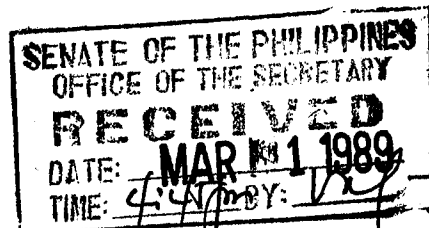


Congress of the Philippines)
Second Regular Session)



SENATE

S. NO.

993

Introduced by Senators Herrera, Romulo, Tamano, Alvarez,
Angara, Aquino, Estrada, Gonzales, Guingona, Jr.,
Lina, Maceda, Mercado, Osmena, Paterno, Pimentel, Rasul, Saguisag,
Shahani, ~~and~~ Ziga and Laurel

E X P L A N A T O R Y N O T E

Government statistics bear witness to the continuing poverty around us: close to sixty (60%) percent of households are unable to afford basic necessities in life. Over 2 million Filipinos, or 8.5% of the labor force, are unemployed, while the ranks of the underemployed, or those with jobs but are still looking for additional sources of income, stand at 7 million or one third of the total workforce.

A large segment of the unemployed are concentrated in the rural areas, where employment opportunities have remained scarce. There is an overconcentration of industries in Metro Manila, to the detriment of other economically viable regions, and a large slice of the population.

Statistics further show that fifty two (52%) percent of the total national income is cornered by a select twenty percent (20%) occupying the upper portion of the social pyramid, while impoverished Filipinos who constitute eighty (80%) percent of the population are left with the remaining forty eight (48%) percent.

Real wages have fallen continuously for the last sixteen (16) years. What is disturbing, however, is that real wages declined when the country's gross national product was registering substantial growth. The painful reality is inescapable: the workers did not benefit from economic growth.

Considerable blame has been placed on the government's policy on minimum wage fixing. The workers consider periodic adjustments in the minimum wage as inadequate, and not commensurate to increases in the standard of living. They consider these adjustments as not reflective of the workingman's contribution in spurring economic growth. Businessmen, on the other hand, feel that mandatory wage increases drive away investments; reduce economic opportunities and increase production costs.

A need therefore arises for this administration to formulate a rational wage policy that takes into consideration prevailing economic and social realities, including the lopsided concentration of industries in Metro Manila. Such a wage policy

alongside equitable macroeconomic programs and measures can serve as a potent tool in reducing wage and income inequities, attracting fresh investments particularly in the impoverished regions, and reiterating government's concern for workers and their families.

Wages should be increased. The adjustments mandated in RA 6640 in December 1987 have fallen behind the runaway increases last year in the prices of basic commodities and failed to anticipate further increases in 1989.

More than increasing the statutory wage, government policies should be aimed at raising workers' standard of living rather than simply compensating for the erosion in the purchasing power.

There is also a strong argument in favor of fixing minimum wages by region. The practice in the past of adjusting wages in an across-the-country basis, has not fully taken into account the varying needs and conditions in the regions, as well as the potential influence of differentiated wages in redirecting enterprises and employment out of the congested Metro Manila area into the other less developed regions.

In fact, wage increases of Metro Manila magnitudes may have penalized less developed regions and contributed to the exodus of jobseekers into Manila and its environs. The above average unemployment rates in Metro Manila (18.6 percent) and the other relatively industrializing regions of Central Luzon (13.0 percent) and Southern Luzon (8.6 percent) may be viewed as a reflection of this misdirection.

Wage determination must strongly consider this regional employment dimension, and, in addition, must reflect on a regional basis:

- a) the needs of workers and their families;
- b) the cost-of-living and changes therein;
- c) the need to induce industries to invest outside Metro Manila;
- d) improvements in the standards of living;
- e) capacity to pay of industries;
- f) effects on employment generation and family income; and
- g) equitable distribution of income and wealth

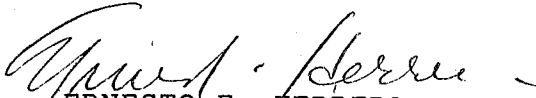
among other factors.


This regional differentiation in wage adjustments, as well as the incentive for new enterprises in the regions, will serve as an unmistakable signal that the government is fully committed to dispersal of industries from the admittedly congested Metro Manila area and catalyzing other regions' growth and development.


This bill therefore aims to give substance, although contributory, to the Constitution's mandate to "xxx 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 inequities by equitably diffusing wealth and


political power for the common good." We feel that this bill addresses some of the sources of inequities in income and wealth distribution. By providing incentives for the dispersal of employment opportunities, the bill would help ease the burden of unemployment and underemployment.

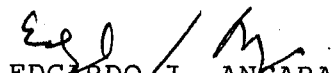
Based on the foregoing, passage of this bill is earnestly recommended.

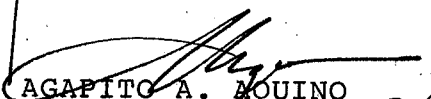

ERNESTO F. HERRERA
Senator

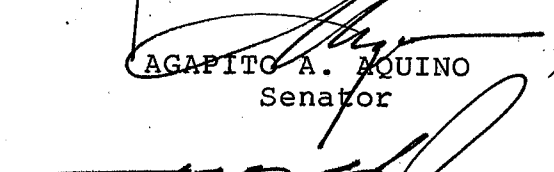

ALBERTO G. ROMULO
Senator



MAMINTAL ABDUL J. TAMANO
Senator

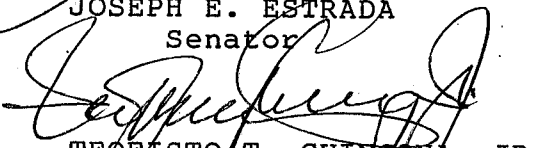

HEHERON T. ALVAREZ
Senator

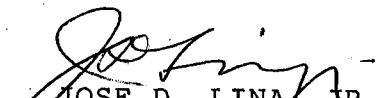

EDGARDO J. ANGARA
Senator

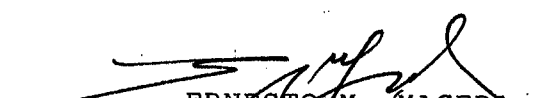

AGAPITO A. AQUINO
Senator



JOSEPH E. ESTRADA
Senator



NEPTALI A. GONZALES
Senator

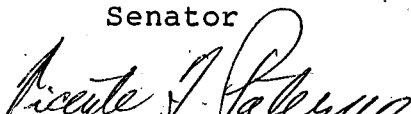

TEOFISTO T. GUINGONA, JR.
Senator



JOSE D. LINA, JR.
Senator



ERNESTO M. MACEDA
Senator

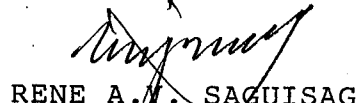

ORLANDO S. MERCADO
Senator


JOHN H. OSMEÑA
Senator

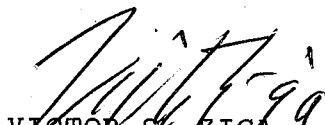

VICENTE T. PATERNO
Senator


AQUILINO Q. PIMENTEL
Senator

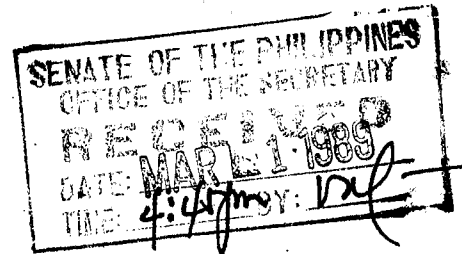

SANTANINA T. RASUL
Senator


RENE A. SAGUISAG
Senator


LETICIA RAMOS-SHAHANI
Senator


VICTOR S. ZIGA
Senator

On motion of Senator Mercado, Senator SOTERO H. LAUREL was made coauthor



SENATE

S. NO. 993

Introduced by Senators Herrera, Romulo, Tamano,
Alvarez, Angara, Aquino, Estrada, Gonzales, Guingona, Jr.,
Lina, Maceda, Mercado, Osmeña, Paterno, Pimentel, Rasul,
Saguisag, Shahani ~~and~~ Ziga and Laurel

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
4 State to rationalize the fixing of minimum wages nationally
5 or regionally to promote the decent standard of living of
6 the workingman and his family, to stimulate dispersal of
7 industries and to enhance viability and competitiveness
8 of the Filipino enterprise by increasing its productivity
9 and ensuring reasonable return on investment, to expansion
10 and growth.

11 SEC. 3. In implementing the policy under this Act,
12 the National Wages Council in coordination with the
13 National Productivity Commission shall, within three (3)
14 months from the approval of this Act, conduct studies and
15 make a determination of the appropriate regional minimum

1 wage increases for the private sector workers in the
2 different regions.

3 In the determination of the applicable minimum wage
4 increases in such regions, the National Wages Council shall
5 specifically consider, among other factors, the following:

- 6 (a) the needs of workers and their families;
- 7 (b) cost-of-living and changes therein;
- 8 (c) the need to induce industries to invest
9 outside Metro Manila;
- 10 (d) improvements in the standards of living;
- 11 (e) capacity to pay of industries;
- 12 (f) effects on employment generation and
13 family income; and
- 14 (g) equitable distribution of income and wealth.

15 SEC. 4. In the determination of the appropriate
16 regional minimum wage increases under this Act, the National
17 Wages Council shall conduct consultations with the Regional
18 Development Councils and provincial and municipal officials.
19 It shall likewise hold public hearings, giving notices to
20 employers', employees' and consumers' groups and other
21 interested parties.

22 SEC. 5. The National Wages Council shall, on the
23 basis of its determination of the appropriate regional
24 minimum wage increases made pursuant to this Act, issue the
25 the corresponding wage order in the event Congress fails to
26 pass the pertinent measure within three (3) months from
27 its submission of the pertinent recommendation.

