



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

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 276



Introduced by **DIWA Party-list Representative Hon. Michael Edgar Y. Aglipay**

EXPLANATORY NOTE

Labor is a primary social economic force as recognized by the State under Section 18, Article II of our Constitution. The primordial role of labor in the socio-economic growth of the country deserves an obligatory protection from the state of the rights of workers, among others, to a living wage and promotion of their welfare.

However, despite the Constitutional mandate to ensure that a worker receives a living wage, the existing legislation for the determination of regional wage levels remains inadequate and inequitable to the evolving economic realities and intended decent living conditions of a minimum wage earner and his family. The Republic Act No. 6727 otherwise known as the Wage Rationalization Act of 1989, which created the Regional Tripartite Wages and Productivity Boards (RTWPBs) to study, fix and raise wages on a regional level based on poverty threshold, employment rate, and cost of living specific to the region, failed to address the regional disparities on wages throughout the country. Apparently, the RTWPB are no longer effective in fixing the regional wage levels that is an adequate to sustain a decent living condition for a minimum wage earner and his family. In fact, it created wage distortions in different regions that further resulted to migration of workers to highly urbanized cities that contributes to the problems on poverty, congestions and traffic therein.

This representation believes that an effective, minimum wages should afford adequate protection to all workers in an employment relationship with the lesser exclusions and considerations to disparities among industries. Moreover, there is a need to adjust the regional minimum wage levels from time to time to take into account changes in the cost of living and other economic conditions so that it will not erode the purchasing power of workers who earn the minimum, especially when prices of goods and services are rising.

This proposed bill seeks to abolish of the Regional Tripartite Wages and Productivity Boards (RTWPBs) and replace it with the National Wages and Productivity Commission to address regional wage distortions and harmonize regional wage levels throughout the country. The Commission shall adopt a timely and dynamic system of determining and fixing of the regional minimum wage of workers that will be sufficient to keep up a decent living condition considering the evolving economic and social standards across the country.

Issuance of wage orders are not enough to ensure that the workers received the prescribed regional minimum wages. Monitoring the effects of regional minimum wages is a required in order to be informed of the effectivity of adjustments in the regional minimum wages or changes to the system of fixing the wage levels.

At present, non-compliance to payment of minimum wage remains prevalent and persistent across the regions and in various industries. Hence, this legislative measure further aims to ensure strict compliance on the payment of the mandated regional minimum wages by increasing the penalty for non-compliance.

Taking into consideration the impact of the TRAIN Law and the persistent price surges on basic goods, commodities, and services throughout the country. The present situation demands with utmost urgency to address the glaring disparity of regional minimum wage levels.

With the foregoing considerations, the approval of this measure is earnestly requested.



MICHAEL EDGAR Y. AGLIPAY
Representative, DIWA Party-list



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

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 276

Introduced by **DIWA Party-list Representative Michael Edgar Y. Aglipay**

AN ACT

TO ESTABLISH A STANDARD DETERMINATION OF THE REGIONAL WAGE LEVELS THROUGH THE NATIONAL WAGE AND PRODUCTIVITY COMMISSION AND IMPOSING A STIFFER PENALTY FOR THE VIOLATION THEREOF, AMENDING FOR THE PURPOSE THE RELEVANT PROVISIONS OF PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES

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

SECTION 1. Declaration of Policy. It is hereby declared the policy of the State to afford full protection to labor and shall ensure that the Filipino work force are provided with humane work conditions and a living wage that is sufficient and adequate to have a decent standard of living for the workers and their families. Towards this end, the State shall guarantee a timely and dynamic system of fixing the living minimum wage of workers to address the apparent regional disparities on wages and to harmonize wage levels across regions to keep up with the evolving economic and social standards across the country.

