

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

House Bill No. 7871



Introduced by TUCP Party-list Representative
HON. RAYMOND DEMOCRITO C. MENDOZA

EXPLANATORY NOTE

Amid the triple whammy of stubbornly high inflation, poor job quality, and lack of new and decent jobs, the Trade Union Congress of the Philippines (TUCP) sees the need to file a legislated wage hike as a much-needed wage recovery effort for the eroded purchasing power of the wages of workers and employees in the private sector across the regions. We believe that this is an urgent **actionable** and **reasonable** course of action to take through legislation, in cognizance of our current predicament where all—including workers as well as business—are badly hit by the surging and roller coaster ride of inflation and are still suffering through four crises of survival: COVID-19 pandemic, the Russian invasion of Ukraine, looming global recession, and climate change concerns.

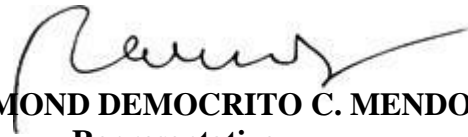
The TUCP notes that headline inflation remains high at 8.6% in February 2023 driven by food inflation at the national level at 11.1% mainly due to vegetable inflation at 33.1% and electricity inflation at 19.5%. Further, according to the Philippine Statistics Authority (PSA) January 2023 Labor Force Survey, unemployment increased to 4.8%, hence 2.37 million unemployed Filipinos. Stuck at double figures for far too long, underemployment further rose to 14.1% in January, hence 6.65 million underemployed Filipinos trapped in precarious work in the form of short-term contractual arrangements, ENDO jobs, low-end gig work, and job-sharing/rotation schemes. These are not decent jobs whose income can sustain the health and productivity of working families. The still-significant number of the underemployed shows that the situation on the ground is grimmer as poor-quality jobs, eroded incomes, and surging inflation largely remain unaddressed.

Filipino workers are becoming a class of the permanently poor, struggling every day to eke out their bare necessities with household spending gravely impacted by wages real value continues to decrease due to the stubbornly high inflation. For instance, based on February 2023 consumer price index (CPI) figures, the purchasing power lost from the current minimum wages across the regions range from ₱55 to ₱89, averaging ₱73. Beyond recovering the purchasing power lost, it is high time that we seek an equity supplement for every year since 1989, when Republic Act No. 6727: Wage Rationalization Act was enacted, that there was no substantial wage increase, hence the necessity of a ₱150 wage recovery increase.

That is why this representation filed this “Wage Recovery Act of 2023” that seeks to provide a legislated across-the-board wage recovery increase of ₱150 in the daily wages of workers and employees in the private sector across the regions. It aims to recover the purchasing power of current wages lost to high inflation and to supplement for the 34 years that there was no substantial wage increase since the regional daily minimum wage determination mechanism was established in 1989. This bill also provides for wage recovery subsidies available for micro and small enterprises and which shall be funded through the annual appropriations of the Department of Labor and Employment (DOLE). Since this is merely a wage recovery effort, this does not preclude the filing of wage hike petitions through the Regional Tripartite Wages and Productivity Boards (RTWPBs) as provided by R.A. 6727: Wage Rationalization Act of 1989.

This representation also filed this bill with the awareness that the historic record of the regional wage boards has been less than stellar. In their wage orders, we recall none which clearly awards increased based on the steady rise of our gross domestic product (GDP) and labor productivity through the years. Indeed, they have acted as a dampener to legitimate wage demands and essentially kept real wages stagnant.

In light of the stubbornly high inflation that continues to erode the purchasing power of wages across the regions, our call in TUCP is clear—enough with poverty wages, put life and meaning into the principle of true family living wages!



HON. RAYMOND DEMOCRITO C. MENDOZA
Representative
TUCP Party list

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REP. RAYMOND DEMOCRITO C. MENDOZA

**AN ACT PROVIDING FOR A 150 PESOS ACROSS-THE-BOARD
WAGE RECOVERY INCREASE IN THE SALARY RATES OF
EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR ACROSS THE
REGIONS AND FOR OTHER PURPOSES**

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

SECTION 1. *Short Title.* — This Act shall be known as the "Wage Recovery Act of 2023".

SECTION 2. *Declaration of Policy.* — It is a policy of the State to alleviate the living conditions of the ordinary Filipino through policies that provide for a decent and humane standard of living and improved quality of life, particularly of the working class by ensuring the right of labor to its just share in the fruits of production, to guarantee the workers' right to a living wage, and to promote social justice through the adoption of measures calculated to ensure the well-being and economic security of all the members of the community.

SECTION 3. *Across-the-Board Wage Recovery Increase.* — Upon the effectivity of this Act, all employers in the private sector, whether agricultural or non-agricultural, regardless of capitalization and number of employees, shall pay their workers an across-the-board wage recovery increase in the sum of One Hundred Fifty Pesos (₱ 150.00). Nothing in this Act shall prevent the respective Regional Tripartite Wages and Productivity Board to grant additional increases to the workers and employees on the basis of its determination pursuant to Republic Act No. 6727, as Amended.

SECTION 4. *Wage Recovery Subsidies.* — To assist in their compliance with the wage recovery increase, micro and small enterprises may apply for wage subsidies, subject to the implementing rules and regulations (IRR) of this Act. The amount necessary for the funding of wage subsidies shall be included in the annual appropriations of the Department of Labor and Employment (DOLE).

SECTION 5. *Non-diminution of other benefits.* — Nothing in this Act shall be construed to reduce any existing allowance and benefit of any form under existing laws, decrees, issuances, executive orders, and any contract or agreement between workers and employers.

SECTION 6. *Penalties.* — Any person, corporation, trust, firm, partnership, association, or entity violating any provision of this Act shall be punished by a fine of not less than One Hundred Thousand Pesos (₱100,000.00) nor more than Five Hundred Thousand Pesos (₱500,000.00) or imprisonment of not less than two years nor more than four years, or both at the discretion of the court: Provided, that if the violation is committed by a corporation, trust or firm, 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.

The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees. Provided, that the payment of indemnity shall not absolve the employer from the criminal liability imposable under this Act. Provided further, that any person convicted under this Act shall not be entitled to the benefits provided for under the Probation Law.

SECTION 7. *Implementing Rules and Regulations.* — The Department of Labor and Employment (DOLE) and other agencies shall, within sixty (60) days after the effectivity of this Act, promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 8. *Separability Clause.* — If any provision or part of this Act or the remainder of this Act or the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

SECTION 9. *Repealing Clause.* — All laws, orders, issuances, rules, and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 10. *Effectivity Clause.* — This Act shall take effect within fifteen (15) days after its publication in the Official Gazette.

Approved,