

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

8 APR 29

SENATE

RECEIVED BY: 74

S. No. 2214

Introduced by Senator Gregorio B. Honasan II

EXPLANATORY NOTE

During the last Congress a proposed legislated wage increase measure was filed in the Senate and House of Representatives, however, its passage has never materialized due to serious oppositions from the business alliance, employers' group and other concerned sectors.

It was the contention of those going against the measure that the proposed P125 across-the-board salary increase per day for workers is unrealistic for most of the employers to provide without the end result of either closing shops or laying-off considerable numbers of employees.

In the testimonies and position papers submitted by the business sector during the hearings conducted by Congress, they reported that given the rising cost of doing business, the salary increase will only bring difficulty for businesses to expand. High wage regime would likewise espouse gearing away from using labor intensive operations in the industry who will find it more cost efficient to resort to automation and capital-intensive technology and the use of a lean but highly-skilled workforce. A number of trade attachés from foreign embassies likewise deplored to the passage of the pending legislated wage increase during the last Congress claiming that their multinational firms located in the Philippines could be forced to relocate elsewhere in the region.

On the part of the labor force who originally made such proposal to Congress, it is high time that they should be granted wage increase to enable them to cope with the rising cost of basic commodities brought about by erratic oil price hike in the world market and other related factors. In order to recoup the financial needs of the common workers, they are demanding that wage adjustment should not be lower than P125 per day.

While there is a common stand among stakeholders to increase the wages of workers, this representation believes that it is equally important that the beleaguering issue of the amount of wage adjustments to be granted should be resolved in a way that the interest of contending parties, investors and workers, as contemplated in their arguments, should be served equally to protect and preserve a balanced industrial environment for the general welfare of our nation.

It is for the aforementioned reasons that this measure proposes that the wage increase to be adopted should pass through an ardent scrutiny from proper authorities in close consultation with all affected sectors in order to give the highest possible salary adjustment to benefit workers to a point where companies

could still sustain their operations without compromising stability that could adversely affect the economy.

This representation likewise believes that this piece of legislation could be the best alternative to the legislated wage increase measures being opposed by economic stalwarts during the previous Congress as this can deliver a win-win solution to both parties based on rigid technical study and consultations to come up with the most practical means of serving the interest of all. But most importantly, this legislation could be the best compromise to fast-track the implementation of a long overdue salary increase for workers.

The immediate passage of this bill is earnestly sought.



GREGORIO B. HONASAN II
Senator

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

APR 29 2014

SENATE

RECEIVED BY:

S. No. 2214

Introduced by Senator Gregorio B. Honasan II

AN ACT
PROVIDING FOR A DAILY ACROSS-THE-BOARD INCREASE IN THE
REMUNERATION OF LABORERS AND EMPLOYEES IN THE PRIVATE
SECTOR AND FOR OTHER PURPOSES

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

1 SECTION 1. **Declaration of Policy.** – It is hereby declared to be the policy of the
2 State to promote, nurture and protect the interest of the working class for them to
3 endure the economic struggle brought about by the interminable upsurge in the
4 cost of living; providing just and reasonable compensation to every member of
5 the workforce that corresponds to their share of effort to yield productivity in the
6 industry they serve thus, having a decent life to live with their family they provide
7 shelter and daily sustenance.

8 SEC. 2. **Coverage.** – All employees employed in private business
9 corporation, partnership, single proprietorship including non-profit and non-stock
10 organization in both agricultural and non-agricultural sector, shall be covered by
11 this Act.

12 SEC. 3. **Salary Increase.** – In order to alleviate the impact of economic
13 slowdown on salaried workers, all employers in the private sector shall
14 implement an across-the-board increase on the daily wage of their workers in
15 the amount of One Hundred Twenty Five Pesos (P125.00) based on the
16 guidelines set forth in Sec.4 of this Act. Provided, that the approved salary
17 increase shall be implemented into three (3) tranche as follows:

- 1 a.) 40% - to be released immediately upon the effectivity of this act;
2 b.) 30% - to be released no later than June the following year; and
3 c.) 30% - to be released no later than June the year thereafter.

4 **SEC. 4. Basis in Granting Salary Increase** - National Wages and
5 Productivity Commission (NWPC) in close coordination with the National
6 Economic and Development Authority and in consultation with major Employers'
7 Associations and Labor Groups with national membership, shall formulate and
8 rule on the amount of workers' across-the-board salary increase per day to be
9 implemented by all employers not to go lower than forty percent (40%) of the
10 across the board salary increase as set forth in Section 3. Provided, however,
11 that the remaining sixty percent (60%) under Section 3 (b) and (c) should be
12 backed by economic assumptions attesting that the effect of salary adjustments
13 to be imposed would be viable to arrest inflationary effects, company closures
14 and trigger rate increase of unemployment.

15 **SEC. 5. Reportorial Requirements and Internal Rules and**
16 **Regulations.** - To ensure that all stakeholders will comply with the proper
17 enforcement of the provisions of this Act, the Department of Labor and
18 Employment (DOLE) is hereby mandated to oversee its implementation for the
19 next three (3) years and shall submit to Congress report of compliance. For this
20 purpose, the DOLE shall set the guidelines for the monitoring of the proper
21 implementation of this Act and shall issue the necessary implementing rules and
22 regulations within thirty (30) days upon its effectivity.

23 **SEC. 6. Effectivity.** - This Act shall take effect fifteen (15) days after its
24 publication in the *Official Gazette* and at least two (2) national newspapers of
25 general circulation.

26 Approved,