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CONGRESS OF THE PHILIPPINES }
Second Regular Session }

S E N A T E

S. No. 1084

INTRODUCED BY SENATORS HERRERA, MACEDA, MERCADO, ROMULO, TAMANO, ALVAREZ, ANGARA, AQUINO, ESTRADA, GONZALES, GUINGONA, JR., LINA, JR., OSMEÑA, PATERNO, PIMENTEL, JR., RASUL, SAGUISAG, SHAHANI, ZIGA AND LAUREL PER COMMITTEE REPORT No. 613

AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING A MECHANISM THEREFOR AND FOR OTHER PURPOSES

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

1 SECTION 1. This Act shall be known as the "Wage
2 Rationalization Act."

3 SEC. 2. It is hereby declared the policy of the State to
4 rationalize the fixing of minimum wages nationally or
5 regionally, promote the decent standard of living of the
6 workers and their families, stimulate dispersal of industries
7 and enhance viability and competitiveness of the Filipino en-
8 terprise by increasing its productivity and ensuring
9 reasonable return on investment. In the setting of minimum

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1 wages, the State shall ensure that labor is paid a living wage
2 while recognizing the need to equitably distribute incomes
3 and wealth.

4 **SEC. 3.** In implementing the policy under this Act, the
5 National Wages Council in coordination with the National
6 Productivity Commission shall in consultation with the
7 Regional Development Councils conduct studies and make
8 a determination of the appropriate regional minimum wage
9 increases for the private sector workers in different
10 regions.

11 In the determination of the applicable minimum wage
12 increases in such regions, the National Wages Council shall
13 specifically consider, among other factors, the following:

- 14 (a) the demand for living wages;
- 15 (b) the needs of workers and their families;
- 16 (c) cost-of-living and changes therein;
- 17 (d) improvements in the standards of living;
- 18 (e) the prevailing average wage levels;
- 19 (f) the need to induce industries to invest outside the
20 National Capital Region;
- 21 (g) capacity to pay of enterprises;
- 22 (h) effects on employment generation and family in-
23 come; and
- 24 (i) equitable distribution of income and wealth.

25 **SEC. 4.** In the determination of the appropriate
26 regional minimum wage increases under this Act, the Na-

1 tional Wages Council jointly with the Regional Devel-
2 opment Councils shall conduct public consultations, giving
3 notices to employers' and employees' organizations, pro-
4 vincial, city and municipal officials and other interested
5 parties.

6 SEC. 5. The National Wages Council shall issue the
7 corresponding Wage Orders which shall have the force and
8 effect of law and which shall in no case be lower than the
9 statutory national minimum wages. Such Wage Orders shall
10 take effect fifteen (15) days after their publication in the
11 Official Gazette or in at least two (2) newspapers of general
12 circulation in the region, whichever comes earlier.

13 SEC. 6. Within a period of three (3) years from the
14 effectivity of this Act, new enterprises that may be
15 established outside the National Capital Region whose
16 operations or investments as may be determined by the
17 Department of Labor and Employment in consultation with
18 the Department of Trade and Industry or the Department
19 of Agriculture and Food, as the case may be, need initial
20 assistance, shall be exempt from the application of this Act
21 for two (2) years from the start of their operations:
22 *Provided*, That such new enterprises established in Region
23 III (Central Luzon) and Region IV (Southern Tagalog) shall
24 be exempt only for one (1) year from the start of their
25 operations except those established in the provinces of
26 Palawan, Occidental Mindoro, Oriental Mindoro, Marin-

1 duque, Romblon, Quezon and Aurora which shall enjoy an
2 exemption of two years from the the start of their operations:
3 *Provided, further,* That nothing in this section shall prevent
4 the workers and employers in such enterprises from
5 negotiating or agreeing for higher daily wage rates.

6 SEC. 7. Excepted from the provisions of this Act are
7 domestic helpers and persons employed in the personal
8 service of another and retail enterprises regularly
9 employing not more than ten (10) workers as determined by
10 the National Wages Council in accordance with present
11 applicable rules and regulations.

12 SEC. 8. Where the application of any minimum wage
13 increase in any establishment results in distortions of the
14 wage structure of the employees therein receiving a monthly
15 basic pay of not exceeding five thousand pesos (P5,000.00),
16 the employer and the union shall negotiate to correct such
17 distortions. Any dispute arising from such wage distortions
18 shall be resolved through the grievance procedure under
19 their collective bargaining agreement and if it remains
20 unresolved, thru voluntary arbitration. Unless otherwise
21 agreed by the parties in writing, such dispute shall be
22 decided by the voluntary arbitrator or panel of voluntary
23 arbitrators twenty (20) calendar days from the time said
24 dispute was referred for voluntary arbitration.

25 In cases where there are no collective agreements or
26 recognized labor unions, the employer shall endeavor to

1 correct such distortions in consultation with his workers.
2 Any dispute arising therefrom shall be resolved thru the
3 National Conciliation and Mediation Board and if it remains
4 unresolved after ten (10) calendar days of conciliation, it
5 shall be referred to the appropriate branch of the National
6 Labor Relations Commission (NLRC). It shall be manda-
7 tory for the NLRC to conduct continuous hearings and decide
8 the dispute within twenty (20) calendar days from the time
9 said dispute is submitted to it for compulsory arbitration.

