

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



23 MAY -8 P3:20

SENATE
S. B. NO. 2140

RECEIVED BY: _____

Introduced by **SENATOR JOEL VILLANUEVA**

AN ACT
ESTABLISHING THE STANDARDS FOR A LIVING WAGE, AMENDING
FOR THE PURPOSE ARTICLE 124 OF PRESIDENTIAL DECREE NO.
442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF
THE PHILIPPINES

EXPLANATORY NOTE

Article XIII, Section 3 of the 1987 Constitution explicitly provides that the State shall guarantee the right of all workers to job security, humane working conditions, and a living wage. All workers are entitled to this as a fundamental right.

A living wage must be set sufficiently high to ensure that workers earn enough to maintain a decent quality of living and keep their families out of poverty.¹ Despite the constitutional guarantee of a living wage, this right remains elusive to most Filipino workers.

Last year, the daily minimum wage across the country increased by a range of Php3.00 to Php110.00, bringing the minimum wage to a range of Php306.00 to Php570.00.² Nonetheless, the minimum wage rate is still well below the living wage. According to a study by the IBON Foundation, the living wage of a family of five in the National Capital Region is Php1,161.00 per day, as of February 2023.³ This means that a family should earn Php25,248.00 monthly in order to live decently.⁴

¹ 2002. Brenner, M. Defining and Measuring a Global Living Wage: Theoretical and Conceptual Issues. University of Massachusetts, Amherst, Political Economy Research Institute, Massachusetts, US.

² Daily Minimum Wage Rates. National Wages and Productivity Commission. Available at <https://nwpc.dole.gov.ph/regionandwages/region-vi-western-visayas/> (Accessed on May 8, 2023).

³ March 10, 2023. NCR family living wage as of February 2023. IBON Foundation. Available at <https://www.ibon.org/ncr-flw-a0-2302/> (Accessed on May 8, 2023).

⁴ *Id.*

The high inflation rate also pushes the real value of wages to even lower levels, further reducing the purchasing power of Filipino workers to afford basic necessities such as food and transportation. Notwithstanding the slight decrease of inflation rate from 8.6% in February 2023 to 7.6% in March 2023,⁵ the gap between the minimum wage and the living wage for a family of five across regions remains to be a significant margin.

Given the foregoing, there is a need for legislation that will establish a wage that will uphold the rights of workers to a living – one that will allow them to meet the fundamental needs of their family, while also acknowledging the needs of employers to continue operating their business or trade.

This bill seeks to achieve this objective by amending Article 124 of Presidential Decree No. 442 or the Labor Code of the Philippines. More specifically, it provides that regional minimum wages must meet the living wage standards in the region to ensure the nourishment, clothing, shelter, education and general well-being of the employees and their families.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



JOEL VILLANUEVA

⁵ April 23, 2023. Summary Inflation Report Consumer Price Index (2018=100) National Capital Region: March 2023. Philippine Statistics Authority. Available at <http://rssoncr.psa.gov.ph/article/summary-inflation-report-consumer-price-index-2018100-national-capital-region-march-2023#:~:text=At%20the%20national%20level%2C%20the,8.6%20percent%20in%20February%202023>. (Accessed on May 8, 2023).

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

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2 **SECTION 1.** Article 124 of the Labor Code is hereby amended to read as
3 follows:
4

5 “ARTICLE 124. *Standards/Criteria for minimum wage fixing.* - The
6 regional minimum wages to be established by the Regional Board
7 shall **MEET THE LIVING WAGE STANDARDS IN THE REGION,**
8 **WHICH SHALL ENSURE THE EMPLOYEES’ AND THEIR**
9 **FAMILIES’ NOURISHMENT, CLOTHING, SHELTER,**
10 **EDUCATION,** ~~be as nearly adequate as is economically feasible to~~
11 ~~maintain the minimum standards of living necessary for the health,~~
12 ~~efficiency and general well-being of the employees within the~~
13 ~~framework of the national economic and social development~~
14 ~~program.~~ In the determination of such regional minimum wages, the
15 Regional Board shall, among other relevant factors, consider the
16 following:
17

