

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. 55



Introduced by Representative RAYMOND ADRIAN SALCEDA

**AN ACT
INSTITUTING A NATIONAL BASIC WAGE SYSTEM UNDER THE PRINCIPLE
OF "EQUAL PAY FOR EQUAL WORK," PHASING OUT REGIONAL MINIMUM
WAGE RATES OVER A TRANSITION PERIOD, ABOLISHING REGIONAL
WAGE BOARDS, AND REFORMING SUBSIDY PROGRAMS INTO WAGE
SUPPORT FOR SENSITIVE SECTORS**

EXPLANATORY NOTE

The Philippines is one of the few countries where minimum wages are set not by occupation or sector, but by region. This structure creates a fragmented wage floor, resulting in legalized inequality, reduced labor mobility, and administrative inefficiency. For example, under current law, a cashier in Quezon City is entitled to ₱610 per day, while a cashier in Legazpi City receives ₱375 for the same work. This discrepancy is not due to productivity differences, but to the design of wage governance.

This bill seeks to replace all regionally legislated minimum wages with a single National Basic Wage, phased in over five years, under the guiding principle of equal pay for equal work.

A. Core Reform: Converging Toward One National Wage Floor

The bill mandates that each region progressively closes the gap between its current minimum wage and the National Basic Wage in equal increments each year. If the national wage is set at ₱610, the adjustment path for each region is predictable.

For example:

- Region V (Bicol), with a current wage of ₱375, must close a ₱235 gap. This translates to ₱47 annual increases over five years (₱422, ₱469, ₱516, ₱563, ₱610).
- Region IX (Zamboanga Peninsula), starting at ₱351, would increase by ₱51.80 annually.
- Region III (Central Luzon), starting from ₱460, would converge with annual ₱30 increases.

This provides certainty for employers, progressive gains for workers, and enforceability for the State.

B. Market-Driven Differentials Still Allowed

This reform does not prohibit actual wage differences across locations. Employers may still offer higher pay in high-cost or high-demand areas. What this bill abolishes are government-mandated wage inequalities—allowing the market, not the bureaucracy, to shape differentials above the uniform floor.

C. Targeted Wage Support for Sensitive Sectors

To protect sectors vulnerable to wage hikes (e.g., microenterprises, export-reliant firms), the bill authorizes temporary wage subsidies from existing enterprise assistance programs. These can be in the form of wage top-ups, payroll reimbursements, or social security contribution support. Eligibility will be defined using verifiable economic criteria such as labor share of cost, firm size, and export exposure.

D. Institutional Rightsizing and Emergency Flexibility

Upon full convergence, the Regional Wage Boards shall be abolished. Their functions will be absorbed by the National Wages and Productivity Commission (NWPC), which will oversee national compliance and policy development. The NWPC will retain authority to issue temporary regional or sectoral adjustments during disasters or emergencies, ensuring flexibility without institutionalizing disparity.

In sum, this bill creates a just, enforceable, and modern wage framework. It eliminates inequality created by the State itself, while preserving space for enterprise-level decisions. It affirms that all labor has equal dignity—and that no Filipino worker is worth less simply because of where they live.

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

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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 “Equal Pay for Equal Work Act.”

SEC. 2. *Declaration of Policy.* – It is the policy of the State to uphold the principle of equal pay for equal work, regardless of geographic location. The existing system of regionally legislated minimum wages has institutionalized inequality by mandating different standards for workers performing similar labor in different areas. While labor markets may continue to produce differences in actual wages due to demand, productivity, or cost-of-living conditions, such wage differentials shall result from market forces and private negotiation, and not from fragmented or inconsistent government mandates. The State shall therefore establish a single National Basic Wage as the statutory floor applicable nationwide and shall pursue a convergence strategy to eliminate regional disparities in legislated wage standards.

SEC. 3. *National Basic Wage Framework.* –

(a) A National Basic Wage shall be adopted as the statutory minimum wage applicable to all regions of the country;

(b) The Department of Labor and Employment (DOLE), in coordination with the National Wages and Productivity Commission (NWPC), shall determine the initial National Basic Wage through tripartite consultation and socio-economic assessment; and

(c) The National Basic Wage shall be fully implemented not later than the fifth year

from the effectivity of this Act.

