

SEVENTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )



19 FEB -4 P6:38

SENATE

S. B. No. 2205

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INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

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AN ACT  
AMENDING PRESIDENTIAL DECREE NO. 442, AS AMENDED,  
OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILPPINES, AND  
PROVIDING FOR THE RATIONALIZATION OF WAGE LEVELS ON A  
NATIONAL OF INDUSTRIAL BASIS

EXPLANATORY NOTE

Higher wages are among the most fundamental dimensions for inclusive growth aside from job creation. While country's economic growth is one of the top and fastest-rising in the Southeast Asian region, the Philippines has not performed well in terms of inclusive growth.

According to a World Bank report in 2018, "despite the generally good economic performance, poverty remains high and the pace of poverty reduction has been slow" in the Philippines. This makes a review of the wage structure not only urgent but imperative.

The 1987 Philippine Constitution in Article XIII, Section 3 thereof guarantees full protection to labor and warrants that workers shall be entitle to security of tenure, humane conditions of work, and a living wage. However, reality reneges against the policy declaration in the Constitution.

Republic Act No. 6727 otherwise known as the Wage Rationalization Act of 1989 created the National Wages and Productivity Council (NWPC) and the Regional Tripartite Wages and Productivity Boards (RTWPBs), and mandated the latter to study, fix and raise wages on a regional level based on poverty threshold, employment rate, and cost of living specific to the region. However, this has been seen as ineffective since wage distortions have emerged in different regions. The RTWPBs have failed to ensure decent standard of living for the Filipino workers in different regions of the country.

Annual average headline inflation at the national level for the year 2018 is at 5.2 percent; an increase from 2.9 percent in 2017. Inflation is felt differently per region with highest annual rate of 7.5 percent was seen in Autonomous Region in Muslim Mindanao (ARMM) yet minimum wage in the region has been one of the lowest at P270 to P280 per day.

This proposed legislation seeks the abolition of the Regional Tripartite Wages and Productivity Boards (RTWPBs) and replace it with the National Wages And Productivity Commission to address regional wage distortions. The said Commission will function primarily to determine and fix the national minimum wage rates according to industries and to issue corresponding wage orders.

In view of the foregoing considerations, the swift passage of the bill is earnestly sought.



**JOSEPH VICTOR G. EJERCITO**

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

1       **SECTION 1.** In line with the declared policy of the State to promote the  
2 productivity-improvement and gain-sharing measures to ensure a decent  
3 standard of living for the workers and their families and to guarantee the rights  
4 of labor to its just share in the fruits of production, Article 99 of Presidential  
5 Decree No. 442, as amended, is hereby amended and Articles 121, 122, 123,  
6 124, 126, and 127, are hereby incorporated into Presidential Decree No. 442,  
7 as amended to read as follows:  
8

9       “Art. 99 [Regional] Minimum Wages. – The NATIONAL minimum wage  
10 rates for agricultural and non-agricultural employees and workers [in each and  
11 every region of the country] shall be those prescribed by the [Regional Tripartite  
12 Wages and Productivity Boards] NATIONAL WAGES AND PRODUCTIVITY  
13 COMMISSION.”

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

3

4 (a) To act as the national consultative and advisory body to the  
5 President of the Philippines and Congress on matters relating to  
6 wages, incomes and productivity;

7 (b) To formulate policies and guidelines on wages, incomes and  
8 productivity improvement at the enterprise, industry and national  
9 levels;

10 (c) TO DETERMINE AND FIX NATIONAL MINIMUM WAGES RATES  
11 ACCORDING TO INDUSTRIES AND TO ISSUE THE  
12 CORRESPONDING WAGE ORDERS;

13

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

17

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

21

22 (e) To undertake studies, researches and surveys necessary for the attainment  
23 of its functions and objectives, and to collect and compile data and periodically  
24 disseminate information on wages and productivity and other related  
25 information, including, but not limited to, employment, cost-of-living, labor  
26 costs, investments and returns;

27

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

4

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

7

8 [(h)] (f) To call, from time to time, a national tripartite conference of  
9 representatives of government, workers and employers for the consideration of  
10 measures to promote wage rationalization and productivity;

11

12 [(i)] (g) To exercise such powers and functions as may be necessary to  
13 implement this Act.