- 18 (a) ~~The demand for living wages~~ **ESTIMATED COST OF LIVING**
19 **FOR A DETERMINED SIZE OF A FAMILY IN THE REGION;**
20 (b) Wage adjustment vis-à-vis the consumer price index;
21 (c) ~~The cost of living and changes or increases therein;~~
22 (Cd) The needs of workers and their families;
23 (De) The need to induce industries to invest in the countryside;
24 (Ef) Improvements in standards of living;

- 1 (Fg) The prevailing wage levels;
- 2 (Gh) Fair return of the capital invested and cCapacity to pay of
- 3 employers; **AND**
- 4 (i) ~~Effects on employment generation and family income;~~ and
- 5 (Hj) The equitable distribution of income and wealth along the
- 6 imperatives of economic and social development.

7

8 The wages prescribed in accordance with the provisions of this Title

9 shall be the standard prevailing minimum wages in every region.

10 These wages shall include wages varying with industries, provinces

11 or localities if in the judgment of the Regional Board, conditions

12 make such local differentiation proper and necessary to effectuate

13 the purpose of this Title.

14

15 Any person, company, corporation, partnership or any other entity

16 engaged in business shall file and register annually with the

17 appropriate Regional Board, Commission and the National

18 Statistics Office, an itemized listing of their labor component,

19 specifying the names of their workers and employees below the

20 managerial level, including learners, apprentices and

21 disabled/handicapped workers who were hired under the terms

22 prescribed in the employment contracts, and their corresponding

23 salaries and wages.

24

25 Where the application of any prescribed wage increase by virtue of

26 a law or wage order issued by any Regional Board results in

27 distortions of the wage structure within an establishment, the

28 employer and the union shall negotiate to correct the distortions.

29 Any dispute arising from wage distortions shall be resolved through

30 the grievance procedure under their collective bargaining

31 agreement and, if it remains unresolved, through voluntary

32 arbitration. Unless otherwise agreed by the parties in writing, such

33 dispute shall be decided by the voluntary arbitrators within ten (10)

34 calendar days from the time said dispute was referred to voluntary

35 arbitration.

36

37 In cases where there are no collective agreements or recognized

38 labor unions, the employers and workers shall endeavor to correct

39 such distortions. Any dispute arising therefrom shall be settled

40 through the National Conciliation and Mediation Board and, if it

41 remains unresolved after ten (10) calendar days of conciliation,

42 shall be referred to the appropriate branch of the National Labor

43 Relations Commission (NLRC). It shall be mandatory for the NLRC

44 to conduct continuous hearings and decide the dispute within

45 twenty (20) calendar days from the time said dispute is submitted

46 for compulsory arbitration.

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48 The pendency of a dispute arising from a wage distortion shall not

49 in any way delay the applicability of any increase in prescribed wage

50 rates pursuant to the provisions of law or wage order.

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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 on piecework, takay, pakyaw or task basis, shall receive not less than the prescribed wage rates per eight (8) hours of 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. (As amended by Republic Act No. 6727, June 9, 1989)”

SEC. 2. Implementing Rules and Regulations. – Within thirty (30) days from the effectivity of this Act, the Secretary of Labor and Employment, in consultation with the Tripartite Industrial Peace Council and other relevant stakeholders, shall issue the necessary rules and regulations to implement the provisions of this Act.

SEC. 3. Separability Clause. – If any part or provision of this Act is held invalid or unconstitutional, other provisions not affected thereby shall remain in force and effect.

SEC. 4. Repealing Clause. – All laws, Executive Orders, Presidential Decrees, rules and regulations inconsistent herewith are deemed modified and repealed accordingly. All affected provisions of existing laws are deemed effective until such promulgation of the IRR.

SEC. 5. Effectivity Clause. – This Act shall take effect fifteen (15) days upon its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes first.

Approved,