PRODUCTIVITY, investments, and returns;

[(f)] (I) To review plans and programs of the [Regional] INDUSTRY Tripartite Wages and Productivity Boards to determine whether these are consistent with national development plans;

[(g)] (J) To exercise technical and administrative supervision over the [Regional] INDUSTRY Tripartite Wages and Productivity Boards;

[(h)] (K) To [call, from time to time,] CONVENE a national tripartite conference of representatives of government, workers and employers for the consideration of measures to promote [wage rationalization and productivity] HIGHER WAGES, GREATER PRODUCTIVITY, AND IMPROVED STANDARDS OF LIVING. THE NATIONAL TRIPARTITE CONFERENCE ON WAGES SHALL BE CONVENED ON AN ANNUAL BASIS, OR AS THE SITUATION DEMANDS IT; and
[(i)] (L) To exercise such powers and functions as may be necessary to implement [this Act] ITS MANDATE UNDER THIS CODE.

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)] SECRETARY OF ECONOMY, PLANNING, AND DEVELOPMENT as ex-officio vice-chairman, and two (2) members each from workers and employers sectors who shall be appointed by the President 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.

x x x."

SEC. 6. *Abolition of the Regional Tripartite Wages and Productivity Board.* - Upon full implementation of the National Minimum Wage in the fifth year of effectivity of this Act, all Regional Tripartite Wages and Productivity Boards (RTWPBs), created under Republic Act No. 6727, shall be abolished.

The National Wages and Productivity Commission (NWPC) shall take over the responsibilities and shall be reorganized and strengthened to oversee national wage policy enforcement and perform the functions stipulated under Section 4 and 5 of this Act.

All properties, records, equipment, building, facilities, and other assets, liabilities, and appropriations belonging to the RTWPBs, as well as other matters pending therein, shall be transferred to the NWPC.

Employees of the RTWPBs shall either be absorbed into other government offices or reassigned to appropriate positions; otherwise, any official or employee separated from the service as a result of the abolition of office pursuant to this Act shall be entitled to appropriate separation pay and retirement and other benefits in accordance with existing laws, rules, and regulations.

SEC. 7. *Creation of Industry Tripartite Wages and Productivity Board.* - Article 122 of the Labor Code, as amended, is hereby further amended to read as follows:

“ART. 122. Creation of [Regional] INDUSTRY Tripartite Wages and Productivity Boards. - [There is hereby created Regional] WITHIN FIVE (5) YEARS FROM THE EFFECTIVITY OF THIS ACT, THE COMMISSION SHALL ESTABLISH INDUSTRY Tripartite Wages and Productivity Boards, hereinafter referred to as [Regional] INDUSTRY Boards, in [all regions, including autonomous regions as may be established by law] INDUSTRIES CLASSIFIED UNDER THE PHILIPPINE STANDARD INDUSTRIAL CLASSIFICATION (PSIC). The Commission shall determine the offices/headquarters of the respective [Regional] INDUSTRY Boards.

The [Regional] INDUSTRY Boards shall have the following powers and functions in their respective [territorial] INDUSTRY jurisdictions:

- (a) To develop plans, programs and projects relative to wages, incomes and productivity improvement for their respective [regions] INDUSTRIES;
- (b) To determine and fix minimum wage rates applicable in their [regions, provinces or] industries [therein] AS OFTEN AS NECESSARY, BUT NOT LESS THAN ONCE EVERY YEAR, and to issue the corresponding wage orders, subject to guidelines issued by the Commission;
- (c) 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 and other related information and periodically disseminate the same;
- (d) To coordinate with the other [Regional] INDUSTRY 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]
- [(f)] [E] 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 the second paragraph, 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] INDUSTRY 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] A CHAIR WHO MUST SERVE FULL TIME FOR A TERM OF THREE (3) YEARS. THE CHAIR MUST HAVE AT LEAST FIVE (5) YEARS' EXPERIENCE IN INDUSTRIAL RELATIONS. IN ADDITION, two (2) members each from workers' and employers' sectors OF THE INDUSTRY CONCERNED [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)] THREE (3) years.

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

SEC. 8. Wage Order. - Article 123 of the Labor Code is hereby amended to read as follows:

"ART. 123. Wage Order. - Whenever conditions [in the region] so warrant, the COMMISSION or the[Regional] INDUSTRY Board shall investigate and study all pertinent facts; and based on the standards and criteria herein prescribed, shall proceed to determine whether a Wage Order should be issued. Any such Wage Order shall take effect after fifteen (15) days from its complete publication in at least [one (1) newspaper of general circulation in the region.] TWO (2) NEWSPAPERS OF GENERAL CIRCULATION.

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

Any party aggrieved by the Wage Order issued by the [Regional] INDUSTRY Board may [appeal] SEEK A RECONSIDERATION OF 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] MOTION FOR RECONSIDERATION within sixty (60) calendar days from the filing thereof. WAGE ORDERS ISSUED, AFFIRMED, OR MODIFIED BY THE COMMISSION SHALL NOT BE APPEALABLE NOR BE SUBJECT TO MOTIONS FOR RECONSIDERATION.

The filing of the [appeal] MOTION FOR RECONSIDERATION 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 the order is affirmed."

SEC. 9. *Standards/Criteria for Minimum Wage Fixing.* - Article 124 of the Labor Code is hereby amended to read as follows:

"ART. 124. Standards/Criteria for Minimum Wage Fixing. - The [regional] minimum wage[s] to be established by the [Regional Board] COMMISSION OR INDUSTRY BOARDS 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] REALIZE THE CONSTITUTIONAL GUARANTEE OF A LIVING WAGE THAT IS NECESSARY TO AFFORD A DECENT STANDARD OF LIVING FOR WORKERS AND THEIR FAMILIES. IT SHALL BE OF SUCH AMOUNT ADEQUATE TO PROVIDE FOR THE FAMILY'S FOOD AND NON-FOOD EXPENDITURES WITH SUFFICIENT ALLOWANCE FOR SAVINGS OR 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. In the determination of such [regional] minimum wage[s], the [Regional] COMMISSION OR INDUSTRY Board shall, among other relevant factors, consider the following:

- [(a) The demand for living wages;
- (b) Wage 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 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.]

- (A) THE WORKERS' RIGHT TO A LIVING WAGE;
- (B) ESTIMATION OF THE NEEDS OF WORKERS AND THEIR FAMILIES, INCLUDING, BUT NOT LIMITED TO, FOOD, CLOTHING, SHELTER, HEALTHCARE, EDUCATION, AND SOCIAL SECURITY, CONDUCTED THROUGH

TRANSPARENT AND EVIDENCE-BASED METHODOLOGIES IN CONSULTATION WITH TRIPARTITE INDUSTRIAL PEACE COUNCILS (TIPCS);

- (C) THE PREVAILING LEVEL OF LABOR PRODUCTIVITY RELATIVE TO WAGES, AND THE NEED TO PROGRESSIVELY ALIGN WAGES WITH ACCUMULATED PRODUCTIVITY GAINS;
- (D) WAGE ADJUSTMENT VIS-A-VIS THE CONSUMER PRICE INDEX;
- (E) THE COST OF LIVING AND INCREASES THEREIN;
- (F) IMPROVEMENTS IN STANDARDS OF LIVING;
- (G) CAPACITY TO PAY OF EMPLOYERS; AND
- (H) THE EQUITABLE DISTRIBUTION OF INCOME AND WEALTH ALONG THE IMPERATIVES OF ECONOMIC AND SOCIAL DEVELOPMENT.

The wage[s] prescribed BY THE COMMISSION in accordance, with the provisions of this Title shall be the standard prevailing NATIONAL minimum wage[s] in every region]. [These wages] THIS shall include wages varying with industries, [provinces or localities] if in the judgment of the INDUSTRY [Regional] Board, conditions make such [local] differentiation proper and necessary to effectuate the purpose of this Title: *PROVIDED, THAT WAGE RATES TO BE PRESCRIBED BY THE INDUSTRY BOARDS SHALL IN NO CASE BE LOWER THAN THE NATIONAL MINIMUM WAGE.*

UNDER NO CIRCUMSTANCES SHALL THE NATIONAL OR INDUSTRY WAGE RATES BE LOWER THAN THE NATIONAL POVERTY THRESHOLD.

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 increase pursuant to law or Wage Order issued by any [Regional] INDUSTRY Board OR 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 arbitrator or panel of voluntary arbitrators within ten (10) calendar days from the time said dispute was referred to voluntary arbitration.

x x x

x x x

x x x

IN DETERMINING THE APPROPRIATE CORRECTIONS TO A WAGE DISTORTION, THE PARTIES SHALL TAKE INTO ACCOUNT SUCH REASONABLE AND OBJECTIVE FACTORS AS MAY JUSTIFY EXISTING OR INTENDED WAGE DIFFERENTIALS, WHICH SHALL INCLUDE:

- (A) LENGTH OF SERVICE;
- (B) JOB CLASSIFICATION OR RANK;
- (C) THE COMPLEXITY OR NATURE OF THE WORK;
- (D) SPECIALIZED SKILLS OR QUALIFICATIONS;
- (E) WORKING CONDITIONS; AND
- (F) HISTORICAL INTERNAL EQUITY.

x x x."

SEC. 10. - Articles 126 and 127 are hereby amended to read as follows:

"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 INDUSTRY [Regional] Boards.

ART. 127. Non-diminution of Benefits. - No Wage Order issued by THE COMMISSION OR any [Regional] INDUSTRY Boards shall provide for wage rates lower than the statutory minimum wage rates prescribed by Congress."

SEC. 11. Exemptions. - Exempted from the provisions of this Act are businesses belonging to the micro category based on the criteria provided by the Department of Trade and Industry (DTI), *Provided*, That the enterprise is registered and has an updated Barangay Micro Business Enterprise (BMBE) Certification pursuant to Republic Act No. 9178, otherwise known as the Barangay Micro Business Enterprises (BMBE's) Act of 2002.

If explicitly stated and agreed upon in collective bargaining agreements (CBAs), any increases in daily basic wages granted by employers within three (3) months prior to the effectivity of this Act may be counted toward compliance with the wage increases mandated by this Act. However, if the amount of the prior increase is less than what is required under this Act, the employer must pay the difference.

These prior increases shall not include wage adjustments due to anniversaries, merit-based increases, or those resulting from employee regularization or promotion.

SEC. 12. *Subsidies and Incentives to Small Enterprises.* - To facilitate compliance with the minimum wage under this Act, small enterprises, as defined under Republic Act No. 9501, may avail of incentives from the Department of Labor and Employment (DOLE). Likewise, small enterprises demonstrating an inability to pay the minimum wage may apply for wage subsidies covering a fraction thereof, subject to the implementing rules and regulations of this Act.

The amount necessary for the funding of both forms of assistance shall be included in the annual appropriations of the DOLE.

SEC. 13. *Non-diminution of Other Benefits.* - Nothing in this Act shall be construed to eliminate or 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.

SEC. 14. *Monitoring.* - The DOLE shall, as frequently as possible and within the limits of its available personnel, conduct inspections of company payrolls and other financial records to verify compliance with the prescribed minimum wage rates and other legally mandated benefits, including those under any Wage Order.

In unionized establishments, DOLE inspectors must be accompanied during inspections by the president or a responsible officer of the recognized bargaining unit, or by a representative of any concerned labor union.

In companies without unions, inspections must be conducted in the presence of a worker representative chosen from within the workforce. The worker representative has the right to submit their own findings to DOLE and, should the findings not agree with the labor inspector's report, may provide testimony to support their position.

SEC. 15. *Penalties.* - Any individual, corporation, trust, firm, partnership, association, or other entity that refuses or fails to pay the mandated wage increases or adjustments as

required by this Act shall be subject to a penalty. The violator shall be fined an amount equivalent to double the unpaid wages owed to the affected workers, but not less than One Hundred Fifty Thousand Pesos (₱150,000.00) in any case: *Provided*, That in addition to the fine, the violator may face imprisonment for a period of not less than one (1) year and not more than two (2) years: *Provided, further*, That anyone convicted under this Act shall not be eligible for probation under Presidential Decree No. 968, otherwise known as the "Probation Law of 1976."

If the violation is committed by a corporation, trust, firm, partnership, association, or other similar entity, the penalty of imprisonment shall be imposed on the responsible officers of the organization. These may include, but are not limited to, the president, vice president, chief executive officer, general manager, managing director, or partner.

SEC. 16. - Rules of Construction. - This Act shall be construed and applied in accordance with and in furtherance of its policies and objectives. Any case of doubt in the interpretation of any of the provisions of this Act shall be resolved in favor of workers and their right to a fair and living wage.

SEC. 17. - Implementing Rules and Regulations. - The DOLE, in coordination with the TIPC's, labor organizations, and other relevant stakeholders shall, within sixty (60) days from the effectivity of this Act, promulgate the rules and regulations to effectively implement the provisions of this Act.

SEC. 18. - Repealing Clause. - Republic Act No. 6727, otherwise known as the "Wage Rationalization Act," is hereby expressly repealed. All other laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are deemed repealed, amended, or modified accordingly.

SEC. 19. - Separability Clause. — If any provision of this Act is declared unconstitutional, the remaining parts or provisions hereof not affected thereby shall remain in full force and effect.

SEC. 20. - Effectivity. — This Act shall take effect fifteen (15) days after its publication, in English and Filipino, in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,