

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

**Thirteenth Congress
First Regular Session**

HOUSE BILL NO. 1063

**Introduced by Anakpawis Representatives Crispin B. Beltran, Rafael V. Mariano; Bayan Muna
Representatives Satur C. Ocampo, Teodoro A. Casiño, Joel G. Virador;
Gabriela Women's Party Rep. Liza Largoza-Maza**

EXPLANATORY NOTE

The right of workers to a "living wage" is recognized under Article XIII, Section 3 of the 1987 Philippine Constitution. At the same time, the Constitution upholds the participation of workers in decision-making processes affecting their rights and benefits. Beyond these legal provisions, however, is the basic social right of workers to demand just compensation for the value and quality of labor-power they put in to fuel industry and the economy in general.

Under Republic Act 6727 or the Wage Rationalization Act of 1989, the task of studying and fixing of minimum wages was given to the Regional Tripartite Wages and Productivity Boards (RTWPB). Since then, the minimum wage has differed from one region to another, and further differentiated according to locality, industry and employment-size - among other standards set arbitrarily by the wage boards.

What is clear, however, is that minimum wages have remained grossly inadequate to support decent living standards after more than a decade of wage "rationalization." This highlights the failure of the government to provide economic relief for the workers towards securing a living wage as mandated by the Constitution.

An independent study by IBON Foundation shows that the minimum wage has not improved compared to the cost of living in the last decade. In the National Capital Region (NCR), for instance, the minimum wage ten years ago fulfilled barely 51% of living costs. As of June this year, the proportion has gone down to 48%.

In June 2001, the National Wages and Productivity Commission (NWPC) of the labor department came up with new estimates of the living wage and cost of living for all regions. The NWPC defines "living wage" as the amount of family income needed to provide for the "cost of living," which includes food and non-food requirements, with sufficient allowance for savings and investments for social security.

According to the NWPC, the cost of living for a family of six in the NCR is around P15,300 a month, or P510 a day. The prevailing daily minimum wage, however, is only P250 for non-agricultural workers and P213 for agricultural workers. The gap between the minimum wage and cost of living ranges from a low of P260 to a high of P297.

The situation is similar or even worse in the other regions:

®In the Cordillera Autonomous Region, the highest minimum wage is pegged at P185 and the lowest is P174, while cost of living is P497.83. The gap is from P313 to P324.

®In Region 1, the highest and lowest minimum wage is pegged at P180 and P172 while cost of living is P433.93. The gap is from P276 to P316.

®In Region 2, the he highest minimum wage is pegged at P180 and the lowest is P172, while cost of living is P433.93. The gap is from P254 to P262.

®In Region 3, the highest and lowest minimum wage is pegged at P208.50 and P197 while cost of living is P454.23. The gap is from P245 to P257.

® In Region 4, the highest minimum wage is pegged at P217 and the lowest is P174, while cost of living is P480.60. The gap is from P264 to P307.

®In Region 5, the highest and lowest minimum wage is pegged at P182 and P135 while cost of living is P446.10. The gap is from P264 to P311.

® In Region 6, the highest minimum wage is pegged at P173 and the lowest is P143, while cost of living is P385.27.83. The gap is from P212 to P242.

® In Region 7, the highest and lowest minimum wage is pegged at P190 and P160 while cost of living is P462.33. The gap is from P272 to P302.

®In Region 8, the highest and lowest minimum wage is pegged at P177 and P173 while cost of living is P337.63. The gap is between from P161 to P165.

® In Region 9, the minimum wage is at standard P165, while cost of living while cost of living is P446.10. The gap is P281.

®In Region 10, the highest and lowest minimum wage is pegged at P180 and P173 while cost of living is P408.60. The gap is from P229 to P236.

® In Region 11, the highest minimum wage is pegged at P180 and the lowest is P173, while cost of living is P390.37. The gap is from P210 to P217.

® In Region 12, the minimum wage is pegged at a standard P160, while cost of living is P430.90. The gap is P271.

®In the ARMM, the highest and lowest minimum wage is pegged at P140 and P129.20 while cost of living is P648.90. The gap is from P509 to P520.

We can infer from the foregoing data that the prevailing minimum wages represent only 37% to 41% of the average cost of living of all regions. A P125.00 wage hike as demanded by the workers, would bring minimum wages to within 64% to 68% of cost of living estimates. A P125.00 hike is therefore still insufficient, yet substantial to raise the quality of life of 16 million workers and their dependents.

The argument of employers groups and government economic planners that high wages in the country have forced many companies to shut down or retrench workers is invalidated by official figures from the labor department. Of the 937 firms that resorted to permanent closure or retrenchment due to economic reasons from January to April this year, only 22 firms or 2.3% cited the minimum wage rate increase as main reason.

Around half (46.6%) of establishments cited reorganization, 20% attributed to lack of market or slump in demand, while the rest cited uncompetitive price of products, competition from imports and lack of raw materials - all functions of the worsening crisis in the domestic economy.