SEC. 2. In line with the declared policy, Article 99 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines is hereby amended to read as follows:

"Art. 99 Regional Minimum Wages. - The minimum wage rates for agricultural and non-agricultural employees and workers in each and every region of the country shall be those prescribed by the [~~Regional Tripartite Wages and Productivity Boards~~] **NATIONAL WAGES AND PRODUCTIVITY COMMISSION.**"

SEC. 3. National Wages and Productivity Commission shall Determine Regional Wage Levels. Standard regional wage level shall be determined and prescribed by the National Wages and Productivity Commission at least once every year, hence Articles 121 of the Labor Code of the Philippines is hereby amended as follows:

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

- (a) To act as the national consultative and advisory body to the President of the Philippines and Congress on matters relating to wages, incomes and productivity;
- (b) To formulate policies and guidelines on wages, incomes and productivity improvement at the enterprise, industry and national levels;
- (c) TO DETERMINE AND FIX THE REGIONAL MINIMUM WAGES RATES FOR AGRICULTURAL AND NON-AGRICULTURAL INDUSTRIES AT LEAST ONCE EVERY YEAR AND TO ISSUE THE CORRESPONDING WAGE ORDERS;
- ~~[(e)]~~ (d) To prescribe rules and guidelines for the determination of appropriate minimum wage and productivity measures at the regional ~~[provincial or industry]~~ levels;
- ~~[(d) To review regional wage levels set by the Regional Tripartite Wages and Productivity Boards to determine if these are in accordance with prescribed guidelines and national development plans;]~~
- (e) To undertake studies, researches 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, investments and returns;
- ~~[(f) To review plans and programs of the Regional Tripartite Wages and Productivity Boards to determine whether these are consistent with national development plans;]~~
- ~~[(g) To exercise technical and administrative supervision over the Regional Tripartite Wages and Productivity Boards;]~~
- ~~[(h)]~~ (f) To call, from time to time, a national ~~[tripartite]~~ CONSULATATIVE conference of representatives of government, workers and employers for the consideration of measures to promote wage rationalization and productivity;
- A~~[(i)]~~ (g) To exercise such powers and functions as may be necessary to implement this Act. 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) as ex-officio vice-chairman, and ~~[two (2)]~~ THREE (3) members each from workers and employers sectors who shall be appointed by the President of the Philippines 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. The Commission shall be assisted by a Secretariat to be headed by an Executive Director and two (2) Deputy Directors, who shall be appointed by the President of the Philippines, upon the recommendation of the Secretary of Labor and Employment.

The Executive Director shall have the same rank, salary, benefits and other emoluments as that of a Department Assistant-Secretary, while the Deputy Directors shall have the

same rank, benefits and other emoluments as that of a Bureau Director. The members of the Commission representing labor and management shall have the same rank, emoluments and allowances and other benefits as those prescribed by law for labor and management representatives in the Employees' Compensation Commission."

SEC. 4. *Abolition of the Regional Tripartite Wage and Productivity Board.* Articles 122 and 123 of the Labor Code are hereby REPEALED. Hence, the Regional Tripartite Wage and Productivity Boards created under Republic Act 6727 are hereby ABOLISHED. All properties, records, equipment, building, facilities, and other assets, liabilities and appropriations belonging to the above-mentioned offices, as well as other matters pending therein, shall be transferred to the Commission. 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 accruing to them under existing laws. In lieu thereof, at the option of the employee, he shall be preferentially considered for employment in the government or in any of its subdivisions, instrumentalities, or agencies, including government-owned or controlled corporations and their subsidiaries.

SEC. 5. *Standard Determination of the Regional Wage Levels.* The National Wages and Productivity Commission shall adopt a prompt and dynamic system to standardize the determination of regional wage level. Hence, Articles 124, 125, 126 and 127 of the Labor Code is hereby re-numbered and amended as follows:

"Art. [124] **122.** Standards/Criteria for Minimum Wage Fixing. - The regional minimum wage[s] to be established by the [~~Regional Board~~] NATIONAL WAGE AND PRODUCTIVITY COMMISSION shall be as nearly adequate as is economically feasible to maintain [~~the minimum~~] A DECENT standards of living BEYOND MERE SUBSISTENCE FOR HIM AND HIS FAMILY WITH ADEQUATE ALLOWANCE necessary for the health, efficiency and THEIR general well-being [~~of the employees~~] within the framework of the national economic and social development program. In the determination of such regional minimum wage, the [~~Regional Board~~] COMMISSION shall, among other relevant factors, consider the following:

(a) [~~The demand for living wages;~~] COST OF A DECENT LIVING PROVISIONS FOR A FAMILY, SUCH AS, BUT NOT LIMITED TO, FOOD, CLOTHING, SHELTER, EDUCATION, HEALTH MAINTENANCE, AND OTHER NECESSITIES OF A FAMILY.