SEC. 4. Convergence of Regional Wages. –

- (a) Beginning in the year following the effectivity of this Act, the NWPC shall implement a convergence mechanism under which all regional minimum wages shall incrementally align with the National Basic Wage;
- (b) No region shall have a minimum wage lower than one-fifth of the gap between its prevailing regional wage and the National Basic Wage in each year of the transition; and
- (c) By the start of the sixth year, all regional minimum wages shall be fully harmonized with the National Basic Wage. Differences in actual wages across regions may continue to arise based on market conditions, sectoral demand, or enterprise-level productivity. However, such differentials shall reflect the outcome of economic forces and employer-worker agreements, and not of government-issued regional wage orders.

SEC. 5. Wage Subsidy for Sensitive Sectors. –

- (a) To assist in the adjustment to a national wage floor, existing national subsidy programs may be recalibrated into wage support mechanisms for qualified employers and workers in sensitive sectors;
- (b) Wage support may take the form of direct wage top-ups, social security premium subsidies, or payroll reimbursement arrangements for minimum wage workers; and
- (c) The Department of Budget and Management (DBM), in coordination with DOLE and the Department of Trade and Industry (DTI), shall identify existing budget items that may be realigned or supplemented to fund these mechanisms.

SEC. 6. Wage-Sensitive Sector Definition. – A sector shall be deemed wage-sensitive if it meets any two of the following conditions:

- (1) Labor cost accounts for forty percent (40%) or more of total operating expenses;
- (2) The enterprise falls under the micro or small category based on DTI criteria;
- (3) The sector has high employment elasticity in response to wage changes;
- (4) At least thirty percent (30%) of output is for export and faces competition from low-wage countries; and
- (5) The business is based in provinces or regions classified as lagging or with poverty incidence above the national average.

The DTI and DOLE shall issue a joint list of qualifying sectors within ninety (90) days from the effectivity of this Act, subject to review and updating.

SEC. 7. Authority for Temporary Wage Adjustment in Emergencies. – The NWPC may issue temporary wage adjustment orders applicable to specific sectors or geographic areas in

response to:

- (a) A declared state of calamity, state of emergency, or public health emergency;
- (b) Major economic displacement events including widespread retrenchments, natural disasters, or sharp commodity or fuel price increases; or
- (c) Any comparable situation that materially affects the ability of affected employers or workers to comply with the National Basic Wage.

The NWPC may authorize temporary wage suspensions, phased adjustments, or exemptions for affected entities, subject to tripartite consultation, DOLE oversight, and review by the Secretary of Labor and Employment. Such orders shall not exceed one year in duration but may be renewed if justified by ongoing conditions.

SEC. 8. Abolition of Regional Wage Boards. – Upon full implementation of the National Basic Wage in the fifth year, all Regional Tripartite Wages and Productivity Boards (RTWPBs) established under Republic Act No. 6727 shall be abolished.

Their functions shall be assumed by the NWPC, which shall be reorganized and strengthened to handle national wage policy enforcement, labor-market research, and stakeholder consultation.

RTWPB personnel shall be absorbed, reassigned, or provided with separation benefits in accordance with applicable civil service laws and budget rules.

SEC. 9. Monitoring and Enforcement. – DOLE shall ensure strict enforcement of the National Basic Wage and convergence targets. Employers found to be undercompensating workers shall be penalized in accordance with the Labor Code and other relevant laws.

SEC. 10. Transitory Provisions. –

- (a) All existing regional wage orders shall remain in effect during the transition period, subject to progressive adjustments toward the National Basic Wage.
- (b) Within six months from effectiveness, DOLE and NWPC shall publish a convergence schedule and corresponding target wage levels.
- (c) RTWPBs shall remain operational during the transition and shall report regularly to the NWPC on compliance and adjustment progress.
- (d) Wage subsidy mechanisms shall prioritize wage-sensitive sectors and terminate upon full implementation of the national wage, unless extended by law.

SEC. 11. Implementing Rules and Regulations. – The DOLE, DTI, DBM, and NWPC shall issue the implementing rules and regulations within ninety days from the effectiveness of this Act.

SEC. 12. Separability Clause. – If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 13. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 14. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,