14

15       The Commission shall be composed of the Secretary of Labor and  
16 Employment as *ex-officio* chairman, the Director-General of the National  
17 Economic and Development Authority (NEDA) as *ex-officio* vice-chairman, and  
18 two (2) members each from workers and employers sectors who shall be  
19 appointed by the President of the Philippines upon recommendation of the  
20 Secretary of Labor and Employment to be made on the basis of the list of  
21 nominees submitted by the workers and employers sectors, respectively, and  
22 who shall serve for a term of five (5) years. The Executive Director of the  
23 Commission shall also be a member of the Commission.

24

25       The Commission shall be assisted by a Secretariat to be headed by an  
26 Executive Director and two (2) Deputy Directors, who shall be appointed by the  
27 President of the Philippines, upon the recommendation of the Secretary of Labor  
28 and Employment.

1       The Executive Director shall have the same rank, salary, benefits and  
2 other emoluments as that of a Department Assistant-Secretary, while the  
3 Deputy Directors shall have the same rank, benefits and other emoluments as  
4 that of a Bureau Director. The members of the Commission representing labor  
5 and management shall have the same rank, emoluments and allowances and  
6 other benefits as those prescribed by law for labor and management  
7 representatives in the Employees' Compensation Commission.

8

9 [Art. 122. Creation of Region Tripartite Wages and Productivity Boards. There  
10 is hereby created Regional Tripartite Wages and Productivity Boards,  
11 hereinafter referred to as Regional Boards, in all regions, including autonomous  
12 regions as may be established by law. The Commission shall determine the  
13 offices/headquarters of the respective Regional Boards.

14

15 The Regional Boards shall have the following powers and functions in their  
16 respective territorial jurisdiction:

17

18 (a) To develop plans, programs and projects relative to wages, incomes  
19 and productivity improvement for their respective regions;

20

21 (b) To determine and fix minimum wage rates applicable in their region,  
22 provinces or industries therein and to issue the corresponding wage  
23 orders, subject to the guidelines issued by the Commission;

24

25 (c) To undertake studies, researches and surveys necessary for the  
26 attainment of their functions, objectives and programs and to collect  
27 and compile data on wages, incomes, productivity and other related  
28 information and periodically disseminate the same;

1       (d) To coordinate with other Regional Boards as may be necessary to  
2           attain the policy and intention of this Code;

3

4       (e) To receive, process and act on applications for exemption from  
5           prescribed wage rates as may be provided by law or any Wage Order;  
6           and

7

8       (f) To exercise such other powers and functions as may be necessary to  
9           carry out their mandate under this Code.

10

11      Implementation of the plans, programs and projects of the Regional Boards  
12     referred to in the second paragraph, letter (a) of this Article, shall be through  
13     the respective regional offices of the Department of Labor and Employment  
14     within their territorial jurisdiction; Provided, however, That the regional Boards  
15     shall have territorial jurisdiction; Provided, however, That the regional Boards  
16     shall have technical supervision over the regional office of the Department of  
17     Labor and Employment with respect to the implementation of said plans,  
18     programs and projects.

19

20      Each Regional Wage Board shall be composed of the Regional Director of the  
21     Department of Labor and Employment as chairman, the Regional Directors of  
22     the National Economic and Development Authority and the Department of  
23     Trade and Industry as vice-chairmen and two (2) members each from workers  
24     and employers sectors who shall be appointed by the President of the  
25     Philippines, upon the recommendation of the Secretary of Labor and  
26     Employment, to be made on the basis of the list of nominees submitted by the  
27     workers and employers sectors, respectively, and who shall serve for a term of  
28     five (5) years.

1    Each Regional Board to be headed by its chairman shall be assisted by a  
2    Secretariat.]

3

4    Art. 12[3]2. Wage Order. – Whenever conditions in the [region] Country so  
5    warrant, the [Regional Board] COMMISSION shall investigate and study all  
6    pertinent facts; and based on the standards and criteria herein prescribed, shall  
7    proceed to determine whether a Wage Order should be issued. Any such Wage  
8    Order shall take effect after fifteen (15) days from its complete publication in  
9    at least [one (1) newspaper of general circulation in the region.] TWO (2)  
10   NEWSPAPERS OF GENERAL CIRCULATION.

11

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

16

17       Any party aggrieved by the Wage Order issued by the [Regional Board]  
18   COMMISSION may [appeal] SEEK A RECONSIDERATION OF such order [to the  
19   Commission] within ten (10) calendar days from the publication of such order.  
20   It shall be mandatory for the Commission to decide such [appeal] MOTION FOR  
21   RECONSIDERATION within sixty (60) calendar days from the filing thereof.