(b) Wage adjustment vis-a-vis the consumer price index;

(c) [~~The cost of living and~~] changes or increases [~~therein~~] IN COSTS OF DECENT LIVING PROVISIONS;

[~~(d) The needs of workers and their families;~~]

[~~(e) The need to induce industries to invest in the countryside;~~]

[~~(f)~~] (D) Improvements in standards of living;

[~~(g)~~] (E) The prevailing wage levels;]

[~~(h)~~] (F) Fair return of the capital invested and capacity to pay employers; AND

~~[(i) Effects on employment generation and family income;]~~

~~[(G-)]~~ (G) 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 within industries, [provinces or localities] if in the judgement of the [Regional Board] COMMISSION, 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]~~ REGIONAL OFFICE OF THE DEPARTMENT OF LABOR 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 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 arbitrator or panel of voluntary arbitrators within ten (10) calendar days from the time said dispute was referred to voluntary arbitration.

In cases where there are no collective agreements or recognized labor unions the employers and workers shall endeavor to correct such distortions. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board and, if it remains unresolved after ten (10) calendar days of conciliation, shall be referred to the appropriate branch of the National Labor Relations Commission (NLRC). It shall be mandatory for the NLRC to conduct continuous hearings and decide the dispute within twenty (20) calendar days from the time said dispute is submitted for compulsory arbitration.

The pendency of a dispute arising from a wage distortion shall not in any way delay the applicability of any increase prescribed wage rates pursuant to the provisions of law or Wage Order.

As used herein, a wage distortion shall mean a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation.

All workers paid by result, including those who are paid by piecework, takay, pakyaw or task basis, shall receive not less than the prescribed wage rates per eight (8) hours work a day or a proportion thereof for working less than eight (8) hours.

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

“ART. [125.] 123. Freedom to bargain. - No wage order shall be construed to prevent workers in particular firms or enterprises or industries from bargaining for higher wages with their respective employers.”

“Art. [126.] 124. 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 Regional Boards].”

“Art. [127.] 125. Non-diminution of Benefits. - No Wage Order issued by [any Regional Board] THE COMMISSION shall provide for wage rates lower than the statutory minimum wage rates prescribed by Congress.”

SEC. 6. Section 12 of Republic Act 6727, as amended, is hereby further amended to be read as follows:

“Section 12. Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay any of the prescribed increases or adjustments in the wage rates made in accordance with this Act shall be punished by a fine ~~[of not less than twenty-five thousand pesos (P25,000.00) nor more than one hundred thousand pesos (P100,000.00)]~~ IN THE AMOUNT DOUBLE OF THE AMOUNT OF WAGE DENIED TO WORKERS OR ONE HUNDRED FIFTY THOUSAND PESOS (P150,000.00), WHICHEVER IS HIGHER and/or imprisonment of not less than two (2) years nor more than four (4) 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 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 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 on the entity's responsible officers, including, but not limited to, the president, vice- president, chief executive officer, general manager, managing director or partner.

IN CASES WHERE A FINE IS DECREED BY THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) OR THE NATIONAL LABOR RELATIONS COMMISSION (NLRC), WHERE APPLICABLE, AGAINST PERSON/S WHO VIOLATED THE PROVISIONS OF THIS ACT, AND SAID FINE CANNOT BE IMMEDIATELY SATISFIED BECAUSE OF THE UNAVAILABILITY OR INADEQUACY OF FUNDS, THE ASSETS OF THE OWNERS, PRESIDENT, AND /OR OFFICERS OF THE CORPORATION OR ANY OTHER ENTITY, OR FRACTION THEREOF, EITHER MOVABLE OR IMMOVABLE PROPERTY, ESTIMATED TO BE CAPABLE OF FULLY SATISFYING THE IMPOSED FINES SHALL BE THE SUBJECT OF A SUMMARY FORFEITURE AND GARNISHMENT PROCEEDING TO BE LITIGATED BY THE SAME BODY WHICH IMPOSED THE SAID PENALTY.”

SEC. 7. *Implementing Rules and Regulations.* The Secretary of Labor and Employment shall promulgate the necessary rules and regulations to implement the provisions of this Act.

SEC. 8. *Separability Clause.* If any provision of this Act shall be held unconstitutional or invalid, the remaining provisions which are not affected thereby shall continue to be full force and effect.

SEC. 9. *Repealing Clause.* All laws, decrees, executive orders, rules and regulations, and other issuances, or parts thereof, contrary to or inconsistent with this Act are hereby modified, amended or repealed accordingly.

SEC. 10. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,