

Republic of the Philippines
Department of Labor and Employment
National Wages and Productivity Commission (NWPC)
City of Manila

In re: Wage Order No. ROVII-10

Trade Union Congress of the Philippines (TUCP)
Petitioner

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A P P E A L

Petitioner, Trade Union Congress of the Philippines (TUCP), most respectfully appeals Wage Order No. ROVII-10 issued by the Region VII Regional Tripartite Wages and Productivity Board (Board).

The TUCP contends that the Board in issuing Wage Order No. ROVII-10 committed a grave abuse of discretion and has in fact did not follow prescribed guidelines provided for by Republic Act 6727 otherwise know as the Wage Rationalization Act.

For brevity, the Region VII Regional Tripartite Wages and Productivity Board hereinafter referred to as the Board, the Trade Union Congress of the Philippines (TUCP) is referred to as the Petitioner.

1. Introduction

Republic Act 6727, known as the Wage Rationalization Act, in pursuance of the policy of the State to rationalize the fixing of minimum wages and to promote productivity improvement and gain-sharing measures to ensure decent standard of living for workers and their families and to guarantee the rights of labor to its just share in the fruits of production, has created and empowered the Regional Wages and Productivity Boards (RTWPBs) to determine and fix minimum wage rates applicable to a region.

Since its inception in June 1989, the Central Visayas Regional Tripartite Wages and Productivity Board (Region VII RTWPB), upon petitions filed mostly by organizations affiliated with the Trade Union Congress of the Philippines (TUCP), has issued nine wage orders. The increases were ordered via adjustments in minimum wage rates.

2. TUCP petition for P50.00 across-the-board wage increase

In April 16, 2004, the Trade Union Congress of the Philippines (TUCP) filed a petition seeking an increase of P50 per day in minimum wage rates for the region. The petition among other things cited the increase in consumer price index (CPI) and the need to provide the workers their fair share in the region's economic growth.

However, the Board in the preamble of Wage Order No. ROVII-10 erroneously attributed the P50.00 wage petition to the Trade Unions of the Philippine and Allied Services (TUPAS-LACC) instead of the TUCP.

The Board, acting on the petition filed by the TUCP and citing results of its consultations and recognizing the need for an adjustment in minimum wages issued Wage Order No. ROVII-10 increasing the minimum wage rate by P8.00 per day. The order covers all workers in the private sector.

3. The Board abused its discretion

The petitioner believes that the Board gravely abused its discretion in issuing Wage Order No. ROVII-10 providing an increase of P8 per day in minimum wages. The amount is pitiful and is no way reflective of current economic realities and the standing of Region VII among the regions.

RA 6727, the *raison d'être* for the existence of the regional wage boards, clearly laid out the guidelines in rationalizing minimum wage rates. They are as follows:

- a. demand for living wages
- b. wage adjustment vis-a-vis the consumer price index
- c. the cost of living and changes or increase therein
- d. the needs of workers and their families
- e. the need to induce industries to invest in the countryside
- f. improvement in standards of living
- g. the prevailing wage levels
- h. fair return of capital invested and capacity to pay of employers
- i. effects on employment generation and family income

- j. the equitable distribution of income and wealth along the imperatives of economic and social development

Petitioner believes that the RTWPB did not follow the guidelines set forth by RA 6727. which predominantly gives emphasis on the protection of labor and to ensure decent standard of living for workers and their families.

Wage Order No. ROVII-10 is a departure from the above-mentioned criteria. Petitioner asks this Honorable Commission to review the said Order in the context of the above-mentioned parameters.

Petitioner in seeking this relief from the Commission reiterates the basis of its P50 wage petition.

Among others, the petition is prompted by the steady increase in the consumer price index (CPI), increases in utilities, the steep price hikes of petroleum products resulting to general increases, and the recently approved transport fare hikes.

Perversely, the Board has issued wage orders thoroughly out of line with its status among the regions and in disregard of substantial increases in prices.

All of these taken together are enough justification to warrant a higher increase in minimum wages in the Central Visayas region, one that is better than the measly 4% adjustment issued by the Board.

4. Increase in the CPI

While in general the petitioner seeks to install a regime where minimum wages are at least at par with the increases in prices of commodities and services, it is also practical that in the interim, given the serious economic situation in the country, it is only best that workers recoup their lost purchasing power to enable them afford basic necessities of life. The most basic determinant in trying to measure lost purchasing power is to look into adjustments in the Consumer Price Index (CPI).

To illustrate, petitioner will use the increases in the CPI from January 2002 to May 2004.

$$\frac{\text{CPI May 2004 (latest available data)}}{\text{CPI Jan 2002 (last wage order)}} = ? \quad \times \quad 100\% = \text{increase in consumer prices}$$

CPI Jan 2002
(last wage order)

$$190 / 175.2 = 1.0845 \quad \times \quad 100\% = 8.45$$

to get the need increase in minimum wages

(Current minimum wage) X (the increase in consumer prices) = wage increase

$$\begin{aligned} P200.00 \times 8.45 &= 16.90 \\ &= P17.00 \text{ (rounded off)} \end{aligned}$$

Clearly, if only the Board remained faithful to the law, and took into consideration the simple and most basic requirement in adjustment of wages, in this case the adjustments in the CPI, it would have already arrived at the amount of P17.00. This is a far cry from the P8.00 it granted.