22

23       The filing of the [appeal] MOTION FOR RECONSIDERATION does not  
24   stay the order unless the person appealing such order shall file with the  
25   Commission an undertaking with a surety or sureties satisfactory to the  
26   Commission for the payment to the employees affected by the order of the  
27   corresponding increase, in the event such order is affirmed.

1 Art. 12[4]3. Standards/Criteria for Minimum Wage Fixing. – The [regional]  
2 NATIONAL minimum wage[s] to be established by the [Regional Board]  
3 COMMISSION shall be as nearly adequate as is economically feasible to  
4 maintain the minimum standards of living necessary for the health, efficiency  
5 and general well-being of the employees within the framework of the national  
6 economic and social development program. In the determination of such  
7 [regional] minimum wage, the [Regional Board] COMMISSION shall, among  
8 other relevant factors, consider the following:

9

10 (a) The demand for living wages;

11

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

13

14 (c) The cost of living and changes or increases therein;

15

16 (d) The needs of workers and their families;

17

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

19

20 [(f)] (E) Improvements in standards of living;

21

22 [(g) The prevailing wage levels;]

23

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

25

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

27

28 [(j)] (G) The equitable distribution of income and wealth along the imperatives  
29 of economic and social development.

1 The wage[s] prescribed in accordance with the provisions of this Title shall be  
2 the standard prevailing NATIONAL minimum [wages in every region] WAGE.  
3 [These wages] THIS shall include wages varying within industries, [provinces  
4 or localities] if in the judgement of the [Regional Board] COMMISSION,  
5 conditions make such [local] differentiation proper and necessary to effectuate  
6 the purpose of this Title.

7

8 Any person, company, corporation, partnership or any other entity engaged in  
9 business shall file and register annually with the [appropriate Regional Board]  
10 COMMISSION and the [National Statistics Office] PHILIPPINE STATISTICS  
11 AUTHORITY an itemized listing of their labor component, specifying the names  
12 of their workers and employees below the managerial level, including learners,  
13 apprentices and disabled/handicapped workers who were hired under the terms  
14 prescribed in the employment contracts, and their corresponding salaries and  
15 wages.

16

17 Where the application of any prescribed wage increase pursuant to law or Wage  
18 Order issued by [any] THE [Regional Board] COMMISSION results in distortions  
19 of the wage structure within an establishment, the employer and the union shall  
20 negotiate to correct the distortions. Any dispute arising from wage distortions  
21 shall be resolved through the grievance procedure under their collective  
22 bargaining agreement and, if it remains unresolved, through voluntary  
23 arbitration. Unless otherwise agreed by the parties in writing, such dispute shall  
24 be decided by the voluntary arbitrator or panel of voluntary arbitrators within  
25 ten (10) calendar days from the time said dispute was referred to voluntary  
26 arbitration.

27

28 In cases where there are no collective agreements or recognized labor  
29 unions

1 the employers and workers shall endeavor to correct such distortions. Any  
2 dispute arising therefrom shall be settled through the National Conciliation and  
3 Mediation Board and, if it remains unresolved after ten (10) calendar days of  
4 conciliation, shall be referred to the appropriate branch of the National Labor  
5 Relations Commission (NLRC). It shall be mandatory for the NLRC to conduct  
6 continuous hearings and decide the dispute within twenty (20) calendar days  
7 from the time said dispute is submitted for compulsory arbitration.

8

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

12

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

19

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

24

<sup>A</sup>

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

28

1 Art. 126. Prohibition Against Injunction. - No preliminary or permanent  
2 injunction or temporary restraining order may be issued by any court, tribunal  
3 or other entity against any proceedings before the Commission [or the Regional  
4 Boards].

5

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

## **SECTION 2.**

9 (a) ~~Exempted from the provisions of this Act are household or domestic helpers~~  
10 ~~and persons employed in the personal service of another, including family~~  
11 ~~drivers.~~

12

13         Retail/service establishments regularly employing not more than ten (10)  
14 workers may be exempted from the applicability of this Act upon application  
15 with and as determined by the Commission. Whenever an application for  
16 exemption has been duly filed with the Commission, action on any complaint  
17 for alleged non-compliance with this Act shall be deferred pending resolution of  
18 the application for exemption by the Commission.