10 For the purpose of this Act, wage distortion arising
11 under the first paragraph of this section shall mean a
12 situation where an increase in minimum wages results in the
13 elimination or severe contraction of intentional
14 quantitative differences in wage or salary rates between and
15 among such employee groups in an establishment as to
16 effectively obliterate the distinctions embodied in such
17 wage structure based on skills, length of service, or other
18 logical bases of differentiation.

19 The pendency of a dispute arising from a wage
20 distortion under this section shall not in any way delay the
21 applicability of any increase in minimum wages.

22 SEC. 9. All workers paid by result, including those who
23 are paid on piecework, takay, pakyaw or task basis, shall
24 receive not less than the prescribed minimum wages per eight
25 (8) hours work a day, or a proportion thereof for working
26 less than eight (8) hours.

1 SEC. 10. Learners, apprentices and handicapped workers
2 shall be entitled to not less than seventy-five percent (75%)
3 of the prescribed minimum wages. A handicapped worker is
4 one whose efficiency or quality of work is impaired by his
5 disability in relation to the work performed.

6 All recognized learnership and apprenticeship
7 agreements acts shall be considered as automatically
8 modified insofar as their wage clauses are concerned to
9 reflect any increase in the statutory minimum wage rates.

10 SEC. 11. In the case of contracts for construction
11 projects and for security, janitorial and similar services, the
12 increases in the minimum wage rates of the workers shall be
13 borne by the principals or clients of the construction/
14 service contractors and the contract shall be deemed amended
15 accordingly. In the event however, that the principal or client
16 fails to pay the prescribed minimum wage rates the construc-
17 tion/service contractor shall be jointly and severally liable
18 with his principal or client.

19 SEC. 12. (a) To immediately implement the purposes of
20 this Act, every employer in the private sector not otherwise
21 excepted under this Act, shall pay to each of his employees,
22 regardless of their position, designation or status, an
23 increase of twenty pesos (P20.00) in their statutory daily
24 minimum wage rates.

25 (b) Effective January 1, 1990 an additional increase of ten
26 pesos (P10.00) in the statutory daily minimum wage rates

1 shall be received by the employees in the National Capital
2 Region (NCR). For purposes of this Act, the NCR shall
3 consist of the cities of Manila, Quezon, Pasay and Caloocan
4 and the municipalities of Cainta, Makati, Malabon,
5 Mandaluyong, Marikina, Muntinlupa, Navotas, Las Piñas,
6 Parañaque, Pasig, Pateros, San Juan, Taguig, Taytay,
7 Valenzuela, Bacoor and Dasmarinas. The employees in the
8 other regions shall be paid such daily minimum wage rates as
9 may be determined by the National Wages Council upon
10 consultation with employees' and employers' groups and
11 Regional Development Councils, thru issuances of the
12 appropriate Wage Orders.

13 (c) Notwithstanding the foregoing provisions of this
14 section any adjustment to the statutory daily minimum wage
15 rates in the private educational institutions shall await the
16 appropriate Wage Order of the National Wages Council
17 after holding a tripartite conference therefor which shall not
18 be later than thirty (30) days from the approval of this Act.

19 Future minimum wage rates shall be determined in
20 accordance with the provisions of this Act, unless otherwise
21 provided for by law.

22 SEC. 13. The National Wages Council shall promulgate
23 the necessary rules and regulations to implement the
24 provisions of this Act, subject to the approval of the
25 Secretary of Labor and Employment.

26 SEC. 14. Any person, corporation, trust, firm, partner-

1 shall be received by the employees in the National Capital
2 Region (NCR). For purposes of this Act, the NCR shall
3 consist of the cities of Manila, Quezon, Pasay and Caloocan
4 and the municipalities of Cainta, Makati, Malabon,
5 Mandaluyong, Marikina, Muntinlupa, Navotas, Las Piñas,
6 Parañaque, Pasig, Pateros, San Juan, Taguig, Taytay,
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22 SEC. 13. The National Wages Council shall promulgate
23 the necessary rules and regulations to implement the
24 provisions of this Act, subject to the approval of the
25 Secretary of Labor and Employment.

26 SEC. 14. Any person, corporation, trust, firm, partner-

1 ship, association or entity that willfully and knowingly
2 refuses or fails to pay any prescribed increase in the minimum
3 wages shall be punished by a fine not exceeding twenty-five
4 thousand pesos (P25,000.00) and/or imprisonment for not
5 less than one (1) year nor more than two (2) years: *Provided*,
6 That any person convicted under this Act shall not be entitled
7 to the benefits provided for under the Probation Law. If the
8 violation is committed by a corporation, trust or firm,
9 partnership, association or any other entity, the penalty shall
10 be imposed upon the officers and members of the board
11 responsible for the violation.

12 SEC. 15. Nothing in this Act shall be construed to reduce
13 any existing wage rates, allowances and benefits of any form
14 under existing laws, decrees, issuances, executive orders,
15 and/or under any contract or agreement between the workers
16 and employers.

17 SEC. 16. All laws, orders, issuances, rules and
18 regulations or part thereof inconsistent with the provisions of
19 this Act are hereby repealed or amended accordingly. If any
20 provision or part of this Act, or the application thereof to
21 any person or circumstance, is held invalid or unconstitu-
22 tional, the remainder of this Act or the application of such
23 provision or part thereof to other persons or circumstances,
24 shall not be affected thereby.

25 SEC. 17. This Act shall take effect fifteen (15) days after
26 its complete publication in the Official Gazette or in at least

- 1 two (2) national newspapers of general circulation, which-
- 2 ever comes earlier.

Approved,