5. Transport fares, the biggest factor in calling for a wage increase

On the issue of transport fares, the Land Transportation and Franchise Regulatory Board (LTFRB) authorized a P1.50 increase in transport fares nationwide representing a hefty jump of 30%. The hike automatically translates to the same amount of increase in the daily expense of a working family.

While it is hard to ascertain the actual effect of the transport fare increase in prices of commodities and services, it takes little effort to see its effect on the daily expenses of a working family that relies on daily take-home pay.

It should be emphasized that work sites in the region, particularly in Cebu, Bohol and Negros Oriental, are scattered and most workers commute some distance to and from their place of work. Studies show that an average worker at the very least take two rides to his or her workplace.

6. Region VII Board, notorious for low adjustments

If one is to compare the record of the Board to those of other regions, in the last two years, this Honorable Commission will realize that the Board has ordered extremely low adjustments in minimum wages.

For example:

Year	Region 7	NCR	CAR	Region 3	Region 4	Region 6	Region 8	SMR	Region 13
2002	P5.00	P30.00	P5.00 + 16.00	P20.00	P10.00-20.00	P8.00-20.00	P11.00	P20.00	P6.00 + 12.00
2004	P8.00	P20.00	P15.00	P12.00	P15.00	P8.00-10.00	P4.00 + 7.00		P10.00

As clearly shown by the table above, the Board has established a dismal record abetting exploitation of its workers.

The Central Visayas Region, particularly the whole province of Cebu is remarkably far better in terms of economic performance compared to other areas, perhaps second or third in terms of regional economic activity. In terms of increases in prices of commodities and services, Central Visayas matches those from National Capital Region or the Southern Tagalog Region.

If RTWPBs in regions relatively lower in economic performance are able to grant more substantial wage adjustments, why can't Central Cisayas Board also do the same?

Petitioner is led to believe that the actions of the Board are not based on actual and realistic studies nor from meaningful consultations but are a result of a convenient compromise.

Petitioner deplors this practice and calls upon this Honorable Commission to reprimand the Board by reversing the pittance of an increase it granted and come up with a more equitable increase for the workers of Central Visayas.

7. How much is P8.00 worth?

The decision to grant P8.00 is an absolute insensibility to the plight of daily wage earners. The increase does not help in any way in the fight against poverty in the region, which unfortunately lies anywhere from 37% to 45% of the population.

In May 2003, the actual purchasing power of every P1.00 in Region 7 is equivalent to only P0.55 centavos. That was a year ago. Surely the rate the Philippine peso vis-a-vis the US dollar and the increases in consumer prices, the peso's purchasing power has further eroded in 2004. In real terms, the purchasing power of P8.00 is therefore only P4.40 or less as the Board integrated the P8.00 in the basic wage rate and therefore the increase is subject to the usual withholding taxes and other deductions.

To go further, we then divide the P4.40 among six family members on a per capita basis. This results in P0.73 centavos per member of the family.

What is P0.73 centavos worth?

Certainly, the P0.73 centavos cannot cover the 8.45 percentage increase in the CPI, it cannot cover the P1.50 increase in transport fares. This does not augur well for lost purchasing power of workers, not even for the last two years.

The P8.00 granted by the Board is a pittance, it's only good for show, and a cruel one at that.

When the RTWPBs fail workers and their families in their quest for decent standards of living, the Commission should take responsibility to ensure that workers are provided just and proper relief.

Petitioner reiterates that the workers of Central Visayas is not petitioning to the level of living wages as envisioned by the Constitution in pursuing the P50.00 wage increase it sought from the Board. It only seeks to recoup the purchasing power they lost as result of the general increases in prices of commodities and services in the last two years.

Wherefore, in consideration of the said premises, we pray that this Honorable Commission reverse the decision of the Central Visayas Regional Tripartite Wages and Productivity Board under Wage Order No. ROVII-10 granting an P8.00 increase in minimum wage rates and order a more substantial increase the Commission may see fit for the workers of Central Visayas.

August 3, 2004, Cebu City, Philippines.

**DEMOCRITO T. MENDOZA
President
Trade Union Congress of the**

Philippines (TUCP)
ALU-TUCP Home Office
Port Area, Cebu City
CTC No. 02865259
issued on January 7, 2004
issued in Cebu City.

VERIFICATION

I, DEMOCRITO T. MENDOZA, Filipino, of legal age, after having been duly sworn according to law, hereby, depose and say, that I am the President of the Trade Union Congress of the Philippines; I have caused the preparation of the foregoing appeal; I know the contents thereof to be true and correct of my own personal knowledge.

DEMOCRITO T. MENDOZA

Subscribed and sworn to before me this 3rd day of August 2004 at Cebu City, Philippines, affiants exhibiting to me his CTC no. 02865259 issued on January 7, 2004 in Cebu City.