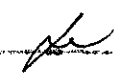


FOURTEENTH CONGRESS OF THE)
 REPUBLIC OF THE PHILIPPINES)
 FIRST REGULAR SESSION)

7 JUN 26 1977

SENATE
 S.B. No. 1393

RECEIVED BY: 

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

This bill seeks to set the criteria for determining a living wage to ensure that the wages received by workers in the country are able to provide for their basic needs.

Section 3 Article XIII of the 1987 Philippine Constitution provides that the State shall guarantee the right of all workers to security of tenure, humane conditions of work and a living wage.

The definition of living wage has been open to many interpretations. In a 2001 National Wages and Productivity Commission study titled "*Development of Methodology for Estimating the Living Wage*," living wage is defined as "the amount of family income needed to provide for the family's food and non-food expenditures with sufficient allowance for savings/investments for social security so as to enable the family to live and maintain a decent standard of human existence beyond mere subsistence level, taking into account all of the family's physiological, social and other needs." The current family living wage assumes that a family has six members on the average and that two family members are earning. On the other hand, according to the Employer's Confederation of the Philippines (ECOP), this definition is inaccurate because of the assumption that family income is sourced from two wage and salary earners, when statistically, there is less than one wage earner in the family. Also the study based family size on 6 members, when the average size is 5 based on the 2000 census.

Evidently, there is a need for a legislation that would clearly define what a living wage is. Considering it is one of the ten criteria that the Regional Tripartite Wages and Productivity Boards should consider in determining minimum wages under Republic Act No. 6727 otherwise known as the Wage Regionalization Act, there is need to arrive at a definition that will uphold the right of workers to earn a living that would enable them to provide for the basic needs of their family, while at the same time recognizing the need of employers to sustain their business or trade.

This proposed measure aims to accomplish that by enumerating the factors to consider in determining living wage, to wit:

1. Balanced diet
2. Decent clothing
3. Hygiene and sanitation
4. Health and Medicare
5. Basic education
6. Basic durables, i.e. radio, TV, electric fan

7. Leisure and recreation
8. Observance of vital personal and social events

Under this bill, the living wage shall be determined by the Regional Tripartite Wage and Productivity Board in accordance with the provisions of Republic Act 6727. The living wage as specified in this proposed Act shall not be synonymous and is distinct with the meaning of minimum wage provided under labor laws, rules and regulations.

Finally, this bill provides for a penalty in case any person, corporation, trust firm partnership, association or entity refuses or fails to pay any of the prescribed increase or adjustment in the living wage rates made in accordance with this Act.

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

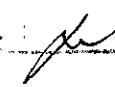


LOREN LEGARDA
Senator

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

7 JUL 26 PM

SENATE

RECEIVED BY: 

S.B. No. **1393**

Introduced by Senator Loren Legarda

AN ACT
DEFINING A LIVING WAGE FOR EMPLOYEES IN THE PUBLIC AND PRIVATE
SECTORS, ESTABLISHING THE MECHANISM AND PROPER STANDARDS
THEREFOR, APPROPRIATING FUNDS THEREFOR AND FOR OTHER
PURPOSES

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

SECTION 1. Title. - This Act shall be known as the "Living Wage Act of 2007"

SECTION 2. Declaration of Policy - it is hereby declared the policy of the State to ensure the constitutional rights of workers to a living wage and to their just share in the fruits of production in order to afford them and their families a decent standard of living, to enhance the country's global competitiveness through a strongly motivated and highly productive working force, and to strengthen the partnership between the government and the private sector in uplifting labor towards national development.

SECTION 3. Living Wage Coverage. - All workers and employees in the public and private sector, regardless of their position, designation or status and irrespectively of the method by which their wages are paid and all workers and employees in private agricultural and non-agricultural sectors, shall receive, subject to the provisions of Section 4, a living wage equivalent to the cost of living for a family of six based on the following minimum standards of living:

1. Balanced diet
2. Decent clothing
3. Hygiene and sanitation
4. Health and Medicare
5. Basic education
6. Basic durables, i.e. radio, TV, electric fan
7. Leisure and recreation
8. Observance of vital personal and social events

The living wage shall be determined by the Regional Tripartite Wage and Productivity Board in accordance with the provisions of Republic Act 6727, Provided

that the living wage as specified in this section shall not be synonymous and is distinct with the meaning of minimum wage provided under labor laws, rules and regulations.

SECTION 4. Price Régulation and Tax Relief. - In case of failure to grant the full amount of the living wage, the State shall, without delay, carry out price regulation and discount measures, subsidy and tax reform including, but not limited to, exemption of workers receiving wage less than the cost of living from the payment of withholding tax and value added taxes and the employee's counterpart of the Government Service Insurance System (GSIS)/Social Security System (SS), Phil health and PAG-IBIG contributions. The employers are likewise encouraged, through tax credits and such other incentives as may be provided by law, to provide employees with non wage benefits to cover the difference between the minimum wage and living wage levels.

SECTION 5. Penalties. - Any person, corporation, trust firm partnership, association or entity which refuses or fails to pay, subject to the provision of Section 4, any of the prescribed increase or adjustment in the living wage rates made in accordance with this Act, shall be punished by a fine not less than twenty thousand (P20,000.00) but not more than One Hundred Thousand Pesos (P100,000.00) and/or imprisonment of not less than six (6) months but not more than one (1) year; provided, that any person convicted under this Act shall not be entitled to the benefits provided for under the Probation Law.

If the violation is committed by a corporation, trust, firm, partnership, 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, vice-president, chief executive officer, general manager, managing director or partner. If the offender is an alien, he shall, after service of sentence, be deported immediately without further proceeding in the Bureau of Immigration (BI). And shall be banned permanently from reentering the country. If the offender is a public officer or employee, the Court shall, in addition to the penalties hereinabove provided, order his dismissal from the government service.

SECTION 6. Implementing Rules and Regulations. - The Department of Labor and Employment in coordination with the representatives from organized employees and labor sectors shall promulgate the necessary rules and regulations to implement the provisions of this Act.

SECTION 7. Separability Clause. - If any part, section or provision of this Act is declared invalid or unconstitutional, the other parts or provisions thereof not affected thereby shall remain in full force and effect.

SECTION 8. Repealing Clause. - All laws, acts, presidential decrees, executive orders, administrative orders, rules or regulations inconsistent with or contrary to this Act are deemed amended, modified or repealed accordingly.

SECTION 9. Nondiminution of Wages, Allowances and Benefits. - Nothing in this Act shall be construed to reduce any existing wages rates, allowances and benefits

of any form under existing wage rates, allowances and benefits of any form under existing laws, decrees, executive orders, issuances, and/or under any contract or agreement between the workers and their employees.

SECTION 10. Effectivity Clause - This Act shall take effect fifteen (15) days after completion of its publication in at least two (2) newspapers of general circulation.

Approved,