

**[ REPUBLIC ACT NO. 6640, December 10, 1987 ]**

**AN ACT PROVIDING FOR AN INCREASE IN THE WAGE OF PUBLIC OR GOVERNMENT SECTOR EMPLOYEES ON A DAILY WAGE BASIS AND IN THE STATUTORY MINIMUM WAGE AND SALARY RATES OF EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR AND FOR OTHER PURPOSES**

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

SECTION 1. All workers and employees in the public or government sector on a daily wage basis shall receive an increase in the sum of ten pesos (P10.00) a day.

The Department of Budget and Management shall promulgate such rules and regulations to carry out the salary adjustment under this section.

SEC. 2. The statutory minimum wage rates of workers and employees in the private sector, whether agricultural or non-agricultural, shall be increased by ten pesos (P10.00) per day, except non-agricultural workers and employees outside Metro Manila who shall receive an increase of eleven pesos (P11.00) per day: *Provided*, That those already receiving above the minimum wage up to one hundred pesos (P100.00) shall receive an increase of ten pesos (P10.00) per day. Excepted from the provisions of this Act are domestic helpers and persons employed in the personal service of another.

SEC. 3. Where the application of the minimum wage increase prescribed under Section 2 results in distortions in the wage structure within an establishment which gives rise to a dispute therein, such dispute shall first be settled voluntarily between the parties and in the event of a deadlock, such dispute shall be finally resolved through compulsory arbitration by the National Labor Relations Commission's arbitration branch having jurisdiction over the workplace.

It shall be mandatory for the NLRC to conduct continuous hearings and decide any dispute arising under this section within thirty (30) days from the time said dispute is formally submitted to it for arbitration. The pendency of a dispute arising from a wage distortion shall not in any way delay the applicability of the wage increase covered by this Act.

For the purpose of this Act, wage distortion shall mean a situation where a legislated increase in minimum wages results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical basis of differentiation.