19

20         In the event that applications for exemptions are not granted, employees  
21 shall receive the appropriate compensation due them as may be granted them  
22 pursuant to this Act plus interest of one percent (1%) per month retroactive to  
23 the effectivity of this Act.

24

25 (b) If expressly provided for and agreed upon in the collective bargaining  
26 agreements, all increases in the daily basic wage rates granted by the  
27 employers three (3) months before the effectivity of this Act shall be  
28 credited as compliance with the increases in the wage rates pursuant to

1       this Act, provided that, where such increases are less than the increases in  
2       the wage rates that may be prescribed pursuant to this Act, the employer  
3       shall pay the difference. Such increases shall not include anniversary wage  
4       increases, merit wage increases and those resulting from the regularization  
5       or promotion of employees.

6

7       Where the application increases in the wage rates that may be prescribed  
8       pursuant to this Act results in distortions as defined under existing laws in the  
9       wage structure within an establishment and gives rise to a dispute therein, such  
10      dispute shall first be settled voluntarily between the parties and in the event of  
11      a deadlock, the same shall be finally resolved through compulsory arbitration  
12      by the regional branches of the National Labor Relations Commission (NLRC)  
13      having jurisdiction over the workplace.

14

15      It shall be mandatory for the NLRC to conduct continuous hearings and  
16      decide any dispute arising under this Section within twenty (20) calendar days  
17      from the time said dispute arising from wage distortion shall not in any way  
18      delay the applicability of any increase in the wage rates that may be prescribed  
19      pursuant this Act.

20

21      **SECTION 3.** In the case of contracts for construction projects and for  
22      security janitorial and similar services, increases in the wage rates of the  
23      workers shall be borne by principals or clients of the construction/service  
24      contractors and the contract shall be deemed amended accordingly. In the  
25      event, however, that the principal or client fails to pay the prescribed wage  
26      rates, the construction/service contractor shall be jointly and severally liable  
27      with his principal or client.

28

1       **SECTION 4.** Upon written permission of the majority of the employees or  
2 workers concerned, all private establishments, companies, businesses, and  
3 other entities with twenty-five (25) or more employees and located within one  
4 (1) kilometer radius to a commercial, savings or rural bank shall pay the wages  
5 and other benefits of their employees through any of said banks and within the  
6 period of payment of wages fixed by Presidential Decree No. 442, as amended,  
7 otherwise known as the Labor Code of the Philippines.

8

9       **SECTION 5.** Whenever applicable and upon request of a concerned worker  
10 or union, the bank shall issue a certification of the record of payment of wages  
11 of a particular worker or workers for a particular payroll period.

12

13       **SECTION 6.** The Department of Labor and Employment shall conduct  
14 inspections as often as possible within its manpower constraint of the payroll  
15 and other financial records kept by the company or business to determine  
16 whether the workers are paid the prescribed minimum wage rates and other  
17 benefits granted by law or any Wage Order. In unionized companies, the  
18 Department of Labor and Employment inspectors shall always be accompanied  
19 by the president or any responsible officer of the recognized bargaining unit or  
20 of any interested union in the conduct of the inspection. In non-unionized  
21 companies, establishments or businesses, the inspection should be carried out  
22 in the presence of a worker representing the workers in the company. The  
23 workers' representative shall have the right to submit his own findings to the  
24 Department of Labor and Employment and to testify on the same if he cannot  
25 concur with the findings of the labor inspector.

26

27       **SECTION 7.** The Regional Tripartite Wages and Productivity Boards  
28 created under Republic Act No. 6727 are hereby abolished. All properties,  
29 records, equipment, building, facilities, and other assets, liabilities and

1 appropriations belonging to the above-mentioned offices, as well as other  
2 matters pending therein, shall be transferred to the Commission.

3

4 Any official or employee separated from the service as a result of the  
5 abolition of office pursuant to this Act shall be entitled to appropriate separation  
6 pay and retirement and other benefits accruing to them under existing laws. In  
7 lieu thereof, at the option of the employee, he shall be preferentially considered  
8 for employment in the government or in any of its subdivisions,  
9 instrumentalities, or agencies, including government-owned or controlled  
10 corporations and their subsidiaries.

11

12 **SECTION 8.** Any person, corporation, trust, firm, partnership, association  
13 or entity which refuses or fails to pay any prescribed increases or adjustments  
14 in the wage rates made in accordance with this Act shall be punished by a fine  
15 in the amount double of the amount of wage denied to workers but in every  
16 case at least one hundred fifty thousand pesos (Php 150,000.00) and/or  
17 imprisonment of not less than one (1) year nor more than two (2) years:  
18 Provided, That any person convicted under this Act shall not be entitled to the  
19 benefits provided for under the Probation Law.