The argument that a wage increase will be inflationary is also disproved by the fact that labor costs comprise no more than 11% of production costs on the average of all Philippine industries. A wage adjustment of P125 can therefore increase production costs by no more than 11%. This means that businesses can absorb a substantial wage hike and the increase will not be inflationary if businesses charged this against their profit margin.

The Constitutional provision on Social Justice and Human Rights mandates Congress "to give highest priority to the enactment of measures that protect and enhance the right of all people to human dignity, reduce social, economic, and political inequalities..by equitably diffusing wealth and power for the common good." (Article XIII, Section 1)

Consistent with the constitutional mandate for the respect of human rights, minimum wage should be able to maintain the basic standards of living necessary for the health, efficiency and general well-being of the worker and his/her family.

However, the government's Family Income and Expenditures Survey depicts the skewed distribution of wealth in the country. The survey shows that the richest 20% of Filipino families account for 57% of the total family income, while the poorest 40% account for only 11% of total family income. The extent of poverty and income disparity in the country reflect the subsistence conditions under which many in the working class are forced to live.

As of September 2000, unionized workers accounted for only 3.8 million or around 12% of the total workforce. Of this number, only around 489,000 workers are covered by existing Collective Bargaining Agreements, or a measly 1.5% of total labor force. Thus, a great majority of Filipino workers are effectively disempowered from bargaining for higher wages, benefits and better work conditions. These workers can be given a voice through a legislated wage increase.

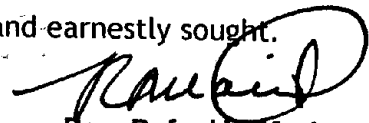
The Philippine wage hike problem is a socio-economic problem which involves the very dignity of Filipino workers. The solution lies not in the company's ability to pay higher wages, but in its social and moral commitment to share profit with the workers through payment of living wages. Unfortunately, this commitment is not shared by capitalists in the country, a situation that should be remedied by legislation.

It is therefore most urgent and necessary to enact a legislation that would strengthen and give life to the constitutional right of workers to living wage.

Hence, support of this bill is earnestly sought.

In view of the foregoing, approval of this bill is highly and earnestly sought.


ORIGINAL SIGNER
Rep. Crispin B. Beltran
Anakpawis


Rep. Rafael V. Mariano
Anakpawis

Rep. Satur C. Ocampo
Bayan Muna


Rep. Teodoro A. Casilo
Bayan Muna

Rep. Joel G. Virador
Bayan Muna


Rep. Liza L. Maza
Gabriela Women's Party

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**AN ACT
PROVIDING FOR A P125.00 DAILY ACROSS-THE-BOARD INCREASE IN THE SALARY RATES OF
EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR AND FOR OTHER PURPOSES**

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

SECTION 1. This act shall be known as "The P125.00 Daily Across-The-Board Wage Increase Act."

SEC. 2. It is hereby declared to be the policy of the State to alleviate the living conditions of the ordinary Filipino through policies that provide for a decent and humane standard of living and improved quality of life, particularly of the working class; to ensure the right of labor to its just share in the fruits of production; to guarantee the workers' right to a living wage; and to promote social justice through the adoption of measures calculated to ensure the well-being and economic security of all the members of the community.

SEC. 3. In line with the declared policy under this Act, all employers in the private sector, whether agricultural or non-agricultural, regardless of capitalization and number of employees shall pay their workers an across-the-board wage increase in the sum of One Hundred Twenty Five Pesos (P125.00) a day upon the effectivity of this act.

SEC. 4. No wage increase shall be credited as compliance with the increase prescribed herein unless expressly provided under the collective bargaining agreements; Provided, That such wage increase was granted in anticipation of the legislated across-the-board wage increase under the Act; and, Provided further, That where such increase is less than the prescribed increase under this Act, the employer shall pay the difference. Such increases shall not include anniversary wage increases, merit wage increases and those resulting from the regularization or promotion of employees.

SEC. 5. 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.

SEC. 6. The Department of Labor and Employment shall, 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 prescribed across-the-board wage increase and other benefits granted by law. In unionized companies, the Department of Labor and Employment inspectors shall always be accompanied by the president or any responsible officer of 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 of Labor and Employment and to testify on the same if he cannot concur with the findings of the labor inspector.

SEC. 7. Any person, corporation, trust, firm, partnership association, or entity violating any provision of 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) 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 if the violation is committed by a corporation, trust or firm, 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 the vice-president, chief executive officer, general manager, managing director or partner.

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: Provided futher, That any person convicted under this Act shall not be entitled to the benefits provided for under the Probation Law.

SEC. 8. The Secretary of Labor and Employment shall promulgate the necessary rules and regulations to implement this Act.

SEC. 9. If any provision or part of this Act, or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of this Act or the application of such provision or part thereof to other persons or circumstances, shall be affected thereby.

SEC. 10. All laws, orders, issuances, rules and regulations or part thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 11. This Act shall take effect within fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved.