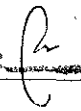


FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
OFFICE OF THE SECRETARY
10 AUG 23 P2:04

SENATE
S. No. 2433

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 2, Section 18 provides: "The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare."

This state policy is reiterated in Article 13, Section 3 which provides that the State shall afford full protection to labor; guarantee the right of workers to security of tenure, humane conditions of work, living wage and participation in policy and decision-making processes affecting their rights and benefits as may be provided by law.

"Living wage" is defined as one that ensures a "decent standard of human existence beyond mere subsistence level". On the other hand, "minimum wage" is defined as the basic pay or daily wage plus cost of living allowance received by a worker, not falling under the exemptions as provided under the Wage Rationalization Act.

The minimum wage fixed by law is lower than the ideal living wage. Compliance by corporations and other work establishments has remained a persistent problem.

In 1995, non-compliance was estimated to be 53%. It dropped to 20% in 1999 but increased to almost 30% the following year. The succeeding years showed a continued resurgence of minimum wage violations which DOLE estimated to be 45%, but this data only represents the firms that the Department has inspected and found to have violated wage regulations. Admittedly, as it remains undermanned to conduct consistent monitoring and enforcement strategies, the estimates of noncompliance can go as high as 60%, reverting to the trends of the mid-1990s, despite a dearth of enforcement and compliance studies on this matter.

With enhanced monitoring by the DOLE and the proposed amendments under this bill it is expected that the mantle of protection we can stretch for our workers will be much more assured.

This bill was originally filed by President Benigno S. Aquino III during the Fourteenth Congress.

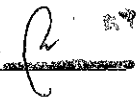
Miriam Defensor Santiago
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1 AN ACT
2 INCREASING THE PENALTIES FOR NON-COMPLIANCE OF THE
3 PRESCRIBED INCREASES AND ADJUSTMENTS IN THE WAGE RATES OF
4 WORKERS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6727,
5 OTHERWISE KNOWN AS THE "WAGE RATIONALIZATION ACT"

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

6 SECTION 1. Section 12 of Republic Act 6727, as amended by Republic Act No. 8188, is
7 hereby further amended to read as follows:

8 Section 12. Any person, corporation, trust, firm, partnership, association
9 or entity which refuses or fails to pay any of the prescribed increases or
10 adjustments in the wage rates made in accordance with this Act shall be punished
11 by a fine [not less than Twenty-five thousand pesos (P25,000) nor more than One
12 hundred thousand pesos (P100,000)] **NOT LESS THAN ONE HUNDRED**
13 **THOUSAND PESOS (P100,000.00) PLUS MORAL DAMAGES NOT**
14 **EXCEEDING THIRTY THOUSAND PESOS (P30,000.00) FOR EACH**
15 **AFFECTED WORKER AND THE COSTS OF LITIGATION INCLUDING**
16 **ATTORNEY'S FEES** or imprisonment of not less than two (2) years nor more
17 than four (4) years, or both such fine and imprisonment at the discretion of the
18 court: Provided, That any person convicted under this Act shall not be entitled to
19 the benefits provided for under the Probation Law.

20 The employer concerned shall be ordered to pay an amount equivalent to
21 double the unpaid benefits owing to the employees: Provided, That payment of
22 indemnity shall not absolve the employer from the criminal liability imposable
23 under this Act.

1 If the violation is committed by a corporation, trust or firm, partnership,
2 association or any other entity the penalty of imprisonment shall be imposed upon
3 the entity's responsible officers, including, but not limited to, the president, vice-
4 president, chief executive officer, general manager, managing director or partner."

5 **IN CASES WHERE A FINE IS DECREED BY THE NATIONAL**
6 **LABOR RELATIONS COMMISSION (NLRC) AGAINST PERSON/S**
7 **WHO VIOLATED THE PROVISIONS OF THIS ACT AND CANNOT BE**
8 **IMMEDIATELY SATISFIED BECAUSE OF REFUSAL TO PAY, OR IN**
9 **CASE OF THE UNAVAILABILITY OR INADEQUACY OF FUNDS, THE**
10 **BANK DEPOSITS, FINANCIAL INTERESTS AND OTHER PERSONAL**
11 **PROPERTY NOT CAPABLE OF MANUAL DELIVERY IN THE**
12 **POSSESSION OR CONTROL OF THIRD PARTIES OF THE OWNER IN**
13 **CASE OF SOLE PROPRIETORSHIP OR THE ASSETS OF THE**
14 **CORPORATION, ASSOCIATIONS OR ANY OTHER ENTITY, SHALL**
15 **BE AUTOMATICALLY GARNISHED. IF SUCH PROPERTIES ARE**
16 **NOT ENOUGH, MOVABLE AND IMMOVABLE PROPERTIES MAYBE**
17 **LEVIED TO SATISFY FULLY THE IMPOSED FINES.**

18 SECTION 2. The penalties provided under this Act shall also be applicable in cases
19 involving workers hired by contractors undertaking infrastructure projects under R.A. No. 6685
20 and in relation to DOLE Order No. 19, with respect to any violation in the payment of wages or
21 its appropriate wage increases.

22 SECTION 3. *Separability Clause.* – If any provision of this Act shall be declared
23 unconstitutional, any other provision not affected thereby shall remain in full force and effect.

24 SECTION 4. *Repealing Clause.* – All laws, decrees, orders, rules and regulations, or
25 parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

1 SECTION 5. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication
2 in at least two (2) national newspapers of general circulation.

Approved,