20

21 If the violation is committed by a corporation, trust or firm, partnership,  
22 association or any other entity, the penalty of imprisonment shall be imposed  
23 on the entity's responsible officers, including, but not limited to, the president,  
24 vice-president, chief executive officer, general manager, managing director or  
25 partner.

26 **SECTION 9.** The Secretary of Labor and Employment shall promulgate  
27 the necessary rules and regulations to implement the provisions of this Act.

28

1           **SECTION 10.** Republic Act No. 6727, otherwise known as the "Wage  
2 Rationalization Act", is hereby expressly repealed. All laws, orders, issuances,  
3 rules and regulations or parts thereof inconsistent with the provisions of this  
4 Act are hereby repealed, amended or modified accordingly. If any provision or  
5 part of this Act, or application thereof to any person or circumstance, is held  
6 invalid or unconstitutional, the remainder of this Act or the application of such  
7 provision or part hereof to other persons or circumstances shall not be affected  
8 thereby.

9

10          Nothing in this Act shall be construed to reduce any existing wage rates,  
11 allowances and benefits of any form under existing laws, decrees, issuances,  
12 executive orders, and/or under any contract or agreement between the workers  
13 and the employers.

14

15          **SECTION 11.** This Act shall take effect fifteen (15) days after its publication in  
16 the Official Gazette or in two (2) newspapers of general circulation.

*Approved,*

SEVENTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )



19 FEB -4 P 6:37

SENATE  
P.S. Res. No. 1012

RE:

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**INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO**

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**RESOLUTION  
CONGRATULATING AND COMMENDING THE OUTSTANDING YOUNG  
MEN (TOYM) 2018 AWARDEES FOR THEIR SIGNIFICANT  
CONTRIBUTIONS TO THE WELFARE OF THE COUNTRY**

**WHEREAS**, the Philippine Jaycees, Inc is an organization which contributes to the advancement of the global community by providing young persons with the opportunity to develop leadership skills, social and fellowship for positive change;

**WHEREAS**, The Outstanding Young Men (TOYM) was initiated by the Manila Jaycees as a chapter project in 1959;

**WHEREAS**, over the years, the TOYM Awards has become an annual project of the Junior Chamber International (JCI)-Philippines, and co-presented by PLDT, Gerry Roxas Foundation, Inc and the TOYM Foundation, Inc, and has developed a reputation for its selectiveness of outstanding young men upon whom the awards are conferred;

**WHEREAS**, the 2018 Awardees who came from the fields of economic development, public service, law enforcement, public health, journalism, education, among others have showed great dedication and commitment not just in enriching their profession but more so the well-being of their countrymen and the country as a whole;

**WHEREAS**, eleven (11) exemplary awardees were formally selected in 2018 and joined the ranks of 492 former awardees as Outstanding Young Men and Women of the Philippines;

**WHEREAS**, the Senate, as an expression of its support to the youth and nation-building, joins the Junior Chamber International (JCI)-Philippines, PLDT,

Gerry Roxas Foundation, Inc and the TOYM Foundation, in commanding and honoring the Awardees through this recognition;

**NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, by the Senate of the Philippines to congratulate and commend The Outstanding Young Men (TOYM) 2018 Awardees, namely:

1. Dr. Nassef Manabilang Adiong – International Relations
2. Ms. Jamela Aisha Martinez Alindogan – International Journalism
3. Ms. Cherrie De Erit Atilano – Agri-business
4. Mr. Karl Kendrick Tiu Chua – Economic Development
5. Mr. Bernard Faustino La Madrid Dy – Public Service
6. Mr. Rodne Rodiño Galicha – Environmental Conservation
7. Ms. Fatima Peñones Ibias-Lanuza – Law Enforcement
8. Dr. Erika Fille Tupas Legara – Education Innovation
9. Dr. Katerina Tolentino Leyritana – Public Health
10. Dr. Mark Anthony Santiago Sandoval – Medicine
11. Mr. Jaton Zulueta Jr. – Coomunity Development

**RESOLVED FURTHER**, that copies of the Resolution be furnished to the aforementioned Awardees.

*Adopted,*



**SENATOR JOSEPH VICTOR G. EJERCITO**