1 SEC. 6. Without prejudice to collective bargaining
2 negotiations or agreements or other employment contracts
3 between workers and employers, new enterprises that may be
4 established outside Metro Manila after the promulgation of
5 this Act shall be exempt from the application of this Act for
6 three (3) years; Provided, That such new enterprises
7 in the regions of Central Luzon and Southern Luzon other than
8 those established in the places of Palawan, Mindoro, Romblon,
9 Quezon and Aurora shall only be exempt for two (2) years.

10 SEC. 7. Excepted from the provisions of this Act are
11 domestic helpers and persons employed in the personal service
12 of another.

13 SEC. 8. Where the application of any minimum wage
14 increase results in distortions of the wage structure
15 within an establishment, the employer and the union shall
16 negotiate to correct the distortions. Any dispute
17 arising from wage distortions shall be resolved through
18 the grievance procedure under their collective bargaining
19 agreement and if it remains unresolved, thru voluntary
20 arbitration. Unless otherwise agreed by the parties in
21 writing, such dispute shall be decided by the voluntary
22 arbitrator or panel of voluntary arbitrators ten (10)
23 days from the time said dispute was referred for voluntary

1 arbitration.

2 In cases where there is no collective agreement or
3 recognized labor union, the employer shall endeavor to
4 correct such distortions in consultations with his workers.
5 Any dispute arising therefrom shall be resolved thru the
6 National Conciliation and Mediation Board and if it remains
7 unresolved after ten (10) days of conciliation, it shall be
8 referred to the appropriate branch of the National Labor
9 Relations Commission (NLRC). It shall be mandatory for the
10 NLRC to conduct continuous hearings and decide the dispute
11 within twenty (20) days from the time said dispute is
12 submitted to it for compulsory arbitration.

13 The pendency of a dispute arising from a wage distortion
14 shall not in any way delay the applicability of any
15 increase in minimum wages.

16 For the purpose of this Act, wage distortion shall mean
17 a situation where an increase in minimum wages
18 results in the elimination or severe contraction of
19 intentional quantitative differences in wage or salary rates
20 between and among employee groups in an establishment as to
21 effectively obliterate the distinctions embodied in such wage
22 structure based on skills, length of service, or other
23 logical bases of differentiation.

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

1 for working less than eight (8) hours.

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

7 All recognized learnership and apprenticeship agreements
8 entered into before the effective date of this Act shall be
9 considered as automatically modified insofar as their wage
10 clauses are concerned to reflect the prescribed minimum
11 wages.

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

21 SEC. 12. To immediately implement the purposes of this
22 Act, all workers in the private sector in Metro Manila,
23 regardless of their position, designation or status, shall
24 receive an increase of twenty-five (P25.00) pesos daily in
25 their minimum wages.

26 Based on its mandate under Section 3 hereof, the
27 National Wages Council shall recommend to Congress the

1 appropriate minimum wage increases for the other regions.

2 The minimum wage increases mandated under this Section
3 shall be granted simultaneously. Provided, that the
4 effectivity of such minimum wage increases shall retroact to
5 the date of the approval of this Act.

6 SEC. 13. The National Wages Council shall conduct
7 annual review on the adequacy of the existing wage levels
8 taking into considerations the factors mentioned in Section 3
9 of this Act and shall submit the appropriate recommendation
10 to Congress. The National Wages Council shall immediately
11 issue the corresponding wage order if Congress fails to act
12 thereon within the period ordained under Section 5 of this
13 Act.

14 SEC. 14. The Secretary of Labor and Employment shall
15 promulgate the necessary rules and regulations to implement
16 this Act.

17 SEC. 15. Any person, corporation, trust, firm,
18 partnership, association or entity that refuses or fails to
19 pay any prescribed increase in the minimum wages shall be
20 punished by a fine not exceeding twenty-five thousand pesos
21 (P25,000.00) and/or imprisonment for not less than one
22 (1) year nor more than two (2) years: Provided, That any
23 person convicted under this Act shall not be entitled
24 to the benefits provided for under the Probation Law.

25 If the violation is committed by a corporation, trust or
26 firm, partnership, association or any other entity, the

1 penalty of imprisonment shall be imposed upon the entity's
2 responsible officers, including, but not limited to, the
3 president, vice-president, chief executive officer, general
4 manger, managing director or partner.

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

10 SEC. 17. All laws, orders, issuances, rules and
11 regulations or part thereof inconsistent with the provisions
12 of this Act are hereby repealed or amended accordingly. If
13 any provision or part of this Act, or the application thereof
14 to any person or circumstance, is held invalid or
15 unconstitutional, the remainder of this Act or the
16 application of such provision or part thereof to other
17 persons or circumstances, shall not be affected thereby.

18 SEC. 18. This Act shall take effect fifteen (15) days
19 after its complete publication in the Official Gazette or in
20 at least two (2) national newspapers of general circulation,
21 whichever comes earlier.

Approved,

/jrmb